

**MINUTES OF THE SCHOOL CAPITAL FUND
COMMISSION FOR BUNCOMBE COUNTY
REGULAR MEETING HELD ON MONDAY, SEPTEMBER 9, 2019 AT 3:00PM**

BE IT REMEMBERED: That the School Capital Fund Commission met for a regular meeting on September 9, 2019, in the County Administration Building, 200 College Street, First Floor Conference Room, in downtown Asheville, North Carolina at 3:00 p.m. where and when the following business was transacted:

The Commission meeting was called to order with the following Members present:

Brownie Newman, Commission Member
Max Queen, Commission Member
Joe Belcher, Commission Member
Charlotte Sullivan, Commission Member
Gene Bell, Commission Member

County Staff Present: Don Warn, Finance Director; Brandon Freeman, Senior Attorney; Matt Evans, Financial Planning Analyst; Mason Scott, Business Administrator; Mike Mace, General Services Director; Ronnie Lunsford, Facilities and Construction Coordinator.

Approval of Agenda as Presented

Commission Member Bell moved that the Commission follow the agenda as presented at 3:01 PM. The motion was seconded by Commission Member Belcher and passed unanimously.

Approval of July 8, 2019 and August 12, 2019 Minutes

Commission Member Sullivan moved that the minutes from the July 9, 2019 regular meeting and the August 12, 2019 special meeting be approved as presented. The motion was seconded by Commission Member Newman and passed unanimously.

Public Comment

Commission Chair Queen opened public comment at 3:02 PM.

Dan Brown, parent and PTA member for Haw Creek Elementary School, addressed the Commission on behalf of the Haw Creek community. He thanked the Commission for their consideration and funding of critical school projects. He noted that Haw Creek Elementary had multiple separate capital requests coming forward in multiple phases, but that the projects are related. He asked the Commission to consider multiple phases of related projects together so that later phases would not be drawn out indefinitely.

There were no other public comments.

SCFC Financial Update Review

Matt Evans provided the update.

Mr. Evans stated that fiscal year 2019 had just ended, so actual sales tax revenue collections were close to finalized. Financial information is being presented to the Commission on a modified accrual basis, as opposed to cash basis reporting presented in prior years. There was some growth in sales tax revenues, but not as significant as in previous years. Current debt service holdings for the Fund have not changed since previous meeting as there has been no debt issuance since 2018. The next payment for current debt service holdings will be in December 2019.

Mr. Evans discussed the current amounts of actual expenditure toward active projects. Progress for all active projects seems to be healthy and as expected.

Mr. Evans noted to the Commission that the primary consideration for funding requests is cash flow available to pay debt service. The requests presented at this meeting are for budget/fiscal year 2021. Debt has not yet been issued for the projects approved for 2019 and 2020 budget years. Fund balance has been used to cash flow the active projects from these years. The County will issue debt for approximately \$22,000,000 in the first quarter of calendar year 2020 to finance these projects that have already been approved. Commission Member Newman asked if an expected decrease in the national interest rate would be beneficial to this debt issue. Mr. Warn stated yes, the Fund could benefit significantly from the delay in debt issuance as interest rates decrease, but a specific rate won't be known until actual time of debt issuance.

Mr. Evans provided and discussed multiple scenarios for the funding of capital requests being presented. The amount funded in each year will impact the availability of fund balance to pay debt service, and ultimately fund new projects, in future years. Sales tax growth projections are kept conservative for consideration by the Commission. The Commission has generally worked to maintain a stable fund balance when considering funding for past projects.

Capital Requests for Article 39 Sales Tax: Asheville City Schools

Scott Donald and Chip Powell from PFA Architects presented the capital requests for Asheville City Schools.

A PowerPoint was presented and provided in the meeting packet for the Commission Members.

Capital Requests for Article 39 Sales Tax: Buncombe County Schools

Dr. Tony Baldwin, Joe Huff, Clark Wyatt, and Alicia Rearden presented the capital requests for Buncombe County Schools.

A PowerPoint was presented and provided in the meeting packet for the Commission Members.

Additional Discussion

At the conclusion of capital request presentations, Dr. Baldwin requested additional time to discuss handling of liquidated damages related to school capital project contracts. As an example, the turf replacement projects for two schools in the County school system were overrun by 12 and 14 weeks resulting in \$55,000 in liquidated damages. Some lost revenue can actually be quantified such as lost home game ticket sales for self-funding sports teams. Other damages are not as easily quantified such as overuse of practice fields that must be shared by more teams than usual. Dr. Baldwin proposed that liquidated damages should be returned to the school system that had originally requested the project. The damages would then be returned to specific schools if damages could be directly assigned, or the respective school board would be allowed to reallocate those funds for other capital needs. Dr. Baldwin stated there is precedence for the allocation of liquidated damages directly to the school that was impacted (Erwin High School).

Commission Members discussed whether or not it is appropriate to distribute funds that are the result of liquidated damages directly to schools, and if those funds should be restricted for capital use only. The Commission asked County staff if there is currently a policy for handling liquidated damages. There is not currently a policy related to liquidated damages for projects funded by this Commission. There was further discussion about how such a policy might be written, and how it might incentivize or discourage contractor participation in school capital projects. Per recommendation of Mr. Freeman, the Commission asked staff to further research a policy for management of liquidated damages and return that information at the next regular meeting. No formal action was taken.

Schedule of Future Meetings

The next meeting will be held on October 21, 2019 at 3:00 PM.

Adjournment

Commission Member Newman moved to adjourn the meeting at 4:46 PM, the motion passed unanimously.

SCHOOL CAPITAL FUND COMMISSION FOR BUNCOMBE COUNTY

By _____
Max Queen, Commission Chair

ATTEST

Donald P. Warn, Commission Secretary;
County Finance Officer