

**IREDELL COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING – JUNE 22, 2004
5:30 P.M.**

The Iredell County Board of Commissioners met on Tuesday, June 22, 2004, 5:30 p.m., at the Agricultural Resource Center, 444 Bristol Drive, Statesville, NC. The special meeting was called due to a legal proceeding brought by the Iredell-Statesville School System.

Present were:

Chairman Steve D. Johnson
Vice Chairman Godfrey Williams
Doug Madison
Marvin Norman
Sara Haire Tice

Staff present: County Manager Joel Mashburn, Finance Director Susan Blumenstein, Clerk to the Board Jean Moore, and Attorney Neil Yarborough.

CALL TO ORDER by Chairman Johnson.

CLOSED SESSION: MOTION by Chairman Johnson at 5:35 p.m., to enter into closed session pursuant to G.S. 143-318.11(a) (3) – Attorney/Client.

VOTING: Ayes – 5; Nays – 0.

RETURN TO OPEN SESSION: MOTION by Chairman Johnson at 6:45 p.m., to return to open session and to recess the meeting until after the June 22, 2004 joint meeting with the Iredell-Statesville School Board.

VOTING: Ayes – 5; Nays – 0.

7:00 P.M.

JUNE 22, 2004

**IREDELL COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING DUE TO A LEGAL PROCEEDING
BROUGHT BY THE
IREDELL-STATESVILLE BOARD OF EDUCATION
LOCATION: AGRICULTURAL RESOURCE CENTER
444 BRISTOL DRIVE
STATESVILLE, NC**

Mediator Richard (Dick) Tyndall requested that introductions be made.

Iredell-Statesville School Board: Attorney Ann Majestic with the law firm of Tharrington Smith, LLP in Raleigh, North Carolina introduced herself and Dr. David Cash, the Board of Education Chairman. Dr. Cash then introduced the following individuals:

Tara Cashion, Vice Chairman, Board of Education
Dr. Mary Bruce Serene, Member, Board of Education
Keith Williams, Member, Board of Education
David Parker, Member, Board of Education
Dr. Kenneth Wilson, Member, Board of Education
Jim Head, Member, Board of Education
Dr. Terry Holliday, Superintendent for the Iredell-Statesville Schools

Call to Order: Dr. Cash called his board to order.

Iredell County Board of Commissioners: Neil Yarborough, with The Yarborough Law Firm in Fayetteville, North Carolina introduced himself and Stephen D. Johnson, the Chairman for the Board of Commissioners. Mr. Johnson then introduced the following individuals:

Godfrey Williams, Vice Chairman for the Board of Commissioners
Doug Madison, Member, Board of Commissioners
Marvin Norman, Member, Board of Commissioners
Sara Haire Tice, Member, Board of Commissioners
Joel Mashburn, Iredell County Manager
Susan Blumenstein, Iredell County Finance Director
Jean C. Moore, Clerk to the Board

Call to Order: Mr. Johnson called his board to order.

G.S. 115C-431 (a) Stipulations: Tyndall questioned Attorneys Majestic and Yarborough on the following:

1. Have all of the requirements of the General Statutes been met? Majestic and Yarborough replied yes.
2. Could it be stipulated for the record that a meeting was held within seven days as required by the General Statutes? Majestic and Yarborough replied yes.

Opening Remarks by Tyndall: Mr. Tyndall requested that both parties “keep an open mind and be flexible.” Tyndall announced that the attorneys and their clients had agreed to reconvene the meeting to June 30, 2004 at 9:00 a.m., and at that time, a more factual examination of the dispute would occur. He said that if the situation could not be resolved that morning, the following individuals would participate in a closed mediation proceeding:

1. The chair of each board or the chair’s designee.
2. The superintendent of the local school administrative unit and the county manager or either’s designee.
3. The finance officer of each board.
4. The attorney for each board.

Opening Statement by Dr. David Cash, Chairman of the Iredell-Statesville Board of Education: Dr. Cash read the following statement:

The Board of Education has initiated this mediation process to obtain the funds necessary to provide a quality education to every student in the Iredell-Statesville Schools. We have determined that the County’s appropriation for current expense and capital outlay funds for the upcoming fiscal year is not sufficient, and we believe that the resources exist to fund the schools’ needs. We are not here today to debate the long-range facilities needs of the school system. We welcome the opportunity to discuss that issue with the Commissioners at another time. The issue for today is the county appropriation for the upcoming year.

In his budget message to the Commissioners this year, the County Manager described the school system’s budget as “conservative and modest.” We agree. Our budget is lean and focused on improving student achievement. Here are some highlights of our efforts to be efficient and effective in our use of public funds:

- *We have adopted five strategic priorities to ensure that every student in the district is afforded a high quality education. They are: 1) high student performance, 2) safe, orderly and caring schools, 3) quality teachers, administration and staff, 4) strong family, community and business support and 5) effective and efficient operations.*
- *We have used a zero-based budgeting process and required every department to show how requested funds are necessary to support our strategic priorities.*
- *We have implemented cost conservation in our energy management program.*

- *We have reduced central office costs to the lowest ratio in the state.*
- *We have received an independent audit with zero reportable findings.*
- *Over the past two years we have cut over \$1,200,000 in current expense items to bring our budget within the county's prior funding commitment of growth plus 5%.*

This year we built our modest budget on this prior commitment of growth plus 5% and on the county's original projection of a 5% increase in property tax and sales tax revenues. When we met with Commissioners in mid-February during their budget planning retreat, the county's financial projections had not changed. It was not until May that we were officially told that the projections for increased property tax revenues had been revised downward to 2.5% and our funding would be reduced to 2% plus growth.

The Board of Education is baffled by this pessimistic economic forecast, described by the County Manager as "the lowest annual increase in the property base" since 1988. Last year the county realized a 10% increase in property tax collections. The County Manager explains that the dramatic drop in projections for next year is based on a loss of personal property from equipment leaving the county. That may be true, but does the projection take into account the dramatic growth in the county? At our joint meeting in March, Mr. Johnson said this about our growth: "We're beginning to see – as the population projections show – a resurgence of growth again all over the county, but particularly in the southern end." With clear signs that the economy is rebounding and the growth in this county is continuing, the Board of Education has to ask: How could we face the worst property tax projections in over 16 years?

The Board of Education does not want to be in conflict with the County Commissioners but we believe we have a duty to the students, staff and community to pursue the resources needed for the schools. It is our hope that the Board of Education and the Board of Commissioners will be able to resolve these issues in the best interests of the children and citizens of Iredell County.

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Opening Statement by Attorney Yarborough on behalf of the Iredell County Board of Commissioners: Mr. Yarborough then read the following statement.

*Leadership is about setting priorities and making hard decisions. The Iredell County Board of Commissioners were faced with several hard decisions this year when fulfilling their public trust of preparing and adopting a budget. They were faced with their historic commitment to education, which they have proven time and time again. **And**, they were faced with other public demands on their limited resources. They set their priorities, honored their commitments and made the hard financial decisions, which their jobs require.*

In doing so, they held the tax rate steady and gave the Iredell-Statesville Schools 98% of everything for which they asked. Furthermore, they were budgeted this year \$1,148,000.00 more than they received last year. To do this, the board of commissioners cut other departmental requests, belt tightened, and sought creative ways to find additional revenue. And the Iredell Statesville School Board still wants to cause this public furor, take them to court, and spend additional money and effort because they did not receive a very small fraction of all the money for which they asked.

By our calculations their current expense request was approximately \$24,521,000 and we budgeted \$23,822,000 or 2.8% less than requested.

Their capital outlay request was approximately \$11,918,000 and we budgeted \$11,773,000 or 1% less than requested.

The law under which we are being brought in to court, NCGS 115C-431, establishes a state standard which requires sufficient funding to “maintain a system of free public schools.” Yet over ninety percent of our state’s school systems operate with a lower per pupil expenditure than the Iredell Statesville School District. Iredell Statesville Schools are in the top 5% across the state in capital outlay per pupil and in the top 10% in current expense appropriations and yet our school board wants to drag us into court, because they can’t operate with more money than nearly every other school system in the state.

We find the situation regrettable, but hope cooler heads will prevail, and this matter can be resolved within the current county appropriations already budgeted.

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Adjournment of the Joint Meeting: At 7:31 p.m., Mediator Tyndall recessed the meeting until 9:00 a.m., on Wednesday, June 30, 2004, at the Agricultural Resource Center, 444 Bristol Drive, Statesville, NC.

MOTION by Chairman Johnson to close the open session for the board of commissioners and to re-enter into closed session pursuant to G.S. 143-318.11 (a) (3) – Attorney/Client privilege.

VOTING: Ayes – 5; Nays – 0.

RETURN TO OPEN SESSION AT 7:51 P.M.

Adjournment: **MOTION** at 7:51 P.M., by Commissioner Madison to continue the meeting until 9:00 A.M., on June 30, 2004 at the Agricultural Resource Center (444 Bristol Drive, Statesville, NC) in adherence to Mediator Tyndall’s schedule.

VOTING: Ayes – 5; Nays – 0.

Approval: _____

Clerk to the Board