

**THE BOARD OF COUNTY COMMISSIONERS  
DURHAM, NORTH CAROLINA**

Monday, August 2, 2004

9:00 A.M. Worksession

**Minutes**

Place: Commissioners' Room, second floor, Durham County Government Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman Ellen W. Reckhow and Vice-Chairman Joe W. Bowser, and Commissioners Philip R. Cousin Jr., Becky M. Heron, and Mary D. Jacobs

Absent: None

Presider: Chairman Ellen W. Reckhow

**Welcome**

Chairman Reckhow welcomed everyone to the County Commissioners' worksession.

**Revised Agenda**

Chairman Reckhow said that we do have a revised agenda that was distributed Friday. We will be following the revised agenda during the meeting.

**Citizen Comments—Mr. Ralph McKinney Jr. and Mr. Roland Staton**

Mr. Ralph McKinney Jr. requested time on the agenda to speak to the Commissioners about various issues.

Mr. Roland Staton requested time on the agenda to discuss Gotta Save's interest in serving as a provider for transitional housing for substance abuse clients.

Chairman Reckhow recognized Mr. Staton to speak since Mr. McKinney was not present.

Mr. Roland Staton thanked the Commissioners for the opportunity to speak to them on behalf of Gotta Save Inc. as the program director.

Mr. Staton said he had two matters he wanted to discuss with the Commissioners.

Mr. Staton said following the directive of the County Commissioners, we have met again

with Ellen Holliman, Interim Director, The Durham Center, and Doug Wright, Chairman of the Area Mental Health Board, to look at ways to fund the substance abuse recovery program.

Mr. Staton said we have had a tremendous amount of support from Ellen Holliman in this process. She has been very faithful in regard to both the letter and the spirit of what you have directed us to do. She has lent us her experience, expertise, and the resources of the Durham Center as we have been putting this project together. In our last meeting, we were discussing client referrals. Ms. Holliman has committed in principal to providing client referrals to us in this process. We are working on a per diem formula. One of the main things she advised us to do is to go through the licensing procedure so we would be eligible for any and all grant draw downs. We are in that process now. Ms. Holliman has authorized Linda Allsberry to be a resource person for the organizers. A meeting will be held next week concerning grant draw downs.

Mr. Staton said we have commitments from two property owners. One house is on Dixon Road and the other one is on Wadsworth Avenue. These two properties are within a mile of each other. A walk through these houses looks like houses we could get into compliance for licensing purposes in fairly short order and at very little expense. One house would need a fire escape. The fire escape is necessary to get a license. Mr. Staton said the start up cost will be \$31,000 and the sixth month operational fees will amount to \$132,515. He said we are asking the County Commissioners to consider giving us the funding request so we can purchase the two houses if it is at all possible to do.

Chairman Reckhow recognized Ms. Ellen Holliman to respond as to what the next steps might be in the process.

Ms. Holliman commented we do have meetings scheduled with the staff working with the Gotta Save group to explore grant funding for startup cost. I met with Commissioner Cousin a week or so ago to secure other funding at this point.

In our meeting with Commissioner Cousin, Mr. Staton, Mr. Bass, and Mr. Doug Wright, we talked about using a voucher system. As we identify people and they chose to use the services offered by this agency, we would pay on a per diem basis predetermined fee for service cost. For us to be able to use the voucher system, they need to be licensed and certified to meet the standard. Commissioner Cousin said he is going to work to find some startup grant money for them.

Chairman Reckhow asked Ms. Holliman to send the Commissioners a memorandum in thirty days to tell us where you are in the process. The memorandum would be due the first of September.

Chairman Reckhow recognized Mr. Ralph McKinney Jr. for his remarks.

Mr. McKinney made several comments to the County Commissioners concerning his thoughts on abuse, race relations, protection, promoting, and profits.

**Public Health: Approval of Contract for Medical Services for the Durham County Detention Facility and the Youth Home.**

The Board was requested to authorize the County Manager to enter into a contract with Correct Care Solutions (CCS) to provide a comprehensive health care services program to meet the needs of persons in the custody of the Sheriff and those detained at the Youth Home.

For the past three years, the Health Department has experienced growing difficulty in recruiting and maintaining adequate staffing for the Jail Health Program. Inmates have presented more complex health care needs. Consequently, health care costs for this population have dramatically increased and become unpredictable.

In an effort to create a system that would offer services in a more cost-effective manner, a request for proposals (RFP) was advertised on Sunday, March 28, 2004. Three proposals were received on April 29, 2004. The respondents were Correct Care Solutions, Prison Health Services (PHS), and Southeastern Services Group Inc. (SSG). On May 13, the proposals were evaluated by a selection committee comprised of representatives from the Sheriff's Office and the Health Department. SSG was eliminated due to the severe restrictions of the service options and history of working with facilities with much smaller populations (average daily populations ranging from 40-210).

CCS and PHS were interviewed on June 15 by representatives from the Sheriff's Office, Finance Department, Health Department, and the Board of Health. During the interviews, each company presented more information regarding the proposals, the implementation process, and experiences with other facilities. After the presentations, it was the consensus of the committee to recommend negotiations with CCS. (Using a scoring process, CCS received 1,543 points, and PHS received 1,347 points.)

Since the cost of this service continues to be unpredictable, it is recommended that the Board approve the following service provision option offered by CCS for the remainder of FY 2004-2005 (10 months) commencing on September 1, 2004:

- An aggregate cap of \$375,000 for all pharmaceuticals and off-site service;
- An insurance ceiling of \$25,000 per inmate;
- A sharing of costs over \$375,000 at a rate of 60% CCS and 40% County with the County having a ceiling of \$83,333 of "risk" over \$375,000; and
- An equal sharing in savings below \$375,000 cap.

This 10-month option is priced at \$1,733,318. The cost for a full year would be \$2,079,981. This option also has an added per diem charge of \$2.97 per inmate, per day

for any month with an average daily population greater than 525. The projected start date for this contract is September 1, 2004.

During the first year of operation, the services will be evaluated and future contracts and pricing re-negotiations would be optional at that time.

The Board of Health has approved this recommendation.

Resource Person(s): Brian Letourneau, Health Director

County Manager's Recommendation: The County Manager recommended that the Board suspend the rules and authorize the Manager to enter into a 10-month contract in the amount of \$1,733,318 with Correct Care Solutions to provide health care services for the Detention Center and Youth Home.

Chairman Reckhow recognized Brian Letourneau, Health Director, for an update on this item.

Mr. Letourneau said, as directed, we had a meeting with the Correct Care Solutions (CCS) Management Team on Tuesday morning after the Monday evening meeting. The Management Team was very gracious and they were willing to renegotiate the contract. What we were concerned about was the daily jail population exceeding the 500 level. The Company had agreed to increase the average daily jail population to 525.

The reinsurance cap was raised from \$20,000 to \$25,000. Neither of these changes will result in an increase cost to the County. We believe this contract is very fair.

Commissioner Heron moved, seconded by Commissioner Jacobs, to suspend the rules as recommended.

The motion carried unanimously.

Commissioner Heron moved, seconded by Commissioner Jacobs, to authorize the Manager to enter into a 10-month contract in the amount of \$1,733,318 with Correct Care Solutions to provide health care services for the Detention Center and Youth Home.

The motion carried unanimously.

Chairman Reckhow directed the County Manager to provide the County Commissioners a six month update on the Correct Care Solutions contract.

### **2003 Annual Report of the Durham Open Space and Trails Commission**

The Durham Open Space and Trails (DOST) Commission advises the County Board of Commissioners and the City Council on issues related to preservation of valuable open space, as well as the development of trails facilities for pedestrians and bicycles. The 2003 Annual Report summarizes the activities of the DOST Commission and is provided in conformance with the Interlocal Agreement. During 2003, the Commission has provided valuable input on the development of the Durham Comprehensive Plan, as well as the Unified Development Ordinance. In addition, this Commission has reviewed and commented on a number of site plans and rezoning cases with potential impacts to trails and open space.

Resource Person(s): Tom Stark, Chairman, Durham Open Space and Trails Commission, and Frank Duke, Planning Director

County Manager's Recommendation: The County Manager recommended that the Board hear the comments of the Durham Open Space and Trails Commission member and receive the Annual Report for 2003.

Chairman Reckhow said there was no one present to give the report. The Commission is under the interlocal agreement. They are required to give the Commissioners a yearly report on their activities. We will receive this report.

### **Raleigh-Durham Airport Annual Update**

Steve Toler, Vice Chairman, Raleigh-Durham Airport Authority, and Craigie Sanders, Member of the Airport Authority, who were appointed by the Board of County Commissioners to represent Durham County and its citizens, presented the County Commissioners a yearly report on the Raleigh-Durham Airport Authority activities.

The presentation outline included RDU Activity, Customer Service Programs, Future Capital Improvements, and Moving Forward.

The presentation that was given covered the following topics:

- RDU Vision Statement
- Total Airline Passengers
- Weekday Scheduled Airline Flights
- Current RDU Air Service Profile
- North Carolina Air Passengers
- RDU Regional Partnership
- RDU Customer Service Programs
- Parking Garage Expansion Program
- General Aviation Terminal Building
- Terminal Area Program – Terminal C Redevelopment Project

- Terminal Area Program – Replacement of Terminal A
- Moving Forward – in summary

The Board of County Commissioners asked several questions about the airport operation.

Steve Toler and Craigie Sanders responded to the questions and comments.

Chairman Reckhow thanked them for the presentation.

### **Cultural Master Plan Report Presentation**

The Durham Cultural Master Plan is funded through a portion of the County's Occupancy Tax and is led by the Board of County Commissioners-appointed Steering Committee, with local administration provided by the Durham Arts Council. The Steering Committee contracted with Wolf, Keens & Company consultants to prepare a master plan to address the long-term needs of cultural arts facilities and programs in Durham County. The report has been completed, the findings of which was presented to the Board.

Resource Person(s): Marc Goldring, Vice President, Wolf, Keens & Company; Durham Cultural Master Plan Steering Committee Co-Chairs Peter Anlyan, General Manager, Capitol Broadcasting Company; and MaryAnn E. Black, Associate Vice President, Community Affairs, Duke University Health System; Sylvia Kerckhoff, Former Mayor of Durham and City Council member; Sherry L. DeVries, Executive Director, Durham Arts Council; and Margaret J. DeMott, Director of Artist Services, Durham Arts Council

County Manager's Recommendation: The Manager recommended that the Board receive the presentation and advise the staff if any additional action is necessary.

Chairman Reckhow recognized Durham Cultural Master Plan Steering Co-Chair Peter Anlyan and Sherry L. DeVries, Executive Director, Durham Arts Council.

Co-Chair Peter Anlyan made introductory remarks about the Cultural Master Plan and the report.

Mr. Anlyan introduced Mr. Marc Goldring, Vice-President, Wolf, Keens & Company, to present the Cultural Master Plan.

The highlights of the Next Steps 5 Report are listed as follows:

- The Steering Committee of the Durham Cultural Master Plan requests that the Durham County Commissioners accept this Durham Cultural Master Plan on behalf of the citizens of Durham and Durham's arts and cultural community who participated extensively in the creation of this plan.

- The Steering Committee further asks the Commissioners to endorse the 24-month initial implementation plan as outlined herein, which is fully funded through the existing \$500,000 that has already been collected through the Occupancy Tax, as provided in N. C. Legislature, Session 2001, House Bill 917.
- The Steering Committee will be meeting with Durham City Council at their August 5, 2004 work session to request that they approve the implementation strategy that involves the City. The implementation strategy that is proposed was discussed with County and City management and staff to reach consensus.
- In the spirit of cooperation between both City and County governments, the Steering Committee will ask City Council to endorse the overall Durham Cultural Master Plan that has been developed at the request of Durham County.
- The Steering Committee, provided that the Durham Cultural Master Plan is accepted and approved, and provided that the implementation strategy for the first two years is accepted and approved, the Steering Committee will ask both the County Commissioners and the City Council for approval to move forward to develop the draft of an inter-local agreement that will allow for the transfer of the \$500,000 in Cultural Plan Implementation designated Occupancy Tax funds from the County to the City so that plan implementation can begin.

Mr. Marc Goldring made the following remarks about Durham.

- Durham has many advantages in this exercise.
- The civic structure is already in place. The community has a head start in terms of actually building something beyond supporting the creative economy.
- Durham County sits in the midst of one of the most complex and vibrant cultural communities in the nation.
- We understand the power of arts and culture.
- Durham is defined in a way that is totally distinct from any other community in the region and the southeast.

The Key Goals of the Durham Cultural Master Plan are as follows:

- Goal 1: Organizations and Artists
- Goal 2 Diversity
- Goal 3 Economic Development
- Goal 4 Education
- Goal 5 Audiences
- Goal 6 Facilities
- Goal 7 Communities-Wide Organizational Infrastructure
- Goal 8 Resources

Ms. Sherry DeVries, Executive Director, Durham Arts Council, was introduced by Mr. Peter Anlyan for remarks about the Cultural Master Plan.

Chairman Reckhow expressed concern about Next Step 5. She was not concerned about the interlocal agreement. The statement that concerned her was to allow for the transfer of the \$500,000 in Cultural Plan Implementation designated Occupancy tax funds from the County to the City so that plan implementation can begin.

We need to develop an interlocal agreement whereby transfers get made as monies are needed. Durham County levied the tax for the hotel - motel occupancy tax that led to the creation of this fund. We are accountable for the funds created. The expenditures should be brought back to the Board of County Commissioners for final approval.

Chairman Reckhow said \$500,000 has been accumulated over the past two years for the implementation of the Cultural Master Plan. The Steering Committee is recommending that some of the implementation money be used to fund the salary for a staff person.

The staff position will be housed in the City's Economic Development Office. The implementation would be spearheaded by that staff person. Decisions would get made in conjunction with a Steering Committee. The Steering Committee would be formed from the existing Steering Committee. A strong role should be played by the Executive Committee. The City Council and the Board of County Commissioners should appoint the Steering Committee.

Chairman Reckhow suggested that a list of names be provided by Mr. Peter Anlyan as possible appointees to the Steering Committee. Each of the governing bodies will appoint half of the membership. The logistics of this plan should be taken to the Joint City-County Committee in September. Discussion will be held about these next steps and the interlocal agreement.

Mr. Peter Anlyan said there would be twelve people on the Steering Committee.

Commissioner Heron said we will have to look for other sources of money to continue the program after the \$500,000 is gone.

Chairman Reckhow suggested that Mr. Anlyan develop some collaboration on the next steps for the City-County Committee meeting in September. The Chairman also recommended that a list of names be submitted for the twelve members of the Steering Committee and the governing body which will appoint them. If the Joint City-County Committee approves the plans that have been developed, the two governing bodies will then take final action on the plans. A discussion would be held as to how to handle Next Step 5 so the County remains the steward of the money.

Chairman Reckhow said we will receive the report and direct staff to move to the next steps.

Chairman Reckhow said County Attorney Chuck Kitchen has reviewed the General Statute about the allocation of funds to the Museum of Life and Science and the Cultural Master Plan implementation. The funding to the Museum of Life and Science prior to the Cultural Master Plan was \$400,000 and the funding for the Cultural Master Plan is \$500,000. Next year the Museum of Life and Science allocation will go from \$400,000 to the \$500,000 level.

**Request from Read Seed for Emergency Funding**

Read Seed Inc. has requested “emergency funding” in the amount of \$10,000 to help offset an end-of-the-year deficit of \$7,195 and to assist with day-to-day funding for the current from August 2004. Read Seed applied for nonprofit funding in the amount of \$20,000. No funds were approved by the Board. The program provides free, new book ownership to children in Durham, Roxboro, Chapel Hill, Burlington, and Oxford at least once per year.

Resource Person(s): Adelaide S. Banks, Founder/Director, Read Seed Inc.

County Manager’s Recommendation: The Manager recommended that the request be denied inasmuch as nonprofit appropriations for FY04-05 have been finalized. (If approved, the Board should expect additional requests for emergency funding from other agencies that have experienced reductions from United Way.)

Chairman Reckhow recognized Adelaide S. Banks, Founder/Director, Read Seed Inc., to make her presentation and request to the Board of County Commissioners.

Ms. Adelaide Banks said due to the financial situation, we are providing books only for children in Durham County this year.

Ms. Adelaide Banks explained to the Commissioners why she believes her situation is significantly different from other organizations who may desire support outside the usual budget process. The seven reasons were spelled out by Ms. Banks.

A film was shown to the Commissioners about Read Seed Inc.

Ms. Adelaide Banks urged the Commissioners for their support.

The Commissioners asked several questions.

Ms. Adelaide Banks responded to the questions.

Mr. Philip Cherry, Library Director, explained the program the library has to give library books away.

Commissioner Heron said she regrets she can't support the program. If we fund a program outside the budget cycle then we will have several requests that we could not allocate money to.

Commissioner Cousin said he will help Ms. Banks find the funding with dispatch.

Chairman Reckhow said she supports the program. However, I can't support this request as emergency funding since you are going to more than double your staff in September. A lot of non-profits are laying off staff due to the reduced United Way funding. I can't characterize this as an emergency. This is expansion funding. If we fund this request, it would send the wrong signal to our community. I will be willing to assist you in other ways in trying to raise money.

Commissioner Jacobs said she too would support this because a lot of people depend upon children having books in the home. I would think that one of the best recourses is to follow up at this point with Commissioner Cousin and the contact he has with the faith community. Next year, you can submit an application for support through the non-profit process. It would be difficult for us to say yes to one non-profit and then refuse to fund other non-profits that may come before us.

Philip Cherry answered questions about the library operation for the Commissioners.

Chairman Reckhow said she is not hearing a readiness to appropriate funds at this point. I do hear a readiness to try to work with you.

Chairman Reckhow suggested we ask Library Director Philip Cherry and Commissioner Cousin to work with you. I am willing to work with you. We need to see if there is a way to tide you over and come back during the regular budget process next year.

Vice-Chairman Joe Bowser asked did we not agree to fund this program at \$20,000 later on in this upcoming budget year.

Chairman Reckhow said we agreed to consider it when you brought it up in June. The feeling was that the budget ordinance was written and we decided not to attempt at that point to amend the ordinance. There was an agreement to consider a request at a later date. There was never a decision that we would fund it. We agreed to consider it.

Vice-Chairman Joe W. Bowser said he would be willing to spend the \$10,000 on such a program.

Chairman Reckhow said she did not hear the willingness from three Commissioners to budget the money for the program. If I am wrong, correct me. Otherwise, we are not going to move this item to the August 9, 2004 meeting at this point in time.

**Alston Village (Falls Pointe Apartments) Refunding**

In December of 2000, Durham County, North Carolina (the "County") issued its \$22,000,000 Multifamily Housing Revenue Bonds (Alston Village Apartments) Series 2000 (the "Prior Bonds"). The Prior Bonds were structured as Fannie Mae enhanced tax-exempt bonds. The proceeds of the Prior Bonds were loaned to NRP Alston Village, LLC (the "Borrower") in order to finance the construction of 312 units of multi-family affordable housing located in the County (the "Development"). The Development is a mixed property with 45% of units at market rate and 55% of units allocated to those with incomes below 60% of area median income. The Development, now known as Falls Pointe, consists of 173 tax credit units and 139 market rate units.

The Prior Bonds were issued at a time when the local economy had experienced significant growth over a period of several years. This growth fueled an increase in both occupancy and rents. However, when Falls Pointe began leasing units in November of 2001, the local economy was in recession.

During 2002 and 2003, the Triangle became a renter's market. Rent concessions became commonplace. Concessions of two to three months were the norm. This was due to negative employment growth and a corresponding reduction in demand for rental units. The impact of these trends was increased by the fact that new rental units had continued to be constructed during this period. Even though the economy is now showing signs of strengthening, rental revenue has a long way to go to recover from the negative impact of 2002 and 2003.

### **Prior Bond Mechanics**

The Fannie Mae underwriting program provided for a construction period. At the end of that period, the Prior Bonds were scheduled to switch from construction period status to permanent status. At the time of the conversion, Fannie Mae does a second underwriting of the Development. Falls Pointe was scheduled to convert to permanent status in 2004. However, the underlying economics of the project have changed substantially. Although the project was initially projected to support \$21.8 million in debt under Fannie Mae's underwriting criteria, based on the drastic change in the economy, that underwriting criteria now supports only \$18.3 million in debt.

A summary of the original underwriting assumptions as compared to the underwriting as of 3/31/04 is provided on the next page.

***NRP Alston Village LLC, (d.b.a. Falls Pointe at the Park)  
Original Underwriting vs. Actual Underwriting  
As of 3/31/04***

	<u>Original Underwriting</u>		<u>Actual Underwriting</u>	
	<u>Total</u>	<u>Per Unit</u>	<u>Total</u>	<u>Per Unit</u>
<b>REVENUE</b>	\$ 2,906,680	\$ 9,316	\$ 2,652,000	\$ 8,500
<b>EXPENSES</b>				
Management	116,267	373	106,080	340
Administration	80,400	258	79,423	255
Payroll	226,680	727	305,309	979
Utilities	136,051	436	155,850	500
Repair & Maint.	163,800	525	111,938	359
Insurance	31,200	100	42,000	135
R.E. Taxes	223,486	716	207,000	663
Subtotal	<u>977,884</u>	<u>3,134</u>	<u>1,007,600</u>	<u>3,229</u>
Replacement Reserves	46,800	150	62,400	200
Total Expenses	1,024,684	3,284	1,070,000	3,429
% EGI	35.3%	35.3%	40.3%	40.3%
<b>NET OPERATING INCOME</b>	1,881,996	6,032	1,582,000	5,071
Debt Service	1,636,323		1,376,492	
Debt Coverage	1.15		1.15	
<b>Supported Bonds</b>	<b>21,800,000</b>		<b>18,338,388</b>	
Interest (all in rate)	6.40%		6.40%	
Term (years)	30		30	

**New Structure**

With the help of Newman Capital a new financing structure was developed. The new structure provides an additional two year period for the developer to achieve higher occupancy and rent levels. Under the new structure, the County would issue its \$21,500,000 Multifamily Housing Revenue Refunding Bonds (Falls Pointe Apartments) Series 2004 (the "Bonds"). During the first 24 months of the refinancing, the Bonds would have a floating rate at BMA + 2.0% (currently 3.04% -- BMA of 1.04% + 2.0%). In addition, no principal on the Bonds will amortize during this interim period. After the initial two year period, the Bonds will amortize until maturity, which will be the same as the Prior Bonds (30 years). The Bonds will continue to have a 30 year maturity, but will be amortized over a 40 year period, with a lump sum payment due when the Bonds mature. The all in rate for the Bonds (6.65%) will be slightly higher than the all in rate for the Prior Bonds (6.4%), but the change in the amortization and the initial two year interest only period will make the Development more viable. A comparison of terms is provided in the table below.

**Terms Comparison**

<b>Term</b>	<b>Prior Bonds</b>	<b>Bonds</b>
Construction Period	36 months (expired)	30 months (interest only)
Permanent Period	30 years, fully amortizing	30 years, fully amortizing
Amortization	30 years	40 years

Interest Rate (all-in)	6.4%	First 24 months: BMA+2.0% After 24 months: 6.65%
Debt Service Coverage	1.15%	1.15%

Assuming today's rate, and a \$21.8 million principal amount, the Bonds would save \$81,134 per month or \$1,947,206 over the first 24 months compared to the Prior Bonds cash flow. The funds saved by the issuance of the Bonds will be held in escrow and serve as a "resizing" reserve when the Development is converted to permanent status at the end of the 30 months. Thus, if after 24 months the Development is not able to support the full \$21,500,000 in principal with debt service coverage of at least 1.15%, funds in the reserve will be used to redeem Bonds to a level that will provide that debt service coverage.

Although short term interest rates are expected to rise over the next year, it is unlikely that rates will rise enough in 24 months to reduce the material benefit to the Development that the floating interest rate provided during the interim period. That floating rate period will give the Borrower additional time during a recovering economy to improve occupancy and rents at the Development. At the same time, it will permit the Borrower to accumulate funds that will be used to reduce the principal amount of the debt, if necessary, after that two year period.

The Bonds will be sold in a private placement to a single investor, GMAC Commercial Holding Capital Corp., or an affiliated or related entity ("GMAC"). GMAC will provide an investor letter indicating that it is a qualified, institutional investor. The Bonds cannot be resold except to another qualified, institutional investor. The Bonds will not be sold into the marketplace, and there will be no need for an offering document.

The Development will continue to be subject to the same restrictions regarding the affordable unit requirements. As part of the refunding, the County will be entitled to a fee.

Resource Person(s): Mary Nash Rusher, Hunton & Williams; Chuck Kitchen, County Attorney

County Manager's Recommendation: Receive the presentation for the proposed refunding, and if satisfied with the proposal, place the item on the Board's consent agenda for the August 9, 2004 meeting.

Chairman Reckhow recognized County Attorney Chuck Kitchen to explain the situation.

Chuck Kitchen called on Mary Nash Rusher to come forward and explain the transaction to the County Commissioners. She is with Hunton & Williams LLP and served as bond counsel on the initial bond issuance and the refunding.

Mr. Brad Parker, who operates the apartment complex, is also present to assist with the presentation.

Ms. Rusher said Hunton & Williams LLP served as bond counsel for the initial issuance of \$22,000,000 in multi-Family housing revenue bonds the County issued in 2000 to finance the construction of the Alston Village Apartments, which is now Falls Pointe Apartments. These apartments are located near the corner of Alston Avenue and Alexander Drive. These are mixed income apartments. Forty five percent of the apartments are market rate and fifty-five percent of the units are set aside for the folks whose income is not more than sixty percent of the average medium family income for Durham County. There are 173 affordable units and 139 market rate units that came on line in late 2001. However, in 2002 and 2003 the market was not able to sustain the rents particularly on the market rate units necessary to meet the debt service coverage ratios required by the current lender.

When these bonds were first issued they were issued backed by an insurance policy provided by Fannie Mae. They are out in the market place but they are to be bought under a letter of credit provided by Bank of America, unless they convert to permanent financing in the fall of 2004. Under the underwriting criteria that Fannie Mae applies those criteria require a 1.15% debt service coverage. The occupancy levels are fine. They had to reduce the rents to get to the occupancy level support at a \$22 million level.

The borrower wants to refinance the bonds and to shift them from Fannie Mae bonds to bonds owned by GMAC Commercial Holding Capital Corp. The developer is being offered the ability to have an additional two year period to get the rents back up to where they need to be in order to achieve the 1.15% debt service coverage ratio. They are not reducing those standards. They are giving the borrower additional time at a low rate.

The refinancing is to enhance the feasibility of this refinancing by giving the developer additional time to get the market rents where they need to be in order to produce the necessary debt service ratio. Durham County does not have any liability whatsoever for the payment of these bonds. They simply pass through the Board in order for them to be tax exempt.

The Board of County Commissioners asked several questions and made comments about the refunding.

Mr. Brad Parker and Ms. Mary Nash Rusher responded to the questions and comments.

Commissioner Jacobs said she is willing to move the agenda item to the Board's consent agenda.

The Commissioners concurred with Commissioner's Jacobs suggestion.

**County Initiative for the \$100,000 HOME Investment Partnership Funds**

The County of Durham, in concert with the City of Durham, participates in the annual Consolidated Planning process for the purposes of utilizing funds from the Department of Housing and Urban Development (HUD). Included in the 2004-2005 Consolidated Plan is the \$100,000 in HOME Investment Partnership funds which is set aside for a County Initiative. The Durham Center has packaged a proposal for the use of these funds and will present it to the Board for its consideration.

Staff from the City's Department of Housing and Community Development was present to answer question pertaining to the regulations.

Resource Person(s): Ellen Holliman, Interim Director of the Durham Center; Linda Allsberry, Rehabilitation Program Director; Vickie Miller, Senior Planner; and Kathryn Simmons, Associate Director

County Manager's Recommendation: The Manager's recommendation was that the Board receive the presentation and approve the proposal submitted by The Durham Center provided that the proposal is consistent with HUD regulations.

Chairman Reckhow recognized Ellen Holliman, Interim Director of the Durham Center, for a presentation on the agenda item.

Ms. Holliman said it was very appropriate for us to follow this last discussion. One point Ms. Holliman wanted to make was the fact that many of the people The Durham Center supports are on Social Security Supplemental income. These folks get about \$564.00 per month. Thirty percent of their money is going toward rent. Rent in excess of \$600.00 is a problem. Therein lies the problem we have for affordable housing for our population. As part of our efforts to provide more housing, we are submitting grant applications to try to bring in more money so we can subsidize folks so they can live independently.

Linda Allsberry, Rehabilitation Program Director, spoke to the Board of County Commissioners about the grant for the HOME money that you have discretion over through the City-County Planning Department.

Ms. Holliman said many of their folks cannot handle home ownership. If they could, we could go that route. We have found that our clients can do better with supportive housing and the support we can find for them. Some of our clients want to position themselves so they can purchase property. Next Step Housing is a program that wants to be an agency that buys property and then leases it back to the clients as affordable housing.

Linda Allsberry told the Commissioners how the grant program would be established and operated.

Chairman Reckhow introduced Vickie Miller, Senior Planner, Housing and Community Development, who was present as a resource person.

The Commissioners asked several questions about the program.

Ms. Linda Allsberry and Ms. Ellen Holliman responded to the questions and comments.

Commissioner Heron requested County Manager Ruffin to get someone from the Community Shelter for Hope to make a presentation to the Commissioners about their various programs and the operations of the facility.

Chairman Ellen W. Reckhow said The Durham Center will submit the proposal provided the proposal is consistent with HUD regulations.

County Manager Ruffin said the agenda item will be moved forward to the next consent agenda for the Board's approval.

### **Youth Council Proposal**

A city-county committee has filed a recommendation with the Board of County Commissioners and the Durham City Council for the creation of a Youth Council. The committee reviewed and synthesized numerous models of youth councils from across the country. The process resulted in several recommendations regarding the creation and structure of a Youth Council, including timelines, a proposed budget, and an organizational chart. According to the committee's report, the main charge of the Youth Council will be to develop "citizenship skills" among Durham's youth and "provide focused recommendations from youth with effective strategies for implementation."

Resource Person(s): Mike Ruffin, County Manager; Becky M. Heron, County Commissioner (Youth Council Subcommittee member); Deborah Craig-Ray, Director of Public Information and Governmental Affairs (Youth Council Subcommittee member); and Cheryl Lloyd, Cooperative Extension Director (Youth Council Subcommittee member)

County Manager's Recommendation: The Manager recommended that the Board agree in principle with the concept to create a Youth Council for the City of Durham and Durham County. However, since no input from any organized youth groups was solicited by the subcommittee, any decisions regarding areas of emphasis and funding should be deferred for review and study by those youth who will comprise the newly created Youth Council.

Chairman Reckhow recognized County Manager Ruffin to make a presentation about the youth council proposal.

County Manager Ruffin said for the Board members who do not sit on the Joint City-County Committee, there was a presentation in March provided by the Durham

Recreation Department in reference to the youth council proposal. A subcommittee was created to determine what the appropriate next steps would be. In May, some information was brought back in the way of a proposal and the Joint City/County Committee asked for additional information to be brought back in July which was the most recent meeting. There was a discussion. The matter has now been referred to respected bodies. What happened along that time line in the final stages of budget preparation the City Council agreed to fund its half of an \$80,000 plus proposal for staffing operation of services to a newly created youth council. That was not consistent with what the Joint City/County Committee in May asked to be done. In the July meeting we were asked why the County had not funded the youth council. We were not made aware of the funding until after our budget process was completed. We had some people on the subcommittee that expressed some concerns. I don't think that anyone disagrees with the concept of appointing a youth council and letting those young people have some say and involvement in the activities they want to participate in. The question is how much would that cost. The problem with the proposal we received was no formal organized youth group was consulted during the subcommittee process. We have not let any youth group shape some proposal and then decide after that having been done what kind of staffing resources or other funding would be required to meet those objectives. There are no objectives at this time.

The Commissioners first need to decide if they want to participate in the selection of a youth council leader. Let that group work with existing staff and help shape a proposal that could subsequently come back to this Board.

Chairman Reckhow asked Cheryl Lloyd to speak from the staff perspective as it relates to the subcommittee. Cooperative Extension was added to the subcommittee late in the process. You have before you a proposal that came from the subcommittee. The committee is just asking for direction. We have provided the input that was requested which included a list of programs available. We were asked to look at what could be a model that could be implemented in a quick manner. That is what we have before you.

Commissioner Heron said if the City wants to go ahead and implement their plan let them move forward. We need to go to the young people themselves. We would need to talk to the leadership in the high schools. We should ask the students what a youth council should look like and how it should be organized. I took offense when the youth activities that are carried out in the Cooperative Extension office were made. I can't see setting up another bureaucracy. There is a lot going on in the Cooperative Extension office in regards to youth programs. We need to take these programs into consideration when we talk about setting up a youth council.

A lengthy discussion was held about the youth council with the Commissioners and the staff.

Chairman Reckhow wanted to know if the subcommittee considered involving the schools in the planning of the youth council. Getting the young people's perspective on this would be very valuable.

Cheryl Lloyd said the schools were discussed and they would be included in the model. The subcommittee invited someone from the schools to be on the subcommittee for discussion purposes.

Chairman Ellen W. Reckhow wanted the County Manager to make some statement to the City Council about the involvement of the schools in the youth council planning. We need to know what the young people want to focus on.

Chairman Reckhow suggested that we have a meeting early in the school year that might involve young people to see what the youth want.

Commissioner Jacobs said she agreed with the idea of collection information from a cross section of the community about the needs of young people. The way the information is collected will be very important.

Chairman Reckhow directed the subcommittee to reconvene and take the feedback from our group to the subcommittee and ask them to consider it again. County Manager Ruffin was instructed to call Superintendent Denlinger to ask her to put someone from the schools on the youth council subcommittee. The subcommittee should be reconvened to see if the differences could be worked out.

County Manager Ruffin was instructed to report back to the Joint City/County Committee with a report for the committee to discuss.

### **Lunch Break**

Chairman Reckhow said the Commissioners will take a lunch break and reconvene at 1:00 p.m.

### **Public Safety Radio System Upgrade**

The Emergency Services Departments for Durham County and the City of Durham utilize an 800 MHz radio system for emergency communications. This system was purchased by the City of Durham and put into service in 1994. A planned replacement of the system was scheduled for 2008; however, Motorola, Inc. has advised the City that without an immediate upgrade to its infrastructure, parts and technical support will no longer be available after the 2004 Calendar Year. The cost for the required upgrade is estimated at \$7.9 million compared to a \$30 million expenditure to replace the entire system in 2008. The County and City have agreed to share equally in the cost of the upgrade as well as ownership of the infrastructure.

Resource Person(s): Jeffrey L. Batten, Durham County Fire Marshal/Emergency Management Director, and John Tezai, Emergency Medical Services Director

County Manager's Recommendation: The Manager's recommendation was that the Board suspend its rules and authorize proceeding with the \$7.9 million upgrade contingent upon the development and approval of an Interlocal Agreement that is in keeping with understandings that have been reached regarding ownership, control, financing, and operation of the system.

Chairman Reckhow recognized Jeffrey L. Batten, Durham County Fire Marshal/Emergency Management Director to introduce the agenda item.

Jeffrey Batten introduced the following people to discuss the radio system upgrade: John Tezai, Emergency Medical Services Director; Robert Andrews, Assistant Chief, Bethesda Fire Department; Mark Greenspan, City of Durham, General Services Department; Rick Rasmussen, Repairman; and Kent Cash, Assistant Director.

Jeffrey Batten said a request is being made for approval of the upgrade on the radio system. The following slides were shown:

- Public Safety Communications in Durham, Planning for the Future
- System Overview
- System Overview – Benefits
- System Overview - Users
- System Overview – Infrastructure
- History of System
- Current System Life Cycle
- Options
- Durham County Participation
- Recommendations

Rick Rasmussen explained the slides to the County Commissioners.

Mr. Rasmussen said we are here today to discuss the Durham County participation in the upgrade.

- Infrastructure upgrade
- 911 computer system upgrade
- Addition of 4<sup>th</sup> tower site to be split 50/50 between City and County
- User radios will continue to be purchased by user agencies – currently 65/35
- System Maintenance cost sharing to be adjusted annually

Rick Rasmussen said an interlocal agreement is in the process of being prepared to bring the total program together. The maintenance agreement in the interlocal agreement will

be shared by all the parties using the system. The City and County will have equal ownership and control in the total upgraded system.

The recommendations being made are as follows:

- # 1 - Approve Upgrade to Version 4.1 in 2004 and purchase agreement with Motorola
- #2 - Approve Interlocal Agreement with Durham County to share cost
- #3 - Approve Capital Project Ordinance Amendment

The Commissioners asked several questions about the agenda item.

The City and County Staff responded to the questions and comments.

Commissioner Jacobs moved, seconded by Commissioner Heron, to suspend the rules so a vote can be taken on this agenda item.

The motion carried unanimously.

Commissioner Jacobs moved, seconded by Commissioner Heron, to authorize proceeding with the upgrade contingent upon the development and approval of an interlocal agreement.

The motion carried unanimously.

### **Revaluation Date**

A presentation was made to the Board of County Commissioners outlining the requirements for shortening the revaluation cycle and a presentation of valuable information needed for the establishment of Durham County's next revaluation date.

Resource Person(s): Kenneth L. Joyner, Tax Administrator

County Manager's Recommendation: The Manager's recommendation was that the Board receive the presentation from the Tax Administrator.

Chairman Ellen W. Reckhow recognized Kenneth L. Joyner, Tax Administrator, to make his presentation.

Mr. Kenneth Joyner brought several members of his staff to the Board of County Commissioners meeting so the Commissioners could thank them for the good year they had collecting taxes. Mr. Joyner wanted to recognize his staff for a job well done.

Chairman Reckhow thanked all of the employees for exceeding the 98% collection rate. It is super and a great benefit to the community and we want to thank you for your hard work.

County Manager Michael Ruffin said Durham County will do something for the employees in the Tax Department. The County Commissioners will be invited to the event. The employees have worked hard to collect the taxes and to get the bills in the mail. The recognition will take place in October.

Mr. Kenneth Joyner, Tax Administrator, distributed a book to the Commissioners titled "State of Durham's Economy 2003", as we go forward making a final decision about setting the revaluation date next Monday night.

Mr. Kenneth Joyner said that we did make a recommendation to the Commissioners in their package. The recommendation was to move forward to a January 1, 2007 revaluation date.

The presentation was opened up for questions and comments. A lengthy discussion was held by the Commissioners.

The Tax Administrator told the Commissioners how the next two years would be laid out and how he will prepare the department to accomplish the revaluation.

Chairman Reckhow suggested that the Tax Administrator work with the real estate community in order to get the expertise of the real estate community.

Tax Administrator Kenneth L. Joyner asked permission to move the resolution forward for the Consent Agenda on August 9, 2004.

There was favorable consensus for the request.

### **Request for Proposal for Lowe's Grove Library Site.**

The County has received several inquiries from private sector interests about a partnership to preserve some or all of the existing buildings on the Lowe's Grove Library site. Interests have been expressed in the property in developing the non-library portion of the property for mixed-use commercial/residential development, as well as active and passive recreational development. The best course of action to evaluate such interests is to publish a Request for Proposal (RFP) that would clarify the County's requirements for any plan of action and provide interested parties a framework through which its vision for use of the property could be articulated. The Board, after reviewing each proposal, should conduct interviews to learn more about each proposal, rule out any legal and financial obstacles, and select the proposal that provides a vision for the property that is in keeping with the County's interest and would serve the best interests of the area.

Resource Person(s): Mike Ruffin, County Manager; Chuck Kitchen, County Attorney

County Manager's Recommendation: The Manager recommended that the Board authorize the development and distribution of a Request for Proposal for the Lowe's Grove Library property.

Chairman Reckhow recognized County Manager Mike Ruffin for his presentation on the agenda item.

The Manager said the Lowe's Grove Library site has 16 acres. There has been a lot of interest in 9 of the 16 acres for an alternate use. That may raise some legal issues or financial issues. We have had three qualified inquires about the use of the property. The County has talked to one group about the property. Two other parties are interested. Since we have two or three interested parties for an alternate use for a public/private partnership we would like to publish a Request for Qualification (RFQ). The RFQ would give you enough information for you to decide whether you want to discuss this with any of the parties. That is a great location for many types of uses, which would be compatible with the Public Library system. The total process could take as much as eight weeks to complete.

Since there were no concerns, Chairman Reckhow directed the County Manager to proceed with a Request for Qualification.

### **Adjournment**

Being no other business, Chairman Reckhow adjourned the worksession at 2:00 p.m.

Respectfully submitted,

Garry E. Umstead, CMC  
Clerk to the Board