

July 2, 2012

The Washington County Board of Commissioners met in a regular session on Monday, July 2, 2012 at 6:00 PM in the Strader Building, 124 East Water Street, Plymouth, NC. Commissioners Alexander, Johnson, Manning, McCray and Sexton were present. Also present were County Manager David L. Peoples, Clerk to the Board Julie J. Bennett, Finance Officer Frank Milazi and Assistant County Manager/County Attorney Cheryl Young.

Chair Manning called the meeting to order. Commissioner Sexton gave the invocation; Commissioner Alexander led the pledge of allegiance.

ADDITIONS / DELETIONS: Chair Manning added the Voting Delegate for the NCACC Conference as Item 3A and deleted Item 4 Tax Collector's Report (move to August meeting).

CONSENT AGENDA: **Commissioner Johnson made a motion to approve the Consent Agenda as follows:**

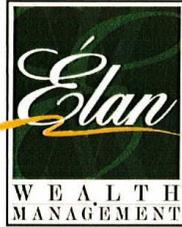
Consent Agenda

- a) Approval of Minutes
- b) Tax Refunds & Releases and Insolvent Accounts
- c) Resolution Defining Check Signing Authority of Washington County

Commissioner Sexton seconded, motion carried unanimously.

PUBLIC FORUM: None.

VALUATION REPORT WCH, INC. HOSPITAL EMPLOYEES' PENSION PLAN & INVESTMENT REPORT: Ms. Sharon Elliott, Elan Wealth Management, LLC spoke to the Board. Ms. Elliott handed out the following investment report.



Elan Wealth Management, LLC
CONSOLIDATED GROUP PERFORMANCE HISTORY

March 31, 2012

PORTFOLIO COMPOSITION

CHANGE IN PORTFOLIO

	Market Value	Pct. Assets	Cur. Yield		
Equities	656,684.19	50.0	2.6	Portfolio Value on 01-01-12	1,256,372.31
Fixed Income	459,251.42	35.0	3.6	Accrued Interest	4,274.61
Cash and Equiv.	197,043.65	15.0	0.0	Net Additions/Withdrawals	-15,972.69
Other	0.00	0.0	0.0	Net Transfers	0.00
				Realized Gains	17,469.61
				Unrealized Gains	46,884.71
				Income Received	8,146.05
				Management Fees	-3,968.60
				Change in Accrued Interest	-226.73
				Portfolio Value on 03-31-12	1,308,931.39
Total	1,312,979.27	100.0	2.6	Accrued Interest	4,047.88
				Total Fees	-3,968.60

TIME WEIGHTED RETURN

	Month To Date	Quarter To Date	Year To Date	1 Year	3 Years	Annualized Inception To Date
Portfolio						
WASHINGTON COUNTY HOSPITAL DB BOND	-0.44	1.10	1.10	5.23	7.44	6.55
WASHINGTON COUNTY HOSPITAL DB LCG	3.29	14.88	14.88	-1.62	17.64	0.85
WASHINGTON COUNTY HOSPITAL DB LCV	2.92	10.30	10.30	3.22	20.28	0.35
WASHINGTON COUNTY HOSPITAL DB INTL	-3.42	6.38	6.38	-11.61	15.18	-4.50
WASHINGTON COUNTY HOSPITAL DB TCM	-0.36	7.98	7.98	6.65	10.79	1.50
WASHINGTON COUNTY HOSPITAL DB-EIC	-	-	-	-	-	-0.11
WASHINGTON COUNTY HOSPITAL DB	0.00	-3.60	-3.60	-10.16	-12.94	-15.81
Aggregated Portfolios	-0.01	4.86	4.86	1.65	7.65	
Index						
CBOE S&P 500	3.13	12.00	12.00	6.23	20.86	
Barclays Aggr Bond Comp	-0.55	0.30	0.30	7.71	6.83	
Barclays Muni Bond Comp	-0.65	1.75	1.75	12.07	7.70	

Past performance is no guarantee of future results. This report has been prepared from data believed to be reliable, but no representation is being made as to its accuracy or completeness. This report is being provided as a courtesy and does not supersede the information contained in your Pershing account statement. Your Pershing account statements and individual trade confirmations are the official record of all transactions. The enclosed data does not take into consideration any legal or tax ramifications. For additional information about Elan Wealth Management, including fees and services, send for our disclosure statement as set forth on Form ADV from Elan Wealth Management at 252-255-1700.

**Washington County Hospital Pension Plan
Distributions 2011**

Account #	Date	Activity	Activity Description	Acct. Type	Stmnt Date	Trans. Net Amt.
N31700508	12/19/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	12/19/2011	\$ (14,455.00)
	11/22/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	11/22/2011	\$ (14,455.00)
	10/20/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	10/20/2011	\$ (14,455.00)
	09/20/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	09/20/2011	\$ (14,455.00)
	08/22/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	08/22/2011	\$ (14,455.00)
	07/22/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	07/22/2011	\$ (14,455.00)
	06/22/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	06/22/2011	\$ (14,455.00)
	05/23/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	05/23/2011	\$ (14,455.00)
	04/20/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	04/20/2011	\$ (14,455.00)
	03/23/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	03/23/2011	\$ (14,455.00)
	02/23/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	02/23/2011	\$ (14,455.00)
	01/21/2011	ELECTRONIC TRANSACTION	SEND TO BANK FOR ACHACI Cash	Cash	01/21/2011	\$ (14,455.00)

\$ (173,460.00)



Regarding the Valuation Report for the Washington County Hospital Employees' Pension Plan, Ms. Elliott noted that the range of recommended contributions for the 2012 plan year is from \$159,427 to \$233,272 for the valuation to be fully funded. Currently 54 retired employees are receiving these benefits.

Chair Manning asked about plan termination that is mentioned in the letter. Ms. Elliott stated that the Plan was frozen at one time and because of the Plan freeze and the hospital purchase, all participants not receiving a benefit are now considered to be terminated vested. They may elect to retire at any time, regardless of their employment status, so long as they meet retirement eligibility requirements (i.e. age restriction). Commissioner Sexton asked how long this Plan lasts. Ms. Elliott replied that it depends on market performance, but she would venture to say less than 10 years as the Plan is currently but she couldn't give an exact answer due to many variables. Commissioner Alexander asked if the County needs to add money to this Plan to help it stay afloat. Mr. Peoples replied "yes". Ms. Elliott explained that the County is not required to make a minimum contribution because the plan is not subject to ERISA.

NCACC VOTING DELEGATE: Chair Manning spoke to the Board regarding the designation of a voting delegate to the NCACC Annual Conference in August. Since Commissioner Johnson has signed up to attend the conference, Chair Manning recommended nominating Commissioner Johnson as the voting delegate.

Commissioner Sexton made a motion to appoint Commissioner Johnson as the voting delegate to the NCACC Annual Conference in August. Commissioner McCray seconded, motion carried unanimously.

AGRIGULTURE UPDATE: Mr. Lance Grimes, Washington County Cooperative Extension Agriculture Agent gave the Board an update on agriculture in the County.

Statistics

- Total Acres in County: 222,843
- Number of Farms: 187
- Total Land in Farms: 96,911 acres

Agriculture Statistics

Year	Total Cash Receipts	Rank in the State
2008	\$70,000,000	44
2009	\$86,800,000	39
2010	\$82,436,997	36

3 year average: \$79,745,665

2012 Crop Acreage Projections

Crop	Acres
Corn	27,000
Cotton	14,500
Tobacco	400
Soybeans	33,000
Peanuts	1,200
Wheat	20,000
Sage	600
Potatoes	1,000?
Green Beans	250





Crop Damage

- Corn: 5% to 7% Loss
- Cotton: 8% to 10%
- Wheat: Rainfall and Frost

Mr. Grimes pointed out that the pictures above show massive amounts of rain that the County has received this year.

FORESTRY MANAGEMENT PLAN: Mr. Peoples spoke to the Board about the proposals he has received based on the e-mail he sent out regarding the proposed timber harvesting at the Plymouth Municipal Airport. He presented the following information.

TIMBER SALE PROPOSALS

WASHINGTON COUNTY COMMISSIONERS

JULY 2, 2012

GOOSE CREEK FORESTRY – Charlie Williams, RF, ACF

- Opinion and Current Market Value Appraisal at \$35 per hour. \$.50 per mile from his office, estimated cost of Appraisal is \$600
- Timber Sale cost will be 4 percent of gross sales price due at closing
- Preparation of Reforestation Plan at no cost
- Reforestation Costs “?”

J. Locke Conrad, III – RF, ACF

- Immediately cut 27 acres which includes 2.5 acre tract that needs to be cut by August 15, 2012
- Work would be accomplished on a “Pay As Cut Basis” with his cost at 6 percent of gross stumpage
- All other cutting phases he will charge 6 percent of gross sales price due at closing
- He recommends granting a two to three year cutting contract
- Preparation of Reforestation Plan at no cost
- Reforestation Costs “?”

Timberlands Unlimited – David Jennette, Jr, RF

- Recommends a “Pay-As-Cut Clear-Cut-Sale”
- Discovered 9 additional acres
- To get the 2.5 acres cut by August 15th he needs an answer immediately
- Recommends a 12 month cutting time contract
- His cost is 6 percent of gross sales price for all of the work
- Preparation of Reforestation Plan at no cost
- Reforestation Costs – KG/Pile \$250 - \$300/acre, V-Shear \$180 - \$220/acre, Bedding \$70 - \$90/acre, Herbicide Site Preparation \$80 - \$120/acre, Herbicide Release \$60 - \$80/acre, Burning \$30 - \$50/acre. Root Rake \$160 - \$180/acre, Tree Planting \$70 - \$80/acre
- Government Incentive Programs

Elizabeth A. Barnhardt – RF

- Phase I Appraisal and Sale Preparation cost of \$2,000
- Phase II Marketing and Sale cost of 10 percent of sales revenue minus the \$1,500 for prior work in Phase I
- Phase III Preparation of Reforestation Plan at no cost
- Phase IV Reforestation Cost based on time and materials basis of \$500 per day
- Cutting time for Unit 1 (green areas on NC Forestry Service map to be cut ASAP
- Cutting time for Unit 2 areas would be defined in Long Term Management Planning Phase IV

“ESTIMATED TIMBER SALE REVENUE”

Timber Sale Revenue	\$160,600
6 Percent Gross Sales Price	10,500
Reforestation Costs	<u>44,800</u>
Total Estimated Revenue	\$105,300

Mr. Peoples noted that the price varies of what the timber would go for today and he used lowest value of \$2,200 during his calculations.

Mr. Peoples went on to say that the County doesn't have to use a consulting forester. It was just recommended by the Forestry Service. The FAA has already invested the money for the airport turnaround. We will need to pay them the match at some point. The timber sales are to pay for this match and to update the airport terminal. The County could take money from the general fund and then reimburse ourselves. The County could do less repair at the airport terminal and not need to use as much of the timber sale money.

Commissioner Alexander would like to move forward with the 27 acres being harvested and use general fund money to do some of the sprucing up of the airport terminal. Mr. Peoples suggested using Timberland Unlimited as the forester consultant if the County wants to go that route. Mr. Peoples reminded the Board that the 2.5 acres has to be cut soon for doing the airport turnaround. Discussion ensued.

Commissioner Sexton made a motion to cut the 27 acres at the airport and go with Timberland Unlimited as the forestry consultant and make sure that Mr. Jeanette of Timberland Unlimited brings the bids to the Board before cutting the trees. Commissioner Alexander seconded. Commissioner Johnson wondered why no other forestry consultant responders gave info on the reforestation portion of the harvesting. Mr. Peoples stated that Mr. Jeanette was just more thorough in his proposal. Motion carried unanimously.

AGRISCIENCE/BIOTECHNOLOGY SCHOOL FOUNDATION: Mr. Peoples spoke to the Board about creating a 501(c)(3) Foundation for the Agriscience and Biotechnology School. Mr. Peoples stated that this new school will open August 13, 2012 with 54 students whose applications have been approved. There are another 6 - 7 applications still being reviewed.

The school is soliciting various funding sources. The Northeast Regional School of Agriscience and Biotechnology (NERSBA) has a desire to create a non-profit 501(c)(3) charitable foundation. The purpose of the foundation is to use it as a vehicle to solicit and receive grants, appropriations, endowments, fellowships, charitable contributions, and donations to support the operations of the school.

The creation of a 501(c)(3) foundation includes the preparation of numerous documents that must be submitted to the North Carolina Secretary of State's Office and the United States Internal Revenue Service for review, approval and award of the 501(c)(3) foundation. NERSBA's legal counsel has indicated that the cost to accomplish the creation of the 501(c)(3) foundation will be in the range of \$7,500 to \$10,000. NERSBA does not have funding available at this time to move forward with the creation of the 501(c)(3) foundation.

NERSBA has asked if Washington County's Attorney could accomplish this on a "pro-bono" basis. Mr. Peoples discussed this request with the County Attorney and she has indicated that she, with the assistance of the County Manager, will be willing to accomplish this work if the Washington County Commissioners give their approval.

Mr. Peoples stated that NERSBA is requesting approval to have Ms. Young proceed with the creation of the 501(c)(3) foundation on NERSBA's behalf.

Commissioner Alexander made a motion approve Ms. Young doing the work for creating the 501(c) (3) Foundation on NERSBA's behalf. Commissioner McCray asked if this would interfere with the County Attorney's duties if the Board should need her. Mr. Peoples commented that this would not interfere with Ms. Young's current duties. Commissioner Johnson seconded, motion carried unanimously.

Chair Manning asked Mr. Peoples how many students were from which counties. Mr. Peoples replied:

19 are from Washington County
14 are from Pitt County
3 are from Tyrrell County
3 are from Beaufort County
15 are from Martin County

Mr. Peoples also explained that each student that leaves the Washington County schools and goes to the new school, the ADM money (\$6,200) goes with them. The Board will not be asked to supplement the new school in the County's budget. The new school is its own school district.

FINANCE OFFICER'S REPORT:

Mr. Milazi told the Board that Finance just closed the month this evening and the Finance reports were not available, however he did distribute a summary report.

OTHER ITEMS BY CHAIR, COMMISSIONERS, COUNTY MANAGER, CLERK,
COUNTY ATTORNEY, ETC.:

- Chair Manning asked Mr. Peoples about the NCEA conference he attended last week. Mr. Peoples noted that 85% of the conference dealt with product and product development--construction of industrial parks, high speed internet, road systems, and rail systems—and how to best locate those facilities and what is in most demand for our state. Mr. Peoples said there were discussions about buildings built for specific purposes (i.e. textiles) that are no longer used and how to retrofit them for future businesses. There was also a session on marketing and there was a fair amount of discussion on tax laws with the concern being do ours make us unattractive for businesses to come to NC? Discussions also ensued regarding towns/counties ability to seek out clients rather than waiting for the Department of Commerce to notify towns/counties that someone is interested in their town/county. Mr. Peoples also heard discussions that suggested counties look for regional partnerships with other counties (i.e. Kerr-Tarr: Franklin, Granville, Person, Vance, Warren).
- Ms. Bennett reminded the Board about the invitation to attend the groundbreaking of the Waste Water Treatment Plant in Creswell at 2:30 pm on July 11. Please let her know if you will be attending.
- Mr. Peoples mentioned that he has been approached by one of the Commissioners to have a plaque put in the Creswell Medical Clinic commemorating the Smithson's for giving the land to the County for the Creswell Medical Clinic. The Commissioners agreed.
- Commissioner Alexander mentioned that she attended a meeting of the Health Department and they will not be doing hospice with the organization they are currently using. That organization is being sold.

Commissioner Sexton made a motion to go into Closed Session to NCGS §143-318.11(a)(3) (attorney-client privilege) and §143-318.11(a)(6) (personnel). Commissioner McCray seconded, motion carried unanimously.

Commissioner Sexton made a motion to recess the meeting. Commissioner Johnson seconded, motion carried unanimously.

Buster Manning
Chair

Julie J. Bennett
Clerk to the Board