



MINUTES
Board of County Commissioners Meeting
Friday, March 15, 2024 9:00 AM
Hampstead Annex Auditorium

MEMBERS PRESENT: Brad George
Jacqueline Newton
Wendy Fletcher Hardee
Jerry Groves

MEMBERS ABSENT: Fred McCoy

OTHERS PRESENT: David Andrews, County Manager
Trey Thurman, County Attorney
Patrick Buffkin, Staff Attorney
Lexi Stanfield, Clerk to the Board
Allen Vann, Assistant County Manager
Other Staff and Members of the Press and Public.

1 BREAKFAST AND OPEN DISCUSSION
9:00AM-9:30AM

2 CALL TO ORDER

2.1 Chair George called the meeting to order at 9:00AM.

3 FY 2024-25 THROUGH FY 2028-29 CAPITAL IMPROVEMENT PLAN (CIP)
9:30AM-10:30AM

3.1 Pender County Utilities

- Scotts Hill Water Tower
- US 421 Sewer Extension
- Water Treatment Plant
- Western Pender Water Distribution Expansion
- Pender Commer Park Wastewater Treatment Plant Expansion
- Raw Water Purchase from Lower Cape Fear Water Authority
- PCU Office and Warehouse Facilities
- Meter Change-outs
- Convenience Center Upgrades

Anthony Colon, Utilities Director, presented the Pender County Utilities items. Colon explained Utilities currently has three projects that will cost over one million dollars. These projects are the Scotts Hill Water Tower, US 421 Water and Sewer Extension, and the Membrane Plant.

The Scotts Hill Water Tower consists of three wells and one elevated tank. As of today, all wells are sustainably complete and are waiting for NCDEQ to sign off on the permits to make them operational. The total cost of the project is \$13,450,740.00. The loan for this project has an 18% interest rate and is to be paid over the next twenty years. With principal, the total payment per a year is \$672,537.00.

The US 421 Water and Sewer Extension includes a .75 MGD Pump Station and approximately 805 miles of water and sewer mains. It will allow western Pender County access to county water and sewer. The project is estimated to be complete in October 2025. The total estimated cost is \$12,819,186.00. This project received funding from the American Rescue Plan Act (ARPS) in the amount of \$12,248,666.00 and \$262,000.00 in grant Fund 86 - Project #6963. \$308,520.00 is being funded from Fund 72.

Pender County has closed on 795 acres of land for the new the Membrane Plant. The plant is estimated to have the capability to treat three million gallons per a day and is expandable up to six million gallons per a day. Colon reported the only source of water currently are two wells and a line of water coming from Rocky Point. Colon stated a break in the Rocky Point water line will hurt the eastern part of the county, so a membrane water treatment plant is necessary. The Water Treatment Plant will address PFAS and conduct reverse osmosis. The estimated date of operation is Fall 2028. The engineering firm is working on utility rights-of-way and sanitary sewer. The sanitary sewer will be shared with the K-8 Elementary school on HWY 210. The first production well will be constructed in the upcoming six months. The projected cost is \$110,000,000.00. The 795 acres land for the site cost \$10,350,000.00 and includes a discharge line. The estimated construction cost is \$89,400,000.00. Pender County has currently obtained \$75,000,000.00 in funding from NCDWI. Utilities received a DWSRK loan of \$53,750,000.00 with an interest rate of .18%. There is Additional Supplemental Appropriations for Disaster Relief Act of 2019 loan in the amount of \$20,000,000.00 up to 25% of the loan has a principal forgiveness and an interest rate of .10%.

Colon went over future projects that will cost more than one million dollars.

By June 2028, PCU will need to purchase the remaining six million gallons per day Raw Water Capacity from Brunswick County to ensure enough flow from the LCFWSA. The total cost is \$4,000,000.00.

Colon reviewed the Meter Change-Outs project. Currently, the meters need to be changed out due to age and related build-up of minerals. The current meter readings are personnel intensive and a safety concern. PCU has planned to install meter-reading antennas to help reduce leaks. This project is something that has been discussed since 2019. Colon would like to begin this project in the Mapel Hill area. An RFQ has been published for this project with the intentions to award in the new fiscal year. The total cost is estimated to be \$700,000.00 for the Mapel Hill area. It will total out to \$140,000.00 per a year for five years. This cost includes maintenance and services for fifteen years. After Mapel Hill, Colon expressed interest in changing out the Scotts Hill meters.

Colon went over the Convenience Center upgrades. Pender County has twelve convenience center sites in total. Concrete is to be laid at each site that Pender County owns. Currently, Pender County owns five, leases six, and has one with perpetual usage at no cost. Pender Solid Waste will partner with GFL to improve the sites. GFL will be responsible for laying the concrete at one site per a year with a contract of ten years with Pender Solid Waste. Contract negotiations are ongoing. Colon addressed fencing issues as well for the sites. Katie Leubner, PCU Project Manager, has found \$63,000.00 in the PCU budget to put towards fencing and security. Colon briefly touched on a Rocky Point transfer station.

Colon discussed the Office and Warehouse Facility for PCU project. Colon reported a warehouse is needed to provide a staging/storage area for pipes and other materials. PCU has seven 53 feet containers throughout the county for storing parts however, a facility would allow for a quicker response time and an increased efficiency of operations. Colon reported a office and warehouse facility would offer a space for Utilities would not only allow storage space but would provide an area for day-to-day business to be conducted. Pender County Schools has agreed to donate unused land. The Board of Commissioners approved of the property on February 5th. A letter of intent was sent to the Board of Education shortly after. The total budgeted estimate for FY 2024 for the design is \$500,000.00.

Colon reviewed the Western Pender Water Distribution Expansion. An interconnection with the Town of Harrells on US 421 will provide an emergency water supply for both PCU and Harrells and supply water to Pender County residents along US HWY 421 that are currently using

private wells. Colon reported he has enough funding currently to lay 5,000 feet of water line. Once more funding is secured, PCU plans to go to bid. The total estimate cost is \$35,000,000.00.

Colon answered questions from the Board.

4 5-YEAR FINANCIAL FORECAST

10:30AM-12:00PM**

4.1 General Fund

Ted Cole from Davenport, Financial Advisor for Pender County, presented the item. Cole reported the various topics for discussion including Credit Rating and Peer Comparatives, General Fund Operations and Fund Balance, Tax Supported Debt Profile, and CIP Project Funding Analysis. Pender County's GO Bonds are currently rated Aa2 on Moody's Rating Methodology and AA on S&P's Rating Methodology. North Carolina has twenty-one counties rated Aa2 by Moody's. Looking over the General Fund financial performance, Cole reported the County's operating revenues have exceeded operating expenditures in each of the last six completed fiscal years, resulting in a structurally balanced budget and annual operating surpluses. Additionally, the County has consistently added to unassigned and total fund balance over the last three years. From FY 2020 to FY 2023, Total General Fund Balance has grown by approximately \$33.5 Million from \$41.1 Million to \$74.6 Million. Over the same time period, Unassigned General Fund Balance has grown by approximately \$41.2 Million from \$22.0 Million to \$63.2 Million. Cole reviewed the history of Pender County's General Fund Balance over the course of the last five years and discussed Pender County's policy regarding its fund balance. Pender County's tax-supported Debt Services total is \$69,193,193.00. Using the 10-year payout ratio, Pender County will have paid off eighty percent by year ten. The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years. Pender County has a policy establishing a minimum 10-Year Payout Ratio of 55%. Meg Blue offered insight on capital purchases, operating budget, and tax rates in response to Board questions. County Manager David Andrews assisted in providing some important markers and possible solutions for the future. Cole reviewed Pender County's Debt Affordability Analysis. Cole then reported an overview of CIP Projects in Pender County. Pender County is considering moving forward with a range of County and School projects. This analysis provided by Davenport Public Finance focused on the \$40.6 million Health and Human Services Building, \$62.5 Million Law Enforcement Center and Jail Construction, and \$178 million on various school projects. The County is moving forward with funding both the Human Services Building and LEC/Jail Project through the

United States Department of Agriculture's ("USDA") Community Facilities program. The USDA financings are assumed to be issued with two years of interest only (i.e., an interim construction financing), a 30-Year permanent financing with full payments of principal and interest beginning in FY 2027, a Level Debt Service Structure, and a 4.0% Interest Rate. All debt related to the school Projects is assumed to be issued based on the timing outlined below, a 20 Year term, a Level Principal Structure, and a 5.0% Interest Rate with interest payments beginning 6 months following issuance and principal payments beginning the fiscal year following issuance.

5 5-YEAR FINANCIAL FORECAST

12:00PM-2:00PM

5.1 Pender County Utilities

Ted Cole from Davenport, Financial Advisor for Pender County, presented the item. Cole gave a brief overview of what he plans on covering. Cole discussed existing Utility- Supported debt. Pender County is averaging four million dollars in supported-debt over the next ten years. Key Credit factors for the Utility Enterprise Funds include debt services coverage, system reserves, management, system size and assessment base, and economy and customer base. Cole discussed Moody's Rating Methodology and S&P Rating Methodology. Cole reviewed the financial operations of the combined funds. He focused mostly on 2023. Pender County's debt service coverage was 1.38 in 2023. Cole explained the Pender County's liquidity. Cole presented to the Board the anticipated funding for upcoming utility projects. Anthony Colon (PCU Director), James Proctor (PCU Deputy Director), and Meg Blue (Finance Director) provided additional insight on the subject. In order to analyze the effect of the County's ongoing and upcoming capital projects on the Utility Fund, a series of assumptions for the analysis were established based on discussions with County Staff. While discussing the Pro Forma Financial Model, Cole review revenue and expenditure assumptions. Cole walked the board through the project debt services for 2024 through 2044. Cole stressed keeping the reserves strong is important. Cole answered questions from the Board and County management regarding the project debt service. Colon and Proctor offered insight on the rates offered by Pender County Utilities.

6 FEDERAL AND STATE LEGISLATIVE AGENDA

2:00PM-3:00PM

6.1 Enter into Closed Session Pursuant to NCGS § 143 318.11(A)(3) Attorney Client Privilege

Moved by Jacqueline A. Newton, seconded by Wendy Fletcher-Hardee

*Motion to Enter into Closed Session Pursuant to NCGS § 143
 318.11(A)(3) Attorney Client Privilege*

	For	Against	Abstained	Absent
Fred McCoy				x
Jacqueline A. Newton	x			
Jerry Groves	x			
Wendy Fletcher-Hardee	x			
Brad George	x			
	4	0	0	1

CARRIED.

7 ADJOURNMENT

**Working Lunch

- 7.1 The Board voted to recess the meeting until Wednesday, March 20, 2024 at 2PM at the Hampstead Annex with the intent to go directly into closed session for item six (6) personnel.

Moved by Wendy Fletcher-Hardee, seconded by Jacqueline A. Newton

Motion to recess the meeting until Wednesday, March 20, 2024, at 2PM at the Hampstead Annex.

	For	Against	Abstained	Absent
Fred McCoy				x
Jacqueline A. Newton	x			
Jerry Groves	x			
Wendy Fletcher-Hardee	x			
Brad George	x			
	4	0	0	1

CARRIED.

- 7.2 The March 11, 2024, Regular BOCC meeting that ran concurrently with the March 14th, 2024, and March 15, 2024, Budget Retreats adjourned on Wednesday, March 20, 2024, at 5:00PM.

Moved by Jerry Groves, seconded by Wendy Fletcher-Hardee

Motion to adjourn the March 11, 2024, Regular BOCC meeting that ran concurrently with the March 14th, 2024, and March 15, 2024, Budget Retreats.

	For	Against	Abstained	Absent
Fred McCoy	x			
Jacqueline A. Newton	x			
Jerry Groves	x			
Wendy Fletcher-Hardee	x			
Brad George	x			
	5	0	0	0

CARRIED.