

The Lincoln County Board of County Commissioners met as the governing body of the East Lincoln County Water and Sewer District at the Citizens Center, Third Floor, 115 West Main Street, Lincolnton, North Carolina, the regular place of meeting at 6:30 p.m. on June 22, 1998. The following were present:

Louis E. McConnell, Chairman
James A. Hallman, Vice Chairman
Terry L. Brotherton
Larry S. Craig
Beth H. Saine

Jeff Taylor, Assistant County Attorney
Richard French, County Manager
Stan Kiser, Assistant County Manager

Also present were Doug Chapman, County Engineer, Jack Chandler, Director of Public Service, and Amy S. Long, Clerk to the Board.

CALL TO ORDER

Chairman McConnell called the June 22, 1998 meeting of the East Lincoln County Water and Sewer District Board to order.

ADOPTION OF AGENDA

Chairman McConnell presented the June 22, 1998 agenda of the East Lincoln County Water and Sewer District Board for adoption.

AGENDA

**EAST LINCOLN COUNTY WATER AND SEWER DISTRICT
BOARD OF COUNTY COMMISSIONERS
GOVERNING BODY
LINCOLN COUNTY, NORTH CAROLINA**

JUNE 22, 1998

6:30 PM Call to Order

	6:30 PM	Adoption of Agenda
1.	6:30 PM	Approval of Minutes May 18, 1998
2.	6:30 PM	Killian Creek Sewer Line Bids
3.	6:35 PM	Governors Island Sewer Service
4.	6:40 PM	District Update – Jack Chandler, Public Service Director
5.	6:45 PM	Public Hearing on Annexation of Property of East Lincoln Austin, LLC
6.	6:55 PM	Discussion of Water and Sewer Connection Fees
7.	7:00 PM	Consideration of Meeting Dates
8.	7:00 PM	Reimbursement Resolution
		Adjourn

Commissioner Larry Craig motioned that the agenda of the June 22, 1998 East Lincoln County Water and Sewer District Board be adopted.

Seconded by Commissioner James Hallman.
Unanimously approved.

APPROVAL OF MINUTES

May 18, 1998

Chairman McConnell presented the minutes of the May 18, 1998 meeting for approval.

A motion by Commissioner Larry Craig to approve the minutes of the May 18, 1998 meeting with one spelling correction.

Seconded by Commissioner Beth Saine.
Unanimously approved.

KILLIAN CREEK SEWER LINE BIDS

Doug Chapman, County Engineer, presented the following memorandum:

MEMORANDUM

Date: June 17, 1998

To: Richard French, County Manager

From: Douglas Chapman, County Engineer

Subject: Killian Creek Sewer Service Bids

Attached are bid tabulations for the three sections of the Killian Creek Sewer Service, which provides sewer to The Verdict Ridge golf course development. The pump station, force main and southern section of sewer line was designed and bid by the County staff, and we have reviewed the bids and recommend award to the low bidders. The low bidder for the pump station and force main was Buckeye Construction, with a total lump sum of \$333,216. The low bidder for the sewer line was Ronny Turner Construction, with a total lump sum of \$542,000. Item 2 of the sewer line bid will be funded by another developer, East Lincoln Austin, LLC, at a price of \$82,000.

The section of sewer line through the golf course property was designed and bid by the developer, the County is providing funding for construction. They have reviewed the bids and recommend award to the low bidder, Edwards Pipeline Company, with a base bid of \$405,527.

The total to be awarded is \$1,280,743, with \$82,000 being funded by others. The budgeted amount for this project was \$1,180,000. With some other money spent for survey work, permitting, and right-of-way acquisition, the project will be approximately \$75,000 over budget. This overage is primarily due to increase sewer line cost through the golf course area due to the gas line crossing and depth necessary to install lines below creek level.

I recommend the three contracts be awarded so construction can begin as soon as possible. If you have any questions, please do not hesitate to ask.

Mr. Chapman recommended approval of these bids conditional upon funding approval by the Local Government Commission. He stated that staff is going to meet with the Local Government Commission on June 25, 1998 and will hopefully get funding approval.

A motion by Commissioner Larry Craig to accept the bids of Buckeye Construction at \$333,216, Ronny Turner Construction at \$542,000, and Edwards Pipeline Company at \$405,527 contingent on approval for funding by the Local Government Commission.

Seconded by Commissioner Terry Brotherton.
Unanimously approved.

GOVERNORS ISLAND SEWER LINE BIDS

Doug Chapman, County Engineer, presented the following memorandum:

MEMORANDUM

To: East Lincoln County Water and Sewer District Board

From: Douglas Chapman, County Engineer

Date: June 17, 1998

Subject: Governor's Island Sewer Service

In a letter dated May 12, 1998, of which a copy is attached, the Governor's Island Homeowners Association sent a letter to the County Manager requesting a final decision regarding sewer service by the Sewer District to the island. They have requested that we not purchase and operate the existing sewage treatment plant, or install new lines throughout the island. The letter indicated that the homeowners would prefer to be removed from the District.

The staff has investigated Mid South's arrangement with Governor's Island and have found only one official document, which is attached for your review. The agreement has conditions that are not consistent with current District operating policies and procedures. Therefore, purchasing Mid South system would not be an acceptable option. Also, the staff does not recommend removing the island from the District.

I recommend that the District proceed with installing low pressure sewer lines as necessary on the island to connect with the existing District system. The estimated cost for the entire project is \$200,000.

Attached is a recommended draft letter for the Board of Commissioners to send to all of the Governor's Island property owners for your approval.

If there are any other questions, please call me at 736-8498.

Mr. Chapman presented the following draft letter to send to Governor's Island Board of Directors.

June 23, 1998

Governor's Island Board of Directors
413 North Center Street
Statesville, NC 28677

Gentlemen:

The Lincoln County Board of Commissioner have reviewed your request of May 12, 1998 regarding sewer service to Governor's Island.

The County staff has extensively investigated a possible purchase of the Mid South system. Due to a high asking price and Mid South's current agreement with the Homeowners, which has conditions that are not consistent with our policies, we cannot purchase the existing sewage system on the island.

Also, removing Governor's Island from the Sewer District would not be appropriate, and would set a bad precedent for other future requests.

Therefore, the District is proceeding with plans to extend sewer lines throughout the entire island. Our goal is to complete construction as soon as possible, though final construction may not be complete until early 1999.

Sincerely,

Louis E. McConnell, Chairman
Lincoln County Board of Commissioners

Chairman McConnell stated that the letter needed to state that it is not possible at this time to remove Governor's Island from the Sewer District.

A motion by Commissioner Larry Craig to approve the letter with the addition of the statement that it would not be possible to remove Governor's Island from the Sewer District.

Seconded by Commissioner Terry Brotherton.
Unanimously approved.

DISTRICT UPDATE

Jack Chandler, Public Service Director, gave an update on the number of customers in the district. He stated that the customer base is now 576, and that it was 555 last month. He stated that there are currently 355 applications, including customers who have paid their application fee in full and those making payments.

ANNEXATIONS

Having been duly sworn by the Clerk, Amy S. Long, the following individuals presented information regarding the Annexation of East Lincoln Austin, LLC. into the East Lincoln County Water and Sewer District.

Doug Chapman, County Engineer, presented the following:

The East Lincoln County Water and Sewer District was formed in May 1992 to provide much needed sewer service to the eastern portion of Lincoln County. In accordance with NCGS 162A-87.1. Extensions of water and sewer districts, section (b), East Lincoln Austin, LLC have petitioned to have property annexed into the East Lincoln County Water and Sewer District.

As required by North Carolina General Statutes, the aforementioned property owner has petitioned that a certain property containing approximately 24 acres, described in the deed recorded in Book 1020, Page 714 in the Lincoln County Public Registry, be voluntarily annexed into the District. (Refer to Exhibit 1 for a copy of the petition.) Attached is a map showing the subject property, and it's relation to the existing district boundary (Refer to Exhibit 2). The property is not contiguous with the existing district boundary.

Sewer service is being extended to the subject property, without unreasonable or burdensome annual tax levies. Sewer service within the property is being installed by the property owner, as part of a residential development containing 48 homes.

Inclusion of the property into the District will be beneficial, both environmentally and financially, to both the property owner and the East Lincoln County Water and Sewer District. Following a public hearing, the Board of Commissioners intend to annex the property, owned by East Lincoln Austin, LLC. Into the District.

Chairman McConnell declared the Public Hearing on the Annexations of property of East Lincoln Austin, LLC open.

Being no one wishing to speak, Chairman McConnell declared the Public Hearing on the Annexation of East Lincoln Austin, LLC closed.

A motion by Commissioner Terry Brotherton to annex the Property of East Lincoln Austin, LLC into the East Lincoln County Water and Sewer District.

Seconded by Commissioner Larry Craig.
Unanimously approved.

DISCUSSION OF WATER AND SEWER CONNECTION FEES

Doug Chapman, County Engineer, presented the following memorandum concerning the Rate Increases for Water and Sewer.

MEMORANDUM

Date: June 5, 1998

To: Water and Sewer Customers of Lincoln County and the East Lincoln County Water and Sewer District

From: Lincoln County Public Works Department

Subject: Rate Increases

As approved by the Lincoln County Board of Commissioners, June 1, 1998, the monthly rates for water and sewer use are scheduled to increase effective July 1, 1998. The following is the new rate structure:

WATER MONTHLY BILLING RATES:

in County

Minimum billing (0-2,500 gallons)	\$20.00
Each additional 1,000 gallons	\$ 4.35

out of County

Minimum billing (0-2,500 gallons)	\$40.00
Each additional 1,000 gallons	\$ 4.35

SEWER MONTHLY BILLING RATES:

East Lincoln County Water and Sewer District

In District

Minimum billing (0-2,500 gallons)	\$20.00
Each additional 1,000 gallons	\$ 4.35

Out of District

Minimum billing (0-2,500 gallons)	\$40.00
Each additional 1,000 gallons	\$ 4.35

If you have any questions regarding rate changes, call 736-8497 or 483-7082.

A motion by Commissioner Larry Craig to adopt the Water and Sewer fees as presented.

Seconded by Commissioner Terry Brotherton.
Unanimously approved.

CONSIDERATION OF MEETING DATES

Rick French, County Manager, presented the following meeting dates for the East Lincoln County Water and Sewer District Board: September 21, 1998 and November 16, 1998.

A motion by Commissioner James Hallman to approve September 21, 1998 and November 16, 1998 as the meeting dates for the East Lincoln County Water and Sewer District Board.

Seconded by Commissioner Larry Craig.
Unanimously approved.

REIMBURSEMENT RESOLUTION

Rick French, County Manager, presented the following Reimbursement Resolution for the Board's approval.

REIMBURSEMENT RESOLUTION

REIMBURSEMENT RESOLUTION

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
COUNTY OF LINCOLN, NORTH CAROLINA, ACTING ON
BEHALF OF THE EAST LINCOLN COUNTY WATER AND
SEWER DISTRICT, NORTH CAROLINA (THE "ISSUER")
DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM
THE PROCEEDS OF ONE OR MORE TAX-EXEMPT
FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR
TO BE MADE IN CONNECTION WITH THE ACQUISITION,
CONSTRUCTION AND EQUIPPING OF CERTAIN CAPTIAL
IMPROVEMENTS**

WHEREAS, East Lincoln County Water and Sewer District (the "Issuer") is a political subdivision organized and existing under the laws of the State of North Carolina; and

WHEREAS, the Issuer [has paid, beginning no earlier than April 25, 1998 and] will pay, on and after the date hereof, certain expenditures (the “Expenditures”) in connection with the acquisition, construction, extension and/or equipping of the water and sewer system of the Issuer (the “Project”), as more fully described in Exhibit A attached hereto; and

WHEREAS, the Board of Commissioners for the County of Lincoln, North Carolina, acting on behalf of the Issuer (the “Board”) has determined that those moneys [previously advanced no more than 60 days prior to the date hereof and] to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the “Bonds”);

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. The Board hereby declares the Issuer’s intent to reimburse the Issuer with the proceeds of the Bonds for the Expenditures with respect to the Project made on and after [April 25, 1998, which date is no more than 60 days prior to] the date hereof. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure [was and] will be either (a) of a type properly chargeable to capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Issuer so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Issuer.

Section 3. The maximum principal amount of the Bonds expected to be issued for the Project is \$2,760,000.

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer’s use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Issuer recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 22nd day of June, 1998.

Louis E. McConnell, Chairman
Board of Commissioners

ATTEST:

Amy S. Long
Clerk to the Board

A motion by Commissioner Terry Brotherton to approve the Reimbursement Resolution.

Seconded by Commissioner Larry Craig.
Unanimously approved.

Jeff Taylor, Assistant County Attorney, presented the following Resolution Approving Interlocal Cooperation Agreement Under N. C. G. S. Chapter 160A, Article 20 (Fiscal Year 1997-98) with adjusted amounts.

**RESOLUTION APPROVING INTERLOCAL COOPERATION AGREEMENT
UNDER N. C. G. S. CHAPTER 160A, ARTICLE 20 (FISCAL YEAR 1997-98)**

WHEREAS, in 1996 the East Lincoln County Water & Sewer District began to construct a sewer system to serve the citizens of Lincoln County within the boundaries of the District; and

WHEREAS, the Lincoln County Board of Commissioners has recognized that the construction of the sewer system will have the effect of increasing the overall tax base of the County by increasing the assessable value of the properties served by it and by increasing the amount of residential and industrial development in the District and the areas of the County adjacent to it; and

WHEREAS, the Board of Commissioners has determined that it is in the best interests of the citizens of the County to expedite construction of the sewer system in order to increase the said tax base of the County; and

WHEREAS, District officials have been approached about possible annexations of areas not currently within the District in order to secure sewer service for industrial projects for such areas not currently within the District; and

WHEREAS, the Lincoln County Board of Commissioners, as commissioners and as the governing body of the District, verily believe that such industrial development is

imperative to the future of Lincoln County and that such development would boost the tax revenues of both the County and the District; and

WHEREAS, the construction of the sewer system is an undertaking for which the County and the District have authority under Article 20 of North Carolina General Statutes Chapter 160A to enter into contracts and agreements with each other; and

WHEREAS, the County and the District determined in 1996 that the County could assist the District with the construction of the sewer system by technical assistance and by advancing future tax revenues to be collected from the District and desire to execute this document to memorialize their understanding; and

WHEREAS, on January 19, 1998, the respective governing bodies of Lincoln County and the East Lincoln County Water and Sewer District approved resolutions and entered into an agreement fixing the maximum amount of the County's advancement to the District for fiscal year 1997-98 at \$200,000.00; and

WHEREAS, the County and the District have determined that it is desirable that the maximum amount of such advances be adjusted to \$400,000.00 for fiscal year 1997-98 as set forth in the revised Interlocal Cooperation Agreement Under N. C. G. S. Chapter 160A, Article 20 for Fiscal Year 1997-98, a copy of which is attached hereto as Exhibit A;

NOW, THEREFORE, be it and it is hereby resolved that the governing body of the East Lincoln County Water & Sewer District approves the Interlocal Cooperation Agreement Under N. C. G. S. Chapter 160A, Article 20 for Fiscal Year 1997-98, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

This resolution adopted this 22nd day of June, 1998.

Louis E. McConnell, Chairman
Lincoln County Board of Commissioners
Acting as the governing body of the East
Lincoln County Water & Sewer District

A motion by Commissioner Larry Craig to approve the Resolution Approving Interlocal Cooperation Agreement Under N. C. G. S. Chapter 160A, Article 20 (Fiscal Year 1997-98).

Seconded by Commissioner James Hallman.
Unanimously approved.

ADJOURN

Commissioner Larry Craig made a motion to adjourn the East Lincoln County Water and Sewer meeting.

Seconded by Commissioner Terry Brotherton.
Unanimously approved.