AUGUST 29, 2016 7:00 P.M.
JONES COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
JONES COUNTY AGRICULTURAL BUILDING, 110 MARKET STREET
TRENTON, NC 28585
MINUTES

COMMISSIONERS PRESENT:
Zack Koonce, Chairperson
Frank Emory, Vice-Chairperson
Mike Haddock, Commissioner
Joseph Wiggins, Commissioner
Sondra Ipock-Riggs, Commissioner

OFFICIALS PRESENT:
Franky J. Howard, County Manager
Angelica Hall, Clerk
Brenda Reece, Finance Officer

COMMISSIONERS ABSENT:

The Chairperson called the meeting to order and the Invocation was given by Commissioner Mike Haddock.

MOTION made by Commissioner Sondra Ipock-Riggs, seconded by Commissioner Frank Emory, and unanimously carried **THAT** the Board go into Public Hearing for public comments related to Consolidation.

PUBLIC COMMENT PERIOD:

Bob Jolly- Chairman Board of Health

I have been on the Board for 5 years, and we have a good Board. Mr. Wesley Smith has been here two years and has helped bring knowledge to the Board of Health. He is very detailed oriented and has worked very well with the Board. We have a Board with good people. I appreciate what has been done with the Health Department and I'm glad to be a part of the Board of Health.

Charlie Dunn- Board of Health:

I have been on the Board a short time and we have a good Director on the Board of Health. The Director should be able to focus on health issues and only that and should not have his time divided. There are a few people doing a lot of things and they get over burden. We have a good director and hope it will stay that way. I want to leave the Health Board and DSS Board as is.

Wayne Hurley- Board of Health:

I have been on the Board of Health for awhile. I appreciate Wes's knowledge and help. This all might make it better and Wes does a good job. I know it's the Board's decision and I hope the right decision is going to be made.

Wesley Smith- Health Director:

I understand that the Board has difficult decision to make. I just want to let you know that we always had a quorum and was able to conduct business. There are a few questions that I would ask the Board to think about: Will it save money? Will it improve services for the citizens? Is it the right time? The budget has already been adopted? The Health department went through a though time with accreditation and we are still working towards re-accreditation. Taking on this responsibility can put a lot on the Board of Commissioners. The following is information for the Board: 20 Counties have consolidated, 10 Counties the Board of Commissioners is the governing board, 9 Counties have a separate Consolidation Board, and 1 County has a Health Department that is governed by the Board of Commissioners. Out of the 20 Counties mentioned 19 have both a Health and DSS Director.

Wes Stewart- DSS Director

I have the same concerns as Mr. Smith. We have had good Board attendance since January and I don't see where consolidation will be a big savings for the County. There are so many differences in both departments but I will support the decision. My concern is the citizens of Jones County. There is not a model out there where there is one person over the departments and putting the one person over for fifty-fifty is a lot of responsibility.

MOTION made by Commissioner Joseph Wiggins, seconded by Commissioner Sondra Ipock-Riggs, and unanimously carried **THAT** the Board close Public Hearing at 7:18 pm.

Meeting Recessed until 7:30 pm

Meeting Reconvened at 7:30 pm

Robbie Ferris, Aaron Thomas, and Patrick Balentine are here to present to the Board information on the School Project. A copy of this report is marked **EXHIBIT A** and is hereby incorporated and made a part of the minutes. No action needed by the Board.

Zack Koonce was excused from the meeting at 8:30 pm.

MOTION made by Joseph Wiggins, seconded by Mike Haddock, and unanimously carried THAT the meeting be recessed at 9:00 p.m. until Wednesday August 31, 2016 at 7:00 pm.

COMMISSIONERS PRESENT:
Zack Koonce, Chairperson
Frank Emory, Vice-Chairperson
Mike Haddock, Commissioner
Joseph Wiggins, Commissioner
Sondra Ipock-Riggs, Commissioner

OFFICIALS PRESENT:
Franky J. Howard, County Manager
Brenda Reece, Finance Officer

August 31, 2016
The School Project Meeting was reconvened at 7:05 pm.

Commissioner Sondra Ipock-Riggs prepared questions for the meeting and requested the questions be added to the minutes. A copy of these questions are marked **EXHIBIT B** and is hereby incorporated and made a part of these minutes. Robbie Ferris was in attendance to discuss any questions that arose from the Board. There was discussion by the Board. Mr. Franky Howard explained that they would only be voting on an Architect tonight, not on the final numbers. Mr. Howard explained that there needed to be a design in order to come up with the numbers. If we do not have or are not able to come up with all the funding, some things will be dropped off the design.

A **MOTION** was made by Mike Haddock, seconded by Frank Emory, and carried unanimously **THAT** the Board would move forward with Robbie Ferris' FLSA design and Pre-development Agreement. A copy of this Agreement is marked **EXHIBIT C** and is hereby incorporated and made a part of these minutes.

MOTION made by Commissioner Joseph Wiggins, seconded by Commissioner Frank Emory, and unanimously carried **THAT** the meeting be adjourned at 8:45 pm.

Zack Koonce
Chairman

Angelica Hall
Clerk to the Board

Exhibit A

...Solutions From The Ground Up

first floor®

Jones County K-12 Schools

Lease -124,000 SF - School With Auxiliary Gym & Stage Area

		UNITS	COST/UNIT	COST		COST
Surveying/borings						$30,000
Special Inspections/Testing						$135,000
Other Testing						$0
Construction Commissioning						$160,000
Land		0	$ -			$0
Construction Cost						
Basic Bldg		108,100	$ 220	$ 23,782,000.00		
New Admin building		-	$ -	$ -		
Stage Area off Gym		2,000	$ 220	$ 440,000.00		
Library			$ 220	$ -		
Auxiliary Gym		13,900	$ 220	$ 3,058,000.00		
Fields/stadium				$ -		
Inflation		124,000	$ 10	$ 1,240,000.00		
				$ -		
Furniture and Equipment				$ -		
Technology		124,000	$ 14.00	$ 1,736,000.00		
FF&E		27,280,000	6.00%	$ 1,636,800.00		
			$ -	$ -		
				$ -		
Total Construction Cost				**$ 31,892,800.00**		**$31,892,800**
Soft Costs	$	31,892,800.00	14.000000%	$ 4,464,992.00		
				$ 4,464,992.00	$	**4,464,992.00**
Contingency-5%						$1,594,640
TOTAL ESTIMATED COST						**$38,277,432**
Less: Cash in the Transaction						**($15,400,000)**
Less: NMTC Net Allocation						**($4,000,000)**
Plus: Cost of Issuance						**$538,774**
** Budget does not include instructional materials			**Total Amount Financed**			**$19,416,206**

Exhibit B

Jones County Public School
Construction Project
Comments and Questions

Introduction

A new school is in the planning stages of construction in Jones County. This new school will cost at least $32,000,000 and will be the largest construction project ever undertaken by Jones County. I think we can all agree that we want to build a good school. A new "green" solar powered school built today may be a politically correct thing to do but I want to make sure that it's also a financially sound thing to do for the taxpayers. To determine that, we as Commissioners and elected officials must ask the tough questions and get as many facts possible before signing any contract and starting construction. Before we make any decision, I suggest we at least have a Public Hearing on this subject and give the taxpayers of Jones County a chance to participate in this decision.

Costs of Construction

From what I can determine, a new solar powered school will cost approximately $38,277,432 to construct. Here is the cost breakdown as I understand it using the sfl+a Architects numbers.

Est Total Cost of Construction	$38,277,432
Less: Funding Received from the State	(15,400,000)
Less: NMTC	(4,000,000)
Add: ~~Insurance~~ Cost	538,774
Left to Pay by Jones County	$19,416,206

Using these numbers, Jones County taxpayers are left financing approximately $19,416,206. We have another estimate for building essentially the same school with traditional power sources (non-solar) for approximately $32,000,000. Am I correct in assuming that unless we go solar, we lose the NMTC tax credit of $4,000,000? Here is the projected cost of the traditional school.

Est Total Cost of Construction	$32,000,000
Less: Funding Received from the State	(15,400,000)
Add: ~~Insurance~~ Cost	588,774
Left to Pay by Jones County	$17,188,774

Without any tax credits for the traditional school, the difference in cost is $2,227,432. This appears to be the cost of going "green". Can we all agree that this is approximately correct?

How long will it take Jones County to recoup this $2,227,432 of initial investment in solar energy? We can't determine how long that will take until we know how much the three existing

schools cost us in energy today on an annual basis. So how much will we save going "green" and solar vs. traditional? We can't know that until we know what power is costing us today at the three existing schools in Jones County. On an annual basis, what is the energy expense of each of the three schools today? What will the annual net energy costs be at a new "green" school? When we have those numbers we might be able to at least estimate how long it will take us to recoup that extra $2,227,432 we will spend to go "green".

Whether we go "green" or not, Jones County still has to come up with anywhere from 17,000,000 to $19,000,000 to finish paying for the school. Where is that money going to come from? Obviously, we intend to borrow that money. What is the plan for that? Are we going to be forced to raise taxes to pay for that?

It appears that the "green" school proposal calls for Jones County to lease the school building back from a private company for the first five (5) years after construction. Is that correct?

If this is true, are we proposing that the Jones County taxpayers pay for the construction of the school and then give it to some private company for five years? What is the purpose of that? Are we proposing to do this so that the private company can get the tax credits of $4,000,000 and then pass it on as a cost savings to Jones County during construction? If that is the case, is that all of the tax credits the private company plans to receive or is it more than $4,000,000? Has this actually been done at another county in the State of NC? Where? Honestly, I'm not even sure this is legally proper.

Supposedly, Duke Energy will buy back or give us "credit" for some of our solar generated power that we don't use at the school. If that is true, how much revenue or savings is that going to result in? What guarantee do we have that Duke Power will continue to do this going forward?

In closing, I don't know whether or not Jones County can afford to go "green" with our new school. I can't possibly determine that until we have a lot more information and much better numbers to work with. Since I have taken the time and effort to write down and submit my specific questions and concerns I hope we can get to work on researching for the additional information I have requested as soon as possible so we can move forward with the construction of this new school as soon as possible.

Respectfully Submitted,

Sondra Ipock Riggs

Sondra Ipock Riggs
Jones County Commissioner

Exhibit C

NORTH CAROLINA

JONES COUNTY

PRE-DEVELOPMENT AGREEMENT

This Agreement entered into on the _____by and between FIRSTFLOOR K-12 SOLUTIONS, LLC, or an assigned subsidiary (hereinafter "Developer"), and the Jones County Board of Education, a North Carolina municipality (hereinafter "School Board").

RECITALS

A. The School Board wishes to have certain K-12 school facilities designed, developed, owned and operated by the private sector and leased to the School Board.

B. N.C. Gen. Stat. §115C-530 authorizes the Board of Education to enter into leases of school buildings and school facilities subject to the approval of the County Board of Commissioners and Local Government Commission.

C. The School Board wishes to maintain full control of and responsibility for all matters pertaining to students and academic staff in the schools, including (i) academic, athletic and recreational activities, (ii) disciplinary matters, (iii) use of school facilities, and (iv) control of all goods and services (other than the school facilities themselves) to be provided to students or staff in each school.

D. The School Board wishes to engage Developer to design and develop a school facility. The School Board and the Developer contemplate that during the term of this Pre-Development Agreement they will enter into a build-to-suit Lease Agreement under which the Developer will construct a school facility which will be leased by the School Board or County (the "Lease Agreement").

E. The School Board's goals in having the private sector develop a school on its behalf include:

1. That the design addresses the specific academic, athletic and other program requirements for that school;

2. That the school be designed and constructed to a very high state-of-the-art standard that is in compliance with the Design Guidelines published by the North Carolina State Department of Public Instruction (DPI)or or other local design guidelines. It is recognized that deviations from such guidelines is expected and approval of the design by the Board of Education or its representative and DPI is an acceptance of such deviations;

3. That the school be completed and delivered ready for occupancy within dates to be established by the School Board;

4. That the school facilities be efficiently operated to a very high standard that is responsive to the needs of the school communities;

5. That there be demonstrable risk transference to the Developer and financial savings to the School Board in procuring the partnered school, both for capital costs and long term operating costs.

F. The Developer has expertise and experience in development of privately owned facilities for public uses.

G. The School Board desires to retain sole responsibility for all students and all teaching, administrative and other staff involved the programs and activities conducted in the Schools, and the School Board desires that the Developer shall (i) have no role in, responsibility for, or control over any academic or other school activity conducted by the School Board in the Schools, and (ii) not operate any vending machines or food operations in the Schools, and (iii) not sell any goods or services to students or staff, other than the school facilities themselves.

H. The parties contemplate that the Project will be implemented in three phases:

1. Pre-Development Phase, pursuant to the terms of this Agreement, during which the planning and documentation of the Project will be undertaken, culminating in the production and approval of the Project Plan for the School;

2. Development Phase, during which the approved Project Plan will be implemented pursuant to the Lease Agreement, culminating in the successful completion of the School; and

3. Operations Phase, commencing on completion of the School and continuing for the duration of the lease term for the School.

I. The School Board and the Developer are committed to working together in a manner designed to benefit the educational process.

NOW, THEREFORE, the School Board and the Developer, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, covenant and agree as follows:

ARTICLE I
DEFINITIONS

All capitalized terms not otherwise defined herein shall have the meaning set forth in this Section 1.

Section 1.01 **Architect** to be determined.

Section 1.02 **Agreement** means this agreement.

Section 1.03 **Architectural Plans** means all Drawings and other documents illustrating the design of the School and its various components, including exterior elevations, the layout and interior circulation plan, paving, sidewalks, lighting, landscaping and other ancillary improvements. Architectural Plans shall include schematic design and design development drawings.

Section 1.04 **School** means a K-12 School containing approximately 108,100 square feet plus an auxiliary gym (13,900 SF), and stage area (2,000 SF) for a total of approximately 124,000 S F. The design for furniture and technology, including their infrastructure layout, will be done by the Developer.

Section 1.05 **Consultants** means those third parties engaged by Developer who provide Work Product, including, without limitation, the Architect, soils and geotechnical engineers, civil, Structural, Mechanical, Electrical Engineers, Landscape Architect, LEED and Acoustical Consultants and including other consultants such as Financial, Investment Banking, Tax Credit, Accounting, Legal Counsel, Procurement, Grant Consultants and general Development Consultants.

Section 1.06 **Drawings** mean all graphics and pictorial documents, depicting the design, location and dimensions of the School.

Section 1.07 **Work Product** means all Architectural Plans, studies, reports, and other tangible deliverables or work product prepared by the Consultants within the categories set forth on the Schedule of Services attached hereto as Exhibit A, including fees associated with Developer general conditions and overhead.

Section 1.08 **Management Plan** means all Management Plan set forthin Exhibit B hereto.

ARTICLE II
Design of School

Section 2.01 **Retention of Architect**. Concurrently herewith Developer has entered into an agreement for architectural services with Architect to provide design services for the School.

Section 2.02 **Site Location**. Promptly following the execution hereof, the Developer and the School Board shall work together to identify a suitable site on which the School will be located. It is our understanding that the School Board either currently owns the site or will acquire the site on which the school will be constructed and will enter into a ground lease for the school site with the Developer.

Section 2.03 **Site Acquisition**. While it is anticipated that the School Board will acquire the site and lease it to the Developer, the Developer may also acquire the site.

Section 2.04 **Project Management Team**. Promptly following the execution hereof, the parties agree that they will establish a School Project Management Team (PMT) comprised of the Developer's School Project Manager for the School project, the principal architect in charge of the School project, the primary representative in charge of the School project for the School Board, and the primary representative in charge of the School project for the school system. Members of the PMT may from time to time consult with such other persons as the members of the PMT may deem appropriate for different phases of the School project.

Section 2.04 **Commencement of Work**. Once the site has been selected, the Developer shall cause the Architect to promptly and diligently prepare the Work Product for the School pursuant to the Management Plan. The School Board shall be responsible for providing the Developer on a timely basis with information and approvals required for the Developer to meet the deadlines set forth on the Management Plan, as it may be amended from time to time. The parties acknowledge that the Management Plan is an estimate of the schedule for the delivery of the Work Product, and that circumstances may arise from time to time to cause changes in the Management Plan. Both of the parties agree (i) to notify the other promptly upon the occurrence or discovery of any circumstance that requires a change in the Management Plan, (ii) to modify periodically the Management Plan to address such circumstances, and (iii) that reasonable changes to or failures to meet deadlines set forth in the Management Plan as a result of such circumstances shall not constitute a breach hereof. Except as provided in Section 3 below, in no event shall the Developer, the Architect or any Consultant be entitled to reimbursement by the School Board for any cost or expense associated with site selection, design, or construction of the School. All such costs and expenses shall at all times remain the sole liability and responsibility of Developer.

Section 2.05 **Modification of Plans**. The Developer shall cause the Architect to amend or modify the Architectural Plans so as to respond to objections or comments made by the School Board. The participation of the School Board in development of the Architectural Plans and Work Product shall be construed as approval of the same.

ARTICLE III
Purchase of Work Product

Section 3.01 **Purchase of Work Product.** Within 45 days after the termination of this Agreement pursuant to clause (ii), (iii), or (iv) of Article IV, the School Board shall pay to the Developer the sum of (a) all amounts paid by the Developer to the Consultants for the development of the Work Product, plus (b) all amounts billed to or owed by the Developer by the Consultants for the development of the Work Product, plus (c) Developer overhead fees and fees of Developer Counsel, Architect, Project/Bond Counsel, the Investment Banker/Placement Agent and counsel to the Investment Banker/Placement Agent (collectively, the "Developer Team") to the date of termination as outlined in Exhibit C as attached herein, but in no event more than a total sum of $2,858,290. In return, the Developer shall transfer to the School Board all of the Developer's rights to the Work Product and all tangible items constituting any portion of the Work Product. Bills for work by the Consultants as described in (b) above will reflect work by the Consultants up to and including the date of the termination of this Agreement. Furthermore, the School Board represents and warrants that it has sufficient funds available and appropriated for the purpose of making the payment set forth above if such payment becomes necessary. Additionally, if this Agreement is terminated and the School Board proceeds with a similar School and financing within 24 months of the date of termination of this agreement, the School Board shall pay each member of the Developer Team not involved in such financing the entire amount shown on Exhibit C hereto. This Section 3.01 shall survive termination of this Agreement.

Section 3.02 **Developer, Architect and Consultant Independent.** The Developer is an independent contractor and that the School Board shall be neither liable nor obligated to pay Developer, Architect, or any Consultant sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax which may arise as an incident of employment. The Developer shall pay all income and other taxes due.

Section 3.03 **Assignment of Work Product.** Upon payment of the purchase price for the Work Product, the Developer and the Consultants (other than the Architect) shall assign all of their respective right, title and interest in and to the Work Product and deliver originals of the Work Product to School Board. The Developer shall be responsible for obtaining the consent of each Consultant (other than the Architect) to the transfer of all ownership and intellectual property rights in and to such Consultant's Work Product to the School Board. The Developer shall assign its rights under its contract with the Architect to the School Board.

Section 3.04 **Relating to Warranties on Work Product.** The School Board acknowledges that the preparation of any Work Product, including the Architectural Plans, is a process and that Work Product may be in various stages of completion at the time the School Board's obligation to purchase the Work Product arises. Accordingly, if this Agreement is terminated before the completion of the Work Product under subsections (ii), (iii) or (iv) of Article IV, Developer expressly disclaims any representations or warranties regarding the Work Product, and the School Board shall accept such Work Product as is at the time of such termination. In addition, the School Board acknowledges that the Developer is relying upon this Agreement and the School Board's obligations hereunder in entering into contracts and other arrangements with the Architect and the Consultants.

Section 3.05 **Severability Provision.** The School Board's obligations under Section 3.01 shall be independent of the other provisions of this Agreement, and shall not be affected if the remainder of this Agreement shall be held to be invalid or unenforceable for any reason. The parties acknowledge that the rights of the Developer to receive the compensation described in Section 3.01 hereof may be pledged as collateral for a loan or other obligation of the Developer. The School Board consents to such pledge, and agrees that this Agreement may be enforced by the pledgee upon the default under such loan or other secured obligation by the Developer. The School Board shall not be required to accept performance of the Developer's obligations by the pledgee or its designee.

Section 3.06 **Provisions Relating to Piper Jaffray & Co.** The School Board hereby appoints Piper Jaffray & Co. as the underwriter or placement agent for any municipal financing that may be used in connection with the construction of the School. This appointment is not a definitive agreement to underwrite or place bonds, but is subject to the satisfactory completion of due diligence by Piper Jaffray & Co., mutual agreement as to the final structure for any bonds, and the terms of a bond purchase or similar agreement between the School Board and Piper Jaffray & Co. and the School Board's approval of customary terms related thereto shall not be unreasonably withheld. Nothing in this Section 3.06 shall be construed to reduce or eliminate any obligations of the School Board that are contained in Section 3.01 hereof. As an underwriter or placement agent, Piper Jaffray & Co. may provide advice concerning the structure, timing, terms, and other similar matters concerning municipal securities. Attached to this Agreement as Exhibit D are regulatory disclosures required by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board to be made by Piper Jaffray & Co. at this time because of this appointment and by executing this Agreement, the School Board acknowledges receipt of these disclosures.

ARTICLE IV
Termination

Section 4.01 **Termination of Agreement.** This Agreement shall automatically terminate upon the earliest of the date of the occurrence of one of the following events: (i) the execution of the Lease Agreement by the School Board and the Developer; (ii) the first anniversary of the execution hereof, if the Lease Agreement has not been executed by such date; (iii) the delivery by the School Board of notice to the Developer that it does not believe that the completion of negotiation of the Lease Agreement is likely to occur; or (iv) the 45th day following the Developer's delivery in writing of the final project plan for the School setting out proposed rental rates, construction costs and operating costs for the School, if a Lease Agreement is not executed on or before such date.

ARTICLE V
Lease Agreement

Section 5.01 **Form of Lease.** The parties acknowledge that the Lease Agreement, if executed, will be an operating lease in accordance with generally accepted accounting principles and the laws of North Carolina, and will contain provisions under which the School Board or the County may acquire fee simple title to the School on terms consistent with reasonable business practices.

Section 5.02 **Work in Good Faith.** The parties agree to work in good faith and with due diligence to negotiate mutually acceptable terms of the Lease Agreement. The final provisions of the Lease Agreement are in all respects subject to the final approval of the Developer and the School Board.

ARTICLE VI
Miscellaneous

Section 6.01 **Entire Agreement**. This Agreement is intended to be the entire agreement of the parties with regard to the purchase of the Work Product and may only be amended with the written consent of both parties.

Section 6.02 **Severability**. Should any of the provisions of this Agreement be found to be invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Agreement shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties.

Section 6.03 **Waiver**. No waiver of any provisions under this Agreement shall be effective unless contained in writing signed by a duly authorized officer or representative of the party to be charged with the waiver and no waiver of any right arising from any breach or to perform shall be deemed to be a waiver of any future right or of any other right arising under this Agreement.

Section 6.04 **Relationship of Parties**. Neither the Developer nor the School Board shall be construed to be joint, general partners and agents of the other, and no party shall have the power to bind or obligate any other party except as set forth in this Agreement. The Developer shall have no right or authority, express or implied, to commit or otherwise obligate the School Board in any manner whatsoever to pay any expense or reimburse any amount, except to the extent specifically provided herein to purchase the Work Product.

Section 6.05 **No Third Party Rights**. The provisions of this Agreement are intended solely for the benefit of, and may only be enforced by, the parties hereto and their respective successors assigns. None of the rights or obligations of the parties herein set forth (or implied) is intended to confer any claim, cause of action, remedy, defense, legal justification, indemnity, contribution claim, set-off, or other right, whatsoever upon or otherwise inure to the benefit of any contractor, Consultant, subcontractor, worker, supplier, mechanic, architect, insurer, surety, guest, member of the public, or other third parties having dealings with either of the parties hereto or involved, in any manner, in the School.

Section 6.06 **Conflict of Interest Prohibited**. It is recognized that Developer may or will be undertaking other development during the term of this Agreement on its own behalf or on behalf of other parties; notwithstanding such work; however, the Developer's performance of other development-related services shall not conflict with or interfere with the Developer's ability to perform hereunder. The Developer shall act in good faith and exercise its best efforts to avoid any conflicts of interest.

Section 6.07 **Confidentiality**. All information regarding the School and the School Board obtained or prepared by the Developer and its employees, agents, contractors, and subcontractors (including but not limited to any Consultant) in performance of this Agreement shall be considered confidential, and the Developer shall not disclose such information to the public, the press, or any other person or entity without advance written consent of the School Board. All information regarding the Developer obtained or prepared by the School Board, and its employees, agents, contractors, and subcontractors in performance of this Agreement shall be considered confidential,

and the School Board shall not disclose such information to the public, the press, or any other person or entity without advance written consent of the Developer, except where such disclosure is required by applicable law in which case the School Board shall notify the Developer of its disclosure of such information and the legal basis therefor.

Section 6.08 **Communication**. The Developer, the Consultants, and their respective contractors, agents, employees, and subcontractors, shall communicate with the School Board through the following designees: _____

Section 6.09 **Notices**. All notices or requests required or permitted under this Agreement shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or by email and shall be deemed given three (3) days following the date when mailed or on the date when delivered or faxed (provided the fax machine has issued a printed confirmation of receipt). All notices or requests shall be sent addressed as set forth below.

Section 6.10 **Time Is of the Essence**. Time is of the essence in this Agreement.

Section 6.11 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

Section 6.12 **Arbitration.** The parties agree that any dispute arising between them in connection with this Agreement will be settled solely and exclusively by binding arbitration before a single arbitrator in accordance with the rules for commercial arbitration of the American Arbitration Association (or a similar alternate organization if agreed upon by the parties), as in effect at the time such arbitration is initiated, and subject further to North Carolina law. All arbitration hearings will be conducted in Raleigh, North Carolina, unless both parties consent to a different location. The decision of the arbitrator is final and binding upon the parties. If a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award, or fails to comply with the arbitrator's award, the other party is entitled to costs of suit, including a reasonable attorney's fee for having to compel arbitration or defend or enforce the award.

IN WITNESS WHEREOF, the parties hereto have caused this Pre-Development Agreement to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

(SEAL)
ATTEST:

_____
Printed name: _____
Secretary

THE JONES COUNTY
BOARD OF EDUCATION

By:_____
Printed name: _____
Chairman

Firstfloor K-12 Solutions, LLC

By: _____
Printed name: _____
Manager

This instrument has been pre-audited in the manner
required by the School Budget and Fiscal Control Act.

_____
Printed name:_____
Finance Officer,
The Jones County Board of Education

This instrument has been pre-audited in the manner
required by the Local Government Budget and Fiscal Control Act.

_____
Printed name:_____
Finance Officer,
Jones County

(Pre-Development Agreement
dated as of _____, 2016)

EXHIBIT A
Services Providers

Service	Provider
Project/Development Consultant	Firstfloor
Project/Bond Legal Counsel	Brent Jeffcoat
Developer/Tax Credit Legal Counsel	Blanco Tackabery
Renewable Energy Legal Counsel	Blanco Tackabery
Tax Credit & Accounting Consultant	To Be Determined
Commercial Bank	BB&T
Commissioning Agent	To Be Determined
Investment Banking Team	Piper Jaffray & Co.
Architecture and Engineering	To Be Determined
Traffic Analysis	To Be Determined
Soils Borings and Phase 1 Environmental analysis	To Be Determined
Surveying	To Be Determined

EXHIBIT B
Management Plan

School Board and County Commissioners approve pre-development agreement	August 2016
Site Selection	Sept. 2016
Surveying and Testing	Sept. - Oct. 2016
Programming	Sept. - Oct. 2016
Schematic Design	Oct. 2016
Design Development	Nov. - Dec. 2016
Construction Documents	Jan. - March 2017
Agency Approvals	March - April 2017
Final Documents	May 2017
Bidding	June 2017
Start Construction	July 2017
Construction Complete	June 2019
Commissioning	June 2019
FF&E/Technology Installation	July 2019

first floor K12 SOLUTIONS

EXHIBIT C
Estimated Pre-Development Costs

	Costs	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
E Fee	$1,856,250	206,250	206,250	206,250	206,250	206,250	206,250	206,250	206,250	206,250				$1,856,250
FF Corp. unsel)	$40,000	4,444	4,444	4,444	4,444	4,444	4,444	4,444	4,444	4,444				$40,000
unting/ keeping	$15,000	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667				$15,000
eloper rhead	$250,000	100,000	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750				$250,000
Counsel	$200,000	200,000												$200,000
ase 1 nmental	$7,500	7,500												$7,500
issioning	$30,000	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333				$30,000
Borings	$30,000	30,000												$30,000
rvey	$15,000	15,000												$15,000
stment nkers	$300,000	250,000								50,000				$300,000
isc.	$10,000	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111				$10,000
t Expense	$104,540	3,479	4,494	5,514	6,537	7,565	8,598	9,635	10,676	11,934	11,985	12,036	12,087	$104,540
oft Costs	$2,585,290	$822,785	$240,050	$241,069	$242,093	$243,121	$244,153	$245,190	$246,232	$297,489	$11,985	$12,036	$12,087	$2,858,290
otal nulated osts		$822,785	$1,062,835	$1,303,904	$1,545,997	$1,789,118	$2,033,271	$2,278,462	$2,524,693	$2,822,183	$2,834,183	$2,846,203	$2,858,290	

Notes: The fees listed on Exhibit C above are the pre-development fees only, and do not include the full A&E and development fees associated with this project.

Below is the election by the county/school district to pay as you go for the pre-development costs or have Firstfloor incur these expenses including the interest associated with financing the activities on Exhibit C.

_____ Option A - The county/school district elects to pay as you go and make monthly payments as outlined above on Exhibit C and will therefore eliminate the "interest expense" on Exhibit C costs, if the payments are made by the 5th of each month, and in the amounts as outlined above.

_____ Option B - The county/school district elects to have Firstfloor incur all the expenses in Exhibit C, by financing them, and agrees that Firstfloor will be reimbursed for these costs, including interest, either by the county/school district or at the financial closing for the project.

EXHIBIT D

Disclosures of the Underwriter

The following are certain disclosures relating to the potential issuance of municipal bonds and are required to be made by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)[1].

I. Disclosures Concerning the Underwriters' Role:

(i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.

(ii) The underwriters' primary role is to purchase municipal securities with a view to distribution in an arm's-length commercial transaction with the School District. The underwriters have financial and other interests that differ from those of the School District.

(iii) Unlike a municipal advisor, the underwriters do not have a fiduciary duty to the School District under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the School District without regard to their own financial or other interests.

(iv) The underwriters have a duty to purchase any municipal securities from the School District at a fair and reasonable price, but must balance that duty with their duty to sell the securities to investors at prices that are fair and reasonable.

(v) The underwriters will review the official statement for the municipal securities in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction[2].

II. Disclosures Concerning the Underwriters' Compensation:

The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of any municipal securities. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the municipal securities. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the School District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

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[1] Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).

[2] Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

September 6, 2016 8:30 A.M.
JONES COUNTY BOARD OF COMMISSIONERS
REGULAR MEETING
JONES COUNTY AGRICULTURAL BUILDING, 110 MARKET STREET
TRENTON, NC 28585
MINUTES

COMMISSIONERS PRESENT:
Zack Koonce, Chairperson
Frank Emory, Vice-Chairperson
Joseph Wiggins, Commissioner
Sondra Ipock-Riggs, Commissioner

OFFICIALS PRESENT:
Franky J. Howard, County Manager
Angelica Hall, Clerk

COMMISSIONERS ABSENT:
Mike Haddock, Commissioner

The Chairperson called the meeting to order. Commissioner Frank Emory gave the invocation. **MOTION** was made by Commissioner Joseph Wiggins, seconded by Commissioner Frank Emory, and unanimously carried **THAT** the agenda be **APPROVED** with the following additions:

11. JCPC Member Appointment

MOTION made by Commissioner Frank Emory, seconded by Commissioner Joseph Wiggins, and unanimously carried **THAT** the minutes for Regular Meeting on August 15, 2016 be **APPROVED.**

PUBLIC COMMENT PERIOD:
No Comment

1. MONTHLY SUMMARY REPORT
Mr. Wesley Smith, Health Director, presented to the Board the Monthly Summary Report for the Health Department. This report was from the month of July 2016. Mr. Smith explained the report to the Board and informed the Board that there would be a summary report of services provided by the Jones County Health Department presented monthly. A copy of this report is marked **EXHIBIT A** and is hereby incorporated and made a part of the minutes. No action needed by the Board.

2. ANIMAL BITE/RABIES EXPOSURE REPORT FOR JULY 2016
Mr. Wesley Smith, Health Director, presented to the Board the July 2016 Animal Bite/Rabies Exposure Report. The Health Director explained the report to the Board and answered questions the Board asked about the report. Mr. Smith will report to the Board monthly any Animal Bite/Rabies Exposures that occur within the County. A copy of this report is marked **EXHIBIT B** and is hereby incorporated and made a part of the minutes. No action needed by the Board.