

**VIRGINIA:**

At a recessed meeting of the Washington County Board of Supervisors held Thursday, April 24, 2008, at 7:00 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

**PRESENT:**

Kenneth O. Reynolds, Chairman  
Jack R. McCrady, Jr., Vice Chairman  
Phillip B. McCall  
Dulcie M. Mumpower (left at 7:25 and returned at 8:00)  
Odell Owens  
Paul O. Price  
Thomas G. Taylor

Mark K. Reeter, County Administrator  
Mark W. Seamon, Accounting Manager  
Naoma A. Norris, Recording Clerk

**ABSENT:**

Lucy E. Phillips, County Attorney

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**1. Call to Order**

The meeting was called to order by Mr. Kenneth O. Reynolds, Chairman of the Board, who welcomed everyone in attendance.

**2. Approval of Agenda**

*On motion of Mr. Owens, second by Mr. Price, it was resolved to approve the agenda as presented.*

*The vote on this motion was as follows: (7-0)*

*Mr. McCall                   Aye*  
*Mr. McCrady                Aye*  
*Mrs. Mumpower            Aye*  
*Mr. Owens                 Aye*  
*Mr. Price                  Aye*  
*Mr. Reynolds             Aye*  
*Mr. Taylor                 Aye*

#### **4. Introduction and Purpose of Recessed Worksession Meeting**

Mr. Reeter provided a statement on the purpose of the recessed worksession meeting and reviewed materials provided to the Board.

#### **5. Presentation on Fiscal Policy and Capital Planning**

Mr. Rose provided a PowerPoint presentation on fiscal policy and capital planning. He explained the Board at this time is not asked to take action. The purpose of this presentation is to present and discuss the principals of capital planning and fiscal policy.

Mr. Rose provided background information on the County's recent upgrade in their bond rating from "A3" to "A2." He explained that as a result of the ratings process the ratings agencies indicated that the County maintains policy guidelines in some, but not all key areas. In order to maintain the County's strong ratings and ensure its long-term fiscal integrity, a comprehensive set of fiscal policy guidelines is recommended to be adopted by the Board of Supervisors.

Mr. Rose reviewed in detail the goals and objectives of fiscal policy guidelines, capital improvement budgetary policies, debt policies, the proposed policy – debt to assessed valuation, proposed policy – debt service vs. expenditures, proposed policy – payout ratio, reserve policies and the fund balance.

Substantial discussions ensued among the Board and Mr. Rose with input from Mr. Reeter and Mr. Seamon.

At the conclusion of Mr. Rose's presentation, a ten minute recess was taken.

#### **6. Consideration of Possible Refunding of \$1.7 Million Wastewater Capacity Purchase through Washington County Service Authority**

Mr. Reeter provided the Board with documents relating to the \$1,700,000 taken from the County's capital reserves and transferred to the County's Utility Fund for the Washington County Service Authority (WCSA) to purchase wastewater capacity from Bristol Virginia Utilities. He explained that the money has not been disbursed to the WCSA because the necessary agreements are not in place between the WCSA and Bristol Virginia Utilities. Mr. Reeter further explained that Mr. Rose in talking with the WCSA about refinancing of several projects proposed that they consider the \$1,700,000 as part of their refinancing package.

Mr. Rose explained that often the purchase of wastewater capacity is considered a long term asset for a utility provider and the money for such purchased is borrowed. He further explained that by the County appropriating the \$1,700,000 to the WCSA for the purchase of the additional wastewater capacity it will essentially deplete the County's undesignated fund balance. Mr. Rose explained that the County would be better served to figure out a mechanism to borrow the money instead of paying cash. The WCSA's refinancing of some of their debt is an opportunity for the County. Mr. Rose discussed the recent refinancing project of the WCSA. He proposed that the Board formally request that the WCSA consider financing the \$1,700,000. If for some reason they are not favorable to the Board's request, Mr. Rose proposed that the County go directly to lenders. Mr. Rose stressed the importance of replenishing the

funds removed from the County’s undesignated fund balance in order to remain in good standing with the credit rating agencies.

Mr. Reeter explained that the County would pay back the \$1,700,000 over a minimum of ten years. This would mean approximately an additional \$250,000 annually for debt service payments. Mr. Rose added that the interest the County would generate by placing the \$1,700,000 back in the undesignated fund balance would most likely pay the debt service payments.

Substantial discussions ensued among the Board. It was proposed that the Board send a letter under the Chairman’s signature formally requesting the WCSA consider refinancing the \$1,700,000. After further discussions, the following action was taken:

*On motion of Mrs. Mumpower, second by Mr. Price, the Board acted to authorize the Chairman of the Board to send a letter to the Washington County Service Authority requesting they refinance the \$1,700,000.*

*The vote on this motion was as follows: (7-0)*

|                      |            |
|----------------------|------------|
| <i>Mr. McCall</i>    | <i>Aye</i> |
| <i>Mr. McCrady</i>   | <i>Aye</i> |
| <i>Mrs. Mumpower</i> | <i>Aye</i> |
| <i>Mr. Owens</i>     | <i>Aye</i> |
| <i>Mr. Price</i>     | <i>Aye</i> |
| <i>Mr. Reynolds</i>  | <i>Aye</i> |
| <i>Mr. Taylor</i>    | <i>Aye</i> |

**7. Recess**

Recess was taken earlier in the meeting.

**7.a. Closed Meeting**

Request to convene in Closed Meeting pursuant to Virginia Code Section 2.2-3711(A)(3) for discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, specifically County Office space.

*On motion of Mrs. Mumpower, second by Mr. Owens, the Board acted to convene in Closed Meeting pursuant to Virginia Code Section 2.2-3711(A)(3) for discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, specifically County Office space. It was further resolved to include County Administrator Mark Reeter, Accounting Manager, Mark Seamon, Sheriff Fred Newman and David Rose with Davenport and Company in the Closed Meeting.*

*The vote on this motion was as follows: (7-0)*

|                      |            |
|----------------------|------------|
| <i>Mr. McCall</i>    | <i>Aye</i> |
| <i>Mr. McCrady</i>   | <i>Aye</i> |
| <i>Mrs. Mumpower</i> | <i>Aye</i> |
| <i>Mr. Owens</i>     | <i>Aye</i> |
| <i>Mr. Price</i>     | <i>Aye</i> |
| <i>Mr. Reynolds</i>  | <i>Aye</i> |
| <i>Mr. Taylor</i>    | <i>Aye</i> |

*After returning to the meeting, the Chairperson noted that upon motion of Mr. McCrady, second by Mr. Owens, and favorable vote, the Board of Supervisors reconvened in open meeting. The Chairperson called for any participant in the closed meeting(s) who believed that there was a departure from the requirements of the Virginia Freedom of Information Act during the closed meeting(s), to state the substance of the departure that they believed took place. No members of the Board responded to the Chairperson’s call for statements.*

*On motion of Mr. McCrady, second by Mr. Owens, the members of the Board certified the closed meeting(s) in accordance with the requirements of the Virginia Freedom of Information Act. By vote in favor of this motion, each member certified that the closed meeting was conducted in conformity with Virginia law, and that only public business matters lawfully exempted from open meeting requirements and identified in the motion by which the closed meeting was convened was heard, discussed, or considered in the closed meeting.*

*The vote on this motion was as follows: (7-0)*

|                      |            |
|----------------------|------------|
| <i>Mr. McCall</i>    | <i>Aye</i> |
| <i>Mr. McCrady</i>   | <i>Aye</i> |
| <i>Mrs. Mumpower</i> | <i>Aye</i> |
| <i>Mr. Owens</i>     | <i>Aye</i> |
| <i>Mr. Price</i>     | <i>Aye</i> |
| <i>Mr. Reynolds</i>  | <i>Aye</i> |
| <i>Mr. Taylor</i>    | <i>Aye</i> |

**8. Adjourn**

*On motion of Mrs. Mumpower, second by Mr. Price, it was resolved to adjourn the meeting.*

*The vote on this motion was as follows: (7-0)*

|                      |            |
|----------------------|------------|
| <i>Mr. McCall</i>    | <i>Aye</i> |
| <i>Mr. McCrady</i>   | <i>Aye</i> |
| <i>Mrs. Mumpower</i> | <i>Aye</i> |
| <i>Mr. Owens</i>     | <i>Aye</i> |
| <i>Mr. Price</i>     | <i>Aye</i> |
| <i>Mr. Reynolds</i>  | <i>Aye</i> |
| <i>Mr. Taylor</i>    | <i>Aye</i> |

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**Prepared by:**

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Naoma A. Norris, Recording Clerk

**Approved by the Washington County Board of Supervisors:**

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Kenneth O. Reynolds, Chairman