



## MINUTES

**Town of Weaverville  
State of North Carolina**

**Town Council Special Called Meeting  
Friday, December 21, 2018**

The Town Council for the Town of Weaverville met for a Special Called Meeting on Friday, December 21, 2018, at 2:30 p.m. in Council Chambers within Weaverville Town Hall at 30 South Main Street, Weaverville, North Carolina.

Council members present were: Mayor Al Root, Councilwoman Dottie Sherrill, Vice Mayor/Councilman Doug Jackson, and Councilman Jeff McKenna. Councilman Patrick Fitzsimmons and Councilman Andrew Nagle were absent.

Staff present were: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Town Clerk Derek Huninghake, Town Planner James Eller, Finance Officer Tonya Dozier, Public Works Director Dale Pennell and Water Treatment Supervisor Trent Duncan.

### **1. Call to Order**

*Mayor Al Root called the meeting to order at 2:32 p.m.*

### **2. USDA Loan for Waterline Extension Project**

Town Manager Selena Coffey led the discussion stating the for the meeting is for our USDA/Rural Development Regional Representative, Pam Hysong, to present the loan terms that USDA is offering on the Waterline Extension Project and seek Town Council's acceptance on the loan.

Pam Hysong thanked Town Council for holding this special-called meeting and mentioned that the main reason for the meeting today is because interest rates are increasing January 1, 2019. The increase would raise the Town's payments by about \$6,000 a year and with the pending shutdown, today is the last day to complete this application. Going forward the Town will have to complete an obligation of funds and in order to obligate, the application, engineering services and environmental assessments have to be approved. Council would then have to vote on and accept three documents today: 1) Resolution Concerning USDA Loan on the Waterline Extension Project, 2) Letter of Conditions, and 3) Loan Resolution.

Town Manager Coffey noted that both she and the Town Attorney have reviewed the documents and have given the information to Town Council for their approval and the Mayor's signature. She asked Ms. Hysong to highlight the key parts of the documents.

Some highlights that Pam Hysong covered from the document were that if there are any major changes or the scope of the project changes the Town would have to get approval first. Once the form is signed and sent to Raleigh it is safe to say the funds are held for the project. The total loan amount is \$2.8 million with an interest rate of 4%, and the total project cost is \$2,970,600 with the Town funding \$170,600. The repayments of the loan are annual payments over a 40 year term loan, and as security they will have revenue bonds in the amount of \$2.8 million. Also, they require a pre-authorized debit, so that when the payment is due they can process it by pulling the payment out of the Town's account electronically. The Town will have to have a construction account to handle the funds for construction, and

the federal funds would have to be used first and then the finance funds next. There is a reserve requirement for the bonds each year of 10% for 10 years until there is a full interest free payment and a short lived asset reserve. She noted that by accepting the Letter of Conditions, Council is accepting the Loan Resolution, the Equal Opportunity Agreement, and Assurance Agreement. The project has to be completed and funds dispersed within three years of the obligation date. If there are excess funds they can be used on the project, if not they will be de-obligated. The fidelity bond payments will have to insured equal to the annual payment, which is estimated to be at \$141,484. The Town will need to have a vulnerability assessment and emergency response plan on the project. The final condition is have to be in compliance with State, Federal, and Local laws, pollution control, age discrimination act, and development standards.

Councilman Jackson asked for clarification on what service area meant under Loan Resolution, since it states the Town is required to give water to applicants in the service area. He just wants to make sure it doesn't change Council's existing position on water allocations. Pam Hysong clarified that this doesn't mean the Town has to take in big subdivisions, it simply means that in normal business if the applicant meets all the rules and regulations requirement, then they can't be denied on discrimination. Town Manager Selena Coffey commented that this is more of an Equal Opportunity position, and Council will still have the ability to decide on water allocations, but the Town can't discriminate on who gets approved for water.

Town Attorney Jennifer Jackson asked about the graduation provision, since it doesn't seem like a call provision where they can call the loan due for any reason. Pam Hysong mentioned that the refinancing would have to be affordable and if the USDA ever made a decision that the Town didn't agree with they can always appeal it. She has never seen a graduation provision go to appeal before.

*Vice Mayor/Councilman Jackson made a motion to adopt both resolutions as presented and to accept the conditions of the loan. Councilman McKenna seconded the motion. The motion passed by a unanimous vote of Council. Motion carries 5-0*

### **3. Adjournment**

*Vice Mayor/Councilman Jackson made the motion to adjourn; Councilman Nagle seconded and all voted to adjourn the Council's meeting at 3:00 p.m.*

  
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**Derek K. Hunninghake, Town Clerk**