

MINUTES
JOINT MEETING OF THE TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS AND
TRANSYLVANIA COUNTY BOARD OF EDUCATION
Wednesday, January 16, 2019 @ 6:00 p.m.

The Transylvania County Board of Commissioners and Transylvania County Board of Education met jointly on Wednesday, January 16, 2019 at 6:00 p.m. in the Rogow Room at the Transylvania County Library, located at 212 S. Gaston St., Brevard. The purpose of the meeting is to determine how both Boards should work together on the issuance of the school bonds and successful completion of the construction projects.

Representing Transylvania County were County Commissioners Jason Chappell, David Guice (Vice-Chairman), Mike Hawkins (Chairman) and Page Lemel, County Manager Jaime Laughter, Finance Director Jonathan Griffin, Bond Counsel Rebecca Joyner, and Clerk to the Board Trisha Hogan. County Commissioner Will Cathey was absent.

Representing the Board of Education were Marty Griffin, Ron Kiviniemi (Vice-Chairman), Courtney Mason, Tawny McCoy (Chairwoman) and Alice Wellborn, Superintendent Dr. Jeff McDaris, Business Services Director Norris Barger, Bond Counsel Chad Donnahoo, and Administrative Assistant Jenny Hunter.

Also attending for the purpose of presenting and facilitating the joint discussion between the two Boards was Kara Millonzi, Albert and Gladys Coates Distinguished Term Professor of Public Law and Government, with the UNC School of Government.

Media: John Lanier, Editor - *The Transylvania Times*

There were approximately 25 people in the audience.

The audio of the meeting was recorded for archival purposes, but due to the meeting location change and technology issues, the meeting could not be livestreamed.

CALL TO ORDER

Chairman Mike Hawkins presiding over the Board of Commissioners called the meeting to order at 6:00 p.m.

Chairwoman Tawny McCoy presiding over the Board of Education called the meeting to order at 6:02 p.m.

WELCOME & INTRODUCTIONS

Chairman Hawkins welcomed everyone in attendance and explained the purpose of the meeting. He introduced Board members and staff in attendance representing Transylvania County.

Chairwoman McCoy also welcomed everyone in attendance. She introduced all those in attendance on behalf of the Board of Education and Transylvania County Schools.

Ms. Millonzi explained that the UNC-School of Government is made up of State and local government officials in North Carolina. The nearly 60 faculty members are mostly lawyers who focus on specific areas of expertise. Ms. Millonzi helps State and local government officials understand the laws and how

they operate in North Carolina relative to her areas of focus. The UNC-School of Government does not get into policy work. For the purpose of this meeting, Ms. Millonzi intends to talk about the responsibilities for both school boards and county boards with respect to public schools and public school funding, with a specific interest on capital. She intends to give an overview of school funding in its entirety so that both Boards understand where capital fits into the big picture. She also plans to share success stories from other counties to improve relationships between their respective boards.

Agenda Topics

Overview of Statutory Responsibilities of Elected Boards

Overview of Capital Funding for Education – Annual and Bonds

Navigating Bond Projects: Roles and Responsibilities of Board of Commissioners, Board of Education; Best Practices; Fiscal Responsibilities

Guidance on Elements of Joint Agreement

Joint Board Discussion

Direction to Bond Counsel

The NC General Assembly has set up a structure by which boards of commissioners and boards of education are sometimes pitted against each other. This is probably not how the NC General Assembly envisioned the statutes to work. There are elements of the statutory structure that were intended to have two co-equal governing bodies working together. Unfortunately, many times the statutory directives have created structural conflicts that are hard to resolve. However, many counties and school boards have figured out how to take steps around those structural impediments.

Ms. Millonzi started off with a joint interactive exercise.

What do you think are the three biggest challenges for the other board, either in general or around the issue of public school funding? Everyone was charged with brainstorming for ideas, then sharing with their counterparts.

Board of Commissioners' Responses	Board of Education's Responses
Having to deal with the Board of County Commissioners (requesting funding)	There are more needs than there are funds available
Must meet expectations of parents for the children they serve	School System takes biggest piece of the County's budget, but the County has the least amount of control over the Board of Education's budget
Legislative mandates can create contention between two Boards	Learning to communicate and build trust with one another

Ms. Millonzi reported she has witnessed many counties and school boards make great improvements in their relationships with each other. The following stages have proven to be successful in making those improvements:

Step 1: Know the Rules

- Understand the boundaries, each other's roles and any shared responsibilities
- Develop common language
- Try to understand financials – how to read a school budget; where school's budget fits in with entire budget

Step 2: Learn How to Communicate

- No right way

Step 3: Develop Trust

- Keep promises
- Be transparent
- Compromise

Step 4: Think Outside the Box

- Seek creative ways to work together that are not strictly mandated by statutes
- Must build communication and trust before effectively accomplishing this step

Step 5: Reality Bites

- Counties and school boards are working within a framework not of their choosing
- Positives, but many frustrating points, particularly at the local level
- Counties should recognize they do not have the control they would like
- School boards should recognize they are reliant on counties for funds, but that counties have other financial responsibilities
- Must work within structure even if it is not ideal

Ms. Millonzi pointed out this 5-step formula is consistent to building better relationships, but it takes hard work on the part of both boards and staff. She suggested contacting other counties (Cabarrus, Catawba, Onslow, and Union) to learn about how they have gone from dispute resolution litigation to working closely together to achieve a common goal.

Ms. Millonzi gave an overview of the statutory responsibilities of various entities with respect to public school funding and governance structure. There are many entities with varying degrees of responsibilities and control. The governance structure provides both structural benefits and frustrations. The ultimate legal standard informs what happens in terms of funding at the local level each year. Article 1, Section 15 and Article IX Section 2 (1) of the North Carolina Constitution, as well as the North Carolina Supreme Court's Leandro litigation, guarantees "every child of this state an opportunity to receive a sound basic education in our public schools". The provisions do not require there to be equal funding or outcomes; only an opportunity for a base level education. Each year the legal responsibility of the local school board is to operate within the framework set by the General Assembly and the State Board of Education to provide that opportunity. Each year is different and unique making this goal incredibly difficult, but this is the standard that must be funded.

The General Assembly has assigned to local government entities a role with respect to funding. According to the courts, it can be determined if the opportunity for a sound basic opportunity is established by looking at inputs and outputs. Inputs are more relevant to the discussion for this meeting.

North Carolina is relatively unique in that it has a system in which the majority of funding and control of public education rests at the State level. This model was cemented during the Great Depression Era and has not changed much in terms of control, but some of the funding has been passed down to the local level. Statute states it is the responsibility of counties to provide for the facilities and the responsibility of the State to provide for the operations of schools. Local boards of education have to administer the funds and set the local policy within the State framework. However, over time the General Assembly, in a somewhat indirect way, has increasingly pushed funding responsibilities for operating costs to the local level. It has been done in a way that has caused counties to be unclear about their funding responsibilities. The NC Supreme Court indicates there is at least some funding responsibility for operating costs that counties must bear. Similarly, the State has always provided some support for capital. There are several statutes that have direct delegation of funding responsibilities to the counties, most of which fall under capital. Another judicial interpretation of the law from a 2009 Beaufort County

case is that counties do in fact have a responsibility for operating costs; however, should a county and local school get to the point of a dispute resolution process, it has been determined that the county's responsibility is to provide the bare minimum funding to meet the Leandro standard – not to provide teacher supplements or additional teachers, unless that is absolutely necessary to meet the standard. This is a decision that is looked at on a year-to-year basis. County funding levels from prior years do not count, legally speaking. Most recently it was determined that parents and others do not have a direct claim of relief against counties for Leandro-like claims for lack of opportunity for sound basic education. Schools boards may still initiate a dispute resolution process if insufficient funds are provided by the county in any given year.

As the primary funder of schools, the State provides about 60% of local school systems' budgets. Local governments make up approximately 30% in funding. The federal government, including child nutrition dollars, makes up 10% of the budget. However, there is a wide variation across the State. For instance, the local contribution to the school system in Ms. Millonzi's home county is greater than 50%.

The State has placed statutory limitations on its funding, for both operating and capital. Classroom sizes are set based on grade level, and funding is provided based on position allotments. Local school systems are required to estimate the number of students expected for each grade level, called a planning allotment, which helps to calculate the amount of dollars they should expect in State funding. Following the first two months of the school year, local school systems must take a snapshot of the actual headcount per classroom. At that point, if the snapshot indicates there are fewer students than the estimated planning allotment, the amount of funding from the State is thereby reduced. This formula presents difficulties for local school systems. In the same instance, there is a statute that prohibits counties from reducing funds that were allocated toward operational expenses based on the planning allotment vs actual headcount. This places the board of education in a difficult position – reduction of a teacher? Use fund balance to get through the year? Counties are left with the feeling that they have provided too much money to the school system when they have many other services to fund. This is one instance of how the statutes put both boards in difficult positions.

Another challenge boards of education face is that they are funded by the State on a reimbursement basis and any amount of the State allocation that is not used by the end of the year is not allowed to be carried forward to the next year. Also, the timing of when federal dollars are received varies and is dependent on variables at the federal government level. Given these constraints, school finance officers have to move money around within the school budgets in order to maximize the benefits. To local governments, this causes school budgets to appear as though they are not being transparent, but to no fault of either entity, this is the structure that has been set up.

Counties' primary responsibility is capital; however, in most years, counties allocate more money in operating costs than capital, unless capital includes new schools or major repairs/renovations in a given year. For operating expenses, the law requires counties to provide 1/12th of the local allocation each month to the school system. There are many variables for providing capital funding and how it is controlled depending on the source of funding. Unless boards establish healthy lines of communication and trust, it is difficult to work within these realms.

Ms. Millonzi led a group exercise on funding:

Operational Funding Scenario:

The school board budget includes a request for \$56,000 for teacher supplements and targeted grades.

Question:

1. Must the county commissioners fund the supplements? It depends. The school board may need the supplement to attract qualified teachers in some counties in order to meet the Leandro standard.
2. May the commissioners mandate that the money be used for teacher supplements? No. For operations, county commissioners can mandate appropriations by purpose or function code which does not include teacher supplements. This is a decision completely with the province of the local school board.
3. May the county eliminate the appropriation if the money is not used for teacher supplements? No. NC General Statute 159-13 (Local Government Finance) states that once money is appropriated to the schools, it cannot be reduced unless there is a general county reduction for economic reasons and unless the school board agrees to the reduction. The funds legally belong to the school board once the appropriation has been made, both for operating and capital.

Capital Funding Scenario:

The school board identifies the need for a new high school. The cost estimates are \$58 million for the site and size school that the school board deems best. It has been approved at the various state levels.

Questions:

1. Must the county commissioners fund the school? It depends. Is the new school necessary to meet the Leandro standard? Is the facility in a state of disrepair? If so, then yes.
2. May the county commissioners mandate that a different site be chosen? Statute says the school board has the complete province and discretion to select a site, but the county commissioners must approve the amount to be spent for the site. The statutes have been structured in a way that causes the boards to work together. County commissioners do not have a role in deciding the site, unless it comes down to money. The school board ultimately has the say in site selection. This is where compromise comes into play if both boards have worked to build good relationships and communication skills.
3. May the county commissioners require the school board to get additional bids for the project? No. Although the county controls the money and therefore a degree of influence, the design and construction is up to the local school board. NC General Statute 115C-521 says it is the duty of the school board to make provisions for the public school term by providing adequate buildings equipped with suitable furniture and apparatus. It is the duty of the school board to determine how much money is needed to ensure this provision and to inform the tax levying entity – the county commissioners. The county commissioners must be given reasonable time to provide the funds which they, upon investigation, shall find to be necessary. A more informed decision about what is necessary could occur if county commissioners and schools boards have regular conversations to understand the educational responsibilities and what is driving the needs. Once the decision about the amount of money is made, the school board has been delegated the responsibility and authority to have complete control over that process. With that said, if the school board intends to enter into a multi-year contract, the school board must first obtain approval from the county commissioners. It is the county commissioners that must commit to the life of the contract because they are the funding entity even though the school board has complete control over contracting for the work. This is difficult to navigate in practice.
4. If appropriated in the county budget, must the county commissioners disburse the money to the school board? Generally, yes. Once the money is appropriated, it belongs to the school system.

This is spelled out in statutes. However, for capital dollars, there is no similar statute. County commissioners have a greater ability to meddle with capital appropriations. Category 1 funding includes purchase contracts (acquisition of real property or any construction or repair contract) by which county commissioners can appropriate funds by project. The school board is bound by those allocations and statutes prohibit them from moving those funds around unless permitted by the county commissioners. For Category 2 or 3, county commissioners allocate funds to the category and the school board has more flexibility to decide how to spend the funds within the category. The general notion is that for capital dollars, no matter which entity holds the money, it legally belongs to the schools. When the funding is an appropriation of sales tax dollars, for instance, that must be expended for capital, that money should be transferred to the school system to be spent for whichever category it has been allocated to by the county commissioners.

For financing or borrowing money to fund major school capital projects, processes are different due to the nature of the rules related to financing. For limited obligation bonds or installment financing, by law, counties must have title to the property that is being financed. Both boards have to be creative in terms of who controls the project related to complying with all relevant statutes. Boards that have figured out how to communicate well, along with their respective attorneys, are able to craft agreements to work through these issues. Although complicated, there are workable solutions and structures.

For general obligation bonds, there is no statutory obligation for the county to own the land, but the nature of this financing obligates counties to certain reporting requirements. This requires close coordination with the school board and staff. There are IRS rules related to arbitrage and the potential of tax penalties. Because of the different types of nuances related to statutes and funding rules, it is imperative that both boards, along with their attorneys and staff, meet to discuss and understand each other's roles and responsibilities in order to craft an agreement that works for everyone. It should be recognized that both the county commissioners and school board have legal responsibilities and external responsibilities related to this process that must be taken into account.

5. May the school board dictate the type of financing used to fund the school? No.
6. May the school board change the type or scope of the project after the budget is adopted? It depends.

The remaining discussion centered around the issuance of the general obligation bond, the roles and responsibilities of both Boards, and the elements of an interlocal agreement to see through the bond projects through to successful completion.

The Board of Education's Bond Counsel, Chad Donnahoo asked Ms. Millonzi to explain the laws with regard to sales tax reimbursement. She reported that at one time city, county and school boards could be reimbursed for any sales taxes paid. The State passed a new law a few years ago that removed school systems' ability to seek sales tax reimbursement. The next year the law was modified to allow school systems to seek partial reimbursement. If both the county commissioners and board of education have developed a good working relationship, it might behoove both boards to allow the county to do the contracting in order to seek full sales tax reimbursement, which they might then be able to put toward other school-related expenses. The impediment is always a trust issue. Ms. Millonzi said attorneys have crafted interlocal agreements in a few different ways, but noted there also hasn't been one sanctioned method that the court has upheld. Boards have been operating in a manner in which they can maximize efficiency with the goal of getting a full sales tax refund given the constraints that have been set by

statute. She suggested allowing the respective attorneys to craft an agreement in which they are comfortable in terms of the legalese and that both boards approve.

With regard to sales tax reimbursement, the County Manager asked if the more creative vehicles have legal standing if the Department of Revenue administers the statutes as written. Ms. Millonzi reported that the Department of Revenue has been open to the creative solutions. She pointed out that there are some areas in which the statutes are incompatible and impractical. Attorneys have tested ideas in the courts and none have been invalidated, although she was unsure if any had actually been challenged. The State has not stepped in to make any changes or forced local governments from using these work-around agreements. For the past 10+ years, counties and school boards, under advisement from their attorneys, have become comfortable that these legal agreements would withstand legal scrutiny.

Board of Education member Alice Wellborn asked if a county is required to issue a bond that was successfully passed in a voter referendum. Ms. Millonzi stated that a successful voter referendum on a general obligation bond is considered advisory. It is the decision of the county commissioners whether to issue the bonds and how much to issue up to the maximum amount approved by the voters. She reported there have been situations in which bonds were not issued due to economic reasons, such the 2008 recession. The fundamental questions that should be answered between the two boards are: What capital is needed? What is reasonably affordable? It is then up to the counties to decide how to fund the capital. For instance, a bond referendum passed in Wake County; however, it was more reasonably affordable to fund through the issuance of limited obligation bonds rather than general obligation bonds. Schools were still funded, but through a different method. There are a lot of factors pertaining to why a county might use one source of funding versus another. The school facilities must meet the Leandro standard, regardless of funding source. If a school board feels the need to challenge the county commissioners on its yearly capital appropriation, a dispute resolution process is outlined in statutes.

Ms. Millonzi briefly reviewed the roles and responsibilities for issuing the general obligation bond. The voters of Transylvania County successfully passed a bond referendum. At this point it is the decision of the Board of Commissioners whether to issue the bonds, the timing of issuance, and how much to issue based on joint conversations with the Board of Education with regard to construction phases and costs. The County has up to seven years to issue the bonds. Large bonds are almost never issued all at once because of the potential tax implications. The funds cannot be issued overnight so the County has to work through that process with the bond counsel and set reasonable timeframes. This is separate from the County's responsibility to meet the School System's capital needs. The Board of Commissioners would have to find another way to fund the capital needs other than the general obligation bond. There also needs to be County Commission approval of the Board of Education's multi-year contracts.

Commissioner Guice inquired about who is responsible for the fiscal documentation, IRS reporting, holding the bond funds, and requiring documentation for the audit. Ms. Millonzi reported that the County Commissioners are responsible for the legal processes for issuing the debt and complying with all of the reporting requirements. In terms of who holds the money, it depends on the agreement made between the two Boards. The County could hold the money and pay the invoices as they come due which allows for full reimbursement of any sales taxes paid. There could be a structure in which the County allocates a certain amount for specific contracts the Board of Education intends to pay out and then sends the money to the School System to do so. Staff will help craft an agreement that is workable and reasonable and then it will be up to both Boards to weigh in and come to a consensus on an agreement. The County's Bond Counsel Rebecca Joyner interjected that one issue she has experienced related to general obligation bonds relates to the audit of a transaction which is randomly conducted by the IRS. If funds have been transferred to the school system, it becomes very challenging to coordinate between the two entities to provide the necessary documentation to comply with the audit. Her firm typically recommends funds remain at the county government level to avoid this issue.

Ms. Millonzi stated another option is a county will hold the funds until the school board has indicated that a specific phase of the project is complete. The County would then wire transfer the funds to the school system to make the payment.

Business Services Director Norris Barger pointed out the 1998 bond series was handled as reimbursements from the County to the School System.

Referencing the seven years the County has to issue the debt, Commissioner Chappell inquired about other incremental deadlines. Ms. Millonzi responded there are many nuances related to the issuing of the debt. Ms. Joyner added there are deadlines for obtaining approval from the Local Government Commission which requires the bids to be in place, permitting, etc. Most of the initial work is completed by the school board and requires coordination with the local government. Once approved, there is a new set of timeframes which must be followed related to spending, reporting, etc. It takes a partnership on the part of staff and the elected officials.

Chairman Hawkins noted that the County and Board Education have different components of fiscal responsibility and asked if one overrode the other in terms of decisions that needed to be made. Ms. Millonzi responded that one does not override the other. The Boards are two separate legal entities and two governing bodies with their own established comfort levels with their own staff. It requires recognizing how those realities meld together. In some counties and schools, the Manager and Superintendent are the best two parties to meet regularly. In other counties, that role has been delegated to the Finance Officers, or the Chairs of the two Boards, or through full Board joint meetings. Given the dynamic of each organization, the two Boards must determine the best path forward to build the relationship.

Ms. Millonzi pointed out that NC General Statute §115C-426.2 reads that both the school board and the county board of commissioners are strongly encouraged to meet regularly to discuss operational needs and to formulate a five-year capital plan. She felt it was important that this statute be viewed as a mandate instead of a suggestion. It is obvious that the two Boards are moving forward with addressing the capital needs as approved in the voter referendum, but there are other capital needs that warrant more discussion and these meetings could help the two Boards work toward a five-year plan on meeting those needs in a way that works financially for the County.

Mr. Donnahoo inquired about specific processes with regards to change orders, noting that both Boards have adopted policies. He asked Ms. Millonzi to address what happens when two boards do not agree. Ms. Millonzi stated that step one should be that someone at the staff level should understand the policies that have been adopted by the other entity. The School Board has the full responsibility for controlling and directing the contracting process, which will include change orders. However, the County Commissioners allocate expenditures by project which means that in any given year if the change order is going to cause the amount to be spent to be more than the amount allocated, it cannot be signed or executed until the School Board goes back before the County Commissioners to seek an amendment to the appropriation. Mr. Donnahoo suggested the two Boards come up with a process or compromise as to not delay the construction process.

Chairman Hawkins asked what it means for the County to be charged with having fiduciary responsibility. Ms. Millonzi stated the definition of fiduciary responsibility is related to the internal financial management of county money. As it plays out in this relationship, she categorized it as funding responsibility. Fiduciary duty is related more to the protection and proper fiscal management of the County's funds. Financial responsibility is related to what the County is required to provide to this outside entity, being the School System, to meet their needs, both constitutionally and statutorily, and what does the County want to provide, if anything, above and beyond that requirement. The County itself

does not have the right to decide whether to go above and beyond the standard, but the County does have the right to hear proposals from the Board of Education on ways to do better. This is where the County has discretionary funding authority.

Chairman Hawkins stressed this is the largest project in the history of Transylvania County and \$68 million is a lot of money. He is worried about something going wrong because of the complexities of the projects and navigating through the fiscal responsibilities. He asked if there were best practices in place to control any issues that could arise. Ms. Millonzi stated that coordination and collaboration is key which requires trust between the two entities. She reminded Commissioners that the responsibility has been assigned statutorily to the Board of Education to select the contractors, award the bids, and follow the contracting process. Ultimately before they can move forward, it is up to the Board of Commissioners to decide on the amount of money. Commissioners have the legal right to approve or deny the amount of money being requested. She hopes the Boards can get to a comfort level of being able to have open and honest discussions. It is important for the Board of Commissioners to understand why requests are being made, but also to understand the parameters that have been set by statute reducing their control over education spending decisions. Ms. Millonzi understood Chairman Hawkins' concerns, but noted that even with some of the best processes in place, problems can occur that no one anticipated. If both Boards collaborate and build trust, it will result in a comfort level that everything has been done to mitigate any risks.

Mr. Kiviniemi informed that the Board of Education is leaning toward using the construction-manager-at-risk method. He asked if this process removes some of the potential hazards that Commissioners may be worried about. Ms. Millonzi said there are still risks to this method, but there are benefits as well. Most importantly, the Board of Education should select the method they believe is the best contracting method and educate the Board of Commissioners on the reason for their selection. No contracting method is going to eliminate all risk.

At the request of Chairwoman McCoy, Mr. Donnahoo explained the construction-manager-at-risk (CMAR) method and responded to questions. CMAR does not require bids, but requests for qualifications. Multiple firms are interviewed and then the school board ultimately enters into contract with a CMAR firm. The CMAR essentially acts as the overall general contractor and subcontracts the entire construction project which is set to open bid. This allows the school board to see the cost of every phase of the project. Unlike the traditional design-bid-build method, entities do not necessarily get to see what each phase costs; they see an overall bid. The other aspect of a CMAR is that it looks out for the local interest in terms of the cost. The CMAR provides a guaranteed maximum price for the project. If the cost runs over the contracted amount, the work is done for free. Mr. Donnahoo stated this method has a proven track record of providing the best construction delivery method and cost control in today's market.

Ms. Joyner pointed out the CMAR method and the guaranteed maximum price makes the Local Government Commission process somewhat easier to navigate because there are not as many variables.

Chairman Hawkins said what he has heard here at this meeting reinforces Ms. Millonzi's message about the importance of relationships, trust and communication. He felt that the conversations have helped to communicate the components of what a good agreement between the two Boards might look like. The Board of Commissioners has an interest in the fiduciary component and the Board of Education has an interest in the functionality and getting through the process without being micromanaged by the County. If this is agreeable, this could be the charge to staff to craft an agreement to recommend for approval by both Boards. Chairman Hawkins stated he would like for both Boards to be more intentional about interacting and suggested that he and Chairwoman McCoy meet and discuss how to develop a plan to

move forward. Chairwoman McCoy agreed, stating that a better relationship is important for moving the bond process forward and for the future.

The Manager noted that through their respective firms Ms. Joyner and Mr. Donnahoo have worked together on past projects to develop workable agreements between boards of commissioners and boards of education. To her, it made sense that County staff and School Administration should meet with the attorneys and support their efforts in crafting an agreement that gives them a level of comfort that is workable for both entities. If the agreement addresses concerns posed by both Boards and the interests of both entities are covered, then these projects can move forward to benefit the community.

Commissioner Guice was appreciative of everyone being open and honest and he looks forward to a good working relationship in the future. He was also appreciative of hearing about the challenges faced by school boards in order to operate within their budgets and statutory limitations.

Commissioner Lemel was appreciative of the conversations. She stated she would like to see both Boards consider passing a resolution at a future meeting regarding the joint planning meetings. She felt it would show a good faith effort to citizens to have a formal commitment that both Boards intend to develop a five-year plan for capital needs for schools, as well as a commitment to meet at least quarterly.

She also encouraged officials from both entities to read Chapter 13 of the *Guide to Local Government Finance*. This chapter on school funding will provide a great appreciation of the challenges faced by both Boards to move forward together for the benefit of students in our public schools.

Ms. Wellborn asked the Board of Commissioners to reconsider the budget process. She would like the opportunity for both Boards to have dialogue about their needs and the budget process.

Mr. Donnahoo and Ms. Joyner will work with staff from both entities to draft an agreement based on what they believe will be a workable document for both Boards.

Chairman Hawkins asked Commissioners to send any suggestions to include in the agreement to the County Manager by early next week. On behalf of the Board, he stated that Commissioners are willing to consider any alternative that facilitates this process in a positive way.

ADJOURNMENT

There were no further comments. The meeting adjourned at 8:36 p.m.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board