

**CAPITAL PROJECT SALES TAX COMMISSION
MINUTES
NOVEMBER 2, 2009 – 6:00 P.M.**

MEMBERS PRESENT: **Phil Spotts
Lisa Toland
Dave Waldrop
Renee Joiner
Jimmie Coggins**

STAFF PRESENT: **Wayne Adams, County Administrator
Jay Tothacer, County Attorney
Theo DuBose, Consulting Attorney
Laurie Renwick, Clerk to Council
Debbie Cromer, Finance Director**

OTHERS PRESENT: **Brian Alvarez, Chappells Resident
Arnold Lingle, Newberry Co. Water & Sewer Auth.
Jerry S. Koon, Newberry Co. Water & Sewer Auth.
Tim Carroll, Mayor of Whitmire
Buddy Johnson, Mayor of Little Mountain**

MEDIA PRESENT: **Heather Hawkins, WKDK**

The meeting was duly advertised as required by law.

1. Welcome – Jay Tothacer, County Attorney

Mr. Tothacer welcomed the members back and noted the changes/additions to their CPST book. He also introduced Mr. Jimmie Coggins, the newest member of the CPST Commission.

2. Election of Chairperson – Jay Tothacer, County Attorney

Mr. Tothacer opened the floor for nominations for Chairperson.

Mr. Spotts nominated Mr. Waldrop as Chairman.

Having received no other nominations, the Commission unanimously accepted by acclamation the election of Mr. Waldrop as Chairman of the Capital Project Sales Tax Commission.

Mr. Tothacer turned the meeting over to the newly elected Chairman, Mr. Waldrop.

3. Election of Vice Chairperson – Dave Waldrop, Chairman

Mr. Waldrop stated that even though they were one member short, who will be appointed by the City of Newberry in the coming weeks, the next task was to elect a Vice-Chair. He opened the floor for nominations for Vice Chairperson.

Mrs. Toland nominated Mrs. Joiner as Vice Chairperson.

Having received no other nominations, the Commission unanimously accepted by acclamation the election of Mrs. Joiner as Vice-Chair of the Capital Project Sales Tax Commission.

Mr. Waldrop briefed the Commission on the meeting he and Mr. Harvey attended with the County Administrator, Mayors, and the Water and Sewer Authority, which resulted in the newly proposed CPST Commission Project Questionnaire and Submission Checklist.

4. Adoption of Minutes, October 19, 2009 meeting

The minutes were adopted as presented.

5. Business/Action Items

a. Approval of Agenda Format

Mrs. Renwick stated that the agenda prepared for the meeting tonight would serve as a sample agenda to be used for future meetings if suitable with the Commission.

The agenda format was approved as presented.

b. Determination and Approval of Meeting Schedule

Mr. Spotts noted a proposed meeting date of March 15th on the schedule and shared that he had a cruise planned for March 8-19th which would conflict with this meeting.

Mr. Coggins motioned to approve the meeting schedule as presented with the flexibility of changing later if necessary; seconded by Mrs. Joiner. The vote was unanimous.

c. Approval of Project Questionnaire and Submission Checklist

Mr. Spotts asked Mr. Waldrop if the Mayors were present at the meeting and were they agreeable with the checklist.

Mr. Waldrop said all the Mayors and the Water and Sewer Authority agreed with the revisions made to the checklist at the meeting on October 22, 2009.

Mr. Spotts motioned to approve the CPST Project Questionnaire and Submission Checklist; seconded by Mr. Coggins. The vote was unanimous.

- d. Estimate of Available Revenues – Theo DuBose, Esq.**
- e. Prioritization Process for Project Inclusion – The DuBose, Esq.**
- f. Determination of Bonding Consideration for Ballot – Theo DuBose, Esq.**

Mr. DuBose distributed a six page handout (attached) to members of the Commission and stated his review of this information would encompass his portion of the agenda (5d,e & f) tonight. He directed the Commission to page one which reflected the tax collections from the Treasurer's Office to date for the current 2004 CPST. The money collected thus far is being used to pay off bonds and any left over can be used for other projects. They have projected according to collections that there should be enough to pay off the bonds in June or July of 2010. Amounts collected after satisfying the bonds, and with the change law if the new referendum is successful, can be used to address cost overruns from existing projects and any additional amounts would go to new projects under the new referendum. The new law states that County Council will direct where these funds will go as long as they go towards permissible CPST projects. The historical collections from the past referendum will help determine the amount of funds projected for the new referendum. This trend will need to be followed for the next six months. Mr. DuBose reported that another change in the law states that by reimposing another subsequent tax, shortens the period of collections to 5 years; but you are looking at 2 years of collections under the prior referendum, so it actually ends up giving you seven years. The scope of the sales tax has changed in that the state reduced the sales tax on unprepared food to 3% (page two). He adjusted the estimated amount of collections by 17.82% to allow for the reduction in food products that will be exempt from the sales tax to arrive at an estimated figure to be discounted from the estimated quarterly tax collection figures. The best number available now, before you approve and prioritize, is \$21,663,779.00, with more updated numbers coming in over the next year.

Mr. DuBose directed the Commission to page three and four of the handout. The Commission will decide how to manage the financing by either selecting to issue bonds or pay as you go. Issuing bonds will give the County the pot of money upfront to be invested by the Treasurer until it is ready to expend. This will allow the construction to begin on most of the project within the first year. The concern with bonds is that you have to pay interest. The tables on pages three and four show a projected cash flow and debt service by issuing bonds at a conservative 4.00% average annual interest rate. The County is not interested in using any other source of payment towards these bonds other than the sales tax collected.

Pay as you go allows the projects to be bid and as the money comes in the project are paid for. You will have to prioritize and decide which project will be constructed first and paid for, second, and so on. With pay as you go, you will have to figure in the risk of inflation. The chart on page five compares pay as you go with a 2.64% inflation factor figured in against a bond with 3.50% interest figured in. As you can see, a relatively low rate of inflation will eat up the same amount of money you would pay in interest.

Mr. Waldrop asked Mr. DuBose the timeframe the Commission had before deciding which way to go with financing.

Mr. DuBose said after the eligible projects have been submitted and reviewed but before the Commission has chosen the projects would be a good time.

Mr. Buddy Johnson, Mayor of Little Mountain, asked Mr. Dubose under the new amended statue, was there anything to preclude County Council from taking action on the amount collected beyond paying off the bonds.

Mr. DuBose stated under the statue, with the new referendum being held, the money would be used towards those new projects. Only if the referendum fails does Council have the authority to disperse the money.

Mr. Brian Alvarez asked if the interest earned on the money would fall under the same guidelines or could it be spent differently.

Mr. DuBose stated that the statue does not address the interest specifically but he felt it would be treated the same.

Mr. Adams asked Mr. DuBose if it was premature to start advertising that we are accepting projects for submissions.

Mr. DuBose stated that it was decided that this process would be started early and he did not see a problem with advertising that projects are being accepted.

Mr. Adams said the next three meetings scheduled are to receive preliminary project information.

The Commission discussed the process of project presentation.

Mr. Waldrop said he wanted every project that meets the criteria to have a fair chance to appear before the Commission.

It was decided that staff would mail out the approved Commission checklist along with the schedule of meeting dates to all Newberry County entities so they can begin to get their projects together.

Mr. Waldrop stressed that the Commission needed to stay on schedule and move forward. He said we are in the beginning stages and this will ultimately go before County Council for approval. He wants the Commission to put together a package the Commission and County Council can feel good about and that is sellable to the people.

The Commission and entities present discussed the project deadline of March 10, 2010. It was clarified that project submissions could be made anytime between now and the

March 10, 2010 deadline and the Commission would start scheduling project presentations during the meetings after March 10, 2010.

Mr. Jerry Koon enquired about a HAZMAT bay added to a proposed new Fire Station and if it would qualify under the statue.

It was noted that if the HAZMAT bay qualified, an entity would have to sponsor it and take ownership of the project.

Mr. Adams asked Mr. DuBose what figure the Commission would be looking at if they decided to go the bonding route as of today.

Mr. DuBose said around 18 million. If they wanted a broader range, he would say between 16 and 18 million, which would allow for 10% fluctuation in sales tax collections from today.

7. Other Items

Mr. Johnson asked that the checklist be sent to him in word format.

Mrs. Renwick shared with the Commission that the CPST documents were available on the County website for viewing.

Mr. Adams informed the Commission of a Resolution that will be proposed to County Council on Wednesday detailing the process and schedule of meetings for County sponsored projects that will come before the Commission. If approved, Council will advertise that they will consider projects for consideration using the method prescribed in the Resolution.

Mr. Tim Carroll, Mayor of Whitmire, stated that he agreed that the sponsoring entity of a project will need to submit a letter of ownership for the project.

8. Public Comments

No Comments

9. Comments from Commission members

No Comments

10. Setting of Agenda Items for Next Meeting

Mr. Waldrop felt that even though there may not be any projects brought forward for discussion at the next meeting on November 16, 2009, he felt the Commission needed to meet regardless. There is always something to learn; even if it is just a question and

answer session. He does not want the Commission members to lose anything due to the lapse in between meetings.

11. Adjournment

The meeting was adjourned at 7:50 p.m.

CAPITAL PROJECT SALES TAX COMMISSION

Dave C. Waldrop, Jr., Chairman

ATTEST:

Laurie N. Renwick, Clerk to Council