V I R G I N I A:

At a regular meeting of the Washington County Board of Supervisors held Tuesday, September 27, 2011, at 6:30 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

PRESENT:

Dulcie M. Mumpower, Chair
Odell Owens, Vice Chair
Phillip B. McCall
Nicole M. Price
Kenneth O. Reynolds
Joseph C. Straten
Thomas G. Taylor

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

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1. Call to Order

The meeting was called to order by Ms. Dulcie M. Mumpower, Chair of the Board, who welcomed everyone in attendance.

Ms. Mumpower recognized her daughter, Ms. Amy Atkinson, who was attending the Board meeting.

2. Invocation and Pledge of Allegiance

Supervisor Nicole Price gave the Invocation and led the Pledge of Allegiance.

3. Public Comment

The following individuals addressed the Board:

- Jasper Reynolds

4. Approval of Agenda

Mr. Reeter reviewed the following amendments to the agenda:

New Consent Agenda Item 5.d.5. – Adoption of Resolution in Support of ARC Grant Application for Regional Workforce Development Center Study

New General Business Item 6.b.1. – Presentation of Washington County Service Authority Capital Improvement Projects Report

Ms. Price requested that Item 5.d.2. – Adoption of Resolution Authorizing Bond Refinancing by Smyth County Industrial Development Authority be removed from the Consent Agenda and added to General Business as Item 6.a.3.

On motion of Mr. Reynolds, second by Mr. Taylor, it was resolved to approve the agenda with the following amendments:

New Consent Agenda Item 5.d.5. – Adoption of Resolution in Support of ARC Grant Application for Regional Workforce Development Center Study

New General Business Item 6.b.1. – Presentation of Washington County Service Authority Capital Improvement Projects Report

Remove Item 5.d.2. – Adoption of Resolution Authorizing Bond Refinancing by Smyth County Industrial Development Authority and add to General Business as Item 6.a.3.

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

Mr. McCall	***Aye***
Ms. Mumpower	***Aye***
Mr. Owens	***Aye***
Ms. Price	***Aye***
Mr. Reynolds	***Aye***
Mr. Straten	***Aye***
Mr. Taylor	***Aye***

5. Consent Agenda:

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

a. Approval of Minutes:

1. September 12, 2011 Joint Recessed Meeting

2. September 13, 2011 Regular Meeting

3. September 16, 2011 Joint Recessed Meeting

b. Approval of Routine Financial Matters:

1. Payment of Bills – from August 11, 2011 thru September 9, 2011

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

3. Supplemental Appropriation – Department of Emergency Management for RSAF Grant Received

4. Supplemental Appropriation – Disaster Recovery Fund Public Assistance Reimbursement

5. Supplemental Appropriation – Southwest Virginia Regional Jail Authority Reconciliation Reserve Account

6. Budget Status Report – August 31, 2011

c. Award of Bids and Approval of Contracts:

d. Authorization of Routine Business Matters:

1. Approval of Fireworks Display Permit, Emory & Henry College

2. ~~Adoption of Resolution Authorizing Bond Refinancing by Smyth County Industrial Development Authority~~ – Removed and Added to General Business 6.a.3.

3. Adoption of Resolution Support Application for Tobacco Commission Funding of Purchase of Development Rights Program – Approved as Follows:

RESOLUTION 2011-37
AUTHORIZING THE APPLICATION AND ACCEPTANCE OF
VIRGINIA TOBACCO COMMISSION GRANT FUNDS FOR PURCHASING OF DEVELOPING RIGHTS BY HOLSTON SOIL & WATER CONSERVATION DISTRICT

WHEREAS, certain grant funds are made available annually on a competitive basis by the Virginia Tobacco Indemnification and Community Revitalization Commission; and

WHEREAS, the grants are awarded pursuant to guidelines established by the Virginia Tobacco Indemnification and Community Revitalization Commission for determination of project eligibility for funds; and

WHEREAS, said procedures established by the Virginia Tobacco Indemnification and Community Revitalization Commission require the local government benefiting from such grants to certify by resolution the approval to apply for, and accept grant funds and provide authorization to enter into an agreement with the Virginia Tobacco Indemnification and Community Revitalization Committee to implement urgent activities related to a Purchase of Development Rights (PDR) Program for Washington County (the Project);

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that it hereby approves the filing of an application for local assistance for the above Project for 90% additional funding of local match raised on Washington County's behalf by the Holston Soil & Water Conservation District.

BE IT FURTHER RESOLVED that the Board of Supervisors authorizes the Holston River Soil & Water Conservation District to directly receive such grant funds and to act as agent to conduct all

negotiations, execute and submit all documents including, but not limited to applications, agreements, payment requests and so on, which may be necessary for the completion of the aforementioned Project.

4. Adoption of Resolution in Tribute to the 215th Anniversary of the Abingdon Masonic Lodge – Approved as Follows:

RESOLUTION 2011-38
IN TRIBUTE TO THE 215TH ANNIVERSARY OF THE ABINGDON MASONIC LODGE, NO. 48, A.F. & A.M. OF THE COMMONWEALTH OF VIRGINIA

WHEREAS, Freemasonry is the oldest Fraternal organization in existence whose traditions date to the building of King Solomon's Temple and whose written records date the Order as early as 1390 CE, and

WHEREAS, men of all ages and social classes have, of their own free will and accord, considered it an honor to be a member of the fraternity and promote its principal tenants of Brotherly Love, Relief and Truth, and

WHEREAS, on October 3, 1796, Freemasons living within the Town of Abingdon and surrounding area held the first recorded lodge meeting of Masons in Southwest Virginia, at the home of James White, on East Main Street in Abingdon, and

WHEREAS, William King presided as the first Master of the lodge, and

WHEREAS, the Abingdon Masonic Lodge was the only Chartered lodge in all of Southwest Virginia, serving Masons in Southwest Virginia and Northeast Tennessee, until 1798, and

WHEREAS, a continuous record of the lodge meetings has been preserved, covering events spanning the past 215 years, and

WHEREAS, Abingdon Masonic Lodge claims among its members, in addition to William King and Francis Preston, many of the Founding Fathers of our community and Washington County's most noted men, such as United States Congressman, Members of Presidential Cabinets, Members of the Virginia General Assembly, Generals, and other high ranking military officers, judges, attorneys, medical and dental doctors, merchants, farmers, small business owners, teachers, ministers of all faiths and denominations, local and state appointed and elected officials, Chiefs of Police, firemen, newspaper editors, and world famous actors, and

WHEREAS, the Abingdon Masonic Lodge is the oldest, continually active civic organization, not only in Washington County but in all of Southwest Virginia;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that the Board hereby recognizes and pays tribute to the Abingdon Masonic Lodge, No. 48, A.F. & A.M. of the Commonwealth of Virginia on the occasion of its 215th anniversary.

5. Adoption of Resolution in Support of ARC Grant Application for Regional Workforce Development Center Study – Approved as Follows:

RESOLUTION 2011-39
IN SUPPORT OF APPLICATION TO THE
APPALACHIAN REGIONAL COMMISSION (ARC)
FOR FUNDING OF REGIONAL WORKFORCE DEVELOPMENT CENTER STUDY

WHEREAS, a trained, skilled workforce is a critical component of successful economic development for any region; and

WHEREAS, previous studies and surveys in Virginia and in the region of Southwest Virginia have documented the lack of sufficient trained workers in such skilled occupations as welding, machining, and electro-mechanical maintenance: and

WHEREAS, some of these programs are now offered at the post-secondary level at the Washington County Skills Center which is an outdated and inadequate facility whose replacement has been under consideration for some time; and

WHEREAS, a study done in 2004 for the Smyth-Washington Regional Industrial Facilities Authority recommended that the two counties collaborate on developing a "signature workforce training facility"; and

WHEREAS, a subsequent feasibility study done in 2008 for the Southwest Virginia Alliance for Manufacturing assessed the need for such a facility and recommended a workforce training center be established based on certain conditions which included moving the Washington County Skills Center to the new facility, focusing on all types of manufacturing skills (not just advanced manufacturing), and gearing the training toward incumbent workers, in addition to first-time workers; and

WHEREAS, the scope of work for the 2008 study included some preliminary numbers for the cost of construction of a new facility but did not include any specific analysis of proposed sites or buildings; and did not include an operational plan, budget, and estimated costs for sustaining the facility; and

WHEREAS, Washington County included a "Regional Workforce Training Center" in its Comprehensive Economic Development Strategy (CEDS) for FY 2011-12 which is administered and approved by Mount Rogers Planning District Commission; and

WHEREAS, the Appalachian Regional Commission (ARC) is soliciting applications for projects which promotes sustainable economic development in rural communities with exceptional needs through provision of training and technical assistance for business development, entrepreneurs, and economic development assets and to assist with economic development planning;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that the Board supports the submittal of an application for funding to the Appalachian Regional Commission for in the amount of $100,000 to do the following activities: 1) Analysis of potential existing buildings or sites for the location of a workforce training center; 2) Preliminary engineering/architectural report; 3) Design plans for the facility; 4) Operational plan for the facility, including long-term sustainability, 5) Curriculum development for the facility; 6) Development of funding partners for construction/renovation costs, as well as operational costs; 7) Other possible planning activities that may be required; and

BE IT FURTHER RESOLVED that funding through ARC will be used to match a previously submitted application to the Virginia Tobacco Indemnification and Community Revitalization Commission for the same project;

BE IT FURTHER RESOLVED that the Board agrees for the New River/Mount Rogers Workforce Investment Consortium Board or Virginia Highlands Community College to be the ARC grant applicant; and

BE IT FURTHER RESOLVED the Board agrees for Washington County to be the fiscal agent for the ARC grant if received; and

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

Mr. McCall	***Aye***
Ms. Mumpower	***Aye***
Mr. Owens	***Aye***
Ms. Price	***Aye***
Mr. Reynolds	***Aye***
Mr. Straten	***Aye***
Mr. Taylor	***Aye***

6. General Business:

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

1. Consideration of Draft Ordinance to Amend County Code Chapter 38 to Establish a Partial Exemption for Certain Rehabilitated, Renovated, or Replacement Commercial or Industrial Structures with a Specified Region of the County

Ms. Phillips explained the Board is asked to provide her direction as to whether she may proceed with scheduling a public hearing on the draft ordinance. She explained that Virginia Code Section 58.1-3221 allows the Board of Supervisors by ordinance the authority for partial exemption from real estate tax for rehabilitated, renovated or replacement commercial structures.

Ms. Phillips pointed out that the agenda materials for this item should be corrected to read the total credit should not exceed $650,000.00 over a 15 year period.

On motion of Ms. Price, second by Mr. Reynolds, the Board acted to authorize the County Attorney to proceed with scheduling a public hearing on the draft ordinance or a substantially similar form of the ordinance as revised after additional discussion among staff and interested parties.

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

Mr. McCall	***Aye***
Ms. Mumpower	***Aye***
Mr. Owens	***Aye***
Ms. Price	***Aye***
Mr. Reynolds	***Aye***

Mr. Straten ***Aye***
Mr. Taylor ***Aye***

2. Consideration of Appointment to Highlands Community Services

On motion of Mr. Owens, second by Mr. Straten, the Board acted to appoint Rebecca Querio to represent Washington County as a consumer representative on the Highlands Community Services Board for a three year term beginning July 1, 2011 and expiring June 30, 2014.

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

Mr. McCall ***Aye***
Ms. Mumpower ***Aye***
Mr. Owens ***Aye***
Ms. Price ***Aye***
Mr. Reynolds ***Aye***
Mr. Straten ***Aye***
Mr. Taylor ***Aye***

3. Adoption of Resolution Authorizing Bond Refinancing by Smyth County Industrial Development Authority

Mr. Reeter explained the letter included in the Agenda materials from Hunton & Williams dated September 19, 2011, provides a good explanation of the Resolution and need for the action requested by the Board to authorize bond refinancing by the Smyth County Industrial Development Authority (IDA). He further explained in anticipation of bonds this fall for the King College Medical School Project neither Washington County nor Town of Abingdon Industrial Development Authority (IDA) was willing or able to commit their bank qualified, tax exempt bond authority for a private activity bond issue within this calendar year. Virginia law allows an entity to approach any IDA around the state and ask that entity to issue bonds on their behalf provided the host locality gives their consent. Mountain States Health Alliance (MSHA) is seeking Washington County's consent to authorize bond refinancing by the Smyth County IDA of a large financing package for projects including Johnston Memorial Hospital, Smyth County Community Hospital and Norton Community Hospital.

Ms. Price explained she is hoping the Board will have the opportunity to obtain some additional information on this request. As Mr. Reeter previously mentioned, the Board was presented with options to use the County's bond capacity to go ahead with borrowing for the King College Medical School Project before end of this calendar year. The letter references Washington County being approached with a request to use the County's bond capacity, and the answer being no. The Agenda summary indicates the County has the inability to commit its bond authority for this calendar year. She further explained the County is not being asked to commit to repayment of the bond indebtedness or other financial obligation, but only committing the County's bond capacity, which she understands begins again at the beginning of the calendar year.

Ms. Price said she was surprised the Board had not been asked to consider the request from MSHA, and that some Board members were not aware the County had been approached with the request. MSHA has made a significant capital investment in our community with the new Johnston Memorial Hospital Facility, and employs a significant amount of people in our community. She stated there was a joint meeting between the IDA and Board of Supervisors to discuss using the County's bond capacity for this

calendar year for the King College Medical School Project, and King does not need the money until at the earliest May 2012. A meeting like this apparently did not happen to discuss the request from MSHA.

Ms. Price explained her issue is the County was approached by MSHA with the request to use the County's bond capacity for this calendar year and was told no. However, this Board did not make that statement, or deny the request of MSHA. Requests of this nature would typically at least involve communications between the Board of Supervisors and IDA before a decision is made. Her concern is there be more information made available before going forward with approving the request.

Mr. Reeter explained his office is privileged to knowledge of potential bond financings over multiple calendar years. He takes a look at the totality of the situation to be able to say if the County may have a particular project in a particular year. It is his responsibility to make a judgment call when a request is received for the County's bond capacity to determine if it is something the County and IDA can undertake in any given year, and to hold the County's bank-qualified, tax exempt bond capacity open. It was his opinion that the King College Medical School Project took priority.

Ms. Price commented there were meetings of the Board the week of September 13, and the Board was not made aware of the request from MSHA. One of the advantages discussed to proceeding with borrowing for the King College Medical School was that the County did not have a use for its bank qualified, tax exempt bond capacity within this calendar year.

Mr. Taylor inquired how the request came to the County.

Mr. Reeter explained he was contacted by MSHA to see if the County had plans to use their bank qualified, tax exempt bond capacity for this calendar year. He advised MSHA that the County had potential use of their bond capacity for the King College Medical School Project, and recommended they approach the Abingdon IDA or Smyth County IDA.

Mr. Taylor explained he became aware of the MSHA project in August when he saw a legal advertisement in the newspaper. Their project is for $150,000,000, which far exceeds the County's $10,000,000 in bank qualified, tax exempt bond capacity. Also, it appears the County will receive payment for a year of interest for use of the County's financing.

Further discussions ensued among the Board.

Ms. Mumpower commented the Board was aware of the borrowing for the King College Medical School Project. The County's financial consultants suggested borrowing for the project within this calendar year.

Mr. Straten asked if the bottom line for MSHA is different whether they borrow from Washington County or Smyth County.

Mr. Reeter explained it would not.

On motion of Mr. Straten, second by Mr. Owens, the Board acted to adopt the following Resolution:

RESOLUTION 2011-36
OF THE BOARD OF SUPERVISORS
OF WASHINGTON COUNTY, VIRGINIA

WHEREAS, Norton Community Hospital, a Virginia non-stock operation ("Norton Hospital") owns and operates a community hospital (the "Norton Facility") located at 100 15th Street NW, Norton, Virginia;

WHEREAS, Smyth County Community Hospital, a Virginia non-stock corporation ("Smyth Hospital"), owns and operates an existing community hospital (the "Current Smyth Facility") located at 565 Radio Hill Road, Marion, Virginia, and is currently constructing an new hospital facility (the "New Smyth Facility") located at 1625 North Main Street, Marion, Virginia, and also owns a medical office facility in the Town of Rural Retreat in Wythe County, Virginia;

WHEREAS, Johnston Memorial Hospital, Inc., a Virginia non-stock corporation ("JMH") owns and operates a hospital facility (the "JMH Facility") located at 16000 Johnston Memorial Drive in Washington County, Virginia;

WHEREAS, Mountain States Health Alliance, a Tennessee nonprofit public benefit corporation ("Mountain States"), is multi-facility non-profit health care entity affiliated with Norton Hospital, Smyth Hospital and JMH;

WHEREAS, the Industrial Development Authority of the City of Norton, Virginia (the "Norton IDA"), has previously issued its $16,500,000 Hospital Refunding and Improvement Revenue Bonds (Norton Community Hospital, Inc.), Series 2001 (the "Series 2001 Bonds"), and loaned the proceeds to Norton Hospital to finance improvements and additions to the Norton Facility and to refund bonds previously issued by the Norton IDA for such purposes;

WHEREAS, the Industrial Development Authority of the Town of Abingdon, Virginia, has previously issued its $24,465,794 Hospital Facilities Revenue and Refunding Bonds (Johnston Memorial Hospital), Series 1998 (the "Series 1998 Bonds"), and loaned the proceeds to JMH to refund two series of bonds issued by the Industrial Development Authority of Washington County to construct and equip improvements, renovations and additions to JMH's previous facilities;

WHEREAS, Smyth Hospital, Norton Hospital, JMH and Mountain States (collectively, the "Corporations") have requested the Industrial Development Authority of Smyth County (the "Authority") to issue its revenue bonds (the "Bonds") pursuant to Title 15.2, Section 49 of the Code of Virginia of 1950, as amended (the "Act"), in one or more series, for the purpose of providing funds to (1) refund the Series 1998 Bonds and the Series 2001 Bonds (together, the "Refunded Bonds"), (2) finance the costs of the Projects, as defined in Exhibit A, (3) pay the costs of issuing the Bonds and refunding the Refunded Bonds, and (4) fund a debt service reserve fund;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and Section 15.2-4905 of the Act require that the governmental unit having jurisdiction over the area in which any facility financed with the proceeds of the Bonds is located approve the issuance of such Bonds;

WHEREAS, Section 147(f) of the Code requires that any such approval by the applicable governmental unit be given after a public hearing following reasonable public notice, which hearing may be held by the public authority issuing the bonds;

WHEREAS, on September 21, 2011, in accordance with the requirements of Section 147(f) of the Code and Section 15.2-4906 of the Act, the Authority held a public hearing and adopted a resolution approving the issuance of the Bonds (the "Authority Resolution");

WHEREAS, the Corporations have requested the Board of Supervisors of Washington County, Virginia (the "Board") to approve the issuance of Bonds to comply with Section 147(f) of the Code and to concur in the Authority Resolution to comply with Section 15.2-4905 of the Act; and

WHEREAS, a copy of the Authority Resolution, a record of the public hearing and a fiscal impact statement with respect to the issuance of the Bonds have been filed with the Board.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF WASHINGTON COUNTY, VIRGINIA:

1. ***The Board hereby approves the issuance of the Bonds by the Authority for the benefit of the Corporations, as required by Section 147(f) of the Code and concurs with the Authority Resolution to the extent required by Section 15.2-4905 of the Act.***

2. ***The approval of the issuance of the Bonds does not constitute an endorsement of the Bonds or the creditworthiness of the Corporations. Washington County, Virginia, does not have any obligation to pay the Bonds or the interest thereon or other costs incident thereto.***

3. ***All acts and doings of the officers and members of the Board that are in conformity with the purposes and intent of this resolution shall be, and the same hereby are, in all respects approved and confirmed.***

4. ***This resolution shall take effect immediately upon its adoption.***

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

Mr. McCall	***Aye***
Ms. Mumpower	***Aye***
Mr. Owens	***Aye***
Ms. Price	***Aye***
Mr. Reynolds	***Aye***
Mr. Straten	***Aye***
Mr. Taylor	***Aye***

b. <u>Information Items</u>:

1. Presentation of Washington County Service Authority Capital Improvements Projects Report

Washington County Service Authority (WCSA) General Manager Robbie Cornett presented the WCSA's Capital Improvement Projects Report. The Capital Improvement Projects report is divided into three sections: Projects Under Construction, Recently Completed Projects, and Planned Projects, Studies and Reports. Mr. Cornett reviewed a project from each of the three categories. Information listed in the report for each project includes the name of the engineering service provider, the total costs, funding sources, a description of the project and project impact. There are future plans to expand the report to add mapping associated with each project. He concluded the presentation with a review of the Capital Improvements Project Funding Summary spreadsheet, and explained $90,000,000 has been expended on 40-50 capital improvement projects.

Mr. Cornett stated the WCSA hopes this report will be useful to the Board of Supervisors as they have the opportunity and need to become familiar with a project.

Discussions ensued among the Board and Mr. Cornett.

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

Ms. Price reported she received a message from the director of operations at HAPCO about the situation at MXI. She hopes the Board can take a look at the issues and at what can be done. HAPCO is talking about ultimately relocating to an area where they have no issues.

Mr. Straten explained Christy Parker is working on this issue and has had conversations with MXI. It is important to the Board to get the matter resolved.

Mr. Straten reported on the groundbreaking ceremony held for the Damascus Branch Library.

Mr. Straten next reported on a meeting he attended with Mark Reeter and Christy Parker in Mountain City, TN to talk with representatives from Virginia and Tennessee about a hiking and biking trail from Mountain City, TN to the Virginia/Tennessee Line, and connect the trail in Damascus with the Virginia Creeper Trail or the Appalachian Trail. Mr. Howard Moon is leading this project and would like to make a presentation to the Board at a future meeting.

Mr. Owens reported the New River/Mount Rogers Workforce Investment Board met this week at Bristol Compressors. An issue discussed during the meeting is the approach to job training must be changed. The employer needs to be more involved in determining the training needs, and a better job needs to be done in helping employers find quality employees. He stated that drug testing was also a big issue discussed at the meeting. Mr. Owens commented the Workforce Investment Board had the opportunity to tour the Heartwood after their meeting.

Ms. Mumpower reported she received a call last Monday from the director of operations at HAPCO. She asked Alicia Roland in Christy Parker's office to visit the plant and talk with company officials about the issues. Ms. Mumpower explained there are problems that need to be dealt with. She stated that Christy

Parker is working diligently to identify a solution. A meeting is scheduled later this week to discuss the situation. The County cannot afford to lose the jobs at HAPCO.

Ms. Mumpower stated she attended the ground breaking for the Damascus Branch Library. It was an exciting event that she was glad to be a part of.

8. Board Information and Reminders

Mr. Reeter reviewed the following Board reminders and information:

- King College Medical School Celebration – Wednesday, September 28 at 3:00 p.m. at the Southwest Virginia Higher Education Center

- Virginia Tobacco Indemnification and Revitalization Commission Reception – Wednesday, September 28 at 6:00 p.m. at the Southwest Virginia Higher Education Center

Mr. Reeter asked Board members to review the attachments included in Board Information.

9. Adjourn or Recess

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

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

Mr. McCall	***Aye***
Ms. Mumpower	***Aye***
Mr. Owens	***Aye***
Ms. Price	***Aye***
Mr. Reynolds	***Aye***
Mr. Straten	***Aye***
Mr. Taylor	***Aye***

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Prepared by:

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Naoma A. Norris, Recording Clerk

9-27-11 17810

Approved by the Washington County Board of Supervisors:

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Dulcie M. Mumpower, Chairman