

The Board of Commissioners of the Town of Littleton held a special session on Monday, August 16, 2010, at 1:00 pm the Town Hall. The purpose of the meeting was to consider a grant/loan from USDA. Commissioners present were Patrick McAtee-MacRae, Jimmy Kearney, Heidi Hogan, Clara Debnam and Terry Newsom.

Mayor Willis explained the meeting was called at the request of Thurman Murphy with USDA to proceed to get financing for the Town Hall and introduced Mr. Murphy, Tobias Fullwood and intern Brandon Willey, all from USDA (Rural Development).

Mr. Murphy handed out a draft letter establishing conditions and stated they were in a position to give funding approval assuming the Board accepted the loan/grant package and advised the loan/grant would be approved later this week. Mr. Murphy proceeded to go through the letter establishing conditions, answering questions as they came up. A copy of the letter is hereby incorporated by reference and made a part of these minutes. The loan would not exceed \$97,650 and the grant \$119,350. The interest rate would be 4% unless the interest rates lowered before the actual closing. Mr. Murphy explained a local bank would be needed for the construction loan but the interest was included in the package. A reserve account would be needed to set aside 1/10<sup>th</sup> of the amount of the annual payment of \$7,187 each year until a full annual payment was in the reserve. The construction loan was discussed including whether the Town would have to make payments in the current fiscal year. Mr. Murphy advised the Board would have to authorize the Mayor to sign the documents listed and the first document was a resolution authorizing the mayor to sign those forms.

The Board discussed the proposal including the information the payment wouldn't be due until next fiscal year, how to make the budget balance next year, whether cuts in police department personnel would be enough to make the payment, to which Commissioner Newsom said he would be asking for at least \$250,000 or more for next year for the police department, the cost in interest would be \$46,090 over the 20 years, the Board was initially told the cost would be around \$80,000 to \$100,000, and Mayor Willis stated the information came to the Board from the prior mayor and she had not originally been aware there was a loan included in the grant.

Mayor Willis asked for a motion on the resolution and stated they would find a way. In response to comments, Mayor Willis stated they had started with a structural engineer and ended up with an architectural engineer for the final plan. Mayor Willis asked for a motion and Commissioner Newsom made a motion to accept the loan/grant from USDA Rural Development and Commissioner Debnam seconded with the caveat taxes would not be raised. Commissioner MacRae stated there was no second then, and Commissioner Debnam finally seconded the motion with no restrictions. Mayor Willis asked for the vote and Commissioners Newsom and Debnam voted in favor, Commissioner Hogan stated she hadn't had a chance to really think this through and Mayor Willis tabled the motion until Wednesday at 1:00 pm. Commissioner MacRae stated he would not be available at that time and voted no. Following discussion the Board agreed to meet at 3:15 pm Wednesday, August 18, 2010. The meeting recessed at 2:30 pm.

The meeting resumed at 3:33 pm, August 18, 2010.

Mayor Willis introduced Cathy Scott, Executive Director of Halifax Economic Development. Ms. Scott was the one originally working on the USDA package that was first submitted August 26, 2008. Ms. Scott advised she had cost estimates and notes for the project and a quote had been obtained from Vance Construction for an estimate. The

package was pre-stimulus at the time and the present package was unique in getting more grant than loan due to good demographics. Discussion followed including how the amount for the loan/grant was arrived at, what was included in the construction estimate from Vance Construction, Ms Scott advised originally it was 10% grant and 90% loan, it was possible the 4% interest rate could be lower at the time of closing, the bank rate for municipal loans was a minimum of 4.6%, the Town was still looking at paying back a \$97,500 loan. Board members also they did not feel they had been kept informed and some had never seen the plans. The Clerk advised she had spoken with Mr. Murphy and he had stated if the Board approved the project today, they could still turn it down. There was concern expressed that the current budget had cut a police officer and transferred money from the Water Sewer Fund. Mayor Willis stated funds could be taken from the Water Sewer capital improvement fund and was a justifiable use and that the payments could be made with no problem. Concern was again expressed at the high cost, that \$31,000 had been used to balance the current budget and this would add about \$10,000 more and that the problem was the timing.

Mayor Willis called the question and Commissioner MacRae he had a “question of privilege”, there had been a procedural problem that once a question had been called it could not be tabled and further that timely information had not always been provided to the Board. Commissioner MacRae stated that as there was a possibility at least three members of the Board would vote in favor, he moved to suspend the rules for the questions concerning the USDA Loan and grant. Mayor Willis apologized and thanked Commissioner MacRae for bringing it to her attention and went on to state part of the Board was new and the current Board knows more than previous boards. Commissioner Hogan seconded the motion and the motion to suspend the rules was voted and carried.

Mayor Willis asked for a motion on the USDA package and following more discussion Commissioner Newsom made the motion. Following more discussion on accepting the contract with the understanding approval could be withdrawn, the original amount for the up-fitting had been \$80,000 to \$100,000 and contacting the architect to go over the plans with the Board, Mayor Willis called a short break at 4:31 pm for the Clerk to contact Mr. Murphy for written confirmation that if approved today the loan could still be turned down before construction began.

The meeting resume at 4:39 pm.

Commissioner Newsom withdrew his motion and following discussion on the language, Commissioner Kearney made a motion, seconded by Commissioner Newsom to accept the **Resolution Accepting Conditions Set Forth in a Letter of Conditions (R-10-011)** with the provision that USDA said in writing that the loan/grant could still be turned down by the Town prior to incurring costs and or construction. The motion carried with Commissioners Kearney, Newsom, Debnam and Hogan voting in favor and Commissioner MacRae voting in opposition.

Discussion followed including contacting the architect and the need for more information on financial date rather than the architect and using Water Sewer capital funds to pay the loan.

Commissioner Debnam made a motion, seconded by Commissioner Kearney to adjourn at 4:45 pm. The motion was voted and carried.

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Clerk