

MITCHELL COUNTY BOARD OF COMMISSIONERS

MINUTES

REGULAR SESSION

MARCH 6, 2006

NORTH CAROLINA

MITCHELL COUNTY

The Mitchell County Board of Commissioners met in regular session on March 6, 2006 at 6:00 p.m. in the Commissioners' Conference Room, Administration Building, Bakersville, NC. Those present for the meeting were Keith Masters, Chairman; Ken Hollifield, Vice-Chairman; Phil Byrd, Member; Mike Hensley, Member; Jim Saylor, Member; Ryan Whitson, County Manager and Kathy Young, Clerk to the Board. Also present were Lloyd Hise, County Attorney; Mavis Parsley, Finance Officer; Nathan Hall, Reporter with the Mitchell News-Journal; Michael Hall, Reporter with the Mitchell News-Journal; Steve Murphy, Reporter with WKYK/WTOE Radio Station; Darlene Burleson, Tax Assessor; Shirley Hise, EDC/Chamber Director, Don Baucom, Carl Braswell, Kathy Woody, Ed & Jana Reid, Bill Burleson, Martha Biddix, Tom & Robin Ellis, Mr. & Mrs. Phil Gouge, Phyllis Hughes, David Carpenter, Lisa Byrd, Bud McKinney, Danny Young, Cynthia Bringle, Jan Goodwin, Bill Wygand, Tony Porter, John Perry, Jeff Gouge, Harper Wilson, Richard Canipe, Bill & Millie Hudson, Bill Slagle, Bill Burleson, Phil & Ann Castro and Misty Sparks.

1. **CALL TO ORDER** – Chairman Masters called the meeting to order at 6:00 p.m.
2. **INVOCATION** – Commissioner Hollifield gave the invocation.
3. **ADDITIONS OR CHANGES TO THE AGENDA** – Commissioner Saylor made a motion to postpone Item 10. J. Jail. Commissioner Hensley seconded the motion and it carried unanimously.
4. **APPROVAL OF MINUTES** – Commissioner Hensley moved to approve the Minutes for February 6, 2006. Commissioner Byrd seconded the motion and it carried unanimously.
5. **PUBLIC HEARINGS/MEETINGS**
 - A. **Dates for Equalization & Review** – Commissioner Hensley moved to set the dates for the Board of Equalization & Review for the week of April 3, 2006 with the same time as last year. Commissioner Byrd seconded the motion and it carried unanimously.

Commissioners Hollifield, Saylor and Hensley will sit as the Board of Equalization and Review.

The meeting schedule is as follows:

Monday, April 3, 2006	9:00 a.m. to 4:00 p.m.
Tuesday, April 4, 2006	5:00 p.m. to 9:00 p.m.
Wednesday April 5, 2006	9:00 a.m. to 4:00 p.m.
Thursday, April 6, 2006	9:00 a.m. to 4:00 p.m.
Friday, April 7, 2006	9:00 a.m. to 4:00 p.m.

6. RESOLUTIONS/PROCLAMATIONS/ORDINANCES

- A. State Health Plan Resolution** – Commissioner Saylor moved to adopt the State Health Plan Resolution (a copy is hereby attached and becomes a part of the minutes). Commissioner Byrd seconded the motion and it carried unanimously.

7. REPORTS/PRESENTATIONS - None

8. APPOINTMENTS - None

9. RELEASES/REFUNDS

- A. Releases/Refunds for Board Approval** – Commissioner Byrd moved to approve the Releases/Refunds for Board Approval (a copy is hereby attached and becomes a part of the minutes). Commissioner Hensley seconded the motion and it carried unanimously.

- B. Releases/Refunds for County Manager** – A copy of the Releases and Refunds for County Manager approval are hereby attached and becomes a part of the minutes.

10. ITEMS FOR DISCUSSION

- A. WAMY Grant Proposal** – Commissioner Byrd moved to approve the WAMY Grant Proposal (a copy is hereby attached and becomes a part of the minutes). Commissioner Hollifield seconded the motion and it carried unanimously.

- B. Policy Giving Sidearm to Retiring Law Enforcement Officers** – Commissioner Saylor moved to approve the amendment to the Personnel Policy (a copy is hereby attached and becomes a part of the minutes). Commissioner Hensley seconded the motion and it carried unanimously.

- C. Phase One Environmental on Woody's Sawmill** – Commissioner Byrd moved for County Manager Whitson to do a letter to the State, stating that the County would not pay for a Phase I Environmental or a Phase II Environmental assessment on Woody Lumber.

- D. Public School Building Capital Fund** – Commissioner Hensley moved to approve the Public School Building Capital Fund (a copy is hereby attached and becomes a part of the minutes). Commissioner Hollifield seconded the motion and it carried unanimously.

- E. Courthouse Security** – No action was taken on this matter due to Jim Burleson withdrawing from the proposed contractual agreement.

- F. Mitchell County Children's Home** – County Manager Whitson informed the Board that the Mitchell County Children's Home had been sold.

Bill Burleson, Chairman of the DSS Board stated they were not aware of the sell of the Mitchell County Children's Home and this matter would be on the agenda for their meeting tomorrow.

- G. Village of Penland Sanitary District** – Chairman Masters stated that the Village of Penland has petitioned the Commission of Health Services and Board of County Commissioners to be allowed to create a Sanitary District at the Village of Penland. Part of that requires that a public hearing be held concerning or to take public input concerning the formation of a Sanitary District. The Board of County Commissioner's held this public hearing on October 10th. The public hearing was held in accordance with all the proper criteria set in place for that. At that time

when the Board of County Commissioners did not vote on whether or not to allow the formation of this Sanitary District, but that is what we are here for tonight. It has now come to the point for this Board to make a determination and to take a vote on whether or not to allow the formation of a Sanitary District at the Village of Penland. The next step with that would be approval by the Commission of Health Services. So, Ryan has been talking with the developers of the Village of Penland. We know this is an issue that a lot of people are concerned about and involved in. We have set it up to let Village of Penland have about fifteen minutes to make comments or presentation to the Board. Then we are going to have fifteen minutes or so for comments from interested parties. Then the Board will take a vote.

(a) Village of Penland – Anthony Porter thanked to Board for hearing from the Village of Penland. He stated that John Perry would be speaking first.

John Perry – Thank you for the opportunity. What I have here is just a summary of what I will be saying. A Sanitary District is the governmental portion of this and it is not as exciting as you might think. In 2006 what we plan to do is water distribution, sewer collection, garbage collection, road maintenance and storm water management for only two hundred single-family units in the traditional neighborhood districts, twenty models and six units at the Village Center. I have the letter of December 9th where after the October 10th public hearing, we could easily detect the things that caused you folks concern. We wrote a letter and said the Sanitary District if it were to be formed would in binding contract or an inter-local agreement, we would relinquish zoning outside the district, would not be able to condemn or use eminent domain on property outside the district. We would also not establish a fire department for five years and provide one year's notice and then the one-year that the state law requires that we continue to pay. So that would be seven years that we would not create a fire district or a fire department. The fire department would only be inside the district. We would have mutual aid and automatic aid. What we would do is ensure that the costs of those receiving services would pay the cost, in other words we would not have to be a burden on any other property owners in the vicinity or in the county in general. Also, we would negotiate with Mitchell County a contract to cover the costs of any additional Sheriff's Department expenses. A Sanitary District cannot provide police protection. However, if we create a community that establishes a need then we pay the cost instead it going back on the county. That is what we plan to do in 2006. We plan to be very aggressive in sales and Mr. Porter will address that from the developers.

Anthony Porter – I am one of the principles involved in the Village of Penland. We have understood that some of you council folks support the Sanitary District and some of you don't. I understand that everyone has the right to take a position as they see fit. I think it is important for everyone in the County to understand a couple of things from our prospective. Number one over past three years we have been to our knowledge the number one investor in Mitchell County from a private investment standpoint. The second thing is we have always strove to bring a quality development to Mitchell County. I think basically, the fear of change, fear of the unknown are a hard thing to overcome. And when you come into a new area, trust has to be earned it is not given. For some of you folks, we have earned your trust and for some of you folks you are still leery of what we are, are we here to stay and is what we are doing in the best interest of the County. But I would like to say this, last week we paid

property taxes of \$178,000 and in a year from now in all likely hood that could be a million dollars more than what we paid this year. Some folks on council are going to be supportive of us and some aren't. At this point and time, because we don't want a negative vote, we are going to withdraw our petition tonight and hope that we can get a more favorable position with the County Council as we move forward. I think that we really need to make it apparent that we are trying to bring quality growth and jobs to the County. I think that as we move forward with the next County Council right here, I hope that we have stronger support. I appreciate your time and at this point we are going to withdraw our petition.

Chairman Masters read the letter into the record. The letter is addressed to Keith Masters, Chairman of the Mitchell County board of Commissioners. It is hand delivered. It is regarding the Village of Penland Sanitary District. Dear Chairman Masters. The purpose of this letter is to withdraw our petition for the creation of the Village of Penland Sanitary District. I understand that this item is on the agenda for the March 6th meeting of the Mitchell County Commissioners. However, based on recent concerns expressed by citizens and some Board members, we believe that it is in the best interest to withdraw the petition at this time. As always we appreciate the assistance that the County has given us in this matter. We reserve our right to resubmit to you once the concerns are addressed. Please do not hesitate to contact me if you have any questions or comments. Sincerely John Perry. Lloyd has been copied. Ryan has been copied and the North Carolina Commission of Health Services has been copied.

Attorney Hise – The petition has been withdrawn. There is no action to be taken.

- (b) Citizen Comments** – Emma Gouge – I would like to say that being on the outlying end of the development that all our – everything that we have spoken to them about, they have been most helpful. I have not seen anything in anyway to make this a non-progressive thing for the County.

Bill Wygand – I have a prepared statement that I would like to read with the Boards permission. First, as a point of order, I would like to ask Attorney Hise how the General Statutes handle this kind of action, the withdrawal of the petition.

Attorney Hise – They can withdraw that petition anytime they want to.

Bill Wygand – Does that bring closure to

Attorney Hise – They would have to start the whole process over again. They would have to file a new petition with Commission of Health Services and with us. They would have to get new signatures. There would have to be a new public hearing. This does not mean they couldn't come back July 1st and file a new one. Even if it was voted down tonight, they could come back July 1st or June 1st and file a new one. There is no limit on the number of times they can make the request for a Sanitary District.

Bill Wygand – I have two points I would like to bring to the Board's attention. One is the need for a Sanitary District as was originally proposed by the Village of Penland LLC. Two the petition sponsor regarding the new Village of Penland LLC. has the most creative map of a Sanitary District, which by design excludes those who actually live within the perimeter of the proposed district and whose

homes will be literally surrounded by district borders. NC General Statutes provide for the creation of Sanitary Districts “for the purpose of preserving and promoting the public health and welfare”. Although I am excluded from the proposed district, I live within its perimeter. A part from damage to the watershed by un-permitted activities, I know of no public health and welfare issues. There is no public as proposed, this district has no population, just signers of a petition. Please recall the signatures of fifty-one percent of the freeholders within the proposed district were required for the petition. Creative Mapping has ensured this majority by excluding those who actually reside within the proposed perimeter of the proposed district, established residents who could not be trusted to support the development company’s interest. Regarding the petitions sponsor, there are two companies of the Peerless Development Group actively involved here. Penland of Village LLC. Responsible for the petition and the Communities of Penland LLC. for the development work. According to the Peerless Development Groups literature it is the combination of generations of development and construction experience tracing its roots back to the Porter Company; a Texas real estate and development company with an asset base of one hundred and ninety five million dollars. Its principles have over one hundred and twenty-five years of experience in real estate development and are supported by strong in house team of professionals with experience in design, engineering, horizontal and vertical construction sales, marketing, leasing, financing and property management. How is it that all this talent happens to precede to divert streams, flood wetlands, damage protected trout waters, construct dams, and build roads without the appropriate permits according to state and federal law? Then after getting caught and reaching a settlement with the State of North Carolina, becomes the object of a new and recently filed civil action filed by the State for additional violations. Additionally this organization created an impressive list of restricted covenants for properties located within the proposed sanitary district, which prohibits commercial agriculture such as Christmas tree farms in the area called Deer Park Estates, not to be confused with Deer Park Lake Estates, apparently part of the 8.1 million dollars in Christmas tree assets held by Peerless Development Group. Finally, the Village of Penland LLC initiated this petition with a letter to those included the proposed district stating this is the first step in creation of municipality and there is no cost to the signer. Even though a Sanitary District has a right and is expected to tax district property owners acknowledged here in last October by the Village of Penland LLC. To summarize, creative mapping and misuse of North Carolina General Statute knowledgeable violation of state and federal law, misrepresentation that caused the signers of the petition, violation of their own covenants with the intention of creating a new town while excluding established residents. How stupid do they think we are, you and me and the good people of this County? Based on previous decisions made by this Board, I only assume you too are offended and outraged by the pompous arrogance and power grabbing attempt as represented by this petition. I trust you will reject this petition and by so doing protect the people and the land of Mitchell County from predatory development. Your rejection is no longer required.

Phil Gouge – Reiterated his wife’s statement.

Don Baucom – I want to relay a couple of things that are very important in the decision making for this Board. First of all, the Corp. of Engineers came up with some problems at the Communities of Penland brought about in this County. They finally settled with the Communities of Penland for a two hundred & fifty thousand dollar

fine for damages that had been done at that point in time. As part of that decision, Mr. Neil Rourke signed an agreement with the Corp. of Engineers stating that Communities of Penland agrees not to cause or conduct any additional impacts to the jurisdictional areas without first obtaining all necessary regulatory approvals from DENR and the Corp. On the 22nd day of February of this year, a court suit was brought against the Communities of Penland by the State of North Carolina. The complaint was filed on the 22nd with the Clerk of Court in Mitchell County. Those papers that were signed the plaintiff was the State of North Carolina and the defendant was Penland LLC. That court case brought forth several allegations, general allegations and also factual allegations, which have been established by that. I will turn this court case over to you Mr. Chairman for inclusion into the record for this meeting (a copy of is hereby attached and becomes a part of the minutes). I do want to read one statement from this to indicate how the Communities of Penland has violated the actual agreement that was signed with the Corp. of Engineers. On 25 January 2005 the plaintiff's representatives inspected the dam and met there with the defendants engineer. Upon arriving at the site plaintiffs representatives observed on going construction work being performed in the emergency spill ways, under the apparent supervision of the defendant's registered agent. I also have a letter from Cliff Krandle who is an owner in Deer Park Lake Estates, he indicates from his personal experience the developers that their map is in error and one of the roads were built without our knowledge or consent and lots 82, 83 & 84 encroach on property that we own. When this was brought to his attention, he admitted he made an error and on August 11, 2004 promised to make it right. But he as been unresponsive to all our efforts to settle this amicably. In other words the developer has illegally taken thirty-nine percent of our 2.4-acre lot without compensation. It is my estimation that the Communities of Penland can be a valuable asset to Mitchell County, but I think it is time they start acting as responsible corporate developer of this County, respecting all the rights of property owners and following the rules and regulations of the State of North Carolina. I am asking that this Board go ahead and take a vote on this to at least to state publicly how you feel about this situation. I would like to encourage Mr. Porter and Mr. Perry both to begin to act like respectable business people in relationship with all the people that you deal with and to walk forward at this time obeying all the laws of the State of North Carolina.

Chairman Masters – I think it would be inappropriate for us to take a vote since this has been withdrawn. However, when we have finished public comments, I will come back to the Board and let them make a statement about it if they so choose.

Unidentified woman – Is it true that the first buildings they put up, they were set up to dump raw sewage into the creek? Does anyone know the answer to that? The buildings they built and then they tore them down, I heard it was because they were set up to dump raw sewage in the creek?

Chairman Masters – I have absolutely no first hand knowledge of that. I don't believe that could possibly be correct.

Robin Ellis – I live in Deer Park and so far I haven't seen any problems with run off and muddy water except what the hurricanes caused.

Unidentified man – Unless I am mistaken it seems like that lake was a man-made lake many, many years ago. I am not familiar with how

it was drained, whatever wetlands were there, were the results of the man-made lake being drained. They are of wetlands that was not created by God.

Phil Gouge – I live right next to the lake. I can see into the lake. I have never seen that problem of run off.

Emma Gouge – I truly feel that there is hysteria that is going to hurt our County that could be very progressive and be wonderful for the County. There will be mistakes made in any development. There will be environmental differences and it will always be that way. So why be so hard on it, why not be more optimistic and be forth coming and try to help make the situation work.

Unidentified man – I think you need to ride the roads to look at the situation. It is a whole lot cleaner now than it has ever been. I know I have lived there fifty years. I think they are doing a hell of a job.

Bill Wygand – That type of work is very much appreciate if it is in accordance with state and federal laws.

Jeff Gouge – Does anyone have any experience in dealing with Corp. of Engineers, Division of Water Quality or NCDNER? I am sure if you have had the opportunity to deal with them, you know there are differences that arise because you have several departments that are communicating different rules and guidelines.

(c) Board Discussion - None

The Board recessed at 7:10 p.m.

The Board reconvened at 7:20 p.m.

- H. EDC Proposal** – Chairman Masters the next thing on the agenda is the discussion about the EDC contract that has been in existence since probably around 2001 or 2002. The contract that was entered into between the County and the EDC/Chamber of Commerce was set to expire. The County entered into an agreement with the Mitchell County Chamber of Commerce/Mitchell County Economic Development Commission sometime in 2001. Possibly around July 1, 2001, probably about around the first of July 2002 that agreement was amended. It was amended with ten conditions. Condition 9 of that agreement states “This agreement shall become effective on July 1, 2002 and shall continue until June 30, 2006 unless the County, EDC or Chamber gives written advance notice of four (4) months prior to the end of the contract year to the other party that they no longer desire to continue the agreement”. Now based upon that contract condition, and after consultation with our County Attorney we decided that we should notify the Chamber of Commerce and EDC that the contract was ending. That is the actual purpose of the letter was to say this contract is ended. This contract will not be renewed automatically. That was the purpose of the letter. Prior to that in accordance with Condition 5, which states “EDC shall make regular quarterly reports to the Board of County Commissioners concerning the progress and activities of the EDC. Furthermore, the EDC will provide the County with an audit to show usage of all monies allocated by the County to the EDC”. Based upon that I had asked Ryan to write a letter requesting the status of the audit. Condition 3 of the agreement says “The function and duties of the Executive Director shall be set by the Joint Executive Committees for the EDC and Chamber” and I asked that he request a copy of that. That is what has brought us to where we are now after a little teeth gnashing we have come to this point. We had an Economic Development Commission meeting last Tuesday

and at that point in time we presented to the Economic Development Commission a proposal that we thought would be in order to continue Economic Development activities, separate it from the Chamber of Commerce set forward certain goals and direction that we thought the EDC should be moving in and discussed with the EDC. Today, I received a letter and all the Commissioners have a copy of it back from the Executive Committee of the Economic Development Commission setting out certain things they think that our proposal to them should contain and that is why we are here tonight and what we are getting ready to do. Expressly on the proposal that Mike Hensley, Lloyd Hise and I presented to the EDC for the consideration we stated that we would like to have a response back from them by March 1st and that at this meeting the Commission would take a look at the whole situation about Economic Development and where we want to go with it and decide if the conditions that we presented to the EDC would be voted on and approved by this Board. So that is where we are. That gives the background for it. Everybody has a copy of the proposal that we made to the Economic Development Commission. You have before you a copy of the proposal that we made (a copy is hereby attached and becomes a part of the minutes). Also before you have a copy of the letter of a counter proposal on how the EDC could be set up signed by Keith Holtsclaw that was written on March 1st and received today (a copy is hereby attached and becomes a part of the minutes). That is what we are here to discuss is how we are going to move forward with that. So is everybody prepared to discuss or are you – as soon as you get a copy – now I think you have everything. The proposal I made was pending Commission approval. That is where we are. Now, we could read this proposal that we drew if you want to or we are going to have to do something to kind of get this discussion started here. We need to try to move forward with what we want to do with Economic Development Commission and set the groundwork. Comments?

Commissioner Saylor – I have read over the counter proposal. Some of it I can go along with and some of it I can't. I would like to hear comments from the other Board members.

Chairman Masters – Ken are you prepared to comment or do we need to read the proposals that have been made to the EDC?

Commissioner Hollifield – Mr. Chairman, I think we all have read them. I think we have read the letter from Keith Holtsclaw and on having this done it is evident to me that the first step has already been taken when we canceled the contract with the EDC from the Chamber of Commerce. The next step will be step two. What are we going to do? If we are to keep the EDC separated we are going to have to set up a committee. We are going to have to have a place to run it from. That includes office space. If we don't want to do that with the Chamber then we are going to have to look for a place to set up office. When we get the committee set forth and whether we want to go by this letter there are some things here that I approve of and things I disapprove of. But whatever we do we are going to have get set in some kind of direction to EDC in functional operation by July 1. With that being said I think that if we have already read what the County proposes, what you propose there for the County and what we have received here. Then we can go ahead and discuss this letter and put that in our minds what we can and can't do as far as getting this committee setup. That is the next step looks to me like. First step has already been done. Let's go to the next step – step two.

Commissioner Byrd – Yes, I want us to get moving on this as quick as possible. I've got both proposals here. A lot of great things has come out of this relationship between EDC and Chamber. You look back through the history of this thing when we didn't have somebody as director of

those jobs. When we did have a director and they worked with the Chamber and under the contract we have with them now, we're having one plant open up and another opening up hopefully in the near future. We have the promises of literally hundreds of jobs to come into this County in the next two – three years. I think we need to stick as close to that framework that we have existing now as possible. The proof is in the pudding. I believe the proof is in the plants. They are opening up and people are going in there.

Commissioner Hensley – Well I think the best thing we can do is just discuss it and see what – we have heard their proposals. Now let's just get down to the nitty gritty.

Chairman Masters – Basically our proposal to the Economic Development Commission was this. This is what has to come back before this Board and be approved. Then we will take a look the concept of what we want to approve the basic guideline for this. Then we will look at the incorporation of these recommendations into that and what ones of those we would want to have put in. It says in our proposal "The Mitchell County Economic Development Commission was originally created for the purpose of aiding and encouraging the location of industrial and commercial employers in the County. That purpose should be still be a primary focus of the EDC. A second and equally important purpose should be to serve as liaison between existing industrial and commercial employers and local government. It should be the ear to hear the concerns and needs of existing industrial and commercial employers and the agency to formulate the plans and methods for meeting those needs and concerns. EDC should remain focused on these two primary purposes. The relationship between EDC and local government must be a relationship based on close cooperation and regular communication. Mitchell County and both incorporated municipalities should be represented on the Commission. Existing employers should be represented. Ideally representatives from manufacturing, mining and mineral processing, agriculture, commercial development and service providers should be represented on the Commission. We recommend the following composition of the Commission. A. Three representatives selected by County government including elected county commissioners. What that would be and this is already addressed in the response from the executive committee of the EDC. There will be two county commissioners and another person appointed by the County, namely, our County Attorney, Lloyd Hise. B. One representative from the Town of Spruce Pine and that is what you have now Wes. That is Greg Henline. C. One representative from the Town of Bakersville. D. One representative from commercial development interests, namely, Van Phillips. E. One representative from service provider interests, namely, Keith Holtsclaw. F. All remaining members selected at large with at least one representative from manufacturing, one from agriculture and one from mining and mineral processing and one from utility providers. Because of the role Mayland Community College plays in training, a representative from it (Mayland) should be considered. Vacancies, except among local government members, in other words those of us who are voted on will be filled by the Commission that is the EDC Commission. Daily operations by the Commission will continue to be run by a three member executive committee selected by the entire Commission. Mitchell County will continue to provide funding for the necessary operations of the Commission including the following: A. Office space, utilities and supplies. B. Clerical assistance to be selected by the executive committee. C. A Director to be selected by the entire commission. For the ensuing year this Director should be a part-time employee. Funding for these expenditures will be negotiated between the EDC and the Mitchell County Commissioners between now and June 1, 2006. The current relationship between EDC and the Chamber of Commerce

including shared funding, shared director, shared staffing and office space will be terminated effective June 30, 2006. Mitchell County will continue its economic development incentive grant program and will award only grants recommended by the EDC. A contract between EDC and Mitchell County incorporating these terms should be executed by both Commissions. Any decision to hire a full-time director in the future will be made only on recommendation of EDC and concurrence with the County Commissioners. Contracts between EDC and the County Commissioners shall be for one year with provisions for automatic renewal, absent notice of cancellation, given at least sixty days prior to scheduled termination. EDC will provide the County Commissioners with a record of expenditures at least quarterly. This is intended only as a proposal designed to create the framework for negotiations and this was drafted in concurrence with me as Chairman of the Board of Commissioners. It will be presented to this Board at its regular meeting in March, which is today." So that is what has been presented to the EDC.

The EDC has made a counter proposal that says basically they agree with this with the following exceptions. Number 1. In dealing with prospective industrial employers, we have found that our school system is always a paramount interest. We recommend that a representative from the central office of Mitchell County Schools be named to the Board, since, as you know, education is critical to economic development. Number 2. We also recommend that delegates from both the Spruce Pine Business Association and the Bakersville Merchants Association serve as Board members. Both of these groups serve and represent substantial commercial interest and their membership on the EDC Board would provide opportunities to forge cooperation between small business and industry. It is also the recommendation of the EDC Executive Committee that the proposed part-time EDC Director and EDC staff person should be County employees and receive County benefits. To establish personnel policies, payroll plans, insurance and etc.. for only two employees would be onerous and better served if they were part of an existing group. Additionally, the EDC Executive Committee suggests that the new EDC staff continue to share office space with the Chamber of Commerce, not only to avoid increased County expenditures, but also to provide the EDC with access to data and the representative and information from the Office of Congressman Patrick McHenry. Though office space would be shared sub-lease or whatever vehicle is most appropriate with separate utilities such as telephone and internet. The offices would be separate from a functional standpoint, however, this would allow for office space without going through the expense and effort of establishing completely new offices. Number 5. We further recommend that the EDC adopt the new marketing plan for Mitchell County, which would include use of the new logo and other marketing tools. Number 6. There should be a clarification of the term (a) in the proposal to indicate that two County Commissioners would serve on the EDC Board, since any board that contains three County Commissioners would be basically be having an illegal meeting of the Commissioners. One final request a letter from the County Commission indicating their position on the necessity of the audit. The EDC Executive Committee is happy and ready to begin the audit process at any time, if the annual financial submittal to the finance office does not suffice. Thank you etc. etc. and it is signed by Keith Holtsclaw.

All right, so that is where we are. Now in lieu of next to the last paragraph, I asked Ryan to talk to Sharon Gillespie today concerning what she thinks is appropriate for an audit. Lloyd has looked at this and all the County Commissioners now have a copy of it. So when we get to that point we will go over that. Also you have a copy of this Memo to me from Mavis Parsley, Mitchell County has funded the EDC the following manner: 2002-2005 Operational actual money we have given \$244,750; 2002-2005 Long Range Planning \$80,000; Special Funds \$16,667 for a total amount given

for Economic Development Services in a four year period, that may be a three year period, its probably a four year period because the other one is actually is 2001 is \$341,417. So that is the total amount that EDC has been given to provide Economic Development services for the County.

All right the first thing we need to act on is the proposal that was made to the EDC. Does the Board want to go forward with this proposal?

Commissioner Hensley – Are you looking a motion?

Chairman Masters – No not yet. Discussion.

Commissioner Hensley – I think we should. I appreciate what the Chamber has done a whole lot. But, we are in a situation now that I think the EDC Commission can stand-alone.

Commissioner Byrd – No. I would not vote for this proposal that is written. Your EDC and Chamber again, have done so much work together. Yes, the EDC can stand-alone. We can structure this thing several different ways to make it work. The most efficient way to save our County dollars is to keep it together. You are duplicating so many services by having two directors – two full-time directors. I'd suggest having one full-time director with both of those entities combined. You are looking for separate office space. You don't want to move it to here I don't think because it is not the industrial part of the County. The industrial part of the County is in Spruce Pine. Leave it over there. A lot of this is relationships, people. You can say we are going to do this and that with EDC, nothing is mentioned in this about cooperation with the Chamber. All those things that we have has come forth because of cooperation and because of relationships. Do you remember out there at the presentation at Pinebridge how many people got up and thanked and said you know all this cooperation that comes through. It wasn't just one person that said EDC done this. It was through the relationships. A fellow told me not long ago, that I respect, was talking about what money could do and that is basically what we are doing here. And if you get down it ain't going to pick you up and carry you to the hospital. But that friend you've got a relationship with whether you have a dime or not will pick you up and take you to the hospital. Relationships that these two entities with the support of the County Commission in funding has been the driving force of this. There is so many things that I can not even keep up with it and I am going to ask Ms. Shirley Hise, Director of that to submit part of my time to her, Mr. Chairman, if that is all right just to tell you what those relationships have brought in the last three years to this.

Chairman Masters – We will come to her as we go through the Board. In all due respect.

Commissioner Byrd – I will submit that part of my time that I would speak be added on to hers if she has anything else to say. But if we do this in this manner there is no mention of cooperation. You've got the Chamber has the Visitor Center. Chamber has that contract. EDC doesn't. That is the most visited place off the Parkway. Commissioner Hensley your place is right off that. I know that you see the results of that everyday. This is not IDC Industrial Development Commission, this is the Economic Development Commission. The economy that the small businesses bring in here. The four hundred to five hundred members that are members of the Chamber are part of the economy. They are employers. They are by far – you combine those employers together – they're more than any other industry. They should be connection of cooperation and cohesion between all these entities to lead this County forward. As I said before the proof is in the plants. That is going to be coming for the next two – three years. If we do this type of deal, it may look good for two or three years.

Well, we done this. But it was not this plan that will have done it. It is the one two or three years ago. My suggestion is that we do not move on this as this Board, but continue to work with this, try to make these two work together by staffing together. Such as what Chairman Keith Holtclaw has presented, but I also think you need to fund the Visitor's Center. I don't believe that is addressed in here.

Chairman Masters – It has been addressed though.

Commissioner Byrd – In this document is what I am talking about right here. Because that is a vital part of this economy. It brings those people in. I think seventeen million dollars. You talk about tourism. If people are against tourism and this and that. We need a total package. Seventeen million dollars comes in here a year in tourism. That is not the kind of stuff if you throw that out. The money that the County gave the Chamber two years ago – a year and a half ago when we had the rock slide at the Parkway, every county up and down that was closed they lost revenue. The visitation went down. This Board, I believe gave ten or twenty thousand dollars –

Chairman Masters – Sixteen

Commissioner Byrd – Sixteen thousand dollars. The proof is in that also. This is the one County where revenue went up. It advertised and more tax money came in here from people from off from here to operate our County government. That reduces what us as landowners and property owner's pay in taxes. The more we can have of those folks and get our revenue off of sales that we can do that to function our government. The more it saves Grandma and Grandpa, me and everybody else here that owns property.

Chairman Masters – In all due respect to your position, not to interrupt you here, but is that not a function of the Chamber of Commerce?

Commissioner Byrd – That is a function of the Chamber and that is what I am saying – you are talking about structure. I am saying structure them together. Those are the benefits from that structure. That is all I have for now, Mr. Chairman.

Commissioner Hollfield – Like I said a while ago, step one has done been done. We have done canceled the contract between the Chamber and EDC. Now, I will have to agree with Commissioner Byrd. Working together we have accomplished a lot of things. We have jobs at Genesis. We've got the outlook of another plant coming in. I believe that both parties has contributed to that. I believe the EDC and the Chamber has both worked at that. But now I understand too, that the Chamber is more in economy and tourism that is their thing. But are we looking at economic develop as a standpoint of just bringing factories and work. To me, EDC is economic development and the way I have been looking at is like Genesis Furniture Plant and like other jobs that we might can get. That is what are goals is. Bring work into the county. Can they do better together that is a question. Do we need now that we are separated, do we need to look at EDC as a unit by itself and set up office space for it. Set a committee in place and let the director and County fund that. Maybe that is the way to do it. But, I can see from both sides that we need a working relationship. Looks to me like we are a County together. A County that is unified can do more than people that is split up or bad feelings or whatever. But I say again it has already been done when we relinquished the contract. But if we set this forth as EDC by itself, if that is what we want to do or going to do. Let's go ahead and look at setting up – have to have office space. We will have to fund that for telephones and whatever else we gotta have. The Board will have to elect a director, elect a

committee and will have to give the power to the committee and it will be set aside completely different. Chamber of Commerce will have nothing to do with it. That is something we are going to have to look at. But I appreciate what the Chamber has done. And I will say we have had some real good things come out of the EDC. We got jobs now that we didn't have. But I do know they have worked together here on it. But we have to make a decision on what we are going to do. I've not really said a lot. I have asked some questions really more than I have said. If we choose to go with the EDC on its own then there are some things we are going to have to set up and do. Of course the Chamber will go on. They will still work for the economy. What that does is though the Welcoming Center it brings tourism off the Parkway. It brings people in and they spend money at the motels, gift shops and downtown, which is good for the economy. That makes money. Tourism that is part of it, but does that tie directly to EDC getting jobs. What part do they play? I noticed in this letter here that they recommend that the school board be on there. What part does the school system play in economic development? I don't know. What part does the merchants of Bakersville and merchants of Spruce Pine that is travel and tourism? What part does that play in EDC, economic development. I don't know. But there is some things that we are going to have to make our mind up and I am going to hush for now and I am going to let Jim talk some. But we can come back and do some things as set this forth.

Commissioner Saylor – We've got Genesis in here. We've got Spruce Pine LLC coming in. When did this take place? It took place after this current Board here was seated and it came about as far as my knowledge is by the direct efforts of Van Phillips and this Board putting the money behind economic development to give Van the freedom to work. I think the Chamber and EDC should be separated. And when I separated, I mean not in the same building. If it is in the same building it is not separated. I appreciate the Chamber, all the Chamber does working for tourism. That is a big part of the economy. And we need that part of it. Want to help the Chamber any way we can, but I think it should be separated. I think we need to continue to fund the EDC the very maximum that we can.

Chairman Masters – I am going to go ahead and speak too. I think the two need to be separated. I think that it is very clear to me that time is come to set the EDC on its own. Let it move toward industrial recruitment and just like our proposal said serving the needs of our existing industry that are here. I think the Chamber needs to keep doing what it does. That is to provide for Commerce – Chamber of Commerce which plays more to business than it does to industrial development. I think that Ken had a real good point earlier today and that is that I think there needs to be some separation for the fact of privacy for people that might come in to discuss economic development issues. From what I know about industry and what I have dealt with them, they are pretty skittish. I think they need to have a private place. A office an EDC Office that they can come into and feel secure in what they talk about. I think some of this is a change in philosophy from the previous Board and that is not to say that Billy or Bill when they were setting didn't have the right to make the decisions they made. But I think, my philosophy, I'll speak about my philosophy on this is as the first line elective representative of the people in the government process that the taxpayers expect this Board to set certain things in motion and directionalize certain things for the good of the County. I think one of those things is that Economic Development very clearly is something that the general public wants us to take seriously and we have taken it seriously. We have worked hard doing it and that we have come to the point of directionalizing it and taking a hands on approach as a Board as to the direction that Economic Development should go. And now Phil, I am going to let Shirley – Bill or Shirley?

Shirley Hise – Bill is the Chairman.

Bill Burlison – I am Vice- Chairman of the EDC and I would like to speak also at the appropriate time.

Chairman Masters – Let's let Bill go first, then we will let you.

Bill Slagle – Thank you Mr. Chairman. We have a formal report that we will submit to you in a day or two to cover some of those items that we talked about that day from the Chamber's prospective when we all meet together up there. I am going to summarize these and give them to Kathy if she wants to enter into the minutes. This is a response from the Board of Directors that met on February 15th. "Mr. Chairman and Board of Commissioners: On February 15 2006, the Mitchell County Chamber of Commerce Board of Directors unanimously voted to ask the County Commissioners to renew and extend the existing contract. The primary reasons for requesting the renewing and extending of the contract stem from the success that has been generated over the duration of the current agreement. We feel that the overall synergy has created a model plan for small rural counties in North Carolina. Over the past three years the contract has generated nearly 2.2 million dollars in grants that does not require any local match. Those grants can be linked to infrastructure upgrades to the Town of Bakersville as well as a feasibility study linking the joint services for water and sewer for the Town of Spruce Pine and the Town of Bakersville. In addition, over 400 potentially new jobs can be linked to Genesis Furniture and Spruce Pine LLC once they are totally operational. Also, we know have a total of 25 vendors that are producing products for the Home of the Perfect Christmas Tree project. In the four months leading up to March 1, 2006 the retail sales for the local Home of the Perfect Christmas Tree store has exceeded \$60,000. All of this economic activity has been the result of the cooperation of all three agencies. At the conclusion of this agreement the total outlay of local tax dollars will be roughly \$240,000. The ratio for return on investment is roughly nine to one in favor of Mitchell County and our residents. We think this creates a win win for our business, industry and citizens. We thank you for your support on funding the agreement in the past. Finally, let me say Mitchell County has been cited on many occasions as providing a model plan throughout North Carolina for local government, municipalities and non-profits working together. The vision that was cast several years ago is now starting to produce a multitude of benefits for all of Mitchell County. We again ask you to reconsider in extending your support for renewing and extending the current contract. That was a summary of what we discussed that day. I will be glad to share that with Kathy for the record. Again, thank you for what you have done and if we can go forth we would love to, if not then we will move forward.

Chairman Masters – Thank you Bill.

Bill Burlison – As a representative here tonight for EDC, Keith Holtsclaw could not be here, so myself as Vice-Chairman came basically to answer any questions you might have. I feel like I need to a statement too, regarding what has been accomplished. And there has been a great deal accomplished over the past few years with the EDC, the Chamber, the County Commissioners, the two Boards as far as the Towns are concerned, Mayland Community College, we have all been in the harness pulling in the same direction. I think that is the reason that we have had success. I realize to that throughout North Carolina and probably on this Board all of you have different ideas as to the structure of the EDC/Chamber should be. You will get all kinds of different structures throughout North Carolina, however the structure that has been in existence for the past three years has been touted by the Department of

Commerce as a model for the rest of North Carolina. Now we have done something right, but we understand your concerns about having close relationships with the Chamber and the close relation with the EDC. I think that our Board has come to the conclusion that yes, we do need a separate Director as far as the EDC Board is concerned. Gentlemen, we have no problem with that. All of us are looking for ways to save money and if we could still occupy the same facilities, we can put up walls and things like that to address Mr. Saylor's concerns about, I guess it was Ken's concern about privacy and things like that. But it has worked and it has worked well. We realize that you all fund it and you should have a say in it and we want you to have a say in it. Just keep in mind that sometimes you don't want to throw the baby out with the bath water. It has worked. I don't think anybody could deny that it has worked. Maybe it will work better if we make some changes. But I just wanted to address you and say we appreciate what the County Commissioners have done in the past years funding it and hopefully we can keep a good relationship as we go into the future.

Chairman Masters: Thank you, Bill. Now we need to move forward with this if we are going to look at the separation that has been outlined here. If that passes then we will discuss this, which is from you Bill too. I am sure you are part of it. Now what is your pleasure?

Commissioner Hensley moved to move forward with the proposal that has been made to the Economic Development Commission which will separate the relationship between the EDC and the Chamber of Commerce as it currently exists effective June 30th and would set forward a new method of forming the Board and directionalization. Commissioner Saylor seconded the motion and it carried 4 to 1. Commissioner Byrd opposed the motion.

Commissioner Byrd – You are talking about this proposal that you had Attorney Hise to draw up, correct.

Chairman Masters – Correct.

Commissioner Byrd – I want to go on the record as saying I support the EDC one hundred percent. Whatever that it takes, whatever this Board adopts to support the plan that is adopted. But I do not feel this is the best plan that we have available.

Chairman Masters – Any other point of discussion from the Board before we vote.

Commissioner Hoillfield – I do Mr. Chairman. You have got in here, in your proposal here one representative from service provider, Keith Holtsclaw. You said one service provider from the development standpoint, Van Phillips. Have you talked with these two men? Will they, are they willing to serve in this capacity on this?

Chairman Masters – Yes. We discussed this with them at the EDC meeting, where Mike sat in for Jim and Lloyd was there. So, yes and from the response here was not one of the concerns. So, yes to answer your question. Any other discussion from the Board?

Chairman Masters – Now on Item 1, we will do these as per item as a discussional issue. Let me say this before we start this. I still don't see why we all can't cooperate. You know we talked about cooperation. I think that still has to exist. All right, Item 1. In dealing with prospective industrial employers, we have found that our school system is always of paramount interest. We recommend that a representative from the Central Office of Mitchell County Schools be named to the Board, since,

as you know, education is critical to economic development. Now what is your pleasure on this item? Do we want to include that in this proposal, as how the EDC is set up or not?

Commissioner Hensley – Mr. Chairman, may I direct a question to Mr. Burleson:

Chairman Masters – You may.

Commissioner Hensley – Bill on this, would not Mayland Community College suffice? Because, I mean that is the adult portion of serving as training or anything to do with any industry that would be coming in here.

Bill Burleson – A lot of industry that comes in here, they are concerned about the quality of education for their children. Of course, Mayland is a vital part of it. They are concerned about the education for their children. Because they do bring people in and they want to know what the quality of schools we have here and that information has been accumulated over the years. But, to keep it updated and everything, probably be good to have someone from the Central Office to be able to supply that information. You know as needed. The questions that are asked are – that is one of the first things that they ask. What kind of education system do you have here? Because a lot of folks don't want to come in here if they think the education system is a poor system. So, these folks have a lot to do when we are recruiting industry.

Chairman Masters – I think Shirley might want to respond in part to your questions too if you will allow it.

Shirley Hise – The negotiations with Spruce Pine LLC began actually under the former Board, Keith, when they first came here. And the first question out of their mouth was: How many AP courses do you have in Mitchell High School, what is your SAT scores, how many of your students graduate from high school? And in every case where we had a manufacturing company to come here, the questions they present are not about Mayland, but your school system.

Commissioner Hensley – I was thinking of it on training, the training portion of it.

Shirley Hise – They always want to know

County Attorney Hise – How many members of the Central Office have ever served on the EDC?

Shirley Hise – Dr. Sears, according to the - or his designee is an Ex-Officio member according to the old bylaws.

Commissioner Hensley – Let me ask you this? Could you keep it that way?

Bill Burleson – Sure.

Chairman Masters – I think that, if I may interrupt you, Ex-Officio actually means by virtue of the position that you hold. So that does not mean – equate to non- voting.

County Attorney Hise – You are on because of who you are.

Chairman Masters – Right. But you have a vote.

County Attorney Hise – I mean, if - you know this Board, the structure we recommended is the recommended structure and we looked at some things. One of the biggest employers in Mitchell County is agriculture. As far as I know there has never been a representative from agriculture on this Board. Probably mining and mineral processing is the next biggest and it has been a long time since they have had anybody. And that is suggestions we made. This Board can do whatever it wants certainly and this contract we proposed gives EDC Board the authority to fill it owns vacancies. But if a member of the Central Office is crucial, in all the EDC member meetings I have been to, I have never seen anybody there from the Central Office. Now if they are going to come and participate that is one thing. But, I have been to a lot of meetings in the last two and a half years and I have yet to see a person from the Central Office there.

Commissioner Hensley – Could we make the suggestion that you have one there, but not as – in other words to answer the questions if and when you meet with a particular industry?

Bill Burlison – It is not absolutely necessary one be there. I am sure we can go to them and get the information that we request.

Commissioner Hensley – That is what I

Shirley Hise – I think it goes to the heart of the matter that in the sense of cooperation

Commissioner Hensley – What I am saying is – If you had one there, let's say as a non-voting member to answer any questions that these people would have.

Chairman Masters – Looks like that would give them the information they need I think is what we are getting around to.

Commissioner Hensley – That is what I am trying

Jeff Gouge – Why would you not want them to vote, that is crazy.

Chairman Masters – No it isn't, Sir.

County Attorney Hise – You can't have a commission with three hundred members and ever get anything done. You can find justification for half the people in Mitchell County to put on this committee.

Jeff Gouge – You have twenty on there all ready.

County Attorney Hise – No, we don't.

Jeff Gouge – How many is on it?

County Attorney Hise – The statutes says it should be consist of nine people.

Shirley Hise – They amended it.

County Attorney Hise – We can't amend the general statutes.

Shirley Hise – Didn't they, Kathy? The number that was on there.

County Attorney Hise – The general statutes says the commission shall consist of nine members. We have already shot that way up and I think that what our proposal here is probably twelve or thirteen.

Jeff Gouge – How many are on it now? Fifteen?

County Attorney Hise – The proposal we made if you put three from, two County Commissioners and one appointed by the County Commissioners, one Town of Bakersville, one Town of Spruce Pine, Keith and Van that is seven and one from manufacturing, one from agriculture, one from mining is ten. One from utilities is eleven. One from Mayland Community College is twelve. That gives you three more that you all appoint. If you want to stay with fifteen, name the three additional ones you want. If you want the School Superintendent and you want the Bakersville Merchants Association. You all have got that authority to put those people on there.

Bill Hudson - How long do these people stay on the Board?

County Attorney Hise – I think the term is four years.

Bill Hudson – Is there a mandatory rotation?

Chairman Masters – I guess it would be reappointed. I don't know they have to rotate.

Bill Hudson – I was on in 1993 somewhere in there in the dark ages. And while I was on there we voted for a mandatory three-year rotation. You served three-years and you went your way and someone else came in.

County Attorney Hise – Those are bylaws you are committed to do. We don't need to be negotiating those. If you are operating with fifteen now, you certainly have the authority to add three that aren't on our list. Put them on.

Chairman Masters – Let's get back here to Phil.

Chairman Byrd – What – You said the general statutes limits the number

County Attorney Hise – The general statutes says the commission will consist of nine.

Commissioner Byrd – Then how are we getting by with fifteen?

County Attorney Hise – I guess no body ever questioned it.

Commissioner Byrd – Well, I've got an issue with that right there. I would like to see – Number One I want us to do whatever is right and legal. And if it is right and we can legally do it with the School System. I do think we need somebody on there from the School System. I have folks that I speak with, probably on a monthly basis that are interested in coming to Mitchell County for jobs and positions, that are looking for a place to live. I'd say eighty percent of the time their questions are about the school systems. Our elementary systems most of them are young and bringing a family in. They want to know what our statistics are. So, if we can do that, I would like to see us do it.

Commissioner Hollifield – If we are allowed nine and we've got fifteen.

Chairman Masters – I think what we really have to concentrate on this is, I am interrupting you and I don't mean it exactly like that. But I think the whole thing we have to concentrate on is if we are interested in industrial recruitment, we have to put together a team that is skilled in industrial recruitment. So I think our emphasis needs to stay that way. I will just go ahead and take my turn and then come to you. It seems to me that if you start bringing somebody in from the school system and their sole purpose on being there is to provide information about the schools, then they are

not providing or bringing anything to the table for industrial recruitment. So there is the problem I have. I would not vote to put somebody on from the Central Office on it.

Commissioner Hollifield – Well, Shirley made a good statement there. If it is important - If these people come in here and they want to locate a plant here and their interest is in the education part of it, from elementary to high school and it plays an important part of getting this in there and we can go up to fifteen on this and got room. Put them on it. It is not going to make that much difference to me. But if it some kind of asset to it, instead of a hindrance, then I don't see a problem with it. But now going to, I don't know what kind of effect that is going to have on bringing in jobs in. I don't know what they can do with it.

Commissioner Saylor – I agree with Ken there. I don't see what effect that's got on the EDC. Now I see what Phil is talking about where people coming in, moving in here they are interested in the school structure and everything and I know what Shirley said about companies coming in ask about the schools. They ask about them mainly for what is going to be coming out of the schools and their children that is going into school. So all that information looks to me like would be ready available to these people without having to have one of those people on the Board. And I think we should put someone that is directly involved in economic development in place of the school board or someone from Central Office.

Chairman Masters – Let's just come back around. Jim you are saying no. I am going to say no. Ken. No. You are saying yes.

Commissioner Hensley – The only reason I was asking because of Mayland Tech was because of the training that is what I was thinking.

Chairman Masters – They are on it.

Commissioner Hensley – And I agree with Ken and you all, that can be found out anyway. I will have to go no with that too as a sitting member on the Board.

Chairman Masters – Let's go through these and we will discuss them like this. Make that decision and then will adopt them all and incorporate into whatever we want. Number 2. We also recommend that delegates from both the Spruce Pine Business Association and the Bakersville Merchants Association serve as Board members. Both of these groups serve and represent substantial commercial interest, and their membership on the EDC Board would provide opportunities to forge cooperation between small business and industry.

Commissioner Saylor – It looks to me like those people should be members on the Board of Chamber of Commerce not Economic Development.

Commissioner Hollifield – Well, it looks to me like to that what fits these the Spruce Pine Association and Bakersville Merchants these are more – looks to me like travel and tourism and things like that. Again, this is new to me and I don't know but for economic development, I would not want to put these with economic development I don't think.

Commissioner Byrd – Gentlemen, I'll tell you what I am going to give you a blanket yes to everyone of these. These are the EDC Executive Committee that we have entrusted to give us their guidance and their suggestions on what they think is right. And we are setting here and telling them no. Why in the world would they even want to serve on it. I will give you a yes all the way down.

Commissioner Hensley – Well, I stand on tourism one hundred percent and I know what it is all about, but this is more tourism to me personally than it is economic development.

Chairman Masters - So, we will put no on that one. Number 3. It is also the recommendation of the EDC Executive Committee that the proposed part-time EDC Director and EDC staff person should be County employees and receive County benefits. To establish personnel policies, payroll plans, insurances and etc. for one or two employees would be onerous and better served if they were part of an existing group. What do you feel about that?

Commissioner Hollifield – Yes

Commissioner Saylor – I think that is a good idea. I go along with that.

Commissioner Byrd – You have got mine.

Commissioner Hensley – Yes.

Chairman Masters – Additionally, the EDC Executive Committee suggests that the New EDC staff continue to share office space with the Chamber, not only to avoid increased County expenditures, but also to prove the EDC with access to data etc. etc... What is your pleasure on that? Phil you are yes.

Commissioner Hensley – Well, if they could have a private office. Yes, I would agree that there are certain things that are discussed that are confidential. Van had a place out there when he brought his people in and they could and discuss in private. I think that is the most important thing on this whole thing, is the privacy issue between the EDC and the people coming in. I think we ought to look into maybe a new office.

Chairman Masters – Separation

Commissioner Hensley – Yes.

Commissioner Hollifield – We have set here and voted no on separating the EDC and the Chamber. If we've done that then –

Chairman Masters – They are back together.

Commissioner Hollifield – If we go back into the building with them, we're right back – let's just go back and get us another office of our own.

Commissioner Saylor – I expressed my opinion about that earlier. If they are in the same building they are still together.

Chairman Masters – Number 5. We further recommend that the EDC adopt the new marketing plan for Mitchell County, which would include use of the new logo. I will go ahead and speak on that one first. I think that is a decision that needs to be made by the new EDC.

Commissioner Hensley – What is the new logo?

Shirley Hise – The rocking chair.

Commissioner Hensley – Oh. Ok, I didn't know that. That was one of the questions I was going to ask. That's ok with me.

Chairman Masters – Let them do it.

Commissioner Byrd – No, No I am going with what they recommend right here.

Commissioner Hensley – The rocking chair is fine with me.

Chairman Masters – So you are saying you are voting no on that.

Commissioner Byrd – I am voting yes to accept what the EDC Commission has recommended.

Chairman Masters – Ok. What we are saying here is that

Commissioner Byrd – That the EDC adopt the marketing plan for Mitchell County.

Commissioner Saylor – I can go a long with that. I will vote yes on that one.

Commissioner Hollifield – No.

Chairman Masters – That one is going to be yes Ken. Number 6. There should be clarification of item (a), which we have already done and that spells out that only 2 County Commissioner will sit on the Board. We have to agree on that. All right that has gotten that one done. So we will write this back to them.

County Attorney Hise – Mr. Chairman on number 3 in terms to give to the Commission some control over staffing. We are going to have to do something in the way of a contract where who ever is hired as Director is hired as a County employee, but he signs a contract understanding that it is the Commission that is his boss. They are the ones who can terminate his employment. Same way with your clerical staff. They are going to have to sign an agreement all though they are a County employee, they understand their boss, the director will be responsible for termination – Because we have some personnel policies that can get in the way.

Bill Burleson – Well that happened four years ago, by the way. I assume Mr. Hise there will no legal problems in doing such.

County Attorney Hise – Well they are going to sign some documents, before you all employ them I hope and we will eliminate those. We can draft those.

Bill Burleson – Could I get you to address that last paragraph?

Chairman Masters – We are getting ready to get to that. So, Yes, you can. All right the next to the last thing is – I am going to go ahead and read this verbatim. “One final request not involving the proposal for structure of the EDC involves the issue of the audit. Since the issue was brought up at the most recent EDC Board meeting, the EDC Executive Committee would like to request a letter from the County Commission indicating their position on the necessity of the audit. The EDC Executive Committee is happy and ready to begin the audit process at any time, if the annual financial submittal to the Finance Office does not suffice”. Where this comes from is Condition Number 10. on the agreement that will end on June 30th. That agreement says this “EDC shall make regular quarterly reports to the Board of Commissioners concerning the progress and activities of the EDC. Furthermore, EDC will provide the County with an audit to show usage of all monies allocated by County to EDC. We have a letter back from Sharon Gillespie about this. I have asked Lloyd to go ahead and address this. Then we need to make a decision about this and

get that word to EDC and then move forward with this. But the reason for the call on the audit is it is strictly a condition of the contract. We feel like there needs to be accountability. Not saying anybody is doing anything wrong, there just needs to be accountability to comply with this audit. I mean contract. That is the point.

County Attorney Hise – If I could address it and then I am going to leave it up to Sharon and our auditors. There has been depending on whose figures you quote, two hundred and forty some thousand dollars of taxpayer's money that goes into it. I think it is just that good stewardship requires that somebody tell us how that money was spent. I think that Sharon is exactly on the point on the summary of expenditures. List the disbursements by category, what you spent it for. If it was for rent. Say it was for rent. If it was for salary, then it was for a salary. Who did you pay and how much did you pay them? These are public dollars the public should know where the money went. And what she suggests is they provide us with an usage audit. That would be where the money was spent and here is the documentation to back it up. Cancelled check, receipt or whatever it is. I don't know what records they have or how much detail they have. Sharon says this should be available on computer, but it is not an audit that says it is complying with general accepted principles. I don't think that is what they are asking for. Tell us, show us how you spent the money. I think that is clearly in the contract.

Shirley Hise – May I ask a question?

Chairman Masters – You may.

Shirley Hise – I have two questions. It says there will be an audit. The end of the contract is June 30th. Should the audit be at June 30th, 2006 to audit the three years or four years of the contract?

Chairman Masters – To me that's what seems appropriate.

Shirley Hise – So we really don't need to do an audit until June 30th of this year?

Chairman Masters – That is probably correct. I think that is how I would look at it. I don't know how the rest of the Board feels

Shirley Hise – It does not say annually. It just says the audit. I am asking should we provide an audit for three or four years.

Chairman Masters – I think you – was that condition in the first contract?

Commissioner Byrd – No it was amended to the second contract amended to add those items. I believe is what it says.

Chairman Masters – I think that was in the original. I think, because we looked at this and we couldn't

County Attorney Hise – This contract is for a period July 1, 2002 through June 30, 2006.

Shirley Hise – So the audit would be for those three years would be technically be due July 1, 2006 for the three years. Right?

Chairman Masters – I would think that would be correct. But if this condition was in the first – Bill do you remember if it was in it?

Bill Burleson – I haven't read it lately so I don't recall.

Chairman Masters – I think that if it was in the first contract and went into this one you would be really looking at a four-year period of expenditures. I think you need to account for all the tax dollars you have been given. I think that is what would be appropriate. Well, I am going to suggest to the Board that we have Lloyd write a letter back to the EDC clarifying what we want in the form of an audit.

County Manager Whitson - Mr. Chairman, I believe that Ms. Gillespie wrote that I do believe that a summary of all expenditures with supporting invoices and cancelled checks would be in order to satisfy the objectives of the contract. I think that somebody needs to make sure the dollar amounts match. I would suggest to the Board that Ms. Gillespie oversee this summary of all expenditures that is given.

County Attorney Hise – I think that once the summary is given, we can certainly have our accountants look at it and see if meets what they feel like it should be. I don't think Ms. Gillespie is saying there has to be a full-scale audit, but she is saying expenditures and supporting documentation.

Shirley Hise – We have all the documentation.

Chairman Masters - We figured you would have.

County Attorney Hise – This will be a much cheaper process than a full-blown CPA audit.

Bill Burluson - Let me address that audit situation. The Board actually, I can't tell you the exact time three or four years ago addressed this audit situation and the amount of money that we get from the County. It was the Board's decision at that time that we

Chairman Masters – Which Board?

Bill Burluson – EDC Board. I am sorry. It was the EDC Board's position at that time to audit on a year basis the amount of money we were getting from the County would probably not be a good expenditure of EDC funds. Because it was going to cost about four thousand dollars a year to audit something less than a hundred thousand dollars. That was an active Board decision. EDC Board decision regarding that. I think it has come back around to where hopefully, your accountant is basically supporting the decision that our Board came to several years ago. That audit to do it every year for four thousand dollars just did not seem like a good expenditure of the limited funds that all of us have to operate with.

Chairman Masters – Does it suit the Board to have Lloyd write the letter? Like that.

County Attorney Hise – I will write the letter but I am basically going to tell them we want what Sharon said we needed.

Chairman Masters – Exactly.

County Manager Whitson – Have Sharon to look at it

County Attorney Hise – That will be up to us. If we get the information, then we can turn it over to her to make sure it satisfies her.

Commissioner Byrd – Are we not receiving reports from the EDC? How often do we get those?

Finance Officer Parsley – Yes, I will have to look. I gave copies to Ryan a while back.

County Attorney Hise – Well, what do those reports show? Do they show how they spent the money? Salaries, supplies

Finance Officer Parsley – It is by category.

Commissioner Byrd – Is that sufficient to what Sharon is looking for?

County Attorney Hise – I'm not sure where they sent the documentation with it or not.

Shirley Hise & Finance Officer Parsley – No.

Chairman Masters – It is a balance sheet. Basically a balance sheet.

Shirley Hise – But every we check have we have a copy. Like a check to Spruce Pine Hospital Bill Burleson or Keith will sign off on it and then we staple a copy of the check to it, so we have a copy of everything. We do it twice.

Bill Burleson – Just let me tell you the controls that have been on that, because I sign a lot of those checks. There are two signatures on each check. The checks are not written out of the EDC Office they are actually written out of the accountant's office. So there are pretty good controls on these expenditures. Shirley will certainly vouch that any time there is a question about a bill, she gets a call from me and probably from Keith if we sign them or other person that are authorized to sign those. I feel very comfortable with the way the money is being expended. I know we have documentation that justifies everything that has been spent.

Chairman Masters - All right. I guess we ought to have a motion to go ahead to draft a letter back covering these things. We will ask Ryan to write that letter and sent back to the EDC. Then incorporate them into this and it will be the final document. I guess that document will have to come back for final approval. Right Lloyd?

County Attorney Hise – At some point there is going to have to be a contract signed based on where we are. And we still have not discussed funding, regardless of what structure you set up you are still going to have to get with EDC as part of the on going process to figure out how much money this is going to cost.

Chairman Masters – Do we need a motion on this or is this just something we need to write back to them since if is the consensus of the Board?

County Attorney Hise – I think you need a motion on it. Do we have a motion then to incorporate these items as we have discussed them per item to include these in the letter back to the EDC?

Commissioner Byrd – What our CPA has asked for?

Chairman Masters – No that is a separate issue.

County Manager Whitson – We'll be doing a contract?

Chairman Masters – This right here will go back to them. Then that sets the framework for the new EDC. Then we enter into contract phase of it.

Commissioner Byrd you are asking for a motion to approve each individual thing that has been voted on.

Chairman Masters – Exactly. We looked at them individually to come together as what we wanted in and what we didn't, then as a whole. So that is the motion I am asking for.

Commissioner Hensley moved to incorporate these items as we have discussed them per item to include these in the letter back to the EDC. Commissioner Saylor seconded the motion and it carried 4 to 1. Commissioner Byrd opposed the motion and went on record as supporting EDC one hundred percent with whatever plans this Board approves, but he did not think this is the best plan that this Board could present.

11. COUNTY MANAGER'S REPORT

A. Certificate of Deposit – County Manager Whitson informed the Board that Mitchell County had a CD to mature on March 1, 2006. This was a General Fund CD which was invested on December 1, 2005, \$4,180,907.90 at a rate of 4.64%. The accrued interest was \$48,105.53. Finance Officer Parsley reinvested \$4,000,000 in a 90 day CD at Carolina First Bank at a rate of 4.93% with a 5.05% yield. The remaining funds were deposited into the General Fund checking account for operating expenses. The new CD will mature on May 30, 2006.

12. BOARD COMMENTS

13. CLOSED SESSION - None

14. CITIZEN & AUDIENCE COMMENTS

A. Matters on the Printed Agenda

B. Matters not on the Printed Agenda

15. ADJOURNMENT – Commissioner Byrd moved to adjourn the meeting. Commissioner Hollifield seconded the motion and it carried unanimously.

The meeting adjourned at 8:45 p.m.

MITCHELL COUNTY BOARD OF COMMISSIONERS

Keith Masters, Chairman

Ken Hollifield, Vice-Chairman

Phil Byrd, Member

Mike Hensley, Member

Jim Saylor, Member

ATTEST:

Kathy Young, Clerk to the Board

