



**Executive Committee
March 27, 2019 – 13:00am
Land of Sky Regional Council
339 New Leicester Highway, Suite 140, Asheville, North Carolina 28806**

AGENDA

1. Call to Order (11:30am)

2. Consent Agenda

Consent Agenda items are considered routine and noncontroversial in nature, and are considered and approved by a single motion and vote. If any member of the Executive Committee requests an item be removed from the Consent Agenda for separate consideration and action, that item will be placed under the Business, Updates and Discussion section of the agenda.

- A. February 27, 2019 Executive Committee Meeting Minutes**
- B. Bank Account Signatories & Deputy Finance Directors**

3. Business, Updates and Discussion

- A. Brownfields Program Update**
- B. Strategic Plan Implementation Update**
- C. Closed Session**

4. Other Items

5. Adjournment



AGENDA ITEM SUMMARY

Item: Consent Agenda – 2A and 2B

Nature of Item: Executive Committee Action Requested

Attachment(s): Draft February 27, 2019 Executive Committee Meeting Minutes

Staff: Justin Hembree

Background: Two items are presented for consideration and action as part of the Consent Agenda. Consent Agenda items are considered routine and noncontroversial in nature, and are considered and approved by a single motion and vote.

If any member of the Executive Committee requests an item be removed from the Consent Agenda for separate consideration and action, that item will be placed under the Business, Updates and Discussion section of the agenda. Staff will provide an overview of each item prior to consideration of approval of the Consent Agenda.

Suggested Motion: Move to approve consent agenda.

Item 2A – February 27, 2019 Executive Committee Meeting Minutes

Staff: Zia Rufkin

Attached are minutes of the February 27, 2019 Executive Committee meeting.

Staff recommends approval of the minutes as part of the consent agenda.

Item 2B – Bank Account Signatories & Deputy Finance Directors

Staff: Justin Hembree

With a new Finance Director on board, staff requests that the Executive Committee update/reconfirm authorized bank account signatories and Deputy Finance Directors as follows:

Authorized Bank Signatories

Justin Hembree, Executive Director
Danna Stansbury, Deputy Executive Director
Charlotte Sullivan, Finance Director

Deputy Finance Directors

Justin Hembree, Executive Director
Danna Stansbury, Deputy Executive Director

Staff recommends approval of the above as part of the consent agenda.

**Land of Sky Regional Council
Executive Committee
February 27, 2019**

Minutes

Land of Sky Regional Council's Executive Committee held a meeting on February 27, 2019 at the offices of Land of Sky Regional Council (LOSRC) located in Asheville, NC. Present for the meeting: Chair Larry Harris, George Goosmann, Mike Hawkins, John Mitchell, and Charles Dickens. Land of Sky staff present: Justin Hembree, Danna Stansbury, Vicki Jennings, Deon Lytle, Erica Anderson, and Zia Rifkin (Recording).

Call to Order – Chair Harris called the meeting to order at approximately 11:00am.

Approval of Consent Agenda – The Consent Agenda (consisting of: Minutes of the January 23, 2019 Executive Committee meeting, On-Call Answering Services & Transportation Services Proposals, French Broad River Partnership, Senior Companion Program FY 2020 5310 Rural Transportation Operating Grant, and Nominating Committee/Officer and Executive Committee Elections) was presented for consideration.

George Goosmann moved to approve the consent agenda as presented. Mike Hawkins seconded and the motion carried without further discussion.

New Business, Discussion & Updates

Presentation of Audit for Fiscal Year Ending June 30, 2018

Justin Hembree introduced Valerie Kiger, CPA, with Cannon & Company, the organization's auditors. Valerie communicated that the FY 18 audit was submitted in a timely manner to the NC Local Government Commission (LGC). She focused mainly on the General Fund, which is the operating fund for the Council. She reviewed a summary of the General Fund and noted that both revenues and expenditures came in under budget.

Discussion occurred regarding the \$180,000, which was an excess of revenue. Justin Hembree noted that usually the final carry-over level of funding is not known until about September (Budget Amendment #1 incorporates those funds into the annual budget). Clarification was provided that the \$180,000 was never expended and by the end of the fiscal year, \$544,837 was added to the fund balance.

Valerie Kiger explained to Executive Committee that of the total budget at the end of the fiscal year was \$4,930,076, which included \$2,605,362 in unrestricted cash and investments, of which \$1,284,833 (49%) was unassigned. Justin Hembree explained that the Revolving Loan Fund (Chatham Mills- Brownfields) is considered a liability on Land of Sky's books. Erica Anderson explained that Chatham Mills loan was closed out in 2016 and EPA de-federalized those funds. She also noted that Chatham Mills has not made a payment in three years. Due to a clause in the contract, they do not believe that they should be paying back this loan at this time. Billy Clarke, legal counsel, is working on this issue for LOSRC. Justin Hembree clarified that Chatham Mills is not paying back the loan as they are not making profit on their HUD loan as of yet. Justin Hembree shared that the LGC is not unfamiliar dealing with issues such as this; but, LOSRC will need to send the LGC a letter showing that LOS has done its due diligence on collecting the loan from Chatham Mills, assuring that LOS is doing everything it can to collect these funds. Obviously, this is a liability, but it is also a receivable for the organization. Erica Anderson shared that the organization does have collateral for the Chatham Mills loans; however, ideally, the goal is to have a payment schedule with Chatham Mills. She continued that LOSRC does not qualify for federal Brownfields funding any longer, since the region, as a whole is too wealthy under federal guidelines.

Chair Harris noted that a resolution needs to be implemented before the next budget is submitted. Justin Hembree communicated that Chatham Mills recognizes the money is owed to LOSRC and the organization's legal counsel has experience dealing with this type of issue. He continued that if some sort of payments could be received, it could build up a Brownfields fund for the region. Chair Harris shared that legal costs need to be weighed against what could be collected against the Chatham Mills loan. Mike Hawkins commented that the organization should be aggressive in pursuing collection of the loan. He also noted that the scenario brings up all types of red flags. George Goosmann commented that LOSRC should have been first in line for repayment, not second, due to the loan being made out of the LOSRC region. Erica Anderson shared that besides Chatham Mills, another Brownfield loan was made to Franklin, but that loan has been closed out. She communicated that the Chatham Mills loan began in 2009 and it was then rolled into a larger loan in 2011. She noted that the issue is that Chatham Mills acquired a HUD loan and that HUD requires being first in line for repayment. She noted as well, that the Chatham Mills revolving loan was the only one of its type made and that the Chatham Mills loan was consolidated in 2013. Chair Harris requested Erica Anderson to provide a memo with the timeline of the Chatham Mills loan to Executive Committee members. Chair Harris also communicated that LOSRC's responsibility is to pursue collection of this loan. Valerie Kiger noted that when the payable comes off the books, then it is no longer a liability.

Erica Anderson shared that EPA has gifted the loan to LOSRC and we have that letter from the EPA. Chair Harris commented that we really need to address the question on the whole issue of the fund balance, since we really do not have a liability since we do not own the money back to anybody. The goal should be to aggressively collect the loan since those funds could allow for Brownfields loans in the region again. Chair Harris directed staff to address the question of whether we have a problem or not; and, secondly to have legal counsel pursue collection of the loan to Chatham Mills. Charles Dickens noted that Winston-Salem/Forsyth County should be notified about this issue since they may want to make LOSRC whole. Danna Stansbury provided historical perspective by noting that at the time, there were no Brownfields loan applications in the region. The Regional Council serving Forsyth County did not have Brownfields funding and they requested LOSRC to assist. She stated that she could not recall if it went before Council or not at the time. Discussion occurred that Chatham Mills is set up on the books as a long-term loan and long-term receivable. She noted too, that if it was still collectable, it is basically a wash on the books. Erica Anderson concurred that it could be addressed, if this was a receivable. George Goosmann concurred with Charles Dicken's statement that Winston-Salem/Forsyth County might be willing to step up and make LOSRC whole again since we are potentially a threat to this big project.

John Mitchell asked if LOSRC were successful in removing this liability, the organization would increase its fund balance, which was affirmed. Valerie Kiger noted that fund balance and unassigned; half of the fund balance is available for appropriation. She also briefly reviewed the other two letters submitted to the Executive Committee and she noted a very good separation of accounting duties with no deficiencies noted there. The other letter is the required Communication to Government, which shows that everything went smoothly, outside of the Chatham Mills issue. Justin Hembree noted that it has been great working with Cannon & Company.

Discussion occurred regarding the footnote that provides a recap of the development of the lease agreement with Buncombe County.

Moved to accept the Financial Statements and Compliance Report for the fiscal year ending June 30, 2018. Seconded and the motion carried without further discussion.

Audit Contract for the Fiscal Year Ending June 30, 2019

Justin Hembree shared that it is time again for the Executive Committee to consider the audit contract for the current fiscal year. He noted that this will be the fourth year of Council's relationship with Cannon & Company. The total amount of the contract would be \$20,600 plus an additional cost for preparation of the audited statements.

Discussion occurred about the additional work in the audit created by the numerous changes in guidelines for audits of government entities. Valerie Kiger noted that the majority of the work on LOSRC's audit came in the first year of the contract with Cannon & Company. She also explained Chatham Mills could not be an Enterprise Fund on the organization's books since any repayment would not provide revenue in the same year as expenditures. Chair Harris noted the imperative of resolving the Chatham Mills issue since it is not a liability. Discussion also occurred if Regional Councils' could set up Enterprise Funds and Valerie Kiger noted that for LOSRC's purposes, the organization does not have enough funding for the work it would take to set up such a fund.

George Goosmann moved to approve the Executive Director executing the audit contract with Cannon & Company for the fiscal year ending June 30, 2019. Charles Dickens seconded and the motion carried without further discussion.

Closed Session

Moved to enter Closed Session to discuss a personnel matter. Seconded and the Executive Committee entered closed session.

Adjournment

Chairman Harris adjourned the meeting, as there was no further business.



AGENDA ITEM SUMMARY

- Item:** Brownfield Program Update – 3A
- Nature of Item:** Presentation/Information
- Attachment(s):** None (Documentation from Staff/Legal Counsel to be Provided)
- Staff:** Justin Hembree, Executive Director
Billy Clarke, Legal Counsel
Charlotte Sullivan, Finance Director
Erica Anderson, Director of Economic & Community Development
- Background:** Staff and legal counsel have been working to address and resolve the issues discussed during the February 2019 Executive Committee meeting related to the Brownfield Revolving Loan Fund (Chatham Mills).
- An update on progress made and next steps will provided during the meeting. To protect attorney/client privilege, a portion of this conversation may need to be held in closed session. Based on conversations, staff feels the organization is in a good place to move forward with resolution of this issue in relation to the LGC's concerns and has a better understanding of issues related to repayment of the loan.
- Suggested Motion:** No specific action at this time.



AGENDA ITEM SUMMARY

- Item:** Strategic Plan Implementation Update – 3A
- Nature of Item:** Presentation/Information
- Attachment(s):** None
- Staff:** Justin Hembree, Executive Director
- Background:** Staff has been working on implementation of the recently adopted Strategic Plan. An update on step taken and immediate future actions will be provided during the meeting.
- Suggested Motion:** No specific action at this time.