V I R G I N I A:

At a regular meeting of the Washington County Board of Supervisors held Tuesday, October 13, 2009, at 6:30 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
Thomas G. Taylor

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

ABSENT:

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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. Invocation and Pledge of Allegiance

Chairman Kenneth Reynolds gave the Invocation and led the Pledge of Allegiance.

Mr. Reynolds recognized the Principals of Land Use Planning students from Emory & Henry College, and their professor Kathy Boatwright.

3. 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. Consent Agenda:

On motion of Mr. McCall, second by Mr. Price, the Board acted to approve item a of the Consent Agenda as amended.

a. <u>Approval of Minutes</u>:

1. September 22, 2009 Regular Meeting

Amend Page 16590, Item 8, and Paragraph 3 beginning at line 46 to read as follows:

Subsequent to the new State Budget cuts; VDOT will only have $9 million statewide for secondary road improvements.

Note: Typographical errors were corrected on Page 16587, Paragraph 2, Line 11 and Page 16588, Paragraph 2, Line 23.

2. September 24, 2009 Joint Recessed Meeting

Mr. Taylor addressed the Resolution to Norfolk & Southern concerning maintenance of their right-of-ways. He reviewed pictures that showed the condition of some of Norfolk & Southern's right-of-ways in the County.

On motion of Mr. Owens, second by Mr. Taylor, the Board acted to approve items b, c and d of the Consent Agenda as set forth below.

b. <u>Approval of Routine Financial Matters</u>:

1. Payment of Bills – Month of September 2009

2. Request for Revenue Refunds – Washington County Sheriff's Office – Animal Sterilization Fees

3. Request for Revenue Refund – Washington County Department of Building Inspection for Building Permit Fee

4. Request for Transfer from Reserve For Contingencies – Damascus Volunteer Rescue Squad, Inc. for Local Matching Funds of a RSAF Grant

5. Budget Status Report – September 30, 2009

c. <u>Award of Bids and Approval of Contracts</u>:

1. Approval of Proposed Contract for Lighting and Power Service with Bristol Virginia Utilities for Washington County Community Services Building

d. <u>Authorization of Routine Business Matters</u>:

1. Adoption of Resolution Encouraging Enhanced Railroad Right-of-Way Maintenance by Norfolk-Southern Railroad – Approved as follows:

RESOLUTION 2009-32
IN SUPPORT OF IMPROVED RIGHT OF WAY MAINTENANCE BY NORFOLK AND SOUTHERN RAILWAY

WHEREAS, Norfolk and Southern Railway is a privately-owned public facility, and

WHEREAS, Norfolk and Southern has the benefit of certain public rights not available to other private corporations, and

WHEREAS, one of those rights is that of eminent domain, and

WHEREAS, with rights goes responsibility, and

WHEREAS, a responsibility of ownership is that of maintenance, and

WHEREAS, degree of maintenance of property is directly related to the community in which your property is located, and

WHEREAS, Norfolk and Southern has property in rural as well as urban areas;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that the Board believes the standard for maintenance of Norfolk and Southern property in rural areas is different than the standard for maintenance in developed areas, and

BE IT FURTHER RESOLVED that citizens who live in developed areas maintain their property to the community standard for health and safety reasons, and

BE IT FINALLY RESOLVED that the Board doth hereby and hereon resolve that the Norfolk and Southern Railway undertake consistently to maintain its property to the community standard through which its properties are located.

2. Adoption of Resolution Authorizing Temporary Closure for Bridge Replacement of State Route 616 (Caney Valley Road) – Approved as follows:

RESOLUTION 2009-33

BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that it hereby authorizes the Virginia Department of Transportation to close structure number 6025 on State Route

616 (Caney Valley Road), 0.1 mile west of east intersection of State Routes 616 and 625, for the period of time necessary to complete repairs effective June, 2010.

3. Adoption of Resolution Authorizing Creation of Washington County/City of Bristol Family Violence Review Team – Approved as follows:

RESOLUTION 2009-34
ESTABLISING THE WASHINGTON COUNTY/CITY OF BRISTOL
FAMILY VIOLENCE FATALITY REVIEW TEAM

WHEREAS, family and intimate partner violence has destructive consequences upon individuals, families, and our community; and

WHEREAS, the Virginia General Assembly, upon the request of a task force of the Virginia Commission on Family Violence Prevention, adopted legislation designed to address family or intimate partner violence fatalities; and

WHEREAS, the legislation, found at Virginia Code §32.1-283.3, authorizes localities to establish family violence fatality teams "to examine fatal family violence incidents and to create a body of information to help prevent family violence fatalities"; and

WHEREAS, careful examination of family and intimate partner violence fatalities may yield results to help prevent similar tragedies from recurring; and

WHEREAS, a thoughtful and nonjudgmental method of evaluating the events that lead to family and intimate partner violence fatalities will create a safer community; and

WHEREAS, many non-governmental organizations in our community that work to combat family and intimate partner violence fulfill the same function in both Washington County and the City of Bristol.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that:

1. ***The Washington County/City of Bristol Family Violence Fatality Review Team (the "Review Team) is hereby created.***
2. ***The Review Team shall have the rights, responsibilities, and privileges described in Virginia Code §32.1-283.3 as it may be amended from time to time, and shall refer to and use the protocol developed by Virginia's Chief Medical Examiner as a means to organize itself and conduct its activities.***
3. ***The Review Team will identify gaps in system responses and work to provide increased communication and collaboration amongst the agencies involved.***
4. ***The Review Team will operate under the assumption that all persons and agencies involved care deeply about preventing violence within the family and operate in good faith, using the best judgment and information available at the time.***
5. ***The Review Team will offer recommendations to Washington County and City of Bristol service providers that will benefit our communities and improve public safety.***

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***

5. Public Hearings:

a. <u>Request(s) for Special Exception Permit</u>:

1. Washington county Service Authority, Property Tax Map # 128-2-8-8A: Request for Special Exception Permit to expand an existing water treatment plant, more specifically to construct a 3,500 sq. ft. water pump station, a 2000 sq. ft. booster pump station, a 9,900 sq. ft. expansion of the existing water plan and a 1,000 sq. ft. flocculation basin on property located on the northeast side of State route 58 (Jeb Stuart Highway) near the intersection of State Route 58/State Route 845 (Sand Hill Lane) in an R-2 (Residential General) zone, Taylor Magisterial District

County Zoning and Subdivision Official Cathie Freeman provided the Board with an overview of the proceedings before the Planning Commission on this request. Mrs. Freeman explained that the Washington County Service Authority's (WCSA) application for a Special Exception Permit is to expand an existing water treatment plant (Middle Fork Water Treatment Plant) on the property in question, more specifically, to construct a 3,500 sq. ft. water pump station, a 2,000 sq. ft. booster pump station, a 9,900 sq. ft. expansion of the existing water plant and a 1,000 sq. ft. flocculation basin.

Mrs. Freeman explained that WCSA Chief Engineer Doug Canody provided the Planning Commission with a detailed report on the preliminary engineering for the proposed plant expansion. In addition, Mr. Bobby Lane with Lane Engineering, presented information to the Planning Commission concerning the needs of the WCSA over the next 20-30 years. There was no opposition present at the Planning Commission hearing. The Planning Commission unanimously recommended approval of the Special Exception Permit application and requested that the WCSA be given 60 months to complete the project.

At this time, WCSA Chief Engineer Doug Canody addressed the Board to request approval of the WCSA's application for a Special Exception Permit to complete their proposed water treatment plant expansion.

Mr. Jeffrey Spickard, Project Engineer for Lane Engineering, addressed the Board and explained that Lane Engineering and Olver Corporation worked together to study the water needs of the WCSA for the next 20-30 years. Mr. Spickard provided the Board with a review of the key points of the proposed water treatment plant expansion project. He explained that the study concluded that the County needs about 12 million gallons per day (mgd) of water capacity, and expansion of the existing water treatment plant is the best option to provide the 12 mgd. Mr. Spickard further explained the expansion project is planned to be completed in two phases. The first phase is the construction of the finished water pump station. The second phase is to bring the water treatment plant from a 4.6 mgd plant to a 12 mgd plant through the proposed building additions. The new raw water intake source identified for the expansion is the South

Fork of the Holston River. Water will be transmitted from the South Fork back to the water treatment plant for treatment and then distributed throughout the County to meet water needs.

Mr. Spickard next reviewed water supply alternatives for the WCSA. He explained after review of the alternatives, the recommendation is the proposal presented to expand the existing plant from 4.6 mgd to 12 mgd with water intake from the South Fork. Other alternatives included using the Middle Fork source; however, the quality of water in the Middle Fork is not quite as high as the South Fork, which is the reason for recommending the South Fork. Another alternative was to purchase water from the City of Bristol. The City of Bristol's water treatment plant does not have the capacity now to meet the City's long term needs or the needs of the County.

Discussions ensued among the Board, Mr. Canody and Mr. Spickard.

Mr. McCrady inquired about the impact the new intake would have on the lower waters of the South Fork and South Holston Lake, which has erosion problems.

Mr. Spickard explained that the intake point would be at the confluence where the Middle Fork and South Fork come together. There is a lake at that point for six to nine months out of the year, so during the time the WCSA would need the water intake there would be a lake and sufficient amount of water available. An evaluation was completed on the flows in the South Fork of the Holston River. The WCSA is well within the limits to receive a draw permit during the rivering flow conditions.

Mr. McCrady inquired if the water quality below the Damascus Sewer Plant would have an affect on the water quality.

Mr. Canody explained the Damascus Sewer Plant is six miles away from the Middle Fork Water Treatment Plant. The Virginia Department of Health and the Virginia Department of Environmental Quality have a general rule to be five miles down stream. The processes at the Middle Fork Water Treatment Plant will be adequate to treat the effluent coming from the Damascus Sewer Plant.

Mr. McCrady inquired about the costs for the expansion project.

Mr. Spickard explained that the expansion project would be completed in two phases. The costs for Phase I are estimated to be between $4 million and $5 million. The second phase of the project would bring the total project costs to an estimated $12 million.

Mr. Canody explained that Phase I of the expansion project will increase the water treatment capacity at the existing plant from 4.6 mgd to 6.6 mgd. The water treatment plant is currently in operation 24/7 in order to produce the maximum amount of water. The expansion project will also alleviate the need for the WCSA to purchase water from other sources. Phase II of the expansion project will bring the treatment capacity to 12 mgd.

Mr. McCrady inquired if it is known what affects the intake from the South Fork would have on the wildlife.

Mr. Canody explained that it is not believed that the intake would have an adverse affect on wildlife. One of the permitting phases the WCSA was required to go through was the Tennessee Valley Authority (TVA) took two-three years to evaluate the intake site because where the intake will occur in the South Fork is a lake for part of the year and a river for part of the year. The TVA had a lot of comments about

the environmental conditions and concerns about the effect on the lake. The evaluation was completed by the TVA and a permit issued to the WCSA.

Mr. Owens inquired about previous remarks that the City of Bristol did not have the capacity to furnish additional water to the WCSA.

Mr. Spickard explained that the City of Bristol's water treatment plant is not large enough currently to provide the additional water capacity needed by the WCSA.

Mr. Canody explained that the City of Bristol's water treatment plant capacity is 10 mgd. The needs of the WCSA by the year 2035 will be 12 mgd, which is more than Bristol can produce at this time.

Continued discussions ensued among the Board and Mr. Canody concerning issues pertaining to water purchased by the WCSA from the City of Bristol.

Mr. Price inquired if there is additional action required by the Board regarding water intake from the South Fork to the Middle Fork Water Treatment Plant and inquired if the right of ways were in place to get the water from the South Fork back to the plant.

Mr. Canody explained that the WCSA is currently in the process of designing the raw water line that will carry untreated water from the South Fork back to the water treatment plant.

Mr. Spickard explained the draw for Phase I of the expansion project will continue to be from the Middle Fork. The draw from the South Fork will occur in Phase II of the expansion project.

Mr. Price inquired if the intake point is where the Middle Fork and South Fork come together how the water quality of the South Fork is better than the Middle Fork.

Mr. Canody explained that 12 mgd could not be taken from the Middle Fork. The total intake from the Middle Fork is 6.6 mgd. He further explained that it will take energy and money to pump the water from the South Fork back to the water treatment plant and part of the expansion project will be to install a turbine. The WCSA believes the South Fork will provide cleaner water and be easier to treat.

Further discussions ensued among the Board and Mr. Canody concerning issues pertaining to the Middle Fork Water Treatment Plant expansion project, water purchased from the City of Bristol and costs to purchase the water from the City of Bristol versus costs to produce the water through the expansion project.

Mr. Reynolds opened the public hearing and invited comments regarding the request for a Special Exception Permit.

There being no comments, Mr. Reynolds declared the public hearing closed.

On motion of Mr. Owens, second by Mrs. Mumpower, the Board acted to follow the recommendation of the Washington County Planning Commission and approve the request of Washington county Service Authority for Special Exception Permit to expand an existing water treatment plant, more specifically to construct a 3,500 sq. ft. water pump station, a 2000 sq. ft. booster pump station, a 9,900 sq. ft. expansion of the existing water plan and a 1,000 sq. ft. flocculation basin on property located on the northeast side of State route 58 (Jeb Stuart Highway) near the intersection of State Route 58/State

Route 845 (Sand Hill Lane) in an R-2 (Residential General) zone, Taylor Magisterial District. It was further resolved to allow the WCSA 60 months to complete the expansion project.

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***

Mrs. Mumpower asked if the WCSA had plans to supply water to citizens in the County that do not currently have access to public water.

Mr. Canody explained the WCSA has an ongoing plan to provide water to unserved areas of the County. Washington County has the highest percentage of citizens served by public water then any locality in Southwest Virginia. The WCSA is in the process of seeking grant funds to extend water to areas of the County that are not currently served by public water.

Mrs. Mumpower inquired about the percentage of the population in Washington County that is not served by public water.

Mr. Cornett explained it is about 15 percent.

6. General Business:

a. <u>Actionable Items</u>:

1. Consideration of Approval of Proposed Wastewater Services Agreement between County, Washington County Service Authority and Town of Abingdon

Washington County Service Authority (WCSA) General Manager Robbie Cornett and WCSA Board of Commissioners' Chairman Gerald Cole presented the Board with the proposed Wastewater Services Agreement between the County, WCSA and Town of Abingdon and requested the Board's approval of the agreement.

Mr. Cornett explained the proposed agreement has taken three and one half years to negotiate. The agreement has received a great deal of attention from the WCSA, Town of Abingdon and County. WCSA believes the agreement is a fair and equitable agreement that will provide an opportunity to better a portion of Washington County by providing a safe way to treat water in the Old Jonesboro Road and Lee Highway corridors between Exits 13 and 14.

Mr. Cornett explained that the most notable aspects of the agreement are that the Town of Abingdon relinquished to WCSA its right to serve the western portion of the 201 service area (Old Jonesboro Road and Lee Highway corridors between Exits 13 and 14); it commited one million gallons per day of wastewater transportation and treatment capacity to WCSA; and the Town of Abingdon formally

relinquished its exclusive right to treat the Exit 22 service area. (Mr. Cornett commented that the WCSA has already been servicing this area.) He also expressed the opinion of the WCSA that the financial terms and conditions of the agreement are favorable. He further explained that, as part of the agreement, the Town of Abingdon is requiring the Board of Supervisors to adopt pretreatment standards commensurate with the Town's.

Mr. Cornett explained that the WCSA at their September 28 regular meeting unanimously approved the agreement. By this action, the WCSA is authorized to sign the agreement once the Board of Supervisors and Town of Abingdon have executed the agreement.

Mr. Cole explained that the agreement has been a long time coming and believes the quality of life for the citizens living in the areas covered by the agreement will be improved.

Lengthy discussions ensued among the Board and Mr. Cornett.

Mr. Owens asked for an explanation of Item 2.A found in Exhibit D.

Mr. Cornett explained that the Town has requested to have authority for oversight and enforcement of the sewer use ordinance for the part of the WCSA system that will flow back to the Town's system.

Mrs. Mumpower stated that she is pleased with the proposed agreement. Sewer related issues are a major concern to the County especially in the Wilson District.

Mr. Price questioned language found on Page 3, Paragraph B8 of the agreement that reads the WCSA "shall have the exclusive right to provide or deny service to all customers (or potential customers)."

Mr. Cornett explained the language is found throughout Section B. Designation of Service Areas of Each Service Provider and is language inserted by legal counsel for the parties involved in the agreement. The language is recommended to allow the WCSA or Town to deny service to a potential customer if a good reason exists for doing so. Mr. Cornett offered examples of a potential customer that does not agree to follow the sewer pretreatment standards that are mandated by the Town. Another example offered by Mr. Cornett was if a customer/potential customer was habitually delinquent in payment of bills to the WCSA that would be a reason to deny service.

Mr. Taylor inquired if prior agreements had been rescinded. He explained the Board of Supervisors in the past received funds to provide sewer services to Wilson Subdivision/Exit 19 area. The County constructed the sewer system, and the Town of Abingdon maintained the lines. The Town agreed to do so if the County would pay the debt service on the system. Mr. Taylor inquired if this agreement would be rescinded.

Mr. Cornett explained almost all provisions of the 1989 Agreement, 1998 Amended Agreement and the 1999 Amended Agreement will be superseded by the proposed new Agreement. Any provisions retained in any of the prior agreements have been written into the new agreement. He further explained that the issue regarding the Exit 19 sewer system was written into the 1999 Amended Agreement wherein the system was granted to the WCSA.

Mr. Taylor inquired if the funding provided to the WCSA by the County to make debt service payments to the Town on the Exit 19 sewer system will cease if the new agreement is adopted.

Mr. Cornett explained that debt service remains on the Exit 19 sewer system between the Board of Supervisors, Town and WCSA. The County's subsidy has been the topic of past discussions and will be reviewed. Mr. Cornett explained this issue would be addressed in a separate agreement.

Mr. McCrady inquired if the interceptors would be metered. Mr. Cornett explained there would be only one interceptor tied into a system located on Stone Mill Road.

Mr. Taylor inquired if at some point in the future the WCSA deems it necessary or feasible to construct decentralized sewer systems in any of their services areas, subject to the proposed agreement, is there language in the proposed agreement that would prohibit the WCSA from doing so.

Mr. Cornett explained Mr. Taylor's inquiry is addressed in Paragraph D6 located at the bottom of page 6 of the proposed agreement. This paragraph says that all wastewater shall be delivered by the WCSA to the Town for treatment. The flow could not be redirected without the Town's approval. If the wastewater flow is not already being directed to the Town for treatment, the WCSA has the ability to redirect the treatment.

Further discussions ensued about language found in Paragraph B8 concerning denial of service.

Mr. Price proposed that Paragraph B8 be revised, and that WCSA management not be given the right to deny service to a potential customer. Discussions ensued among Mr. Price, Mr. Cornett, Mr. Cole and Ms Phillips concerning this request.

Mr. Price stated for the record that, he does not support the language in Paragraph B8 and believes it should be revised so as not to deny service to any potential customer; however, he intended to vote in support of the Agreement despite his disfavor of this provision.

On motion of Mr. McCall, second by Mrs. Mumpower, the Board acted to approve the following resolution approving the Wastewater Service Agreement between the County, Washington County Service Authority and Town of Abingdon:

RESOLUTION 2009-35

WHEREAS, the Board of Supervisors of Washington County, Virginia (the Board) desires to amend the inter-municipal agreement with the Washington County Service Authority and the Town of Abingdon, Virginia for the purpose of acquiring wastewater transportation and treatment capacity from the Town of Abingdon for the benefit of Washington County; and

WHEREAS, the respective staffs and legal counsels of the Washington County Service Authority, Town of Abingdon and Washington County have met, reviewed,, negotiated and agreed to equitable terms which have been incorporated into an agreement to supersede the prevailing wastewater agreement;

NOW, THEREFORE, BE IT RESOLVED that the Board has reviewed said agreement and hereby approves the same. The Board hereby authorizes the Chairman or Vice Chairman to execute the final agreement provided that there are no material changes to the agreement after this date and following

the adoption of similar resolutions by the Abingdon Town Council and Washington County Service Authority.

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***

Scrivener's Note: The Wastewater Services Agreement referenced above is included as Minutes Exhibits Item 2009-10-13-A.

A ten minute recess was taken at this time.

2. Consideration of Resolution Regarding Issuance of $10.2 Million Lease Revenue Bond Anticipation Note, Series 2009 by the Industrial Development Authority of Washington County

Mr. Dan Siegel of Sands Anderson Marks and Miller and Mr. Roland Kooch of Davenport & Company addressed the Board to present the Resolution regarding issuance of $10.2 million Lease Revenue Bond Anticipation Note (BAN) for the Phase II School and Neff Center construction projects.

Mr. Siegel provided a summary review of the proposed resolution. He explained the BB&T financing proposal was selected. BB&T offered the most flexibility and best terms.

On motion of Mrs. Mumpower, second by Mr. Price, the Board acted to adopt the following Resolution:

RESOLUTION 2009-36
OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF WASHINGTON, VIRGINIA

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Washington, Virginia (the "County") by resolution adopted on August 18, 2009 had previously directed Davenport & Company LLC as financial consultants and underwriter (the "Underwriter") and Sands, Anderson, Marks & Miller, a Professional Corporation, as the County's Bond Counsel (together, the Consultants"), to evaluate financing options and to recommend a plan of financing (the "Plan of Financing") to pay the costs of the acquisition, construction, equipping and furnishing of various school facilities known as the Phase II School Projects and the Neff Center School Project (together, the "Project");

WHEREAS, the Board of Supervisors adopted a joint resolution with the Industrial Development Authority of Washington County, Virginia (the "Authority") on September 25, 2008 approving the Plan of Financing presented by the Consultants to the Board of Supervisors wherein the Underwriter will purchase the Note (as defined below) to be repaid by a lease agreement between the

County and the Authority and in turn, the Board of Supervisors directed the Consultants to prepare the appropriate documentation to complete and fund the Plan of Financing for the costs of the Project;

WHEREAS, the Board of Supervisors had requested the Authority to issue, offer and sell its Lease Revenue Bond Anticipation Note, Series 2009 in the principal amount of not to exceed $10,200,000 (the "Note") to finance a portion of the costs of the Project, to lease the Leased Property (as defined below) from the Washington County School Board (the "School Board") and the County, and in turn, lease such Leased Property to the County, with an approximately 3 ½ year lease term with interest at a rate not to exceed 4.00% per annum, payable semiannually, with principal able to be repaid as available during the term, and to mature and be payable in full on January 15, 2013 (the "Maturity Date"), to accomplish certain purposes of the Virginia Industrial Development and Revenue Bond Act (the "Act"), with the County providing its moral obligation in support of the payment of the Note; and

WHEREAS, the Authority, based on the request of the Board of Supervisors, would (a) use the proceeds of the Note to pay the costs incurred and to be incurred in connection with the Project, including costs of issuing the Note, (b) lease the Leased Property (as defined below) from the School Board and the County, and, in turn, to lease the Leased Property to the County under a lease agreement with the Authority and, (c) secure the Note by an assignment of its rights under such lease agreement (except the right to receive indemnification, to receive notices and to give consents and to receive its administrative expenses) to the Underwriter, under an assignment agreement between the Authority and the Underwriter, which is to be acknowledged and consented to by the County, all in accordance with a note purchase agreement among the Underwriter, the County and the Authority;

WHEREAS, there have been presented to this meeting drafts of the following documents (collectively, the "Documents") in connection with the transactions described above, copies of which shall be filed with the records of the Board of Supervisors:

a. a Lease Agreement, dated as of October 1, 2009, between the Authority and the County (the "Lease Agreement") conveying to the County a leasehold interest in such real estate and improvements thereon (the "Leased Property");

b. a Note Purchase Agreement, dated as of October 1, 2009 among the Authority, the County and the Underwriter, pursuant to which the Note is to be issued (the "Note Purchase Agreement");

c. an Assignment Agreement, dated as of October 1, 2009 between the Authority and the Underwriter, assigning to the Underwriter certain of the Authority's rights under the Lease Agreement, which is to be acknowledged and consented to by the County and the School Board (the "Assignment Agreement");

d. a Ground Lease, dated as of October 1, 2009, among the County, the School Board and the Authority conveying to the Authority a leasehold interest in the property described therein (the "Ground Lease")

e. a Limited Offering Memorandum for the offering and sale of the Note (the "Limited Offering Memorandum"); and

f. a Specimen Note.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Washington, Virginia:

1. ***All costs and expenses in connection with the undertaking of the acquisition, construction, equipping and furnishing of the Project and the issuance of the Note including the Authority's expenses, the fees and expenses of the County, and the fees and expenses of Bond Counsel and the Underwriter and other fees and expenses related thereto, for the sale of the Note, shall be paid from the proceeds therefrom or other funds of the County. If for any reason the Note is not issued, it is understood that all such expenses shall be paid by the County and that the Authority shall have no responsibility therefor.***

2. ***The Board of Supervisors hereby instructs the Underwriter and Bond Counsel to take all such action as necessary or appropriate to conclude the purchase of the Note by the Underwriter.***

3. ***The Board of Supervisors hereby instructs Bond Counsel to take all such action as necessary or appropriate to conclude the financing with the Underwriter as set forth in the Note Purchase Agreement by the issuance of the Note of the Authority.***

4. ***The following plan for financing the costs of the Project is approved. The Authority shall use the proceeds from the issuance of the Note to finance on behalf of the County, the acquisition, construction, equipping and furnishing of the Project and to lease the Leased Property to the County for a lease term not less than the term of the Note at a rent sufficient to pay when due the interest and principal on the Note. The obligation of the Authority to pay principal and interest on the Note will be limited to rent payments received from the County under the Lease Agreement. The obligation of the County to pay rent under the Lease Agreement will be subject to the Board of Supervisors of the County making annual appropriations for such purpose. The Board of Supervisors on behalf of the County has adopted this resolution as its moral obligation to the repayment of the Note. The Note will be secured by an assignment of rents and leases pursuant to the Assignment Agreement, to the noteholder as the holder thereof. If the Board of Supervisors exercises its right not to appropriate money for rent payments, the noteholder may terminate the Lease Agreement or otherwise exclude the County from possession of the Leased Property. The issuance of the Note on the terms set forth in the Note Purchase Agreement is hereby approved.***

5. ***The Board of Supervisors hereby approves the Documents and the form of the Note in a maximum amount of $10,200,000 with principal due on the Maturity Date and as to interest payable semiannually at a rate of not to exceed 3.26% with the final terms and interest rate to be approved by the Chairman whose execution thereof shall be conclusive evidence of such approval.***

6. ***The Chairman or Vice Chairman of the Board of Supervisors, or either of them, and the County Administrator and Clerk of the Board of Supervisors are each hereby authorized and directed to execute the Documents and such other instruments and documents as are necessary to create and perfect a complete assignment of the rents and profits due or to become due in favor of the Underwriter, to issue the Note, and to lease the Leased Property.***

7. ***The County consents to its Bond Counsel acting as counsel to the Underwriter in this financing.***

8. ***The County represents and covenants that it shall not take or omit to take any action the taking or omission of which will cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") or otherwise cause the interest on***

the Note to be includable in gross income for Federal income tax purposes under existing law. Without limiting the generality of the foregoing, the County shall comply with any provision of law that may require the Authority or the County at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds from the sale of the Note.

9. ***Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.***

10. ***All other acts of the officers of the County that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Note, and the undertaking of the acquisition, construction, equipping and furnishing of the Project are hereby approved, ratified and confirmed.***

11. ***The County by acceptance of this financing agrees to indemnify, defend and save harmless, to the extent permitted by law, the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Authority, the issuance of the Note, or the acquisition, construction, equipping and furnishing of the Project.***

12. ***Nothing in this Resolution, the Note or any documents executed or delivered in relation thereto shall constitute a debt or a pledge of the faith and credit of the Authority or the County, and the Authority shall not be obligated to make any payments under the Note or the Documents except from payments made by or on behalf of the County under the Lease Agreement pursuant to annual appropriation thereof in accordance with applicable law.***

13. ***The Board hereby reaffirms and declares, in accordance with U.S. Treasury Regulation Section 1.150-2, as amended from time to time, the County's intent to reimburse the County with the proceeds of the Note for expenditures with respect to the Project, made on or after July 25, 2009, which date is no more than 60 days prior to the date of the adoption of the joint resolution referred to in the preambles of this Resolution. The County reasonably expects that it will reimburse the expenditures with the proceeds of the Note. The maximum principal amount of the tax-exempt obligations expected to be issued at this time for the Project is $10,200,000.***

14. ***The County hereby designates the Note in the principal amount of up to $10,200,000 as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code, and allocates to the Authority in relation to the issuance of the Note, up to $10,200,000 of its allocation of "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code. The County has not issued, and does not reasonably anticipate (nor do any of its subordinate entities reasonably anticipate) issuing more than $30,000,000 in qualified tax exempt obligations during calendar year 2009 on behalf of the County or its subordinate entities and the County (and any of its subordinate entities) will not designate more than $30,000,000 on behalf of the County or its subordinate entities of qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code during such calendar year.***

15. ***The Board of Supervisors on behalf of the County hereby designates the Note as eligible for the "small issuer exception" to the rebate requirements of Section 148(f)(2) and (3) of the Code pursuant to Section 148(f)(4)(D)(vii) of the Code, as the Authority is a subordinate entity of the County under Section 148(f)(4)(D) of the Code and the County is a governmental unit with general taxing powers, no note which is a part of the Note will be a private activity bond, 95% or more of***

the net proceeds of the Note are to be used for local governmental activities of the Authority and the County, and the aggregate face amount of all tax-exempt bonds, excluding private activity bonds to be issued by the County and the Authority during the calendar year 2009 is not reasonably expected to exceed $5,000,000 increased by the lesser of $10,000,000 or so much of the aggregate face amount of the Note as are attributable to financing the construction of public school facilities within the meaning of Section 148(f)(4)(D)(vii). The Board of Supervisors on behalf of the County hereby allocates to the Authority up to $10,200,000 of its small issuer size limitation for the calendar year 2009 to the Note for purposes of Section 148(f)(4)(D) of the Code.

16. This resolution shall take effect immediately.

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***

3. Consideration of Appointments to Washington County Industrial Development Authority

Mr. Reeter explained the IDA appointments for the Jefferson and Taylor Districts will expire on November 13, 2013. However, there is a savings provision that allows for an IDA member to continue serving past their term until a new appointment is made. The term for the new appointment would be retroactive.

Mr. McCrady stated that he would make an appointment at the last meeting in October.

Mr. Price explained that he would make an appointment in November after speaking with both candidates seeking election to the Jefferson District seat on the Board of Supervisors about the IDA appointment.

4. Consideration of Revised Position Description and Authorization to Refill County Engineer Position

Mr. Reeter explained that the County Personnel Committee met on October 5 to consider his recommendation that pending the retirement of County Building Official Bill Cole in May 2010, that the County proceed with filling the County Engineer's position, and the positions of County Engineer and County Building Official be combined and the County Departments of Building Inspection and Engineering Services be redesignated as a single 'Department of Building & Engineering Services'. The County Engineer would serve as County Building Official.

Mr. Reeter explained that a revised Position Description for the County Engineer's position that incorporates the elements of the County Building Official's position is presented for Board consideration. He further explained that in addition to being a licensed professional civil engineer, the County Engineer would be required to obtain certification as a local building official through the Virginia Department of Housing and Community Development (DHCD) within first year of employment. The County Engineer

must also be certified as a combined program administrator for erosion and sedimentation control through the Virginia Department of Conservation and Recreation (DCR); certified as an amusement device inspector (i.e. carnival ride machinery – very few individuals have this certification in Southwest Virginia) through DHCD; and obtain floodplain management certification through DCR or the Federal Emergency Management Agency. These certifications must be obtained within the first three years of employment.

Mr. Reeter explained the timeline and process for refilling the County Engineer's position proposed is for a five-person Selection/Interview Team consisting of two Supervisors, the County Administrator, County Attorney and County Zoning & Subdivision Official with the goal of having the position refilled by no later than April 1 of next year. The Personnel Committee is recommending an initial starting salary range between $65,000 and $80,000, negotiable depending on qualifications and experience.

Mr. Owens (County Personnel Committee member) explained the Personnel Committee recommended that the County Administrator present this item to the Board for approval. The Personnel Committee is comfortable with the proposal.

Discussions ensued among the Board.

Mr. Taylor inquired if the position would be a department head level position. Mr. Reeter explained that it would. The County Engineer would oversee the Department of Building & Engineering Services.

Mr. Taylor inquired about the Department of Planning.

Mr. Reeter explained that the Zoning Administration Department would be a separate department.

Mr. McCall inquired if the County Engineer would oversee the Erosion and Sediment Control (ESC) Program.

Mr. Reeter explained that they would. He further explained that at some point the Board will need to consider hiring additional inspectors, especially after the County brings the ESC Program back in-house. In addition, storm water management regulations will be online soon that requires inspections.

Discussions ensued among the Board concerning the salary range.

Mr. Reeter explained the Board was provided at stations with a cost estimate for the position from April 1, 2010-June 30, 2010. Assuming a starting salary of $80,000, the Board would need to appropriate an additional $27,000 through June 30, 2010.

On motion of Mr. Price, second by Mr. McCall, the Board acted to approve the revised Position Description for County Engineer, authorized advertisement to refill the position and acted to appoint Supervisor Dulcie Mumpower (representing Personnel Committee) and Phillip McCall (representing the Land Use Planning Committee) to the Selection/Interview Team.

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***

5. Consideration of October 14 Recessed Meeting

Mr. Reeter explained the Board is requested to recess this meeting to October 14 at 6:30 PM in Conference Room #1 for an important Closed Meeting regarding an economic development project. Representatives of the company involved, the County's Bond Counsel Dan Siegel with Sands Anderson Marks and Miller and County Financial Advisor Roland Kooch with Davenport and Company will attend the meeting.

b. Informational Items

No informational items were presented.

7. <u>Board Member Reports</u>

Mr. Price inquired if an individual Board member were sued would they required to hire an attorney.

Ms. Phillips explained that it would depend on the particular issue of the lawsuit and what state law says about the case.

Mr. Owens asked in cases where a Board member would be required to hire an attorney could the costs be underwritten by the County.

Ms. Phillips explained in some cases the legal expenses could be underwritten by the County. In the pending case involving Mr. Taylor, state law provides that his legal costs can be reimbursed by the County when he successfully defends the petition.

Mr. Price addressed an issue regarding noise resulting from motor cross activity on property located on Providence Road in Abingdon that is causing major issues to surrounding property owners. He shared with the Board the audio recording of the motorcycle activity. Mr. Price expressed his opinion that activity occurring on this property violates the County ordinance and read a section from the County's ordinance. He explained that a property owner's rights are restricted to designated zoning uses and limited to within their own property lines. Mr. Price stated that the property in question is not zoned for motor cross activity. He proposed that the County send a letter to the property owner asking them to cease and desist the motor cross activity. Mr. Price further proposed that a copy of the permitted uses for agriculturally zoned property and a copy of the video tape be included with the letter. He asked the Board to direct the County Attorney to send this correspondence, but the Board did not do so.

Lengthy discussions ensued among the Board regarding this issue.

Ms. Phillips reviewed two past cases in General District Court involving enforcement of the County's Noise Ordinance. One case involving dirt bikes and another involving fire crackers. Neither case was successfully prosecuted. In both cases, the judge did not convict for violation of the noise ordinance, but only asked the defendants to be good neighbors with the complaining parties. She further reviewed a

recent ruling in the Supreme Court of Virginia involving noise ordinances. Ms. Phillips explained because of the past cases in General District Court and the ruling of the Supreme Court on enforceability of the noise ordinance, she is not confident of successful prosecution for violation of the County's Noise Ordinance. She suggested that a letter could be sent to the property owner asking them to be respectful of their neighbors. Ms. Phillips advised the Board that in a few weeks she will be attending a Local Government Attorneys Conference where there will be a session on enforcement of noise ordinances.

Further discussions ensued concerning this issue and ways that the Board could help the people. Mr. Price suggested that the County send a cease and desist letter to the offending property owner. Ms. Mumpower suggested that the ordinance be revised to restrict noisy activities specifically during Wednesday evenings and Sunday mornings when church may be in session. Mr. Price noted that the church closest to the Providence Road property is sometimes in session on Saturday. Mr. Owens stated that the Board wants to help the people, but at this point are not sure what they can do. He proposed that this issue be placed on the agenda for discussion at a meeting of the Board.

Mr. Price requested a copy of the audio/video for this meeting.

Mr. Taylor reported that he and representatives from Glade Spring including the Mayor, Circuit Town Manager and others associated with the Glade Springs Branch Library attended the Virginia Tobacco Commission's meeting on Tuesday of this week to support the grant application submitted by the Town of Glade Spring for the completion of the second floor of the Perry Building. The Tobacco Commission did not approve the application and sent a message that they do not want to see future applications for library projects.

Mr. Owens reported on a program sponsored by the City Council for Johnson City, TN where a day was designated for people to bring in prescription drugs that were expired or no longer needed. The program was a huge success. Johnson City leaders do not want the medications flushed down toilets and getting into the ground water. Mr. Owens proposed that the County consider a similar program.

8. Board Information and Reminders

Mr. Reeter reviewed the following Board Information:

- Reminder of the Virginia Association of Counties (VACo) Annual Conference to be held November 8-10, 2009 at The Homestead in Bath County.

- Correspondence from VACo regarding Voting Credentials for the Annual Conference.

Mr. Reeter explained that a Supervisor attending the Annual Conference needs to be designated to vote at the annual business meeting.

On motion of Mr. Owens, second by Mr. McCrady, the Board acted to nominate Supervisor Tom Taylor to vote at the annual business meeting.

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***

9. Closed Meeting:

a. Request to convene in Closed Meeting pursuant to Virginia Code Section 2.2-3711(A)(1) for discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; specifically the position of Emergency Management Coordinator pursuant to Virginia code Section 44-146.19.

On motion of Mr. McCrady, second by Mr. Price, the Board acted to convene in Closed Meeting pursuant to Virginia Code Section 2.2-3711(A)(1) for discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; specifically the position of Emergency Management Coordinator pursuant to Virginia code Section 44-146.19. It was further resolved to include County Administrator Mark Reeter and County Attorney Lucy Phillips in the Closed Meeting.

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***

b. Reconvene in Open Meeting and Certification of Closed Meeting

After returning to the meeting, the Chairperson noted that upon motion of Mr. McCall, 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)

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

10. <u>Adjourn or Recess</u>

On motion of Mr. Price, second by Mr. McCrady, it was resolved to recess to October 14, 2009 at 6:30 in Conference Room #1 of the County Administration Building to hold a Closed Meeting regarding an economic development project.

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. Taylor	***Aye***
Mr. Reynolds	***Aye***

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Prepared by:

_____

Naoma A. Norris, Recording Clerk

Approved by the Washington County Board of Supervisors:

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Kenneth O. Reynolds, Chairman