

MINUTES OF MECKLENBURG BOARD OF COUNTY COMMISSIONERS

DECEMBER 11, 2007

3:00 P.M.

**NORTH CAROLINA
MECKLENBURG COUNTY**

The Board of Commissioners of Mecklenburg County, North Carolina, met in Budget/Public Policy Session in Conference Center Room 267 of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street, at 3:00 p.m. on Tuesday, December 11, 2007.

ATTENDANCE

Present: Chairman Jennifer Roberts and Commissioners Karen Bentley, Dumont Clarke, H. Parks Helms Norman A. Mitchell, Sr., Dan Ramirez, and Valerie C. Woodard
County Manager Harry L. Jones, Sr.
Clerk to the Board Janice S. Paige

Absent: Commissioners J. Daniel Bishop and Bill James

Commissioners Helms and Ramirez were absent when the meeting was called to order and until noted in the minutes.

Chairman Roberts called the meeting to order and then turned it over to County Manager Jones.

County Manager Jones reviewed the topics to be discussed, which were Public/Private Partnerships for Charlotte-Mecklenburg Schools' School Construction and Medic's Strategic Plan.

(1) PUBLIC/PRIVATE PARTNERSHIPS FOR CHARLOTTE-MECKLENBURG SCHOOLS'SCHOOL CONSTRUCTION

County Manager Jones gave the history of how the Public/Private Partnership for CMS School Construction concept came about.

Finance Director Dena Diorio and Guy Chamberlain with CMS participated in the presentation of this report and addressed questions.

Covered in the presentation was the following:

- The background

Commissioner Helms entered the meeting.

Commissioner Ramirez entered the meeting.

- The Public/Private Partnership Structure
- The “Tests”
- Added Value
 - Requires no additional CMS staff
 - Risk avoidance
 - Debt capacity
 - Inflation avoidance
- Conclusions and Recommendations
 - Use of Public/Private Partnership is a “fiscally reasonable alternative”
 - Recommend entering into 20 year lease agreement (It was noted that a lease agreement has not been developed yet.)
- Timeline
- Summary of estimated tax rate effect (in cents) with public education lease bonds
- Impact on County’s debt profile
 - The public education lease bond debt would not be considered direct County debt but overlapping debt
 - CMS would be the rated entity and not the County. It would be rated based on the credit quality of CMS and the financing structure
 - It’s anticipated that CMS would receive a slightly lower rating than County Certificates of Participation (COPs)
 - The lease payments would be allocated to CMS as part of their operating budget. It would not be considered debt service payment to the County.

Comments

Commissioner Ramirez asked for clarification on the debt payment. *The response was this debt would need to be appropriated as part of CMS’ operating budget each year.*

Commissioner Clarke said he’s expecting the County to receive a request from CMS for an operating budget supplement, that would have as a sort of surcharge, whatever this lease payment would be. He asked was staff expecting this as well. *The response was that it would be above and beyond what the County would fund CMS for their operating budget.*

Commissioner Clarke asked how is that different from a debt service payment. *The response was it’s considered a capital lease that CMS is entering into with a developer, the County is not the issuer of the debt. The private developer is the issuer of the debt. It was noted further that this would be additional dollars the County would have to appropriate to pay the lease, and that from the rating agencies perspective, it’s not*

considered debt service.

Finance Director Diorio said the rating agency doesn't look at it as the County's debt.

Commissioner Helms asked for clarification on the annual debt service comparison information that was provided and was it saying at a maximum that to service the debt it would be three-quarters of a penny in each subsequent year to actually service the debt, which would be operating funds. *The response was it would be two-thirds of a penny.*

Commissioner Ramirez asked about lease payments and would it be over and above the normal allocation. *The response was yes.*

County Manager Jones said what he would propose if the Board continues to use the Funding Framework would be that there be an additional line item for the lease payment, so that it would be transparent.

Commissioner Helms said what the Board would be doing is substituting this for the capital debt service and it becomes an operating expense. *The response was that's correct.*

Commissioner Ramirez asked for clarification on 'added value' with respect to no additional staff, but there's reference to a project manager, which was addressed by Mr. Chamberlain. *It was noted that this would be 'cursory' inspections, performed by current staff.*

Commissioner Ramirez asked, with respect to construction, was there any liability to CMS. *The response was no. It was noted that the architect would certify payments and CMS would not be getting involved in that process. It will be strictly between the architect, the developer, and the construction manager at risk.*

Chairman Roberts asked about the timeline for beginning projects. *The response was that a schedule is being worked on and every project would start within the next calendar year.*

Attorney Bethune entered the meeting.

It was noted that one weakness in the legislation is that the developer doesn't have as much flexibility. CMS staff plans to discuss this concern with its lobbyist to see if some changes can be made to allow developers more flexibility.

Commissioner Clarke asked would this debt have the same type of tax exempt status as debt the County would issue. *The response was yes, three- five bases points higher than COPs probably.*

Special Counsel Ed Lucas was present and noted that the tax obligation will be on CMS. He said the lease payment is the tax exempt debt that gets passed through and certificated

out and sold to the public, even though there's this non-profit that's the lessor to the lease, and in a sense is the issuer of the debt since it signs the certificates. Attorney Lucas reiterated that the tax obligation is CMS' and that's where the tax exemption comes from. He said it's a governmental tax exempt obligation just like it would be with General Obligation Bonds or COPs.

Commissioner Mitchell asked about the Greenville, S. C. project, which was addressed by Mr. Chamberlain.

Chairman Roberts asked would this be figured in the per pupil cost, since it's going in the operating budget. *Mr. Chamberlain said he would have to check with CMS' finance director for an answer.*

Chairman Roberts thanked the presenters for their report. No action was taken or required.

A copy of the report is on file with the Clerk to the Board.

Commissioner Woodard left the meeting and was absent for the remainder of the meeting.

(2) MEDIC STRATEGIC PLAN UPDATE

Director of MEDIC Joe Penner gave an update on MEDIC's Strategic Plan. Dr. Tom Blackwell, Medical Director of Mecklenburg EMS Agency assisted in the presentation from a medical perspective, the clinical piece.

The following was covered in the presentation:

- Medic Then and Now (from 1996)
- Financial Stewardship
- Diagnosis
 - Efficiencies exhausted
 - Funding model addresses inflation, not call growth
 - Without new funding model, system will break
 - Patients not getting most-effective care
- Tracking the Call
- Healthcare in Mecklenburg County
- What Changed?
- Medic Options
 - Keep current design and meet growth exclusively with more resources
 - Follow healthcare's example and transform
- Accelerated Solutions Design
- The Shared Vision
- Guided Principles

Dr. Blackwell noted that all Mecklenburg County Town law enforcement vehicles are equipped with an automatic defibrillator and work is being done to expand this with the Charlotte-Mecklenburg Police Department.

Director Penner informed the Board that there are no automatic defibrillators in the Government Center that are required by ordinance. He said Medic purchased four and placed them in the building, but more should be available. He noted that on every floor there are fire extinguishers, which are required, but not defibrillators.

Comments

Commissioner Helms asked what the cost of an automatic defibrillator was. *The response was about \$1,400.*

Commissioner Mitchell asked about the status of automatic defibrillators in the Government Center since it was discussed at a past Community Health and Safety Committee meeting. *The response was four were purchased for this building.*

Commissioner Clarke asked for clarification on the changes that were being proposed, which was addressed.

Commissioner Clarke said the design of the system will be important when it comes to receiving the Board's support.

Commissioner Ramirez asked was Medic recommending that an ordinance be adopted to require all buildings to have an automatic defibrillator. *The response was this will probably be a recommendation coming out of the Strategic Planning process.*

County Manager Jones asked were any automatic defibrillators located in the new courthouse. *The response was yes, in the Sheriff's Office, who would be the one to respond.*

Commissioner Ramirez asked would it be required in public buildings only or all buildings. *The response was all buildings.*

Commissioner Ramirez said there may be opposition if it's required in all buildings.

Chairman Roberts asked how often does Medic respond to water related calls, such as boating accidents and other incidences on the lake. *Director Penner said he would have to get the answer.*

Chairman Roberts said she was interested in knowing this because of a request from the northern Towns for a fire patrol boat.

Commissioner Helms left the meeting and was absent for the remainder of the meeting.

Chairman Roberts thanked the presenters for their report.

A copy of the report is on file with the Clerk to the Board.

The above is not inclusive of every comment and/or question, but is a summary.

ADJOURNMENT

There being no further business to come before the Board, Chairman Roberts declared the meeting adjourned at 5:41 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman