

Vance County Board of Commissioners  
Vance County Administration Building  
122 Young Street, Suite B  
Henderson, N.C. 27536

Jerry L. Ayscue  
County Manager

Telephone (252) 738-2001  
Fax (252) 738-2039



Kelly H. Grissom  
Clerk to Board

Telephone (252) 738-2001

## MEMORANDUM

To: Deborah F. Brown  
Dan Brummitt  
Terry E. Garrison  
Archie B. Taylor, Jr.  
Gordon Wilder  
Eddie L. Wright

From: Kelly H. Grissom, Clerk to the Board *KG*

Date: May 6, 2013

Re: **Special Called Meeting**

This memorandum will serve as notice that Chairman Thomas S. Hester, Jr. has called a special meeting for Wednesday, May 8 at 5:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. The purpose of the special meeting is as follows:

1. Public Hearing - Qualified Zone Academy Bonds (QZABs) for Schools
2. Adoption of QZAB Resolution
3. Discuss other items as needed

c: Chairman Thomas S. Hester, Jr.  
Jonathan S. Care, County Attorney  
David C. Beck, Finance Director

## ***Qualified Zone Academy Bonds (QZAB)***

### **Introduction**

Congress provided authority to issue Qualified Zone Academy Bonds (QZAB) in Section 226(a) of the Taxpayer Relief Act of 1997 to help strengthen schools serving large concentrations of low-income families. The federal government subsidizes these bonds by providing tax credits to bond holders that are approximately equal to the interest that states and communities would ordinarily pay the holders of taxable bonds. The federal government allocates the authority to issue these bonds to states based on their proportion of the US population living below the poverty line. States may directly issue the bonds on behalf of eligible schools or they may suballocate authority to issue the bonds within the State. Issuers are required to have authority under state and local law to incur this additional debt.

### **Eligibility**

These bonds may be used on behalf of schools that meet the following eligibility criteria:

1. must be located in an empowerment zone or an enterprise community; or
2. have at least 35 percent of their students eligible for free or reduced-cost lunches under the National School Lunch Act.

### **Purpose**

Qualified Zone Academy Bond proceeds may be used for:

1. renovating school buildings;
2. purchasing equipment;
3. developing curricula; and
4. training school personnel.

The proceeds may not be used for new construction.

- Nationally authorizes dollars of locally issued bonds to be designated as "Zone Academy Bond"
  - Such bonds provide federal tax credits to holders instead of paying interest
  - Eligible holders are limited to: Banks, Insurance companies, Other companies that normally make loans
- State Education Agency (DPI) is assigned responsibility of allocating authorized amounts among eligible schools

The Board of Commissioners for the County of Vance, North Carolina held a regular meeting in the Commissioners' Meeting Room at the Vance County Administration Building located at 122 Young Street in Henderson, North Carolina, the regular place of meeting, at 5:00 p.m. on May 8, 2013.

Present: Thomas S. Hester, Jr., presiding, and Commissioners

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Absent: Commissioners

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Also present: Jerry L. Ayscue, Vance County Manager; David Beck, Finance Director; Jonathan Care, County Attorney; and Kelly H. Grissom, Clerk to the Board; \_\_\_\_\_

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The Chairman announced that this was the hour and day of the public hearing on a proposed installment financing agreement to be entered into by the County of Vance, North Carolina pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended (the "Act"), in a principal amount not to exceed \$2,000,000 for the purpose of providing funds, together with any other available funds, to pay the costs of renovating, improving and equipping various public school facilities in the County, including, without limitation, Aycock Elementary School, Dabney Elementary School, Zeb Vance Elementary School, E.O. Young Elementary School, Carver Elementary School, L.B. Yancey Elementary School, Eaton-Johnson Middle School, Henderson Middle School, Northern Vance High School, Western Vance High School

and Southern Vance High School. Such financing would be secured by a deed of trust on certain of the real property being improved in the financing.

The Chairman acknowledged due publication of the notice of public hearing in a newspaper with a general circulation in said County as required by Section 160A-20(g) of the Act and directed the Clerk to the Board of Commissioners to attach the affidavit showing publication in said paper on a date at least ten days prior to the date hereof as Exhibit A hereto. The Clerk to the Board of Commissioners then announced that said Board of Commissioners would immediately hear anyone who might wish to be heard on the advisability of the proposed project or financing as so described.

A list of any persons making comments and a summary of such comments are attached as Exhibit B hereto.

All statements and comments were duly considered by the Board of Commissioners.

Thereupon, Commissioner \_\_\_\_\_ introduced the following resolution the title of which was read and copies of which had been distributed to each Commissioner:

**RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING THE FINANCING OF PUBLIC SCHOOL IMPROVEMENTS PURSUANT TO AN INSTALLMENT FINANCING AGREEMENT; REQUESTING THE LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING ARRANGEMENT; AND DECLARING THE COUNTY'S OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF THE AMOUNT FINANCED**

WHEREAS, the County of Vance, North Carolina (the "County") is considering entering into an installment financing agreement (the "Agreement") pursuant to G.S. 160A-20 with a financial institution to be selected by the County (the "Lender") for the purpose of providing funds to pay the costs of renovating, improving and equipping various public school facilities in the County, including, without limitation, Aycock Elementary School, Dabney Elementary School, Zeb

Vance Elementary School, E.O. Young Elementary School, Carver Elementary School, L.B. Yancey Elementary School, Eaton-Johnson Middle School, Henderson Middle School, Northern Vance High School, Western Vance High School and Southern Vance High School (the “Project”); and

WHEREAS, in order to secure the payment obligations of the County to the Lender in connection with the Agreement, the County will grant to the Lender a Deed of Trust on all or some portion of the Project;

WHEREAS, in accordance with Section 160A-20(g) of the North Carolina General Statutes, the County has held a public hearing regarding entering into the proposed Installment Financing Agreement; and

WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings prior to approval of the proposed Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners (the “Board”) for the County as follows:

Section 1. The Board does hereby find and determine as follows:

(a) The proposed Agreement is necessary or expedient because it will result in much needed public safety facilities and other facilities needed by the County in the future for carrying out its governmental purposes.

(b) The proposed Agreement is preferable to a bond issue for the same purpose because the size of this debt issue would not allow for proper savings on the more favorable rates of a general obligation bond versus the costs of issuing a general obligation bond.

(c) The sums to fall due under the Agreement are adequate and not excessive for the proposed purpose.

(d) The County's debt management procedures and policies are good because all debt management practices have been made in accordance with State law.

(e) The County is not in default in any of its debt service obligations.

(f) The attorney for the County has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

Section 2. The Board hereby authorizes and approves the filing of an application with the Local Government Commission for approval of the Agreement and requests the Local Government Commission to approve of the Agreement and the proposed financing in connection therewith.

Section 3. The Board hereby finds, determines and declares the following:

(a) Section 1.150-2 of the Treasury Regulations (the "Regulations") prescribes specific procedures which are applicable to tax-exempt bonds or notes, and certain other bonds or notes, issued by or on behalf of the County for which prior expenditures are to be reimbursed, including, without limitation, a requirement that prior to, or within sixty (60) days of, payment of the expenditures to be reimbursed the County declare its official intent to reimburse certain expenditures with proceeds of debt to be incurred by the County.

(b) The Board hereby declares its official intent pursuant to Section 1.150-2 of the Treasury Regulations to reimburse itself from the proceeds of debt to be hereinafter incurred by the County for certain expenditures on the improvements described in this resolution paid by the County on or after the date which is sixty (60) days prior to the date hereof.

(c) \$2,000,000 is the maximum principal amount of debt reasonably expected to be incurred for the purpose of paying the costs of the improvements described in this resolution.

Section 3. This resolution shall take effect immediately upon its passage.

Upon motion of Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, the foregoing resolution entitled "RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING THE FINANCING OF PUBLIC SCHOOL IMPROVEMENTS PURSUANT TO AN INSTALLMENT FINANCING AGREEMENT; REQUESTING THE LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING ARRANGEMENT; AND DECLARING THE COUNTY'S OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF THE AMOUNT FINANCED" was passed by the following vote:

Ayes: \_\_\_\_\_

Noes: \_\_\_\_\_

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I, Kelly H. Grissom, Clerk to the Board of the County of Vance, North Carolina, DO HEREBY CERTIFY that the foregoing is a true copy of so much of the proceedings of the Board of Commissioners for said County at a called meeting held on May 8, 2013, as it relates in any way to the holding of a public hearing and the passage of the foregoing resolution relating to an installment financing of County improvements by said County and that said proceedings are recorded in the minutes of said Board.

I DO HEREBY FURTHER CERTIFY that a schedule of the regular meetings of said Board has been on file in my office at least seven calendar days prior to said meeting in accordance with G.S. §143-318.12.

WITNESS my hand and official seal of said County this 8th day of May, 2013.

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Clerk to the Board

[SEAL]



**EXHIBIT A**

[Attach publisher's affidavit for notice of public hearing]

## **EXHIBIT B**

[A list of any persons making comments and a summary of such comments to be attached]

WCSR 7758699v1