

**THE BOARD OF COMMISSIONERS OF THE COUNTY OF CRAVEN MET IN REGULAR SESSION IN THE COMMISSIONERS' ROOM OF THE CRAVEN COUNTY ADMINISTRATION BUILDING, 406 CRAVEN STREET, NEW BERN, NORTH CAROLINA ON MONDAY, MAY 21, 2001. THE MEETING CONVENED AT 8:30 A.M.**

**MEMBERS PRESENT:**

Chairman C.W. "Pete" Bland  
Vice-Chairman Johnnie Sampson, Jr.  
Commissioner Lee K. Allen  
Commissioner Donald L. Phillips  
Commissioner J. Harold Talton  
Commissioner Albert H. Toon  
Commissioner Charles F. Tyson, Jr.

**STAFF PRESENT:**

Harold Blizzard, County Manager  
George B. Sawyer, Assistant County Manager  
Richard F. Hemphill, County Finance Officer  
Ray H. Moser, Human Resources Director  
Gwendolyn M. Bryan, Clerk to the Board  
James R. Sugg, County Attorney

Following an invocation by Commissioner Sampson and the Pledge of Allegiance, Commissioner Tyson moved to approve minutes of the May 7, 2001 regular session, seconded by Commissioner Sampson and unanimously carried.

**CONSENT AGENDA**

Consent agenda items were presented and approved as follows:

*Request for Approval of Updated Retention and Disposition Schedule*

The Board was presented the updated Retention and Disposition Schedule that was adopted by the Local Records Unit of the Government Records Branch, North Carolina Department of Cultural Resources on April 1, 2001. This replaces the schedule that was adopted in 1991. The Board was requested to adopt the updated schedule, as outlined in N.C.G.S. 125-5(b), for directing County personnel in the disposition of public records. Commissioner Tyson moved to approve the updated Retention and Disposition Schedule, seconded by Commissioner Phillips and unanimously carried in a roll call vote.

*CARTS Request to Set Public Hearing*

Mr. Johnny Purvis, Director of CARTS, submitted a request to set a public hearing on June 4, 2001 at 7:30 p.m. for the purpose of receiving public input regarding the sub-allocation of funds to be applied from the Rural Operating Assistance Program. Commissioner Tyson moved to set the public hearing, as requested, for 7:30 p.m. on June 4<sup>th</sup>, seconded by Commissioner Phillips and unanimously carried in a roll call vote.

*Planning: Road Name Correction*

The Planning Department submitted a request to correct the name of SR 1604, which appears in the Craven County Road Naming and Addressing Ordinance, Section 11-31 "Road Names", as "Burnhurst Road". The Board was requested to amend the ordinance to correct the spelling, changing it to "Bernhurst Road". Commissioner Tyson moved to officially recognize the correct spelling of the road name and to make the correction in the codified ordinance. The motion was seconded by Commissioner Phillips and unanimously carried in a roll call vote.

*Planning: Request to Set Public Hearing for Road Naming*

The Planning Department submitted a request for the Board to set a public hearing for 9:00 a.m. on June 18, 2001 to discuss new road additions and changes to the Road Naming and Addressing Ordinance. Commissioner Tyson moved to set the public hearing, as requested, on June 18<sup>th</sup> at 9:00 a.m., seconded by Commissioner Phillips and unanimously carried in a roll call vote.

*Budget Amendment*

Craven County Finance Officer, Rick Hemphill, submitted the following budget amendment for the Board’s approval. Commissioner Tyson moved for its approval, seconded by Commissioner Phillips and unanimously carried in a roll call vote.

**Recreation & Parks**

| <b>REVENUES</b>                        | <b>AMOUNT</b>      | <b>EXPENDITURES</b>                    | <b>AMOUNT</b>      |
|--|--------------------|--|--------------------|
| 101-8010-335-28.00<br>NC Amateur Games | \$ 2,000.00        | 101-8010-460-73.01<br>C/O Batting Cage | \$ 2,000.00        |
| <b>TOTAL</b>                           | <b>\$ 2,000.00</b> | <b>TOTAL</b>                           | <b>\$ 2,000.00</b> |

**Justification:** Amount of grant received from NCAS Endowment Fund Committee to purchase a batting cage for Creekside Park.

**PROPOSED JUVENILE CRIME PREVENTION COUNCIL FY 2002 BUDGET**

Ms. Jennifer Knight appeared to present to the Board the proposed budget for the Juvenile Crime Prevention Council for FY 2001-2002. She explained to the Board that the needs were prioritized as follows: psychiatric assessment services, substance abuse services, restitution services, educational day reporting, intensive home based counseling, parent responsibility programs, temporary shelter, guided growth, and adult mentoring. The programs that were included for adjudicated youth were in the areas of substance abuse treatment (residential), substance abuse treatment (non-residential), and wilderness. She advised the Board that additional funds in the amount of \$29,000 have become available, and as a result there is potential for adding the Teen Court Program, re-advertising for additional programs, or distributing these additional funds among the programs already funded. Commissioner Sampson moved to accept the proposed distribution, which was presented by Ms. Knight, seconded by Commissioner Tyson and unanimously carried.

**CITY OF HAVELOCK REQUEST**

Mayor George Griffin and City Manager, Tom Phillips, appeared before the Board to discuss Emergency Medical Services supplied to Townships 5 and 6 by the City of Havelock. Mr. Phillips presented the following documentation for review by the Board of Commissioners:

- 1) three year summary of expenses and revenues for Havelock EMS,
- 2) Havelock EMS Activities Report for 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2000-2001 fiscal year,
- 3) Countywide EMS call volume by squad for 1999,
- 4) County funding by squad for 1999, and
- 5) funding options.

He explained to the Board that there is a need for greater funding for Havelock to cover its response to areas outside of the City of Havelock and outlines the following options for consideration by the Board. The first option was to reallocate existing funds to the squads throughout the County on a pro rata basis as according to the number of calls responded to by each squad. The second option was to put a referendum to citizens of Townships 5 and 6 to vote on an EMS rescue tax similar to the fire tax, at a rate of \$.02. He indicated that this would generate an additional \$64,540. The third option was to increase funding to Havelock from the County budget. He stated that Havelock's projected shortfall on EMS would be \$127,183.

## TAX MATTERS

### *Tax Releases and Refunds*

Craven County Tax Administrator, Ronnie Antry, presented the following routine requests for tax releases and refunds and asked for the Board's approval. He explained that one refund, in the amount of \$9,900.33 to Hatteras Yachts, is a result of a successful appeal on the part of Hatteras Yachts, Inc. to the North Carolina Property Tax Commission. Commissioner Phillips moved to approve the tax releases and refunds, as presented, seconded by Commissioner Sampson and unanimously carried in a roll call vote.

### *Credits*

| TAXPAYER NAME   | TICKET #            | AMOUNT     |
|---|---------------------|------------|
| ARTHUR, CARROLL A<br>OUT OF BUSINESS AS OF 1-1-99                   | 2000-0001454        | \$ 25.58   |
| CAMERON & BARKLEY COMPANY<br>CORRECTED BUSINESS PERSONAL PROP VALUE | 2000-0007387        | \$ 38.72   |
| FATH, CHARLES L<br>SWMH LISTED ON ACC #1066940                      | 2000-0090931        | \$ 158.14  |
| GASKINS, THOMAS RAY JR<br>MOBILE HOME SOLD 3/99                     | 2000-0018328        | \$ 496.69  |
| HAWKINS, JOYCE<br>MOBILE HOME SOLD IN 1998                          | 1999-0021731        | \$ 188.03  |
| HUBBERT, ROSIE LEE<br>MOBILE HOME SOLD IN 1998                      | 1999-0023676        | \$ 110.04  |
| HUBERT, ROSIE LEE<br>MOBILE HOME SOLD IN 1998                       | 2000-0024347        | \$ 98.77   |
| LANCASTER, JAMES LINWOOD<br>OUT OF BUSINESS AS OF 7-99              | 2000-0028723        | \$ 24.55   |
| PROKEY, LAWRENCE W & MARY<br>BOAT SOLD IN 1999                      | 2000-0039781        | \$ 10.39   |
|   | 9 – CREDIT MEMO (S) | \$1,150.91 |

### *Refunds*

|  |              |            |
|--|--------------|------------|
| HATTERAS YACHTS INC<br>ORDERED BY NC PROPERTY TAX COMMISSION | 2000-0022185 | \$9,900.33 |
|--|--------------|------------|

PARRISH, BENJAMIN FRANK & JESS 2000-0037856 \$ 24.00  
GARAGE APT VACANT SINCE 7-98

PARRISH, BENJAMIN FRANK & JESS 1999-0036750 \$ 24.00  
GARAGE APT VACANT SINCE JULY 98

3 – REFUND(S) \$9,948.33

*Presentation of 2002 Schedules of Values*

Mr. Phil Nelson, Chief Appraiser, presented to the Board for its review, the 2002 Schedules of Standards, Values and Rules for the octennial revaluation of real property for Craven County. He explained that the documents presented provide the framework by which the general reappraisal of real property will be made effective January 1, 2002. Mr. Antry advised the Board that the schedules will be available for public inspection in the Tax Assessor's Office and that the Board of Commissioners is required to publish a notice to that effect in a newspaper of general circulation in the County.

*Set Public Hearing on Schedules of Values*

The Board was requested to set a public hearing at 7:45 p.m. on June 4, 2001 to comply with statutory requirements, on the proposed schedules, standards, and rules. He further stated that the Board would need to reconvene following the public hearing to discuss the schedules and consider their adoption. Commissioner Sampson moved to set a public hearing for 7:45 p.m. on June 4<sup>th</sup> for the purpose of receiving public input on the proposed schedules, standards, and rules. The motion was seconded by Commissioner Toon and unanimously carried. It was the consensus of the Board to recess on June 4<sup>th</sup> until June 11<sup>th</sup> in order to discuss and consider the schedules for adoption.

**APPOINTMENTS**

*Craven Regional Medical Authority*

The Board considered a request from Craven Regional Medical Center to appoint Dr. John Lasater as a physician member of the Craven Regional Medical Authority Board of Commissioners, to replace Dr. Ron May. Commissioner Talton nominated Dr. Lasater for appointment, as requested, and moved to close nominations. The motion was seconded by Commissioner Sampson and unanimously carried, with Dr. Lasater being appointed by acclamation.

*Area Agency on Aging*

The Board considered an appointment to the Area Agency on Aging to replace Ms. Mary Swartz, which had been deferred for several meetings. By consensus of the Board this appointment was further tabled; however, Commissioner Allen indicated that he would be willing to serve in this capacity if no other citizens are identified for appointment.

*Adult Care Home Advisory Committee*

The Board received a letter from the Adult Care Home Advisory Committee for reappointment of Ms. Frances Walker and Ms. Willie Wiggins. Commissioner Sampson nominated both Ms. Walker and Ms. Wiggins for reappointment and moved that nominations be closed. The motion was seconded by Commissioner Toon, and unanimously carried with Ms. Walker and Ms. Wiggins being appointed by acclamation.

*Coastal Resources Commission Nomination*

The Board was invited by the State of North Carolina to submit a nomination to the Coastal Resources Commission for the position allocated to a wildlife or sports fishing representative. The position is being vacated by Mr. Roger Crow, who is resigning. Commissioner Bland recommended Mr. Ernie Richardson for nomination to the Coastal

Resources Commission. Commissioner Talton moved to close nominations, seconded by Commissioner Sampson, with Mr. Richardson being selected, by acclamation, as the nominee for Craven County.

At 9:45 a.m. the Chairman declared a five minute recess.

The Board reconvened at 9:50 a.m.

**COMMUNITY COLLEGE BOND RESOLUTION**

A request was submitted by Craven County Finance Officer, Rick Hemphill, for the Board’s adoption of the following resolution to authorize sale of community college bonds. Commissioner Allen presented the resolution and moved for its adoption, seconded by Commissioner Sampson and unanimously carried.

**WHEREAS**, the bond order hereinafter described has been adopted, and it is desirable to make provision for the issuance of bonds authorized by said bond order; **NOW, THEREFORE**,

**BE IT RESOLVED** by the Board of Commissioners of the County of Craven, North Carolina (the “Issuer”), as follows:

1. Pursuant to and in accordance with the community college bond order adopted by the Board of Commissioners on May 7, 2001, the Issuer shall issue its bonds of the aggregate principal amount of \$1,800,000 (the “Bonds”). The Bonds shall be designated “Community College Bonds, Series 2001.” The period of usefulness of the capital project to be financed by the issuance of the Bonds is a period of forty years, computed from June 1, 2001.

2. The Bonds shall be dated June 1, 2001 and shall bear interest from their date at a rate or rates which shall be hereafter determined upon the public sale thereof and such interest shall be payable on December 1, 2001 and semi-annually thereafter on June 1 and December 1. The Bonds shall mature, subject to the right of prior redemption as hereinafter set forth, annually on June 1, as follows:

| <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Year</u> | <u>Principal<br/>Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 2002        | \$ 50,000                   | 2011        | \$100,000                   |
| 2003        | \$ 50,000                   | 2012        | \$100,000                   |
| 2004        | \$ 50,000                   | 2013        | \$100,000                   |
| 2005        | \$ 50,000                   | 2014        | \$100,000                   |
| 2006        | \$100,000                   | 2015        | \$100,000                   |
| 2007        | \$100,000                   | 2016        | \$100,000                   |
| 2008        | \$100,000                   | 2017        | \$200,000                   |
| 2009        | \$100,000                   | 2018        | \$200,000                   |
| 2010        | \$100,000                   | 2019        | \$100,000                   |

Debt service will be payable to the owners of the Bonds shown on the records of the hereinafter designated Bond Registrar of the Issuer on the record date which shall be the fifteenth day of the calendar month (whether or not a business day) next preceding a debt service payment date.

3. The Bonds will be issued in fully registered form by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. The book entry system will evidence ownership of the Bonds in principal amounts of \$5,000 or whole multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Interest on the Bonds will be payable at the times stated in the preceding paragraph, and principal of the Bonds will be paid annually on June 1, as set forth in the foregoing maturity schedule, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest

payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book entry system with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates.

Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date in which event it shall bear interest from such interest payment date, or (b) authenticated prior to the first interest payment date in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The principal of and the interest and any redemption premium on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof.

4. The Bonds shall bear the manual or facsimile signatures of the Chairman and the Clerk of the Board of Commissioners of the Issuer and the official seal or a facsimile of the official seal of the Issuer shall be impressed or imprinted, as the case may be, on the Bonds.

The certificate of the Local Government Commission of North Carolina to be endorsed on all Bonds shall bear the manual or facsimile signature of the Secretary of said Commission or of a representative designated by said Secretary and the certificate of authentication of the Bond Registrar to be endorsed on all Bonds shall be executed as provided hereinafter.

In case any officer of the Issuer or the Local Government Commission of North Carolina whose manual or facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Bond may bear the manual or facsimile signatures of such persons as at the actual time of the execution of such bond shall be the proper officers to sign such bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

5. The bonds and the endorsements thereon shall be in substantially the following form:

*COMMUNITY COLLEGE BOND, SERIES 2001*

**DATE OF ORIGINAL ISSUE**

**June 1, 2001**

**REGISTERED OWNER: CEDE & CO.**

The County of Craven (hereinafter referred to as "County"), a county of the State of North Carolina, acknowledges itself indebted and for value received hereby promises to pay to the registered owner named above, on the date specified above, upon surrender hereof, at the office of the Finance Officer of the County, 406 Craven Street, New Bern,

Carolina 28560 (the "Bond Registrar"), the principal sum shown above and to pay to the registered owner hereof, by check mailed to the registered owner at his address as it appears on the bond registration books of the County, interest on such principal sum from the date of this bond (or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or December 1 to which interest shall have been paid, in which case from such date), such interest to the maturity hereof being payable on December 1, 2001 and semi-annually thereafter on June 1 and December 1 of each year, at the rate per annum specified above, until payment of such principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond is registered at the close of business on the record date for such interest, which shall be the fifteenth day of the calendar month (whether or not a business day) next preceding such interest payment date. Both the principal of and the interest on this bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof.

This bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to The Local Government Finance Act of the State of North Carolina, as amended, a bond order adopted by the Board of Commissioners of the County on May 7, 2001 (the "Bond Order") and a resolution adopted by said Board of Commissioners (the "Resolution") to provide funds to pay capital costs of improving community college facilities.

The bonds will be issued in fully registered form by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company ("DTC") and immobilized in its custody. The book entry system will evidence ownership of the bonds in principal amounts of \$5,000 or whole multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The bonds maturing on and after June 1, 2012 shall be subject to redemption prior to their stated maturities at the option of the County on or after June 1, 2011, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount of each bond to be redeemed together with accrued interest thereon to the redemption date plus a redemption premium of one-half of one percent (1/2 of 1%) of the principal amount of each bond to be redeemed, provided that such premium shall not exceed two percent (2%) of such principal amount. If less than all of the bonds of any maturity are called for redemption, the bonds to be redeemed shall be selected in such manner as the County shall determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting bonds for redemption, the Bond Registrar shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by \$5,000. For so long as a book-entry system with DTC is used for determining beneficial ownership of the bonds, if less than all of the bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the bonds within a maturity are to be redeemed. If less than all of the bonds of different maturities are called for redemption, the bonds to be redeemed shall be called in the inverse order of their maturities.

Not more than forty-five (45) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of such redemption to be mailed, postage prepaid, to DTC or its nominee. On the date fixed for redemption, notice called for redemption shall be due and payable at the redemption price provided for the redemption of such bonds or portions thereof on such date. If a portion of this bond shall be called for redemption, a

new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to DTC or its nominee upon the surrender hereof.

The Bond Registrar shall keep at his office the books of said County for the registration of transfer of bonds. The transfer of this bond may be registered only upon such books upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this bond, of the same maturity and bearing interest at the same rate.

Bonds, upon surrender thereof at the office of the Bond Registrar together with an assignment duly executed by the registered owner together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of bonds of the same maturity, of any authorized denomination or denominations and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or of any bond called for redemption in whole or in part.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this bond, exist, have been performed and have happened, and that the amount of this bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by said Constitution or statutes. The faith and credit of the County are hereby pledged to the punctual payment of the principal of and interest on this bond in accordance with its terms.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order or the resolution mentioned herein until this bond shall have been endorsed by the authorized representative of the Local Government Commission of North Carolina and authenticated by the execution by the Bond Registrar.

**IN WITNESS WHEREOF**, the County has caused this bond (to be manually signed by) (to bear the facsimile signatures of) the Chairman and the Clerk of the Board of Commissioners of the County and (a facsimile of) its official seal to be (imprinted) (impressed) hereon, and this bond to be dated June 1, 2001.

5. The Bonds maturing on and after June 1, 2012 shall be subject to redemption prior to their stated maturities at the option of the Issuer on or after June 1, 2011, in whole at any price equal to the principal amount of each Bond to be redeemed together with accrued interest thereon to the redemption date plus a redemption premium of one-half of one percent (1/2 of 1%) of the principal amount of each Bond to be redeemed for each period of twelve months or part thereof between the redemption that such premium shall not exceed two percent (2%) of such principal amount. If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected in such manner as the Issuer shall determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the hereinafter designated Bond Registrar shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by \$5,000. For so long as a DTC book-entry system is used for determining beneficial ownership of the Bonds, if less than all of the bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the Bonds within a maturity are to be redeemed. If less than all of the

Bonds of different maturities are called for redemption, the Bonds to be redeemed shall be called in the inverse order of their maturities.

Not more than forty-five (45) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be mailed, postage prepaid, to DTC or its nominee. Each such notice shall identify the Bonds or portions thereof to be redeemed by reference to their numbers and shall set forth the date designated for redemption, the redemption price to be paid and the maturities of the bonds to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in principal amount equal to the unredeemed portion of such bond will be issued.

On or before the date fixed for redemption, moneys shall be deposited with the bond Registrar to pay the principal of and the redemption premium, if any, on the bonds or portions thereof called for redemption as well as the interest accruing thereon to the redemption date thereof.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date.

If a portion of a Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

7. Bonds, upon surrender thereof at the office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this resolution bearing interest at the same rate.

The transfer of any bond may be registered only upon registration books of the Issuer upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in an aggregate principal amount equal to the unredeemed principal amount of such Bond so surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the bond Registrar shall authenticate and deliver at the earliest practicable time bonds in accordance with the provisions of this resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Issuer or the Bond Registrar may make a charge for shipping and out-of-pocket costs for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made for exchanging or registering the transfer of Bonds under this resolution. The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close

of business on the day of such mailing or of any bond called for redemption in whole or in part pursuant to this Section.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bond and the interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the redemption of premium, if any, and interest thereon, to the extent of the sum or sums so paid.

The Issuer shall appoint such registrars, transfer agents, depositaries or other agents and make such other arrangements as may be necessary for the registration, registration of transfer and exchange of bonds and for the timely payment of principal, interest and any redemption premium with respect to the Bonds. The Finance Officer of the Issuer is hereby appointed the registrar, transfer agent and paying agent for the bonds (collectively, the "Bond Registrar"), subject to the right of the governing body of the Issuer to appoint another Bond Registrar, and as such shall keep at his office at 406 Craven Street, New Bern, North Carolina 28560, the books of the Issuer for the registration, registration of transfer, exchange and payment of the Bonds as provided in this resolution.

8. The Local Government Commission of North Carolina is hereby requested to sell the Bonds and to state in the Notice of Sale of the Bonds that bidders may name one rate of interest for part of the Bonds and another rate or rates for the balance of the bonds. The Bonds shall bear interest at such rate or rates as may be named in the proposal to purchase said Bonds which shall be accepted by said Local Government Commission, provided that the net interest cost to the Issuer shall not exceed 5.75%.

9. The Chairman and the Clerk of the Board of Commissioners and the Finance Officer of the Issuer are hereby authorized and directed to cause the Bonds to be prepared and, when they shall have been duly sold by the Local Government Commission, to execute the Bonds and have the Bonds endorsed and authenticated as provided herein and to deliver the Bonds to the purchaser or purchasers to whom they may be sold by said Local Government Commission.

10. The Official Statement dated on or about May 18, 2001 setting forth financial and statistical data in connection with the offering of the Bonds (the "Official Statement") is hereby approved. In connection with this approval, the Board of Commissioners of the Issuer has examined copies of the Official Statement and has, to the extent and in the manner it has deemed necessary, discussed the contents thereof with officers of the administration of the Issuer. The Board of Commissioners of the Issuer does hereby recite that, upon its examination and discussions, nothing has come to its attention which would lead it to believe that said Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Chairman of the Board of Commissioners, the County Manager, and the Finance Officer of the Issuer are each hereby authorized to approve changes in such Official Statement and to execute such Official Statement for and on behalf of the Issuer.

11. The Issuer covenants to do and perform all acts and things permitted by law necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes.

12. The Issuer hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide:

(a) by not later than seven months from the end of each fiscal year of the Issuer, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State of North Carolina ("SID"), if any, audited financial statements of the Issuer for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as

it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Issuer are not available by seven months from the end of such fiscal year, unaudited financial statements of the Issuer for such fiscal year to be replaced subsequently by audited financial statements of the Issuer to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the Issuer, to each NRMSIR, and to the SID, if any, (i) the financial and statistical data as of a date not earlier than the end of such fiscal year for the type of information included under the heading “The County – Debt Information and - Tax Information” in the Official Statement relating to the Bonds (excluding any information or overlapping and underlying units) and (ii) the combined budget of the Issuer for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (7) modification to the rights of securities holders;
- (8) bond calls;
- (9) defeasances
- (10) release, substitution or sale of property securing repayment of the Bonds;
- (11) rating changes; and

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the Issuer to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the Issuer fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Issuer reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Issuer, provided that any such modification will be done in a manner consistent with Rule 152c2-12 issued under the Securities Exchange Act of 1934, as it may be amended from time to time (“Rule 15c2-12”), and provided further that:

- (a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer;
- (b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the Official Statement relating to the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and
- (c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of this resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section 12 shall terminate upon payment, or provisions having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

13. The Issuer hereby represents that (i) the Bonds are not private activity bonds as defined in the Internal Revenue Code of 1986, as amended (the "Code") and (ii) the Issuer, together with any subordinate entities thereof or any entities which issue obligations on behalf of the Issuer, reasonable expects that it will not issue in the aggregate more than \$10,000,000 tax-exempt obligations (other than private activity bonds except qualified 501 (c) (3) bonds) during the current calendar year. In addition, the Issuer hereby designates the above-mentioned Bonds as "qualified tax-exempt obligations" for the purposes of section 265 (b) (3) of the Code.

14. The blanket Letter of Representations between the Issuer and DTC is hereby reconfirmed.

15. The Chairman and the Clerk of the Board of Commissioners, the County Manager, the Finance Officer and the other officers of the Issuer are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any and all financing statements, certificates, documents or other papers and to perform any and all acts they may deem necessary or appropriate in order to carry out the intent of this resolution and the matters herein authorized.

16. The power to make any election on behalf of the Issuer with respect to the arbitrage rebate provisions of the Code applicable to the Bonds is hereby delegated to the Chairman of the Board of Commissioners and the Finance officer of the Issuer.

#### **COUNTY ATTORNEY'S REPORT**

County Attorney, Jim Sugg, indicated a need for a closed session concerning property acquisition for industrial development. It was the consensus of the Board to defer the closed session until the end of the regular session and the Water and Sewer session.

#### **COUNTY MANAGER'S REPORT**

County Manager, Harold Blizzard, presented the 2001-2002 budget recommendation with the following message.

# **BUDGET MESSAGE**

## **FISCAL YEAR 2001-2002**

Mr. Chairman and Members of the Board of Commissioners:

Preparing the annual budget is a challenge every year with much time and effort expended by many people in its development. The 2001-2002 budget process has been especially difficult for staff and no doubt will be for the Board of Commissioners as well. Put very simply, the needs, requests, and mandates far exceed estimated available funds. The total budget requests for the upcoming year were \$10.25 million more than projected revenues. During the budget development process, we have been able to reduce the deficit to \$2.2 million.

With all the recent publicity about the State of North Carolina's budget problems, hardly anyone should be surprised to learn that Craven County, like most every county in North Carolina, will be experiencing difficulties in balancing its budget and providing the same level of service in the upcoming year. Some of the items that contributed to these difficulties are explained below.

### *Medicaid*

The current year's budget contains \$3 million for the County's portion of Medicaid. State projections for the County's share next year are \$4.5 million resulting in an increase of \$1.5 million in the proposed budget. The County has no control over this expenditure and is required by the State to pay its portion.

### *Sales Tax*

There is no growth projected in sales tax revenues for Craven County in the upcoming year. Normally, the annual budget includes a 3% to 5% increase in the sales tax, but it is not included in the upcoming budget due in part to the uncertainty of the economy. Additionally, it is estimated that the County will lose \$320,000 as a result of the 2000 Census and the State's per capita distribution formula, even though Craven County's population increased by 12% since 1990. Craven County, like other counties whose population increased less than the 21% state average, will see a decreased allocation of the sales tax which is distributed on a per capita basis.

### **Other Impacts**

Funding for the Craven County Board of Education will increase by \$413,000 next year. It is recommended that the school's current expense appropriation be \$12,492,585 and capital outlay increase to \$600,000. The cost to operate the new Work Release Center will be \$289,000. Insurance costs for the County will increase significantly in the 2001-2002 budget. Worker compensation insurance premiums will double; property and liability insurance premiums will increase by 19%; and health insurance premiums will increase by 28%. Additionally, a salary adjustment of 3% for all eligible County employees is being recommended. Finally, the impact of State budget reductions on various departments and programs is only beginning and we feel more will be coming which may adversely effect the County's budget.

### **Fund Balance Availability**

For the current year, the State has already withheld \$440,000 the County should have received for Inventory Tax Reimbursement. This revenue was originally budgeted a year ago, and its loss will result in the County using fund balance to replace it. Additionally, prior to June 30, 2001, we will need to budget approximately \$600,000 for Medicaid costs and \$300,000 for health insurance claims. This will further reduce fund balance availability for next year's use. The current year's budget appropriated \$1.2 million from fund balance, however the unforeseen items previously mentioned will limit fund balance availability for next year.

Gentlemen, I respectfully submit for your consideration the recommended budget for Craven County for fiscal year 2001-2002. It is recommended that the ad valorem tax rate for fiscal year 2001-2002 be increased from \$.57 per \$100 valuation to \$.60 per \$100 valuation. The additional revenues generated by the proposed tax rate are estimated to be \$1.3 million, which, in addition to a fund balance appropriation of \$850,000, will fund the previously mentioned \$2.2 million deficit.

The Local Government Budget and Fiscal Control Act defines the annual budget as “a proposed plan for raising and spending money for specified programs, functions, activities, or objectives during a fiscal year”. The County Manager is required by law to prepare a budget for consideration by the Board of Commissioners. The Board of Commissioners has responsibility for reviewing the budget and enacting it into law. In this process the objectives for a county and its services are established and ranked in priority. The expenditures to be incurred to reach those objectives are estimated and then balanced with projected revenues. Officials work to make budgetary decisions that are cost-effective, that is, those that yield the greatest benefit with the resources that are available. This process suggests that the annual budget is a plan to allocate resources rationally. Although the proposed budget clearly does not meet every need, I believe it to be a rational plan for allocating resources to maintain an effective government.

I would like to express my appreciation to both the staff and the Board of Commissioners for their support in this budget process. I especially appreciate the understanding and cooperation of department heads who will manage their departments next year with extremely tight budgets.

Next, I present this budget for your consideration. The recommended budget shall be immediately available for public inspection. I recommend the Board schedule a public hearing on June 4, 2001 and in the interim, schedule budget study sessions, as it deems necessary.

Respectfully submitted,

Harold Blizzard  
Craven County Manager

At the end of the Budget Message, Mr. Blizzard requested that the Board set a public hearing for the proposed budget on June 4<sup>th</sup> at 8:30 p.m. Commissioner Allen moved to set the public hearing date, as requested, seconded by Commissioner Sampson and unanimously carried. He also requested that the Board consider dates for budget work sessions prior to the public hearing date. It was the consensus of the Board to schedule work sessions for May 29<sup>th</sup> and 30<sup>th</sup> at 5:30 p.m. It was also the consensus of the Board to try to conclude budget work sessions by midnight. Subsequent work sessions will be scheduled as needed.

### **COMMISSIONERS' REPORTS**

*Commissioner Toon* issued an invitation to a recognition ceremony being held on May 25<sup>th</sup> for the completion of Ward Lane.

At 10:15 a.m. Commissioner Talton moved to recess to convene the Water & Sewer Board of Directors, seconded by Commissioner Sampson and unanimously carried.

At 10:25 a.m. the Board returned to regular session by motion of Commissioner Sampson, seconded by Commissioner Toon.

At 10:26 a.m. Commissioner Sampson moved to go into closed session pursuant to N.C.G.S. 143-318.11(a)(4), for discussion of property acquisition relative to CargoLifter. The motion was seconded by Commissioner Toon and unanimously carried.

At 11:15 a.m. the Board was declared back in regular session. County Attorney, Jim Sugg, announced that there had been discussions concerning acquisition of land for

CargoLifter relative to price, whereby the Board was made aware of some aspects of the negotiations for the property acquisition; however, no action was taken in closed session..

At 11:15 a.m. Commissioner Talton moved to recess until 1:00 p.m. for the joint session with the Board of Education, seconded by Commissioner Sampson and unanimously carried.

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Chairman C.W. "Pete" Bland  
Craven County Board of Commissioners

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Gwendolyn M. Bryan  
Clerk to the Board