



Chatham County, NC

Meeting Minutes Board of Commissioners

Monday, November 10, 2014

9:00 AM

County Manager's Office Conference Room

Special Meeting

CALL TO ORDER

Chairman Petty called the meeting to order at 9:00 AM.

BOARD PRIORITIES

- Present:** 4 - Chairman Walter Petty, Vice Chair Brian Bock, Commissioner Jim Elza and Vice Chair Mike Cross
- Absent:** 1 - Commissioner Pam Stewart

[14-1029](#)

Vote on a request to adopt a Resolution Approving a Contract and a Deed of Trust and the Delivery Thereof and Providing for Certain Other Related Matters.

Attachments: [Resolution Approving a Contract and a Deed of Trust](#)

Ms. McConnell: On August, 18th you approved a resolution authorizing Charlie and I to negotiate the financing contract, the deed of trust, and the lease agreement for the upcoming financing. The resolution you have before you approves the financing contract, the deed of trust and the lease agreement.

Chairman Petty: We have all reviewed the document. Are there any questions?

Commissioner Elza: Yes, I'd like a little explanation as to why we pass all this through a separate 501(c) 3 Corporation.

Ms. McConnell: Back in 2006 we issued COPs (Certificates of Participation). What I remember from 2006 is that we had to form the corporation in order to issue COPS. I ask our bond attorney to give me the official explanation of why we needed to form the corporation. She said:

"Local governments have the authority to issue installment purchase obligations pursuant to 160A-20 but do not have the authority to issue any securities other than the various bonds authorized by statute (GO, Revenue, Special Obligation Bonds). The use of the Corporation allows the County to access the capital markets pursuant to an installment purchase contract and achieve better interest rates and more financing (larger principal amounts) than would be available to the County through an installment financing through a bank. This type of financing is used by local governments all across the state (and in nearly all states in the US) and is typically used as an alternative to GO Bonds, most of which require a longer lead time to get voter approval/issuance. This is a faster alternative for projects that might otherwise be GO Bond financed (non-revenue backed projects like water/sewer, etc.). Money will not pass through the Corporation, all rights of the Corporation are assigned to the

Trustee and payments from the County to the Corporation are made directly to the Trustee who then pays bondholders.”

Commissioner Elza: He still doesn't explain why. He didn't explain how.

Ms. McConnell: It is a way that allows us to sell our bonds in the public market.

Commissioner Cross: The why is because we can borrow COPS money cheaper than we can do anything else.

Ms. McConnell: It's a way to sell bonds in the public market.

Commissioner Elza: I think it protects the investors from the county getting sued, since it is in a separate corporation.

Ms. McConnell: I don't think that is it. We are responsible for anything the corporation does.

Commissioner Elza: You don't think that is any protection?

Ms. McConnell: I don't think so.

Chairman Petty: That was put in place when?

Ms. McConnell: It was back in 2006 when we first issued Certificates of Participation.

Chairman Petty: It came at the recommendation of?

Ms. McConnell: Our bond attorneys in New York.

Commissioner Elza: New York bond attorneys. This was done at the time they were having craziness up there and the market was getting ready to destroy itself. So the property is held in the corporation, but the money does not pass through there. It's a shell.

Ms. McConnell: The county owns the property and the corporation assigns all of its rights to the county.

Chairman Petty: Are there any other questions? Hearing none, may I have a motion to approve the resolution?

Commissioner Elza: We have done this before, right?

Ms. McConnell: Yes. We do it every time we sell our bonds in the public market. We did it in 2012, 2013, 2006; and 2014.

Commissioner Elza: So far we haven't been sued?

Ms. McConnell: No.

A motion was made by Vice Chair Bock, seconded by Commissioners Cross, that Resolution #2014-39 Approving Contract and Deed of Trust and the Delivery Thereof and Providing for Certain Other Related Matters, attached hereto and by reference made a part hereof, be adopted. The motion carried by the following vote:

Aye: 4 - Chairman Petty, Vice Chair Bock, Commissioner Elza and Vice Chair Cross

ADJOURNMENT

A motion was made by Vice Chair Bock, seconded by Vice Chair Cross, that the meeting be adjourned. The motion carried by the following vote:

Aye: 4 - Chairman Petty, Vice Chair Bock, Commissioner Elza and Vice Chair Cross