

**MINUTES OF A  
REGULAR MEETING  
OF THE JACKSON COUNTY  
BOARD OF COMMISSIONERS  
HELD ON  
APRIL 7, 2014**

The Jackson County Board of Commissioners met in a Regular Session on April 7, 2014, 2:00 pm, Justice & Administration Building, Room A201, 401 Grindstaff Cove Rd., Sylva, North Carolina.

Present: Jack Debnam, Chairman  
Doug Cody, Vice Chair  
Charles Elders, Commissioner  
Mark Jones, Commissioner  
Vicki Greene, Commissioner

Chuck Wooten, County Manager  
Pat Parris, Clerk to Board  
J. K. Coward, Jr., County Attorney

Chairman Debnam called the meeting to order.

**PROCLAMATION – MILITARY ORDER OF PURPLE HEART COUNTY:**

Brenda DuBose, Veterans Officer, read a Proclamation honoring military personnel.

**Motion:** *Commissioner Elders moved to declare Jackson County as a Purple Heart County. Commissioner Cody seconded the Motion. Motion carried.*

**AGENDA:** Chairman Debnam amended the Agenda by deleting TWSA appointment. Commissioner Jones moved to approve the amended Agenda. Commissioner Greene seconded the Motion. Motion carried.

**MINUTES:** Commissioner Elders moved to approve the minutes of the Work Session, Public Hearing and Regular Meeting of March 17, 2014. Commissioner Greene seconded the Motion. Motion carried.

(1) **CHAIRMAN’S REPORT:** Chairman Debnam reported that he attended the Regional Planning Organization meeting in Franklin last month. The RPO will be finalizing the top transportation projects and will be requesting input before the April 29 meeting. The projects will ultimately be sent to DOT.

(2) **COMMISSIONER REPORTS:**

(a) **Commissioner Jones** reported that at today’s Airport Authority meeting it was announced that on April 21-25 a National Guard training mission will be at the Airport. Most of the activity will occur on April 21 and the Airport Authority will be updating the time schedule.

(b) **Commissioner Elders** reported that he attended the NCACC district meeting last week which was very productive. Jackson County has an outstanding County Manager who speaks and upholds the county very well.

(c) **Commissioner Cody** reported that he attended the Cashiers Chamber of Commerce meeting which sponsored the Legislative update at which Senator Davis was guest speaker. It was refreshing to hear Senator Davis speak. He served 10 years as a commissioner and values local officials and is determined that the state does not balance the state budget on the backs of local governments.

**(3) COUNTY MANAGER REPORT:** Mr. Wooten reported:

(a) **Population Growth:** The US Census Bureau has released population statistics for 2013. Jackson County's population was estimated to be 40,919 which was 419 more than the 2012 estimate and 648 greater than the 2010 census of 40,271. The 648 increase since the 2010 census reflects a 1.6% growth and exceeds the growth of all counties west of Buncombe. For most of the western counties there was no growth or negative growth.

(b) **Unemployment Rates:** The February unemployment rate for the State of North Carolina was 6.4% which is .3% less than the January statewide rate of 6.7%. The state's rate is now less than the national rate of 6.7%. For counties, the most current information available is for January 2014 while the February unemployment numbers by county will be available on April 9<sup>th</sup>. The January rate for Jackson County was 7.1% which increased from the December 2013 rate of 5.8%. The January 2014 rate of 7.1% was 38% less than the January 2013 rate of 11.1%. With the exception of Clay County's rate of 6.9, the Jackson County rate was less than other western counties.

(c) **SMHS Project:** The project has now progressed to the point of punch lists and final construction details. The students have begun their practice in the auditorium for their May performance. The official ribbon cutting and open house is now scheduled for May 4<sup>th</sup> from 2:00 to 4:00pm.

(d) **911 Call Center/ECO:** Eight contractors remain interested in the project. A mandatory pre-bid meeting will be held on site on April 8<sup>th</sup> with all contractors to make sure everyone understands the site and location of the project. Bids will be returned on April 30<sup>th</sup> and hopefully a recommendation will be available for consideration at the Board meeting on May 5<sup>th</sup>.

(e) **NCACC District Meeting and Cashiers Chamber Legislative Update:** Commissioner Elders and he attended the NCACC district meeting on April 2<sup>nd</sup>. All counties were in support of the five legislative goals that have been endorsed by the NCACC executive committee:

- Reinstatement of lottery funds for school construction
- Oppose shift of state transportation responsibilities to counties
- Oppose unfunded mandates and shifts of state responsibilities to counties
- Ensure adequate mental health funding
- Preserve the existing local revenue base

In addition, they were also able to hear about other concerns with neighboring counties as each county west of Buncombe was represented.

Commissioner Cody and he attended the Cashiers Chamber Legislative Update on April 4<sup>th</sup> where Senator Jim Davis updated the group of progress made during the past legislative session as well as the challenges for the upcoming short session. Senator Davis indicated his willingness to assist in anyway with promoting or introducing legislation requests from the local governments. At the same time, he indicated that he would support local governments but would not interfere in local issues.

(f) **Potential recreation projects funded from funds set aside by Duke Energy as part of recent rate case:** Representatives from Duke Energy and all Jackson County local governments will review possible recreation projects that might be funded from funds that were set aside during the most recent rate case. Over the past couple of years, there have been multiple discussions and hopefully a consensus of the projects can be reached. He will be meeting on April 15<sup>th</sup> to seek final comments so a recommendation can be presented to the Board at a future meeting to allow these projects to move forward. Duke Energy has suggested that projects should be primarily related to the Tuckasegee River and they specifically have asked that some funds be set aside for improvements at the Ralph Andrews Park. There will be approximately \$425,000 available for expenditures and these funds are held in escrow by Duke Energy in an interest bearing account until such time that they are deployed for the local projects.

(g) **FY 14-15 Budget Process:** County departments have returned their budget requests. Budget meetings with the County Manager and Finance Officer will take place over the next couple of weeks. There will be a number of budget items to discuss at the April 21<sup>st</sup> Work Session and which will begin at 1:00 pm to allow additional time for discussion of these important budget related items.

(h) **Work Session** on April 21, starting at 1:00 p.m. concerning budget request.

(i) **BREFP Proposal:** At the last work session, Jordan Rink, Manager, Blue Ridge Emergency Preparedness Group, LLC (BREGP) presented a proposal to provide Continuity of Operations (COOP) and Continuity of Government (COG). It is believed that these two reports will provide some valuable information to guide the County in the event of an emergency situation or if for some reason the government was disrupted. Unless, he hears otherwise, he plans on moving forward and contract with BREGP to begin development of the two plans. The County would not be spending any general fund money and will be using federal funds received for training purposes.

(k) **Duke Energy Recreation:** He will continue to look at improvements Duke has made in numerous areas of the river. Shook Cove and Barkers Creek are opportune areas to offer recreation.

**(4) ABC SYSTEMS MERGER UPDATE:** Mr. Wooten stated that Mitch Crisp, as a representative of the County's auditing firm, Dixon Hughes Goodman, was requested to review the Sylva ABC Board's distribution of proceeds in the event the County should choose to merge the Sylva and Jackson ABC Stores in addition to how it might happen and how the proceeds would be distributed. (A copy of Mr. Crisp's report dated April 2, 2014 is attached as Exhibit "A").

He stated that Mr. Crisp's report has three conclusions:

- *The Sylva ABC Board's significant assets consist of cash, inventory and real property. The historical financial statements indicate that those assets have been acquired from the use of net profits that would have otherwise been distributed to the Town and the County.*
- *The enabling legislation creating the Sylva ABC Board does not address the possibility of merger or reorganization of the Sylva ABC Board. It includes language describing distributions in the event of termination following the repeal of alcohol sales and in the event of continuing operations.*
- *The ABC Board members exercise discretion regarding the total amount of distribution of profits and amounts retained for working capital within limitations imposed by State ABC Commission rules. They are required by statute to make those distributions in equal amounts to the Town and County.*

Mr. Crisp basically confirmed the County's opinion that it was an equal partner in the distribution of proceeds and assets. If they were sold then 50% of the proceeds and assets would come to the County. The report also contained an alternate approach that if the systems merged, how it could be done on a 60/40 distribution basis.

Subsequently the Town of Sylva requested the auditor for the Sylva ABC Store to give a similar opinion. The auditor responded that he did not have an opinion and suggested the Town ask the NC ABC Commission for some guidance. The NC ABC Commission gave the Town an opinion from their attorney which basically follows along with what Mr. Crisp had suggested - the assets were acquired through an accumulation of undistributed net profits and in the event there was some type of merger or closure of the store, then 50% of the net proceeds should go to the County and 50% to the Town. Mr. Wooten stated he has talked with Mayor Moody who indicated there was an interest for the Town to look at the option differently from what had been submitted earlier. Mayor Moody, Chairman Debnam and Commissioner Jones scheduled a meeting at 8:00 am this morning to discuss the options. Mr. Wooten drafted and read the following guiding principles for discussion in moving forward with a merger:

### **Potential Merger between Jackson County ABC Board and Sylva ABC Board**

1. The proposed merger would take place effective May 1, 2014 or as soon thereafter as possible.
2. The two boards would be combined into a single board known as the Jackson County ABC Board.
3. The merged board would be composed of five members, three appointed by the County and two appointed by the Town. Two appointments would be for a one year term ending June 30, 2015, two appointments for a two year term ending June 30, 2016, and one appointment would be for a three year term ending June 30, 2017. All new appointments would be for a three year term and members may serve no more than two consecutive terms. All terms shall end on June 30<sup>th</sup> and begin on July 1<sup>st</sup>. Board members must be voting residents of Jackson County. The Chairman shall be appointed jointly by mutual agreement of the Commissioners and the Town Council on an annual basis from the membership of the ABC board.
4. Compensation for board members will be \$150 per meeting and compensation for the chairman of the board will be \$250 per meeting. Board members will be reimbursed for travel expenses incurred on behalf of the Jackson County ABC Board.
5. The statutory distribution for law enforcement will follow the same 60/40% distribution as agreed to for net profits.
6. The statutory distribution for alcohol education will follow the same 60/40% distribution as agreed to for net profits. The County Commissioners and Town Council will each determine how their respective proportionate share of these funds is utilized in support of alcohol education and rehabilitation.
7. The distribution of net profits will be on a 60/40 basis with the County receiving 60% and the Town receiving 40%. The Town of Sylva will be "held harmless" against a possible decline in net profits from the merger by receiving a guaranteed distribution of at least \$160,000 annually. The County and Town will review this guarantee at the end of five years to determine if it should continue.
8. The merged ABC System will adopt the current accounting, personnel, internal record keeping systems, and current policies and procedures of the Sylva ABC Board until such time that the Jackson County ABC Board has sufficient time to evaluate the systems and make changes as they deem appropriate.
9. The initial office for the general manager of the Jackson County ABC Board will be in the Sylva store. The Jackson ABC Board will determine the location of the manager's office in the future.
10. With the approval of the NC ABC Commission, the County or Town may dissolve the merged operation at any time after 5 years and operate their separate operations.
11. The current employees of the Sylva ABC Board will become the employees of the Jackson County ABC Board at their current salary level.
12. The fringe benefit program and salary schedule of the Sylva ABC Board will become the initial fringe benefit program and salary schedule for the Jackson County ABC Board.

### **Discontinuing Operations of the Sylva ABC Store**

1. The general operations of the Sylva ABC store shall cease at the close of business on April 30<sup>th</sup> 2014 and a final audit will be prepared as soon as possible to close operations.
2. An inventory of all alcoholic beverages shall be taken by actual count and a value established. An invoice for the inventory will be submitted to the Jackson County ABC Board for payment.
3. An inventory of consumable supplies shall be taken by actual count and a value shall be established. An invoice for consumable supplies shall be submitted to the Jackson County ABC Board for payment.
4. With regard to the above items 2 and 3 the Jackson ABC Board shall purchase the available inventory and consumable supplies at such established value, which shall be disbursed 50/50 in accordance with item 6 below.

5. A final payroll through April 30, 2014 shall take place and all accumulated annual leave will be carried forward into the new store. The cost of close out will be the responsibility of the Sylva ABC Board. Vacation, sick leave, and retirement credit for employees of the Sylva ABC Store will carry forward into the new system as of May 1<sup>st</sup>, 2014.
6. All taxes, accounts payable, and other obligations shall be paid from the remaining cash balance from the Sylva ABC store's bank account.
7. Once all checks have cleared and all obligations have been settled then remaining cash in the Sylva ABC Board bank account shall be distributed on a 50/50 basis to the Town of Sylva and Jackson County. Once these payments have cleared, the current bank account will be closed and the Sylva ABC Board will cease to exist.
8. The current building, fixtures and equipment shall transfer to the name of the Jackson County ABC Board. As part of the merger agreement, the Jackson County ABC Board shall insure and maintain the building and repair or replace existing fixtures and equipment as needed. In the event the merger is dissolved, the former Sylva ABC building and remaining fixtures would be transferred to the newly formed Sylva ABC Board for use as the Sylva ABC store. If the building and fixtures are sold or acquired by the Jackson County ABC Board then all sales proceeds would be split between the Town and County under the established 50/50 formula.

#### Creating a Jackson County ABC System

1. Jackson County and the Town of Sylva will capitalize a new ABC system by contributing funds to provide 6 weeks of working capital. In this case, working capital is defined as 6 weeks of projected sales. Utilizing the most recent audit report of annual sales for the Sylva ABC Store (\$2,136,980) and the projected annual sales for the Cashiers store (\$1,000,000) the initial total contribution will be \$360,000. Jackson County will provide \$216,000 (60%) and the Town of Sylva will provide \$144,000 (40%). These funds will be deposited into the Jackson County ABC Store depository account as of May 1, 2014.
2. Jackson County will provide a line of credit to the Jackson County ABC Board for the purchase of the Sylva ABC inventory, the initial inventory for the Cashiers store, and the fixtures and equipment for the Cashiers store. The estimated line of credit is \$500,000 and it will carry an annual interest rate of 2%. The repayment terms will be negotiated between Jackson County and the Jackson County ABC Board. Future debt needs of the Jackson County ABC Board will be from a commercial banking institution.
3. All assets purchased by the Jackson County ABC Board will be the property of the ABC Board.
4. In the event of merger dissolution, the distribution of net assets will be in accordance with the Established net profit distribution formula.

He stated that Mayor Moody and Paige Roberson, Town Manager, are in agreement with the proposals and there is a framework for a workable merger. The attorneys have been requested to begin preparing a merger resolution. He recommended that a joint called meeting between the County Board of Commissioners and the Town of Sylva Board be scheduled to consider a resolution for merging the two systems.

Mr. Coward stated he is working on the Promissory Note; however, there is a provision that the obligation be secured by a Deed of Trust and asked what will be used as security. Chairman Debnam responded the Town will need to be involved on this issue.

Mr. Wooten stated that the proposal has been submitted to the NC ABC Commission. They responded stating that the proposal was fair and reasonable and encouraged a merger into a single system.

Chairman Debnam scheduled a Special Joint Meeting with the Town of Sylva on April 14, 2014, 6:00 pm at the Justice Center.

**(5) TRANSIT DEPT. – VETERANS GRANT:** Chuck Norris, Transit Director, presented a follow up from the information presented at the last Work Session concerning a Veterans Grant. The grant funds would be used to coordinate transit systems in the westernmost counties. Currently four counties are committed: Macon, Clay, Cherokee and Swain. Southwestern NC One-Call One Click Center for Veterans Transportation (SoNC Vet) proposed a system for the Transit Depts. and includes the following:

**Transit Benefits:**

1. Better Technology
  - a. GPS
  - b. Real Time Scheduling.
  - c. Efficiency.
  - d. Better coordination of transportation resources in the Southwestern region can result in significant cost savings for long distance and out of county trips. Saving in capital and operating costs can result.
2. Proposed system can track and record unmet needs which will help identify transportation needs and the reasons why they are not being met.
3. Reduction in call takers and data entry time will allow more time for other administrative duties as well as working with agencies and customers to increase ridership through education processes about public transportation.

**Public Benefits:**

1. Regional Veterans Call Center
  - a. Having one number to call for available services.
  - b. Automated call reminder.
  - c. Website.
  - d. Increased efficiency allows for more in county trips through coordination of out of county transit services.
  - e. If each veteran can seek one additional ride per year, beyond what is possible today, it could amount to 20,000 additional trips per year.
2. The SoNCVet project will allow for the implementation of 24/7 access to transportation information for vets and other transportation clients.

**Cost:**

1. \$21,000 up front for startup cost. This includes scheduling software, tablets for vans, Verizon data cost, and IVR (Interactive Voice Recognition) and Website.
2. \$15,000 per year after initial installation which covers support, maintenance, hosting and data.
3. The Public Transportation Division of DOT is considering supporting 85% of the annual hosting and data costs as part of the 5311 Grant.

Carry over.

**(6) SOLID WASTE ORDINANCE AMENDMENT:** Chad Parker, Public Works Director, presented proposed amendments to the Solid Waste Ordinance:

**Single Residential Structure exemptions are as follows:**

1. If the owner meets the requirements of the Homestead Exclusion as defined in NC General Statute 105-277.1.
2. If the dwelling is deemed uninhabitable. Uninhabitable for this purpose is defined as having all electric utilities for the dwelling disconnected by the utility company. If utilities are re-connected then exemption is forfeited.

Apartment complexes, campgrounds and other commercial structure exemptions are as follows:

1. If the building/structure is deemed uninhabitable. Uninhabitable for this purpose is defined as having all electric utilities for this structure disconnected by the utility company. If utilities are re-connected then exemption is forfeited.
2. If the owner of an apartment building/campground has a contract with a private company for dumpster service and the dumpster service is determined to be of sufficient capacity to handle the total garbage produced by the complex.
3. If the commercial property owner contracts with a private hauler to pick up and dispose of the waste generated by the applicable business.

Fee exemptions are effective in the year in which they are received as defined in the Solid Waste Ordinance and are not retroactive. To be eligible for current year, the completed form must be received on or before June 30<sup>th</sup>. Exemption forms received after July 1 of the current year will be effective on January 1<sup>st</sup> of the following year. Frequently asked questions about the Homestead Exclusion (NCGS 105-277.1) are found on the website of the Tax Assessor's Office ([www.jacksonnc.org](http://www.jacksonnc.org)). All exemptions are subject to the review and approval by the Solid Waste Board. Questions about these exemptions should be directed to the Solid Waste Department.

Chairman Debnam scheduled a Public Hearing on April 21 at 5:40 pm.

#### **(7) CASHIERS COMMERCIAL AREA DEVELOPMENT ORDINANCE**

**AMENDMENT:** Gerald Green, Planning Director, presented proposed amendments to the Cashiers Commercial Area Development Ordinance as recommended by the Cashiers Planning Council and the Planning Board. During the 2013 legislative session, the NC General Assembly revised and updated the statutes authorizing and establishing standards for the appeals and variance requests and the granting of variances. The General Assembly recodified the changes in N.C.G.S. 160A-388 which requires local governments to revise their ordinances addressing certain standards and procedures for the hearing of variance requests and appeals.

##### **Sec. 5-1. Variances (*proposed amendments in italics*)**

###### **d. Action by the Cashiers Area Community Planning Council**

(3) After considering the variance request, the Community Planning Council may deny the request, conduct an additional public hearing on the request, or grant the request. The concurring vote of *a simple majority* of the members of the Community Planning Council shall be necessary to grant a variance. Any approval or denial of the request shall be accompanied by written findings that the variance meets or does not meet the standards set forth in section 5-(e).

(4) The decision of the Community Planning Council shall be in writing and meet the standards set forth in NCGS 160A-388 (e2). A copy of the written decision shall be *delivered to the applicant as provided for in N.C.G.S. 160A-388 (e2)*.

e. Review standards. The Cashiers Area Community Planning Council shall not grant variance unless and until it makes the following findings:

(1) *There are unnecessary hardships in the way of carrying out the requirements of this ordinance.*

(2) *Delete paragraph.*

**Sec. 5-2.** Appeals of administrative decisions.

e. Action by the Cashiers Area Community Planning Council.

(4) The Community Planning Council shall not reverse or modify the contested action unless there is a concurring vote of *a simple majority* of the Council members.

Chairman Debnam scheduled a Public Hearing on May 5 at 1:50 pm.

**(8) SUBDIVISION ORDINANCE AMENDMENT:** Gerald Green, Planning Director, stated that apartment developments with more than eight (8) buildings are currently subject to review for compliance with the Subdivision Ordinance. This review is mandated by an interpretation of the definition of major subdivision, which defines a major subdivision as the development of land into 8 or more lots or buildings. The review assures that infrastructure (roads, water, wastewater treatment) is in place to serve the development, mandates certain grades for internal roads and drives, assures review of access roads and water system (for fire protection) by the fire marshal and/or fire department, and can require some landscaping of the development. Plans are reviewed by the Planning Board in a public hearing with notice provided to surrounding property owners.

The Advisory Committee recommends that the review of apartment developments be expanded to apply to more apartment developments through a revision to the definition of major subdivision. The revised definition should be: The development of property for 8 or more lots or buildings and/or 60 or more bedrooms.

The proposed amendment was recommended by the Cullowhee Community Planning Advisory Committee and the Planning Board to the Subdivision Ordinance as follows:

**Sec. 1.3 Definitions: (proposed amendment in italics)**

**Major subdivision** means a subdivision which does not meet the definition of a minor subdivision or a family subdivision *and/or is the development of property for 8 or more lots or buildings and/or 60 or more bedrooms.*

Chairman Debnam scheduled a Public Hearing on April 21 at 5:50 pm.

**(9) GREENWAY ADVISORY COMMITTEE:**

**Motion:** *Commissioner Greene moved to appoint Thomas Turrentine to a 3-year term on the Greenway Advisory Committee. Commissioner Jones seconded the Motion. Motion carried by unanimous vote.*

**(10) PLANNING BOARD:**

**Motion:** *Commissioner Jones moved to reappoint Ed Weatherby and appoint Scott Baker to the Planning Board for 2-year terms expiring on December 31, 2015. Commissioner Greene seconded the Motion. Motion carried by unanimous vote.*

**(11) COUNCIL ON AGING:**

**Motion:** *Commissioner Elders moved to appoint Stella Parker and Mary Barker to 3-year terms on the Council on Aging. Commissioner Jones seconded the Motion. Motion carried by unanimous vote.*

**(12) HISTORIC PRESERVATION COMMISSION:** Carry over

**(13) BUSINESS & INDUSTRY ADVISORY COMMITTEE:**

**Motion:** *Commissioner Greene moved to reappoint Will McKee and Roger Bartlett to the Business & Industry Advisory Committee for 3-year terms expiring on December 31, 2016. Commissioner Elders seconded the Motion. Motion carried by unanimous vote.*

**Public Comments:**

(a) Jamie Wilson of Andrews stated that a few years ago he was unfairly dismissed from DOT as a engineer. He stated that the R5000 project was awarded to the low bidder on December 6, 2012 even though no construction funds were available. It was not until the January 10, 2013 Board of Transportation's meeting that initial construction funds were approved.

(b) Marie Leatherwood of Sylva stated her disapproval of the Board's actions concerning GSMR.

**Press Conference**

There being no further business, Commissioner Elders moved to adjourn the meeting. Commissioner Jones seconded the Motion. Motion carried and the meeting adjourned at 3:30 pm.

Attest:

Approved:

\_\_\_\_\_  
Patsy C. Parris, Clerk to Board

\_\_\_\_\_  
W. J. Debnam, Chairman

(Exhibit A)



**DIXON HUGHES GOODMAN**<sup>LLP</sup>  
Certified Public Accountants and Advisors

April 2, 2014

Jackson County Board of Commissioners, County Manager,  
County Finance Officer

At your request we have evaluated the Town of Sylva's proposal regarding formation of a Joint ABC Board dated March 11, 2014. Our evaluation included a reading and study of the 1967 enabling legislation, recent Sylva ABC Board audit reports, audit reports from 1969 and 1972, and certain other documents relevant to the Sylva ABC Board real property.

Our conclusion is that the proposal presented does not provide an equitable plan for creation of a Joint ABC Board from the perspective of the taxpayers of Jackson County. We have concluded that in the event of merger or reorganization, the Town and the County should be treated as having an equal interest in the assets of the Sylva ABC Board.

Our conclusion is based on the following significant factors.

The Sylva ABC Board's significant assets consist of cash, inventory and real property. The historical financial statements indicate that those assets have been acquired from the use of net profits that would have otherwise been distributed to the Town and the County.

The enabling legislation creating the Sylva ABC Board does not address the possibility of merger or reorganization of the Sylva ABC Board. It includes language describing distributions in the event of termination following the repeal of alcohol sales and in the event of continuing operations.

The ABC Board members exercise discretion regarding the total amount of distribution of profits and amounts retained for working capital within limitations imposed by State ABC Commission rules. They are required by statute to make those distributions in equal amounts to the Town and County.

You also requested our recommendations on alternatives to creation of a Joint ABC Board. There are almost an unlimited number of scenarios based on the premise that the net assets of the Sylva ABC Board are allocable equally to the Town and County. One such scenario is presented on the following page for illustration and discussion purposes.



## Jackson Sylva Joint ABC Board Proposal - An Alternative Approach

Based on the premise that all net assets of the Sylva ABC Board have been accumulated from undistributed profits which would otherwise have been distributed equally to the Town and County.

Step 1 - Distribute excess cash down to approximately the minimum working capital level based on split now in effect.

Step 2 - Reorganize the existing Sylva ABC Board into a joint board.

Step 3 - County contributes cash or other assets to increase equity position from 50% to 60%.

Step 4 - Each entity commits to contribute additional working capital determined necessary in 60/40 ratio.

Proforma of proposed transaction using 6/30/13 ABC Board financial statement numbers.

	County	Town	Combined
Net assets of current board	\$ 368,500	\$ 368,500	\$ 737,000
Distribute excess cash	<u>(200,000)</u>	<u>(200,000)</u>	<u>(400,000)</u>
Remaining net assets	168,500	168,500	337,000
County contributes equity to 60% level	<u>84,250</u>	-	<u>84,250</u>
New ABC Board net assets	252,750	168,500	421,250
Standby additional working capital commitment	<u>120,000</u>	<u>80,000</u>	<u>200,000</u>
New ABC Board proforma net assets	<u>\$ 372,750</u>	<u>\$ 248,500</u>	<u>\$ 621,250</u>
	<u>60%</u>	<u>40%</u>	<u>100%</u>

Thank you for allowing us to provide these services to you. If you have questions or wish to discuss our conclusion please contact the principal author of this report, Mitchell R. Crisp, CPA, Partner, phone 828-586-6416 ext 2, email [mitch.crisp@dhgllp.com](mailto:mitch.crisp@dhgllp.com).

*Dixon Hughes Goodman LLP*