

**KERR-TAR REGIONAL COUNCIL OF GOVERNMENTS**  
**Executive Committee**  
**January 27, 2011**

**MEMBERS PRESENT:**

John Alston  
Jimmy Clayton  
Walter Gardner  
Linda Jordon  
Barry Richardson  
John Stallings

Pete Averette  
Sidney Dunston  
Hubert Gooch  
Pete O'Geary  
Joe Shearon

**COG STAFF PRESENT:**

Timmy Baynes  
James Pearce  
Rick Seekins  
Gina Parham

**OTHERS:**

Susan Waters – Auditor

The Executive Committee met at Middleburg Steakhouse at 6:00 PM on January 27, 2011. Chairman Pete O'Geary called the meeting to order and asked Executive Director, Timmy Baynes to address the members with items for review.

Mr. Baynes advised that the first item to review would be the COG Audit for fiscal year ending June 30, 2010 and that Susan Waters of Phillips, Dorsey, Thomas, Waters and Brafford was with us to present the audit.

Susan advised that the Executive Committee members would find one unbound letter in the audit that was address to the committee. This is a required communication to the overseeing financial committee of the COG.

Ms. Waters continued by reviewing specifics in the audit as follows:

Page 5 – Individual Auditor's Report which yielded and "unqualified" opinion.

Page 7 – Synopsis of the audit was reviewed as well.

Exhibits A & B were reviewed as if the COG was a typical business for audit purposes

Exhibits C & D were reviewed as a typical Fund Accounting audit process

Page 73 – Provides a summary of all results. Audit was in compliance with all laws and regulations. No items of non-compliance were noted.

Schedule of Findings – Provides a summary of auditor's results. There was on financial finding noted. This finding pertains to SAS 115 and states that the auditor feels that because of a lack of expertise with generally accepted accounting principles, the COG could not review the financial statements to ensure that they were consistent with Generally Accepted Accounting Principles or GAAP. In 2009 this was listed as a material weakness and as of this audit was listed as a significant deficiency. COG Management has provided a corrective action plan to address this issue.

## **Approval of COG Audit Motion # 1**

Motion was made by Barry Richardson, seconded by Hubert Gooch to recommend approval of the COG audit as presented. Motion carried unanimously.

## **Northside Electronics – Loan Request**

Rick Seekins advised that there was one loan to review and back up documentation was shared with each Executive Committee member. He further advised that packets should be returned to be destroyed after review if members did not have a secure place to file the information.

Rick explained that the LRC had reviewed this application and recommends approval. The loan request is from Johnnie Haithcock who owns Northside Electronics. He currently sells high end stereo equipment for home and automobiles as well as big screen televisions. Recently, Mr. Haithcock has obtained his license to install home and business security alarms, which includes installation, security monitoring and video cam surveillance.

Mr. Haithcock previously had a loan with the COG and paid it off within the five year term with no problems. He is currently requesting a \$50,000 loan of which \$30,000 would be used for a vehicle for this new product line and \$20,000 for equipment. If he obtains this loan he hopes to maintain current staff and possibly hire 1-2 more employees.

This loan was recommended as a working capital loan with a 5 year term and a 4% interest rate. Conditions recommended by the LRC were reviewed as well.

Mr. Richardson advised that he was on the LRC and that the application was thoroughly reviewed. He feels that this is a good opportunity for us to loan some funds and for the business to expand.

## **Northside Electronics Loan Approval Motion # 2**

Motion was made by Pete Averette, seconded by John Stallings to approve Mr. Haithcock's loan application in the amount of \$50,000 as a fixed asset and working capital loan. The loan will be for five (5) years and interest rate set at four percent (4%). The loan is subject to the following conditions:

1. Personal Guarantee of Johnny Haithcock as deemed necessary by the COG Attorney;
2. Second lien on equity in building housing the business;
3. Hazard and liability insurance must be documented covering Northside Electronics equipment, fixtures, furniture, and the business operation, and must be maintained with the Kerr-Tar COG named as loss payee;
4. Establishment of "Key Man" life insurance on Johnny Haithcock in the amount of the loan, and for the duration of the loan, with Kerr-Tar COG named as loss payee;

5. Close the loan within six (6) months of loan approval, or the loan must be reviewed again by the Loan Review Committee;
6. Loan is subject to compliance with the COG RLF Policies and the Economic Development Administration (EDA) and United States Department of Agriculture Regulations; and
7. Any other items deemed necessary by the COG Attorney.

Motion carried unanimously.

### **UNC Intern Program**

Mr. Baynes advised that he believed the Intern Program offered by UNC was very beneficial to the COG last year. The COG has been invited to participate in the program again this year. In order to participate, Timmy stated he would have to attend an interview workshop and that he has already signed up for the workshop, pending the Executive Committee's approval of continuing to participate in the program.

The intern would be with the COG full time for ten weeks this summer at an hourly rate of \$10 per hour. This would be a total salary of \$1500 per month plus required tax matches and all costs would be absorbed by the COG Programs.

Members did ask if we could state a preference of considering a candidate from within the region and Mr. Baynes stated this could be requested.

### **UNC Intern Program**

#### **Motion # 3**

Motion was made Walter Gardner, seconded by John Stallings to allow the COG to continue to participate in the UNC Intern Program as explained. Motion carried unanimously.

### **SALARY ADJUSTMENT REQUEST**

Mr. Baynes advised that the Executive Committee had previously approved hiring a Business Services Representative with a salary range of mid \$30's. When interviewing it was apparent that qualified applicants required a higher starting salary than had been approved. A contingent offer was made to an applicant for \$40,014 annual salary pending board approval.

### **Salary Adjustment Approval**

#### **Motion # 4**

Motion was made by Barry Richardson, seconded by Joe Shearon to approve the \$40,014 hiring salary for this position. Motion carried unanimously

## **PRIVATE SECTOR APPOINTMENT**

Mr. Baynes advised that he was continuing to review the COG Board representation in order to meet guidelines established by EDA. Currently, EDA requires that 35% of the Board be private sector representation. At this time, the Kerr-Tar Board is below this percentage.

Mr. Baynes stated that Danny Wright, who had previously served on the Kerr-Tar Board as a Commissioner for Vance County, was willing to continue as a member of this board. Since Mr. Wright owns his own private CPA firm, Mr. Baynes asked the Executive Committee to consider appointing Mr. Wright at an At-Large Private Sector member to the Kerr-Tar Board of Directors.

## **PRIVATE SECTOR APPOINTMENT**

### **Motion # 5**

Motion was made by John Stallings, seconded by Walter Gardner to appoint Danny W. Wright as an At-Large Private Sector Board Member. Motion carried unanimously.

## **Establishment of Non-Profit Organization**

Mr. Baynes advised that he had held a conference call with the Executive Committee in December to discuss the Person County Senior Center and how it could be run through a Non-Profit Agency.

The COG does not feel that Person County could get quality board members on a non-profit board within the county based on the current situation with the previous operator of the Senior Center. The Person County Board of Commissioners recommended that the COG start the process to have a non-profit organization. Mr. Baynes is aware of one other COG that currently has a program of this nature in place. Mr. Baynes further stated that he wanted a "Broad Mission" so the non-profit could be used across all programs of the COG.

After the conference call, the COG requested copies of the By-Laws and Mission of local non-profit agencies in the area. The information that was obtained was compiled in a spreadsheet and provided to each member to review.

Mr. Baynes stated that he felt the COG could tap into other grant funding that is only available through a 501 (C) 3 non-profit and he requested approval to work with the COG attorney to draw up paperwork to develop a non-profit arm at the COG.

## **Establishment of Non-Profit**

### **Motion # 6**

Motion was made by Sidney Dunston, seconded by John Alston to approve the COG working with the COG attorney to develop the scope and mission for a non-profit arm of the COG and to

provide service to the Person County Senior Center as its first project. Motion carried unanimously.

There being no further business, the meeting adjourned.

Respectfully submitted,

Timothy M. Baynes, Executive Director  
Secretary to the Board of Directors