

**VIRGINIA:**

At a recessed meeting of the Washington County Board of Supervisors held Tuesday, December 18, 2001, at 7:00 p.m., at the County Administration Building in Abingdon, Virginia, the following were present:

**PRESENT:**

Joe W. Derting, Chairman  
 John B. Roberts, Sr., Vice Chairman  
 Bobby D. Ingle  
 Phillip B. McCall  
 Anthony S. Rector  
 Dulcie M. Mumpower

Mark K. Reeter, County Administrator  
 Lucy E. Phillips Bright, County Attorney  
 Sandra M. Hatfield, CPS, Administrative Supervisor

**ABSENT**

Jack H. Barker  
 Mark W. Seamon, Accounting/Purchasing Manager

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1. **Call to Order**

The meeting was called to order by Mr. Joe W. Derting, Chairman of the Board, who welcomed everyone in attendance.

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2. **Invocation and Pledge of Allegiance – Tony Rector**

Supervisor Rector gave the Invocation and led the Pledge of Allegiance.

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3. **Approval of Agenda**

*On motion of Mr. Ingle, second by Mr. Roberts, it was resolved to approve the agenda with the following additions:*

6. *Consideration of Certification by the Secretary of the Commonwealth that ordinances to form the Smyth Washington Regional Industrial Facilities Authority were filed with the Commonwealth and that such ordinances satisfy the requirements of the law*

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

Mr. Derting	Aye	Mr. Roberts	Aye	Mr. McCall	Aye
Mr. Ingle	Aye	Mr. Rector	Aye	Mrs. Mumpower	Aye

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4

**Public Hearing to receive comments on Sullins Academy Application for Issuance of Industrial Revenue Bonds in the amount of \$ 1,500,000 to assist the school in acquiring, constructing and equipping an addition to the School's existing facility to include five new classrooms, consisting of approximately 4,000 square feet, and to refinance existing debt of the School originally used to construct the school located at 22218 Sullins Academy Drive, in the County of Washington, Virginia**

Mr. Derting opened the public hearing and invited comments both in support of and in opposition to Sullins Academy Application for Issuance of Industrial Revenue Bonds in the amount of \$ 1,500,000 to assist the school in acquiring, constructing and equipping an addition to the School's existing facility to include five new classrooms, consisting of approximately 4,000 square feet, and to refinance existing debt of the School originally used to construct the school located at 22218 Sullins Academy Drive, in the County of Washington, Virginia.

Mr. Bill Hayter, Chairman, Sullins Academy and President, First Bank and Trust addressed the Board and expressed his gratitude to the Board for their conducting the recessed meeting. He stated that the Industrial Development Authority of Washington County, Virginia held a hearing on the \$1,500,000 bond issue on December 14, 2001. The IDA unanimously approved the bond issue. Mr. Hayter explained that approximately \$900,000 of bonds will refinance current indebtedness and the remaining \$600,000 will be used to construct additional classrooms. The addition will allow Sullins Academy to increase their enrollment by approximately 70-80 students. Mr. Hayter commented that the Academy is situated on 22 acres in Washington County and the building is 36,000 square feet. The tax assessment on the property is \$3,200,000. Mr. Hayter concluded by stating that a firm has been identified to buy the bonds.

Mr. Patrick Mannix addressed the Board explaining that the public hearing had not been appropriately advertised.

Lucy Bright, County Attorney, explained that the Board of Supervisors meeting to consider authorization of the Sullins Academy Bond issue did not require a public hearing. The wording on the agenda is incorrect.

*On motion of Mr. Ingle, second by Ms. Mumpower, it was resolved to adopt the following resolution:*

**RESOLUTION NO. 2001-41**

**RESOLUTION  
OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF WASHINGTON, VIRGINIA**

*WHEREAS, the Industrial Development Authority of Washington County, Virginia ("Authority"), has considered the application of Sullins Academy, Inc. ("School") requesting the issuance of the Authority's revenue bonds in an amount not to exceed \$1,500,000 ("Bonds") to assist in the financing of the School's acquisition, construction and equipping of an addition to the School's existing facility to include five new classrooms, consisting of approximately 4,000 square feet, and to refinance existing debt of the School originally used to construct the School located at 22218 Sullins Academy Drive, in the County of Washington, Virginia ("Project), and has held a public hearing on December 14, 2001;*

*WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the governmental unit having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds;*

*WHEREAS, the Authority issues its bonds on behalf of the County of Washington, Virginia ("County"); the Project is located in the County and the Board of Supervisors of the County of Washington, Virginia ("Board") constitutes the highest elected governmental unit of the County;*

*WHEREAS, the Authority has recommended that the Board approve the issuance of the Bonds; and*

*WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to the terms to be agreed upon, a certificate of the public hearing and a Fiscal Impact Statement have been filed with the Board.*

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

*The Board approves the issuance of the Bonds by the Authority for the benefit of the School, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended ("Virginia Code") to permit the Authority to assist in the financing of the Project.*

*The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Project or the School. The issuance of the Bonds must occur by December 31, 2001, unless otherwise agreed to by the Board.*

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

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

Mr. Derting	Aye	Mr. Roberts	Aye	Mr. McCall	Aye
Mr. Ingle	Aye	Mr. Rector	Aye	Mrs. Mumpower	Aye

5. **Public Hearing to receive comments on proposed Ordinance to Allow Building Permit Fee Waiver and Tax Incentives for Certain Rehabilitated Commercial and Industrial Real Property**

Mr. Derting opened the public hearing and invited comments both in support of and in opposition to proposed Ordinance to Allow Building Permit Fee Waiver and Tax Incentives for Certain Rehabilitated Commercial and Industrial Real Property.

Ms. Bright addressed the Board explaining that some revisions had been made to the draft ordinance that was provided in the December 11, 2001 agenda books and provided them with a revised copy to consider for adoption. She stated that the changes were not significant enough to require a new public review period and she indicated her comments would explain why. Ms. Bright stated that the provision to allow a refund or waiver of building permit fees was excluded from the version of the ordinance proposed for adoption at this time. The other changes to the ordinances were clarifications of the language as originally presented. First, the

definition of "Washington County Enterprise Zone" is proposed to be revised to clarify that the Enterprise Zone includes both a main zone and a satellite zone. Second, the version proposed for adoption includes a more understandable definition of "Rehabilitated Real Estate Tax Exemption." Third, as a result of the better definition of "Rehabilitated Real Estate Tax Exemptions," language was added to define Rehabilitation Value and to clarify the method to calculate the amount of tax exemption. Fourth, language was added to clarify that the exemption does not apply to an applicant for additions or new construction.

Patrick Mannix addressed the Board commenting that public review for the public copy of the ordinance that included all the proposed revisions was not made available for a two week period prior to the public hearing.

Ms. Bright commented that a copy of the originally proposed ordinance had been provided for the public to review for the required two-week period. She further explained that the revisions proposed to be incorporated in the ordinance to be adopted by the Board resulted from comments received during the two-week period, and the Board has authority to make such amendments as long as they do not result in significant substantive changes to the ordinance.

Mr. Derting commented that each of the incentives described by the ordinance had already been adopted by the Board in January, 2000.

There be no further comments, Mr. Derting declared the public hearing closed.

*On motion of Mr. Ingles, second by Mr. McCall, it was resolved to adopt the following ordinance:*

***AN ORDINANCE TO AMEND CHAPTER 58 OF THE 1997 CODE OF THE COUNTY OF WASHINGTON, VIRGINIA, TO ADD SUBDIVISION IV, SECTIONS 58-94, ET SEQ., TO ALLOW TAX INCENTIVES FOR CERTAIN REHABILITATED COMMERCIAL AND INDUSTRIAL REAL PROPERTY***

***WHEREAS, the Virginia General Assembly in 1982 created the Virginia Enterprise Program through the passage of the Virginia Enterprise Zone Act; and***

***WHEREAS, the purpose of the Virginia Enterprise Zone Program is to stimulate business and industrial growth which would result in neighborhood, commercial and economic revitalization by means of regulatory flexibility and tax incentives; and***

***WHEREAS, Washington and Smyth Counties applied jointly for designation of a joint Enterprise Zone and such Enterprise Zone application was approved by the Commonwealth; and***

***WHEREAS, the Washington County Board of Supervisors resolved on January 11, 2000, to approve local incentives to qualified commercial and industrial businesses within the Washington County portion of the joint Enterprise Zone, and***

***WHEREAS, such local incentives require amendment of the Washington County Code of Ordinances.***

***NOW, THEREFORE, BE IT RESOLVED, that the Washington County Board of Supervisors after notice and public hearing, as required by law, hereby amends Chapter 58, Taxation, by adding Article II, Division 3, Subdivision IV, Sections 58-94, et seq., to allow tax incentives for eligible rehabilitated commercial and industrial real property, as set forth below:***

*Chapter 58, Taxation.*

*Article II, Ad Valorem.*

*Division 3, Real Property.*

*Subdivision IV, Exemption from taxation for eligible rehabilitated commercial and industrial real estate within Washington County Enterprise Zone.*

*Section 58-94. Designation and purpose of Washington County Enterprise Zone.*

*There is hereby designated an area as described herein to be known as the Washington County Enterprise Zone, consisting of the Main Zone and a Satellite Zone. This Enterprise Zone is not a "Zoning District" as such term is used in Chapter 66 of the Code for purposes of defining land use rules and regulations. The purpose of the Enterprise Zone designation is to allow regulatory flexibility and tax incentives for certain rehabilitation work to stimulate business and industrial growth and thereby encourage economic revitalization. The Enterprise Zone is defined by maps included as part of the Enterprise Zone designation application that was submitted and approved by the Commonwealth and maintained in the Office of the County Administrator.*

*Section 58-95. Definitions.*

*For the purposes of this Subdivision of the Code, the following words and phrases shall have the meaning respectively ascribed to them by this subsection unless another meaning shall clearly appear from the text:*

**Application for Rehabilitated Real Estate Tax Exemption and Fee Waivers or Application shall mean an application in the form designated by the Commissioner of the Revenue for the purpose of initiating the determination whether a structure is an Eligible Structure as defined herein.**

**Base Value shall mean the assessed value of any structure covered by this section prior to the commencement of rehabilitation, as determined by the Washington County Commissioner of the Revenue upon receipt of an application for rehabilitated real estate tax exemption.**

**Code shall mean this 1997 Code of Washington County, as amended, republished, and recodified from time to time.**

**Commissioner or Commissioner of the Revenue shall mean the Washington County Commissioner of the Revenue, or the Commissioner's designee, where state law allows such designation.**

**Eligible Structure shall mean any structure as determined by the Commissioner of the Revenue to qualify pursuant to the requirements of this Subdivision of the Code for exemption of real estate taxes as described herein and for waiver of building permit and rezoning fees as allowed in this Code.**

**Owner shall mean the person or entity in whose name the structure is titled or a lessee who is legally obligated to pay real estate taxes assessed against the structure.**

**Rehabilitated Real Estate Tax Exemption shall mean a nine-year decreasing exemption from payment of a portion of real estate taxes, based on Rehabilitation Value and the schedule of decreasing percentages of Rehabilitated Value to be allowed as a tax exemption, as set forth in this Subdivision.**

**Rehabilitation Value** shall mean an amount, as determined by the Washington County Commissioner of the Revenue, equal to the difference in the assessed value of the structure immediately before Rehabilitation and the assessed value of the structure immediately after Rehabilitation. This amount only, on a fixed basis, shall constitute the value to be used for calculation of the Rehabilitated Real Estate Tax Exemption, notwithstanding subsequent assessment or reassessment.

**Rehabilitate or Rehabilitation** shall mean to restore, renovate, or update construction of or the restoration, renovation, or rehabilitation of Eligible Structures only. Other improvements, fees, or costs will not be considered. Neither the demolition or razing of a building and construction of a replacement structure nor the construction of any addition to a building so as to increase total square footage of the building shall be considered Rehabilitation for purposes of the tax exemption and fee waivers allowed for Eligible Structures.

**Taxable Year** shall mean the calendar year of January 1 through December 31 for which real property tax is imposed.

**Washington County Enterprise Zone or Enterprise Zone** shall mean the geographic area, which includes both a Main Zone and a Satellite Zone, as defined by maps included as part of the Enterprise Zone designation application that was submitted and approved by the Commonwealth and maintained in the Office of the County Administrator.

**Section 58-96 Eligibility.**

The Commissioner has sole authority to determine, pursuant to the requirements of this subsection, whether a structure is an Eligible Structure. In order to qualify for the exemption from real property taxation and building permit and re-zoning fee waivers for Eligible Structures, the applicant for such exemption shall have all taxes on the affected property as of the most recently concluded taxable year paid in full, both at time of application and at time of completion of Rehabilitation, and shall comply with all mandatory administrative requirements as set forth in this Subdivision of the Code. In addition, the structure for which an application for exemption is filed shall meet all of the following criteria:

- (a) located within the Washington County Enterprise Zone;
- (b) no less than twenty-five (25) years old;
- (c) designed for and suitable for commercial or industrial use both before and after completion of Rehabilitation;
- (d) be Rehabilitated after issuance of all appropriate building permits;
- (e) be Rehabilitated as allowed by a building permit issued no earlier than January 1, 2000; and
- (f) the Rehabilitation of such structure shall result in an increase in assessed value of the structure in an amount no less than fifty percent (50%) of Base Value but without increasing the total square footage of such structure.

**Section 58-97. Amount of Exemption.**

For Eligible Structures, a nine-year decreasing Rehabilitated Real Estate Tax Exemption is allowed in the amount indicated by the following schedule of decreasing percentages of Rehabilitation Value, which shall constitute the exemption for the applicable years:

Years 1 – 5	One hundred percent (100%) of Rehabilitation Value
Year 6	Eighty percent (80%) of Rehabilitation Value
Year 7	Sixty percent (60%) of Rehabilitation Value
Year 8	Forty percent (40%) of Rehabilitation Value
Year 9	Twenty percent (20%) of Rehabilitation Value

*Year 10*

*Zero percent (0%) of Rehabilitation Value.*

*Section 58-98 Administration and Penalty.*

*A. Applications shall be filed and processed in accordance with the following procedures.*

- 1. It shall be the responsibility of the Owner to file an Application for Rehabilitated Real Estate Tax Exemption and Fee Waivers. The Owner carries the burden of proof to show that the property for which an Application has been filed complies with all eligibility criteria established by this Subdivision of the Code. The Commissioner may require documentary proof of eligibility, and, in such cases, the Owner shall present documentation satisfactory to the Commissioner.*
  - 2. The Owner shall file an Application with the Office of the Commissioner prior to initiation of the Rehabilitation and no later than thirty (30) days after obtaining the building permit for the Rehabilitation unless the building permit for such Rehabilitation was issued between January 1, 2000, and December 18, 2001.*
  - 3. For Eligible Structures for which the building permit was issued between January 1, 2000, and December 18, 2001, the application to qualify a structure as an Eligible Structure for purposes of tax exemption and applicable fee waivers shall be filed with the Office of the Commissioner no later than January 17, 2002.*
  - 4. The Owner shall include with each Application a processing fee in the amount of two hundred and fifty dollars (\$250.00).*
  - 5. Within a reasonable amount of time after receipt of an Application, the Commissioner shall determine if the structure described by the Application meets the age, location, and use criteria of an Eligible Structure and shall determine the assessed Base Value of the structure, if it is an Eligible Structure. If the structure does not meet the age, location, or use criteria of an Eligible Structure, then the Commissioner shall, in a timely manner, provide to the Owner written notice of such determination. Owner shall have ten (10) days after receipt of such notice to provide documentation to the Commissioner to show that such criteria are satisfied by the structure, and the Commissioner shall make a final determination on the basis of such additional information in a timely manner after submission of such additional information.*
  - 6. The Application shall be effective for a period of two (2) years from the date of filing. No extensions of this time period will be granted.*
  - 7. The Rehabilitation must be completed within two (2) years after the date of filing the Application.*
  - 8. Within thirty (30) days of completion of the Rehabilitation, the Owner shall notify the Commissioner in writing, and the Commissioner shall, within a reasonable time period, inspect the property to determine whether the subject of the Application is an Eligible Structure and to determine the amount of the Rehabilitated Real Estate Tax exemption.*
  - 9. The Commissioner shall provide timely notice to the necessary departments and agencies of Washington County to authorize the tax exemption and reimbursement of permit fees, as allowed elsewhere in this Code.*
- B. The Commissioner, with advice of the Washington County Administrator and Washington County Treasurer, may adopt and promulgate rules and regulations not inconsistent with the*

*provisions of this section as are deemed necessary for the effective administration of this division.*

**C. Commencement of Exemption.**

*(1) If the Owner submits notice of completion of Rehabilitation prior to the close of business on or between January 1 and August 31 of a Tax Year, the exemption resulting from Rehabilitation of an Eligible Structure shall commence on January 1 of the first Tax Year following completion of the rehabilitation and the Commissioner's determination of the Rehabilitated Real Estate Tax Exemption.*

*(2) If the Owner submits notice of completion of Rehabilitation between September 1 and December 31 of a Tax Year, then the exemption resulting from Rehabilitation of an Eligible Structure shall commence on January 1 of the second Tax Year following completion of the rehabilitation and the Commissioner's determination of the Rehabilitated Real Estate Tax Exemption.*

**D.** *The Rehabilitated Real Estate Tax Exemption shall run with the real estate for a period of nine (9) years from the commencement of the exemption as set forth herein. The owner of such real property during each of the years of exemption shall be entitled to the amount of exemption as described in the nine-year decreasing exemption schedule described within this subdivision. In addition, the owner of the affected property at the time of the Commissioner's approval of the Application shall be entitled to any fees reimbursed pursuant to this subdivision.*

**E.** *Only one (1) exemption under this Subdivision of the Code may be applicable to any Eligible Structure during the life of the Eligible Structure.*

**F.** *Nothing in this subdivision of the Code shall be construed as to permit the Commissioner to list upon the land book any reduced value due to the exemption provided herein.*

**G. Penalty.** *The making of any false statement in any application, affidavit or other information supplied for the purpose of determination of Eligible Structure and the amount of the Rehabilitated Real Estate Tax exemption shall constitute a Class Two misdemeanor.*

*(Va. Code §§ 58.1-3221, 59.1-283 (effective until July 1, 2005, unless extended))*

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

Mr. Rector	Aye	Mrs. Mumpower	Aye	Mr. Roberts	Aye
Mr. Ingle	Aye	Mr. Derting	Aye	Mr. McCall	Aye

6. Consideration of Certification by the Secretary of the Commonwealth that ordinances to form the Smyth Washington Regional Industrial Facilities Authority were filed with the Commonwealth and that such ordinances satisfy the requirements of the law

*On motion of Mr. Ingle, second by Mrs. Mumpower, it was resolved to enter into the minutes of the meeting of December 18, 2001, the Certificate of the Secretary of the Commonwealth, as follows:*

*I, Anne P. Petera, Secretary of the Commonwealth of Virginia, and as such, keeper of the Great and Lesser Seals, do hereby certify that this*

*office received notification of the ordinance enacted establishing the Smyth-Washington Regional Industrial Facilities Authority from the Counties of Smyth and Washington. Pursuant to the provisions of Code of Virginia § 15.2-6402, a certified copy of the ordinance required by § 15.2-6400, et seq. has been filed with the office of the Secretary of the Commonwealth.*

*Given under my hand and under the Lesser Seal of the Commonwealth, at Richmond, this 22<sup>nd</sup> day of May, in the year of our Lord two thousand one and in the 225<sup>th</sup> year of the Commonwealth.”*

*–Executed by: Anne P. Petera, Secretary of the Commonwealth.*

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

<b>Mr. Rector</b>	<b>Aye</b>	<b>Mrs. Mumpower</b>	<b>Aye</b>	<b>Mr. Roberts</b>	<b>Aye</b>
<b>Mr. Ingle</b>	<b>Aye</b>	<b>Mr. Derting</b>	<b>Aye</b>	<b>Mr. McCall</b>	<b>Aye</b>

7

**Consideration of Request for Funds to Historical Society of Washington County for Purpose of Assisting With Moving Expenses**

Supervisor Ingle addressed the Board explaining that he had contacted officials with the Historical Society of Washington County regarding any assistance from the Town of Abingdon with moving expenses of \$3,360 that the Historical Society will incur with their move to the Train Station. Mr. Ingle further explained that the Town of Abingdon is currently incurring \$50,000-\$60,000 in expenses for renovations to the Train Station, as well as future monthly expenses for utilities at the Train Station and therefore will not be assisting the Historical Society with moving expenses.

*On motion of Mr. Ingle, second by Mr. McCall, it was resolved to appropriate \$1,680 from reserves for contingency to the Historical Society of Washington County, Virginia for the purpose of assisting them with the moving costs for relocating their operations to the Train Station in Abingdon, Virginia.*

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

<b>Mr. Rector</b>	<b>Aye</b>	<b>Mrs. Mumpower</b>	<b>Aye</b>	<b>Mr. Roberts</b>	<b>Aye</b>
<b>Mr. Ingle</b>	<b>Aye</b>	<b>Mr. Derting</b>	<b>Aye</b>	<b>Mr. McCall</b>	<b>Aye</b>

8

**Consideration of Request for Assistance with Expenses to Compete in National Competition, X-Treme Cloggers**

Supervisor Rector addressed the Board explaining that a clogging group from Glade Spring, Virginia have been invited to dance at the Broadway Dance Center in New York City on February 16 and 17, 2002. He further explained that the group has requested the Board consider giving a donation to assist with funding the trip.

*On motion of Mr. Rector, second by Ms. Mumpower, it was resolved to appropriate \$500.00 from reserves for contingency to the X-Treme Cloggers for the purposes of assisting with expenses for their performance at the Broadway Dance Center in New York City.*

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

Mr. Derting	Aye	Mr. Roberts	Aye	Mr. McCall	Aye
Mr. Ingle	Aye	Mr. Rector	Aye	Mrs. Mumpower	Aye

Mr. Ingle left the meeting at 7:35 PM.



9            **Adjournment**

*On motion of Mr. Rector, second by Mr. Roberts, it was resolved to adjourn.*

The vote on this motion was as follows: (5-0)

Mr. Derting	Aye	Mr. Roberts	Aye	Mr. McCall	Aye
Mr. Ingle	Absent	Mr. Rector	Aye	Mrs. Mumpower	Aye

Prepared by:

\_\_\_\_\_  
Naoma A. Cook, Recording Clerk

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

\_\_\_\_\_  
Joe W. Derting, Chairman