

Middlesex Governing Body Meeting Minutes
January 11, 2016

Mayor Lewis called the regular meeting to order at 7:30 p.m. and gave the invocation. Members present were Commissioners Harold Meacombs, Danny Alford, Cherrye Davis, Ann Lewis, and J.W. McClenny. Only two guests attended, along with Officer Vennie Brock, and Public Works Supervisor James Liles.

The December 12, 2015 minutes were approved unanimously in a motion by Commissioner Davis, which was seconded by Commissioner Lewis.

Mayor Lewis requested to add to the agenda under Old Business: Item c. Adopt Resolution R2016-1150 authorizing the Mayor to sign and execute the loan document with Southern Bank; and Item d. Approve 2015-16 Budget Amendment for the loan proceeds to pay the Charles R. Underwood invoices and the balance to be used to find and resolve sewer inflow. The amended meeting agenda was unanimously approved in a motion by Commissioner Meacombs and seconded by Commissioner Lewis.

Clerk Lambert presented the December financials and they were unanimously approved in a motion by Commissioner McClenny and seconded by Commissioner Davis.

The Southern Nash Senior Center Agreement was approved by the Middlesex Town Board at the December 12, 2016 meeting, and has since been approved by the Town of Bailey and Nash County. Nash County has requested to amend Article II, "Construction, Ownership, and Operation" on Page 2 of agreement to change "fiscal" to "calendar" year as it refers to commencement of construction of the Senior Center. Commissioner McClenny moved to make the requested change. The motion was seconded by Commissioner Alford and passed unanimously.

Mayor Lewis advised that critical needs recognized at nine (9) of the town's 11 (eleven) lift stations in 2013 prompted the town to apply for a CDBG grant, which the town was not awarded. The Board decided to proceed with resolving the most critical problems and contracted Charles R. Underwood, Inc. to complete a wide array of pump repairs, replacements, and to fix electrical problems at these nine (9) lift stations. Mayor Lewis met with Russell Underwood and Utility Supervisor James Liles and reviewed all the invoices. Mayor Lewis then met with Commissioners McClenny and Meacombs to discuss the payment of the invoices from Charles R. Underwood, Inc. totaling \$122,626.39. They felt the best course for the town would be to make a low interest loan for five years and keep the sewer reserve funds in the bank. The balance of the loan proceeds could be used to find and resolve the very costly sewer inflow problem every time it rains.

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Mayor Lewis presented a recommendation to the Board which proposes the town borrow \$150,000 from Southern Bank at 1.84% for a term of five (5) years, as we have discussed at earlier town meetings. The balance of the loan, or \$27,373.61, could be used to find and resolve some of the inflow problems in the sewer system. The proposed payment schedule was presented as shown below:

Fiscal Year	Outstanding Loan	Annual Principal	Interest	Total
<u>Ending</u>	<u>Principal Amount</u>	<u>Payment Amount</u>	<u>Payment</u>	<u>Payment</u>
2017	150,000	12,000	2,760.00	14,760.00
2018	138,000	12,000	2,539.20	14,539.20
2019	126,000	12,000	2,318.40	14,318.40
2020	114,000	12,000	2,097.60	14,097.60
2021	102,000	102,000	1,876.80	103,876.80
TOTALS		150,000	11,592.00	161,592.00

Mayor Lewis advised that he has spoken with the Local Government Commission and Southern Bank officials and the town attorney and approval is not required for this loan. The town can always pay more than the \$12,000 annual payment and interest if the Board chooses, and avoid the large payment at the end. Also, Mayor Lewis noted that the only debt the town has at this time, the NC DENR loan for the Zebulon Sewer Line, will be paid in full on May 1, 2018, allowing us to repay this new loan off early.

We will be scheduling with Mike Myers with Envirolink to TV sewer lines and Rural Water Association to camera lines and smoke test for free, and place dye in system and have an aggressive campaign to find the inflow problem that is directly related to rainfall, which is directly related to the increases in the City of Raleigh treatment bill. Mayor Lewis emphasized that the \$27,000 remaining of the loan proceeds might not be enough to find and fix the inflow problems and we may need to use some water and sewer acreage and impact fee reserves in the bank. He added, "We will never fix it all, but we can fix the worst". For some problems, a contractor will have to be hired. Commissioner Alford asked if there was any area in town where no cameraing had ever been done. Mayor Lewis replied "Yes, and limited cameraing in same areas and it has been a long time since any cameraing has been done. The problems we are experiencing are due to the pumps going so long with "band aid fixes". The sooner the problems are found and fixed, the sooner we save money in Raleigh bills.

Commissioner Meacombs moved to borrow \$150,000 from Southern Bank for a term of five years at 1.84% interest rate as recommended. His motion was seconded by Commissioner Alford and the motion passed unanimously.

Resolution R2016-1150 was presented and adopted as shown below:

1150b

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R2016-1150

RESOLUTION

The governing body for the Town of Middlesex, North Carolina, held a regular meeting at the regular place of meeting, on January 11, 2016 at 7:30 p.m.

Present: Mayor Luther H. Lewis, Jr., Commissioners Harold Meacombs, Danny Alford, Cherrye Davis, Ann Lewis, and J.W. McClenny

Absent: _____

Also Present: Town Clerk Jennifer Lambert, Utility Supervisor James Liles, Police Officer Vincent Brock, Joe Burnett (Spring Hope Enterprise), and citizen Edna Mount

Mayor Luther H. Lewis, Jr. introduced the following resolution which was read:

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT FINANCING CONTRACT IN THE AMOUNT OF \$150,000.00 WITH SOUTHERN BANK AND TRUST COMPANY TO FINANCE THE REPAIRS TO THE SEWER SYSTEM, AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

BE IT RESOLVED by the governing body for the Town of Middlesex, North Carolina (the "Unit"):

Section 1. The governing body of the Unit does hereby find and determine:

- a) The Town of Middlesex realized a critical need to repair several sewer lift stations and to locate and stop costly inflow into the town's sewer system (the "sewer system");
- b) After consideration, the governing body of the Unit has determined that the most advantageous manner of financing thereof is by an installment contract

pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended;

1150c

- c) Pursuant to Section 160A-20, the Unit is authorized to finance repairs to the sewer system, by installment contracts that create a security interest in the property repaired to secure repayment of the financing; and
- d) Southern Bank and Trust Company ("Bank") has proposed that Bank enter into an Installment Financing Contract with the Unit to finance the repairs to the Sewer System pursuant to which Bank will lend the Unit the amount of \$150,000.00 (the "Contract")

Section 2. the governing body of the Unit hereby authorizes and directs the Authorized Officer, Mayor Luther H. Lewis, Jr., to execute, acknowledge and deliver the Contract on behalf of the Unit in such form and substance as the person executing and delivering such instruments on behalf of the Unit shall find acceptable. The Clerk is hereby authorized to affix the official seal of the Town of Middlesex to the Contract and attest the same.

Section 3. The proper officers of the Unit are authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution and the Contract.

Section 4. Notwithstanding any provision of the Contract, no deficiency judgment may be rendered against the Unit in any action for breach of a contractual obligation under the Contract and the taxing power of the Unit is not and may not be pledged directly or indirectly to secure any moneys due under the Contract, the security provided under the Contract being the sole security for Bank in such instance.

Section 5. This Resolution shall take effect immediately upon its passage.

Upon motion of Commissioner Meacombs, seconded by Commissioner McClenny, members of the governing body, the foregoing resolution entitled **"RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT FINANCING CONTRACT IN THE AMOUNT OF \$150,000.00 WITH SOUTHERN BANK AND TRUCT COMPANY TO FINANCE REPAIRS TO THE SEWER SYSTEM, AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH"** was passed by the following vote:

Ayes: 5

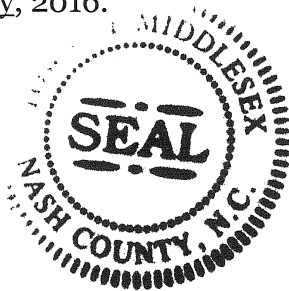
Nays: 0

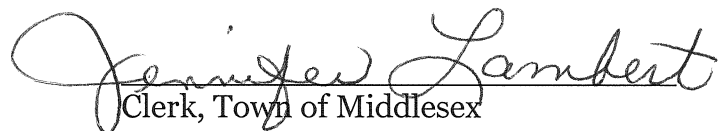
PASSED AND ADOPTED this 11th day of January , 2016.

1150d

I, Jennifer Lambert, Clerk for the Town of Middlesex, North Carolina DO HEREBY CERTIFY that the foregoing has been carefully copied from the actually recorded minutes of the governing body of said Town of Middlesex at a regular meeting held on January 11, 2016, the record having been made in the minutes of said governing body, and is a true copy of so much of said minutes as relates in any way to the passage of a resolution providing for the authorization of the Installment Financing Contract referred to therein.

WITNESS my hand and corporate seal of said Town of Middlesex, this 11th day of January, 2016.




Clerk, Town of Middlesex

[SEAL]

Resolution R2016-1150 was adopted unanimously after a motion by Commissioner Meacombs and a second by Commissioner McClenny.

The following 2015-2016 Budget Amendment was presented for approval representing the revenue and expenditures related to the \$150,000 loan:

<u>SEWER FUND REVENUES:</u>		<u>INCREASE</u>	<u>DECREASE</u>
30-375-7000	Southern Bank Loan Proceeds-Lift Stns/Inflow	150,000.00	
<u>SEWER FUND EXPENSE:</u>			
30-800-7403	Capital Outlay-Lift Stations/Inflow	150,000.00	

The budget amendment was approved unanimously in a motion by Commissioner Lewis and seconded by Commissioner McClenny.

Clerk Lambert presented a list of uncollectible property taxes for year 2005 totaling \$596.27, which are now over ten years old and must be written off according to N.C.G.S.105-378. Commissioner Meacombs moved to write off \$596.27 in 2005 taxes. The motion was seconded by Commissioner Davis and passed unanimously.

Clerk Lambert also presented a 2015-2016 budget amendment to increase nitrogen fees which are collected from developers of new houses being built. These

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fees are then remitted to the City of Raleigh per the town's contract with Raleigh. More homes have been built than were budgeted, which is great. The revenues received from

the developer offsets the expenditure to the City of Raleigh, so this amendment does not affect the fund balance for water and sewer. Commissioner McClenny moved to approve the amendment as presented. The motion was seconded by Commissioner Lewis and passed unanimously.

Mayor Lewis opened the floor for Public Comment. Citizen Edna Mount addressed the Board about two topics of interest to her. With no further speakers, the session was closed.

Mayor Lewis noted that an old abandoned house on South Nash Street across from the post office has been demolished this week and the lot is being cleared, and looks much better.

Being no further business, Commissioner Meacombs moved to adjourn. Commissioner McClenny seconded and the motion passed unanimously.



Jennifer Lambert, Clerk

Mayor Luther H. Lewis, Jr.
Commissioners
Harold Meacombs
Danny Alford
Cherrye Davis
Ann Lewis
J.W. McClenny