

**MINUTES OF BOARD OF COUNTY COMMISSIONERS  
OF GUILFORD COUNTY  
WORK SESSION**

Greensboro, North Carolina  
April 18, 2024

The Board of County Commissioners met in a duly noticed Work Session at 3:30 p.m. in the Carolyn Q. Coleman Conference Room located on the first floor of the Old County Courthouse, 301 W. Market St., Greensboro, NC.

**PRESENT:** Chairman Melvin “Skip” Alston, presiding; Vice Chairwoman J. Carlvena Foster (in at 4:00 p.m.); Commissioners Kay Cashion, Carly Cooke, Brandon Gray-Hill, Mary Beth Murphy (Via Virtual Participation at 3:35 p.m.), Pat Tillman, and Alan Perdue.

**ABSENT:** Commissioner Frankie T. Jones, Jr.

**ALSO PRESENT:** County Manager Michael Halford; County Attorney Andrea Leslie-Fite; Clerk to Board Robin Keller; Deputy Clerk to the Board Ariane Webb, Deputy Clerk to the Board T’ebony Rosa; Jason Jones, Assistant County Manager; Victor Isler, Assistant County Manager; Erris Dunston, Assistant County Manager; Don Warn, Finance Director; Toy Beeninga, Budget and Management Director; members of staff, media, and the public. Virtual participation was made available to members of the public and media partners.

**I. WELCOME AND CALL TO ORDER**

Chairman Alston welcomed those present and called the meeting to order at 3:35 p.m.

**II. NEW BUSINESS**

**A. GUILFORD TECHNICAL COMMUNITY COLLEGE (GTCC) AVIATION  
PHASE 1 PROJECT**

County Manager Michael Halford introduced the agenda item and provided additional information pertaining to funding options of the GTCC project and Guilford County Schools expenditures. He recognized Finance Director and Chief Financial Officer, Don Warn who lead the presentation.

Warn spoke to guiding principles of (1) Addressing the County’s current and future capital needs, (2) Protecting the County’s ability to provide and enhance other residential services, (3)

Designing a stable funding model, (4) Reducing overall infrastructure costs by being fiscally conservative, and (5) Limiting change in the property tax rate.

Warn described the Guilford County debt model in reference to GTCC debt assumptions. He spoke to \$3.9 million of GTCC fund balance included as an option for all scenarios. He spoke to GTCC revenue assumptions. He displayed a chart as indicative of a snapshot of existing debt according to a “pay-as-you-go” fiscal discipline model.

Warn spoke to the timing of General Obligation Bonds (GOBs) and Limited Obligation Bonds (LOBs) and security pledged, which requires GTCC property to be deeded to Guilford County for the life of the bonds. He shared the cumulative fund balance and annual surplus. He noted it is a decision of the Board to use debt. He provided an overview of the GTCC affordability analysis. He spoke to deficits in the funding model and to different scenarios where future projects are funded.

Chairman Alston questioned staff recommendations.

Warn confirmed that it would be his recommendation to issue LOBs.

Halford spoke to a budget ordinance with appropriate language simply citing “future funding”. He clarified that he has no recommendation at this time as a clear financial assessment would need to be made closer to when the financing is needed by the College. He noted that the basis of a recommendation is determinative on interest rates at the time and the need.

Commissioner Cooke sought clarification regarding the 2/3<sup>rd</sup> bonds. She noted previous debt service timing could have impacts on the amount available.

Warn confirmed that 2/3<sup>rd</sup>s funding depends on the timing. He noted if we issue 2/3<sup>rd</sup> bonds this fiscal year we cannot issue GOBs until next year.

Commissioner Cooke questioned the encumbrance of GTCC funds.

Halford confirmed these are County funds, and GTCC would have to choose how to use those funds.

Commissioner Cooke questioned the property tax allocation, and language pinpointing when the Board used property tax to pay for GC School debt.

Halford confirmed this is the same concept because tax revenue is going to support their debt. He noted that GTCC at the time did not have a capital improvements plan (CIP).

Chairman Alston questioned GTCC’s fund balance.

Warn confirmed approximately \$3.9 million with an annual \$10 million accumulation based on the County’s capital contributions.

Halford spoke to the bar charts indicating that the GTCC fund balance alone does not have an accumulated \$10 million but revenue received by the county will go towards paying down existing debt for the bonds. He noted the GTCC fund balance is not on the County’s side of the chart.

Commissioner Tillman questioned GTCC's debt service, and LOBs hybrid scenario on slide 11.

Warn confirmed the cumulative column on the chart.

Chairman Alston questioned 2/3<sup>rd</sup> bonds having a lower interest rate, and why would we not use this as a first option considering the Local Government Commission (LGC).

Halford confirmed that the \$11 million capital project request is a part of a broader plan for GC Schools, courthouse construction, and jail renovation. He noted these numbers are based on need if something comes up.

Chairman Alston questioned losing the ability to use 2/3<sup>rd</sup> bonds.

Warn confirmed that as long as you have outstanding GOBs you have access to 2/3<sup>rd</sup> bonds capacity, and they are not cumulative based on annual repayments of the GO Bonds.

Chairman Alston questioned which year will be the largest payout to max out 2/3<sup>rd</sup> bonds which includes the GC School bonds.

Halford confirmed that we have capacity to pay off some debt, and then as a result debt service increases according to the schedule.

Commissioner Cashion questioned the timeline to advise on options considering the extra debt.

Halford noted that we are at the borrowed proceeds level, and we work through the deed process when GTCC does not need the cash now. This is the \$11 million of the \$150 million. We are not sure of the best option until 2026.

Chairman Alston noted giving GTCC the go ahead to start construction through adoption of the ordinance.

Halford highlighted that this is a different procedure than when we did this before as now there is first a form and then a CIP ordinance according to the community colleges' accountability system.

Vice Chairwoman Foster and Commissioner Murphy entered the meeting at 4:00 p.m.

Commissioner Tillman questioned LGC challenges from the last school bond.

Halford spoke to slide 12 and noted there are enough property tax dollars going into the model.

Warn noted not predicting LGC challenges around approval.

Commissioner Tillman questioned available options. He noted special purpose bonds (SPBs), interest rates, and limitations.

Warn confirmed never doing SPBs but can provide research.

Halford presumed interest rates would be higher. The best is GOB debt and then securing a public asset.

Commissioner Cooke spoke to other items on the list in Dr. Clarke's presentation and to consider long-term financing.

Warn spoke to having an old cash flow model from GTCC and needing an updated one.

Halford noted slide 14 and provided an overview of existing debt with debt issuances. He noted using \$3.9 million of GTCC fund balance. They would then coordinate with GTCC to fit projects within the budget.

Commissioner Cooke spoke to GTCC immediate needs over the next two (2) to three (3) years.

Warn noted that the aviation plan will start next year. We must figure out the timing with a reimbursement resolution. We want to wait until we have substantial dollars.

Halford noted that GTCC needs the Board's commitment and not the cash at that time. We can go to market at that time and stay within the same principles as GC School bonds.

Chairman Alston questioned the 2024 fund balance showing GTCC, but actually it is County taxpayer dollars.

Halford confirmed the chart shows \$3.9 million and they do not continue to accumulate.

Commissioner Cashion sought clarification regarding the County's GTCC dollars, and where does the \$11 million fit in.

Warn confirmed this analysis strictly looks at debt. In 2026 GTCC will need \$7 million and then \$4 million to finish out the County's portion. The drivers are project timing.

Halford shared the chart indicates the \$11 million is in the \$30 million. There is a deficit when we get to 2037-2038.

Commissioner Tillman questioned projected surplus offsets and whether we go with LOBs if we are subtracting fund balance.

Warn clarified that we are not subtracting out fund balance, but it is an option in the model.

Commissioner Perdue noted that the GTCC fund balance is in reserve. We must figure out how their capital budget will flow. He cautioned use of all the fund balance.

Chairman Alston highlighted that we are going to pay either way.

**Moved by Commissioner Carly Cooke, seconded by Commissioner Mary Beth Murphy, to adopt the GTCC Aviation Training Center Phase 1 project ordinance in the amount of \$11,100,000 with \$11,100,000 in Other Future Borrowed Financing Proceeds.**

**The motion passed with unanimous Board approval.**

## **B. FY 2024-25 BUDGET PLANNING AND BOARD PRIORITIES DISCUSSION**

Halford introduced the agenda item and spoke to the fiscal year 2025 budget update. He noted this is an option only and not a manager's final recommended budget. He noted understanding mandated services and that there is not enough money to meet all departmental requests.

Halford shared budget guidelines that he is using to prepare a budget recommendation, spoke to protecting service performance. He shared that the Guilford County comprehensive plan shows measurable improvements for our community. He noted proper support of core County mandates. He shared significant needs to keep the basic services moving. He spoke to the \$2 billion bond repayment and cautioned to not using any more fund balance.

Halford provided a historical perspective of moving from a pandemic budget to de-acceleration. He shared unexpected revenue loss from Medicaid expenses in lieu of sales tax revenue, also referred to Medicaid Hold Harmless. The last several years of community growth generated lots of sales tax revenue, but now we have \$7 million in revenue loss. He noted \$11.6 million in revenue growth for FY25.

Halford shared a target FY25 budget. He spoke to compensation and to merits. He noted a 3% merit increase equates to \$3 million. He spoke to the state retirement fund and education operations is 45% of property tax and unrestricted sales tax. He shared debt service and more complicated foster care cases. He added Medicaid and Department of Social Services (DSS) positions are reimbursed by federal and state funds.

Commissioner Murphy recalled the GTCC funding expansion request from the previous week.

Toy Beeninga, Budget and Management Director, confirmed a total increase of approximately \$900,000; \$236,000 for personnel, \$275,000 for a supplemental retirement match, and \$400,000 for operational increases.

Chairman Alston questioned position salaries.

Halford confirmed \$11.6 million which may vary. Revenue numbers are based on current positions and reimbursement.

Halford spoke to setting money aside for vehicles, maintenance, and replacing equipment. He noted the capital fund balance for unexpected expenses such as a roof. He recommended GTCC use its fund balance for capital needs.

Halford shared that \$2 million is included for decoupling Sheriff positions and GC Schools capital is at \$2.5 million.

Halford requested Board feedback and policy guidance in regard to the compensation plan, education funding, capital/maintenance/technology, and services and mandates.

Commissioner Cashion suggested not eliminating but delaying until next year's budget to move things back on to the list.

Halford confirmed expecting to use fund balance this year. He noted that as revenue comes in you replenish fund balance. He shared that on the capital side we can handle big ticket problems, but it will deplete fund balance. He urged considering building construction and leased space.

Chairman Alston referred to slide 8 regarding various reductions totaling \$3.4 million in one category.

Halford confirmed it is a mixture of capital programming for Minority Women and Business Enterprise (MWBE) at approximately \$400,000. He noted the budget team is pulling numbers back to actual numbers.

Chairman Alston questioned sales tax projections.

Halford confirmed projections are not shown but around \$1 million. The City of Greensboro increased sales tax last year, which affects us, but usually around \$3-4 million.

Chairman Alston questioned the tax base and noted a deficit.

Halford confirmed \$14 million minus \$7 million due to the Medicaid swap.

Chairman Alston questioned the budget collection percentage as it may be another \$3 million.

Halford confirmed a 98.75% tax collection rate. He cautioned on property taxes as they cannot project more than received because it triggers an audit alert. We still need to use fund balance but that will not close the gap by the end of the year.

Chairman Alston requested an estimate of vacant positions on the books that are not filled within the last six (6) months, as that could possibly be millions of dollars. He questioned a process to automatically drop positions after several months.

Halford confirmed providing research. He noted pre-removing \$8 million from the budget, and not a blanket position drop since some departments have ongoing hiring.

Chairman Alston requested research on that option, as we need to calculate those options to get a better picture.

Commissioner Cooke sought clarification regarding no excess for this current year and using fund balance to balance the budget with actuals.

Halford confirmed we will come under budget. The expectation is using fund balance if we need it, but it depends on the tax collection rate.

Commissioner Cooke questioned other reductions to tightening the budget, so we do not come under budget.

Halford confirmed.

**Chairman Alston posed a question to the Board pertaining to a tax increase this year. It was a consensus of the Board to have the Manager return with a no tax-increase budget.**

Halford clarified that means we are dealing with \$11.6 million.

Commissioner Tillman questioned the unexpected \$7 million shortfall.

Halford confirmed the sales tax exceeded Medicaid expenses, but it may flip back next year.

Chairman Alston questioned the \$580 million for GC Schools.

Warn noted the model has \$575 million is built in for this September (i.e., next fiscal year).

Chairman Alston questioned the timing of the bond sale, and whether the interest rate was built into the model.

Halford confirmed the interest rate was built into the model. The noted the \$575 million is based on what the GC Schools need.

Chairman Alston noted that the goal is to save hundreds of thousands of dollars in interest.

Warn cautioned not to issue prematurely until we need the funds as timing determines the interest rate.

Commissioner Perdue spoke to his attendance at a recent National Association of Counties (NACo) Conference and a Department of Justice (DOJ) web information service. He noted counties greater than 200,000 must have updated websites and maintenance over the next two (2) years.

Halford noted that Information Technology Director Peter Purcell and his team are piloting a program using the state's features and training departments regarding accessibility.

Halford continued his presentation regarding the ¼ cent sales tax referendum with a list of dates. He noted collection starts at the end of April with annual revenue estimates of \$25 million.

Chairman Alston suggested those funds possibly go towards the GC Schools.

Halford clarified the funds can go towards a range of things such as schools and mental health.

Chairman Alston questioned a Piedmont Authority for Regional Transportation (PART) ¼ cent sales tax on transit.

Commissioner Cooke shared a possible City of Greensboro transit rate hike.

Chairman Alston requested Manager Halford to dialogue with Chief Executive Officer and PART General Manager Scott Rhine regarding the ¼ cent tax.

Commissioner Cooke questioned if we know if the referendum comes through Guilford County or PART.

Halford opined if voters approve a referendum on the ballot, then PART can levy the tax. We must consider Greensboro, High Point and GC Schools plans.

Commissioner Tillman questioned a future meeting with the state delegation.

Chairman Alston confirmed no meeting, but hopefully one will be scheduled when we start regional discussions. He voiced opposition regarding the sales tax for transit if no sales tax for schools.

Halford continued his presentation on the Fire District tax rate requests. He noted a declining number of volunteers, equipment needs, and general salary issues. He shared that reappraisals allowed for some to keep the same tax rate. He noted that smaller districts cannot generate dollars and Guilford County fronts the dollars and later reimbursed.

Chairman Alston questioned the list of represented districts.

Halford confirmed providing research.

Commissioner Murphy requested staff to research previous fire district requests. She spoke to recent visits, and to overall rural fire district challenges. She noted increased expenses in the rural district stations and how they are losing property value due to annexations.

Commissioner Tillman echoed Commissioner Murphy's sentiments regarding the fire districts of Summerfield, Stokesdale, and Oak Ridge. He reiterated increased district expenditures.

Halford noted that collectively the fire district calls for service exceed those of the City of Winston-Salem.

Chairman Alston requested a balance of what was requested last year as compared to this year.

### **III. OTHER BUSINESS**

There was no other business for this agenda.

### **IV. ADJOURN**

There being no further business the meeting was adjourned by Board consensus at 5:17 p.m.

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Melvin "Skip" Alston  
Chairman

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Robin Keller  
Clerk