

WHITE COUNTY BOARD OF COMMISSIONERS

MINUTES OF CALLED MEETING HELD

THURSDAY, OCTOBER 22, 2009 AT 8:30 A.M.

The White County Board of Commissioners met for a Called Meeting on Thursday, October 22, 2009 at 8:30 a.m. in the Board of Commissioners Office Conference Room. Present at the meeting were: Chairman Travis Turner, Post 2 Commissioner Craig Bryant, County Manager Carol Jackson, Interim County Manager Jean Welborn, Chief Financial Officer Vickie Neikirk, and County Clerk Shanda Smallwood. Post 1 Commissioner Joe Campbell was not in attendance due to medical issues.

Chairman Turner called the meeting to order.

Chairman Turner stated it was be necessary to enter into executive session following the item listed on the meeting agenda in order to discuss personnel issues.

Chairman Turner asked Vickie Neikirk, Chief Financial Officer, to summarize the financing options which she had researched for the White County Detention Center expansion project.

Ms. Neikirk reviewed three (3) finance options, including: public bonds, private placement, and lease purchase.

Ms. Neikirk stated that issuing bonds is very time consuming, requires a great deal of involvement from other parties such as attorneys and underwriters, and would require the county to obtain a bond rating. She further explained that the interest rate for bonds would not be locked in until near the issuance date, however the interest rate is customarily a little better for public issued bonds.

Ms. Neikirk explained that private placement resembles a bond on the county's side, however resembles a loan on the banking institution's side, the interest rate would be locked in, does not require a bond rating, and does not require collateral.

Ms. Neikirk explained that lease purchase is more difficult to do in today's credit environment, would have a premium added to the interest rate due to collateral requirements, the county would have to re-appropriate each year, and costs were somewhat higher than a private placement due to the collateral.

Ms. Neikirk provided current estimates of the various financing options presented. She indicated that her estimate of the upcoming SPLOST collections was \$300,000 per month (increased from \$263,742.00, the 58 month average of the current SPLOST) which would provide the County with a total collection of \$13,320,000 for the SPLOST collections beginning October 1, 2009.

Chairman Turner introduced Mr. Larry Goldberg, with Goldberg, Sullivan, McCrerey (GSM, Inc.) and stated Mr. Goldberg's firm had been awarded the architectural design contract for the White County Detention Center expansion project.

Mr. Goldberg presented information regarding finance options for detention centers. He stated he was not seeing credit issues in the construction of jails and he was seeing new options becoming available for the financing of jails. He mentioned the Build America Program and the USDA Financing Program – which he stated the application process for these types of programs was lengthy and time consuming. Mr. Goldberg presented the option of obtaining a construction loan, through local bank participation, for twelve (12) months or less which would give the County time to investigate and apply for different loan programs. Commissioner Bryant asked what would be the options if the County did a construction loan and then other financing was not approved. Mr. Goldberg stated that is the reason the County would need to apply for several different financing options including bonds, USDA financing, Build America financing, etc. Carol Jackson asked Mr. Goldberg of any potential negative consequences involved in pursuing a short term construction loan while exploring other long term financing options. Mr. Goldberg stated that certainly if all funding options fell through, that would be a huge negative – however

he did not feel that possibility was realistic. However, he did note the short term construction loan would involve a higher interest rate than a long term financing option.

Chairman Turner stated that prior to obtaining a construction loan; he would want to have a plan in place for the long term financing. Commissioner Bryant stated that he would not want to finance the detention center expansion project for more than five (5) years. Chairman Turner said he wanted to insure the financing option selected allowed for accelerate payments, in order to pay off the project in less than five (5) years if SPLOST collections permitted. Chairman Turner also stated his desire was for the detention center project to be completed for \$8 million or less.

Chairman Turner asked Vickie Neikirk to explain who Merchant Capital was. Ms. Neikirk stated that Merchant Capital specialized in public financing – public bonds and private placement - for schools, governments, etc. Commissioner Bryant asked if their services were similar to those provided by Raymond James, the investment arm of Mountain Valley Bank. Ms. Neikirk confirmed the services provided were similar. Chairman Turner asked that Ms. Neikirk provide information from the investment arms of the local banking institutions – including Raymond James with Mountain Valley Bank and the investment arm of United Community Bank. Ms. Neikirk informed the Board of Commissioners that they did have the option of accepting bids for an underwriter.

Vickie Neikirk cautioned the Board of Commissioners that the information she had provided on the bond issue was very preliminary, since the County does not have a bond rating. She indicated the information from Merchant Capital was based on an AA- rating – which the representative of Merchant Capital thought was indicative of the size of White County.

Both Chairman Turner and Commissioner Bryant asked that Ms. Neikirk compile the information requested as soon as possible in order for options to be considered and short term financing to be pursued as needed. There was agreement that a called meeting would be held on Thursday, November 5, 2009 at 8:30 a.m., with Mr. Goldberg's participation, in order to discuss financing options further.

Commissioner Bryant suggested the County use existing SPLOST collections prior to borrowing funds or making the first draw from a construction loan in order to begin the detention center expansion project. Chairman Turner agreed the collections (based on the estimated \$300,000 per month, with the County's portion being approximately \$222,000 per month) of approximately \$600,000 to \$800,000 could be utilized.

Chairman Turner directed the discussions to the actual design of the detention center, with Mr. Goldberg presenting information on renovation versus new construction options. Mr. Goldberg stated that due to the layout of the current detention center and the concrete nature of jail construction – the cost of renovating an existing jail (60 existing beds plus 140 new beds) would be approximately \$350 to \$400 per square foot and would result in a construction timeline in excess of two years. However, the cost of a new construction (200 new beds) would be approximately \$230 to \$250 per square foot, with a much shorter construction timeline. Mr. Goldberg explained the new design would allow for 140 additional beds, with minimal additions to the staffing requirements. Mr. Goldberg further stated in surveying the county property adjacent to the current detention center, he would be able to construct a new facility in the area between the current Neighborhood Healthcare Facility and the White County Public Works Facility. Jean Welborn, Interim County Manager, stated the White County Convenience Center would have to be relocated based on this plan and the current lease for the Neighborhood Healthcare Facility would have to be amended, since this lease agreement includes the adjoining property.

Chairman Turner explained the Board of Commissioners still needed to review and approve a contract for Mr. Goldberg's services; however they wanted to direct Mr. Goldberg to proceed with the new construction option, with approximately 200 beds, on the location adjacent to Hulsey Road. Sheriff Walden stated there were several options for the existing facility including a possible Public Safety and / or 911 Center and he was in total agreement with the new construction option.

Chairman Turner asked that Carol Jackson and Jean Welborn begin working with Harry Barton, Planning / Solid Waste Director, on possible sites for the relocation of the Convenience Center.

He also asked Mr. Goldberg to locate the design of the new facility as close to the existing facility as possible, leaving options for future expansions for the detention center as well as for the widening of Hulsey Road relative to the future Cleveland by-pass and any guard line requirements. Chairman Turner asked that Ms. Jackson obtain information relevant to the future widening of Hulsey Road from the Georgia Department of Transportation. Mr. Goldberg asked for this right of way information to be included in the utility topography to be forwarded to him by White County Mapping Department.

Chairman Turner asked for a Called Meeting following the October 26, 2009 Work Session, for the Board of Commissioners to consider approval of a contract on behalf of GSM, Inc. for the architectural design services of the White County Detention Center construction project.

Mr. Goldberg recommended the Board of Commissioners move forward with a request for qualifications (RFQ) for the services of construction manager for this project, with which Mr. Goldberg would provide assistance in formulating and reviewing. Mr. Goldberg indicated he would be working on conceptual diagrams with budgets attached, a needs assessment and custody analysis, and a construction versus project budget (i.e. \$8 million project budget = \$6.3-\$6.6 million construction project).

Sheriff Neal Walden stated his primary concern is the facility be built from the inside out with the main focus being on security.

Upon a motion made by Commissioner Bryant, seconded by Chairman Turner there was a unanimous vote to enter into Executive Session to discuss personnel issues.

-See the following Closed Meeting Affidavit-

Upon a motion made by Commissioner Bryant, seconded by Chairman Turner there was a unanimous vote to exit Executive Session.

With no decisions being made during Executive Session; and upon a motion made by Commissioner Bryant, seconded by Chairman Turner there was a unanimous vote to adjourn the Called Meeting.

The minutes of the October 22, 2009 Called Meeting are hereby approved as stated this the 2nd day of November, 2009.

WHITE COUNTY BOARD OF COMMISSIONERS

Travis C. Turner, Chairman

s/Joe R. Campbell
Joe R. Campbell, Post 1

s/Craig Bryant
Craig Bryant, Post 2

s/Shanda Smallwood
Shanda Smallwood, County Clerk