V I R G I N I A:

At a recessed meeting of the Washington County Board of Supervisors held Tuesday, July 23, 2008, at 6:00 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
Odell Owens
Paul O. Price

Mark K. Reeter, County Administrator
Christianne E. "Christy" Parker, Assistant County Administrator
Lucy E. Phillips, County Attorney
Naoma A. Norris, Recording Clerk

Others Present:

Russell Owens, Chairman, Washington County Industrial Development Authority
C. B. Hale, Washington County Industrial Development Authority
Roland Kooch, Davenport & Company

ABSENT:

Thomas G. Taylor

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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: (6-0)

Mr. McCall	***Aye***
Mr. McCrady	***Aye***
Mrs. Mumpower	***Aye***
Mr. Owens	***Aye***

Mr. Price ***Aye***
Mr. Rector ***Aye***
Mr. Reynolds ***Aye***

3. Introduction and Purpose of Meeting

Mr. Reeter explained that the purpose of the meeting is to follow up on the worksession held on April 24, 2008, at which time Mr. David Rose with Davenport & Company introduced a proposed first draft of a Fiscal Policy for the County.

Mr. Reeter explained that the proposed Fiscal Policy is rules/guidelines that will govern how the Board of Supervisors will operate in terms of public finances, borrowing money and the affect of the borrowings on the financial health of the County. He stated that the Fiscal Policies are one of the most important policies that the Board of Supervisors will consider as part of their General Policies. Mr. Reeter further explained that for the first time in the history of the County, the County is looking at borrowed finances to provide funding for capital projects. In the past, the County has limited borrowings to financing of school projects.

Mr. Reeter explained that in order to maintain the County's strong credit 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. He further explained that once the Board is comfortable with the language and implications of the proposed Fiscal Policy, the adoption of the Fiscal Policy will be placed on an Agenda for an upcoming Board meeting.

4. Review of Draft General Policies Article 12 – Fiscal Policy

Mr. Reeter provided the Board with a review of the proposed Fiscal Policy and explained policy would be incorporated as Article 12 of the Board General Policies. He explained that the proposed Fiscal Policy consists of five (5) groups of policy statements as follows:

12..2. Capital Improvement Plan Policies
12..3. Debt Policies
12.4. Cash Flow, Starting Balances and Reserve Policies
12.5. Investment and Cash Disbursement Policies

Mr. Reeter provided a detailed review of the above referenced policy statements. He explained that Article 6 of the Board General Policies pertaining to the budget will be incorporated into Article 12.

At this time, substantial discussions ensued among the Board with input from Mr. Reeter and Mr. Kooch.

The Board took a five minute recess at this time.

Scrivener's Note: The draft Fiscal Policy referenced above is included as Minutes Exhibits Item 2008-07-23-A.

5. Review of Preliminary Capital Improvement Plan Projections

Mr. Reeter explained that at the April 24, 2008, worksession of the Board, the Board requested the development of projections for anticipated capital project financings based on known or planned projects for the period beginning FY 2008-09 through FY 2013-2014 and to relate the effect of those anticipated financings to the financial guidelines set out in the draft Fiscal Policy. The County's Financial Advisor Davenport & Company has prepared a presentation that incorporates capital project financing projections for both known/planned school and non-school planned projects at this time.

Mr. Kooch provided a PowerPoint presentation on the preliminary Capital Improvement Plan (CIP) projections for FY 2008-09 through FY 2013-14. He explained the presentation will associate dollar figures to each of the proposed Fiscal Policy statements.

Mr. Kooch briefly reviewed with the Board the background that led to the development of the proposed Fiscal Policy and CIP.

Mr. Kooch reviewed in detail the capital improvement budgetary policies, the CIP proposed policy impact, the financed projects included in the CIP, the total debt service associated with the financed projects, the CIP General Fund budget impact, the CIP School Board budget impact, proposed policy impact – debt service vs. expenditures, proposed policy impact – debt to assessed valuation, proposed policy impact, payout ratio, fund balance – ratios based on FY 2009 Budget, fund balance – project reserve policy impact and the BAN financing for the acquisition of the Hawkins/Payne/Roe property.

At this time, discussions ensued among the Board and Mr. Kooch with input from Mr. Reeter, Ms. Phillips, Ms. Parker and Russell Owens concerning the preliminary CIP projections. Discussions further ensued concerning the Hawkins/Payne/Roe property acquisition.

Mr. Reeter initiated discussions concerning the acquisition of the American Electric Power (AEP) building. He explained that a meeting was held with Century Development, the current owner of the AEP building, Lucy Phillips and Fred Newman to discuss the acquisition. Century Development indicated at this meeting that they wish to close on the property by the end of this calendar year. Therefore, a joint meeting needs to be scheduled between the Board of Supervisors and the Industrial Development Authority to review the plan of finance and for both bodies to take minimal actions of record to begin the financing and acquisition of the building.

Discussions ensued among the Board concerning the AEP Building. The primary issue discussed was potential environmental issues with the AEP Building. Ms. Phillips explained that environmental studies will be conducted and that the sales purchase agreement will have language to protect the County should any environmental issues be identified.

Mr. Reeter discussed the financing structure for the purchase of the AEP building.

Discussions ensued among the Board with input from Russell Owens about the scheduling of a joint meeting between the Board of Supervisors and Industrial Development Authority. It was decided that a date for this joint meeting would be scheduled for a later date sometime after August 13.

6. Scheduling of Second Board Worksession Meeting Concerning Capital Improvement Plan Development

Substantial discussions ensued among the Board concerning the proposed Fiscal Policy and Capital Improvement Plan. The Board discussed delaying approval of these documents until a second worksession is scheduled.

A motion was made by Mr. Owens to adopt the Fiscal Policy as presented. Mr. McCall offered a second to this motion. After discussions among the Board concerning the proposed action, the following substitute motion was offered:

On motion of Mr. McCrady, second by Mrs. Mumpower, the Board acted to table action on the Fiscal Policy and Capital Improvement Plan to the second worksession to be scheduled on these documents.

The vote on this motion was as follows: (4-2)

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

7. Adjourn or Recess

On motion of Mr. McCall, second by Mr. McCrady, it was resolved to adjourn the meeting.

The vote on this motion was as follows: (6-0)

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

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Prepared by:

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Naoma A. Norris, Recording Clerk

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Approved by the Washington County Board of Supervisors:

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Kenneth O. Reynolds, Chairman