

VIRGINIA:

At a regular meeting of the Washington County Board of Supervisors held Monday, December 20, 2004, at 5:00 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

PRESENT:

Washington County Board of Supervisors:

John B. Roberts, Sr. Chairman
Phillip B. McCall, Vice Chairman
Bobby D. Ingle
Dulcie M. Mumpower
Odell Owens
Anthony S. Rector (arrived at 5:15 PM)
Kenneth O. Reynolds

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

Washington County Service Authority Board of Commissioners:

Gerald W. Cole, Chairman
Scott E. Rector, Vice Chairman
Daniel L. Reynolds
Phillip B. McCall

Dr. David Dawson, General Manager
Cindy B. Fields, Deputy General Manager
Robert C. H. Cornett, Technical Manager
Douglas F. Canody, PE. Chief Engineer
Robert A. Vinyard, Washington County Service Authority Counsel

ABSENT:

Washington County Service Authority Board of Commissioners:

John M. Garrett
John C. Harris
Charles I. Anderson, Jr.

1. Call to Order

Washington County Board of Supervisors

The meeting was called to order by Mr. John Roberts, Chairman of the Board, who welcomed everyone in attendance.

Washington County Service Authority Board of Commissioners

Mr. Gerald Cole, Chairman, called the meeting to order.

2. Overview of Purpose of Joint Worksession Meeting

County Administrator Mark Reeter provided an overview of the purpose for the Joint Worksession Meeting. Mr. Reeter explained that Draper Aden Associates would provide a preliminary review of findings concerning the expansion and or addition to the 604(b) Sewer Study. He provided history concerning the original 604(b) Sewer Study. The water and sewer issues for the Bristol, VA area were not reviewed in detail in the original study. Draper Aden was commissioned to update the 604(b) Study by the Washington County Board of Supervisors and the Washington County Service Authority Board of Commissioners in the fall of this year. Draper Aden has completed the study in a short period of time. Mr. Reeter explained that there would need to be another joint worksession to discuss actions that will be taken as a result of the findings from the study.

Mr. Bill Aden with Draper Aden Associates provided comments regarding his company's work on the 604(b) Study update.

3. Presentation of Preliminary Draft of 604(b) Sewer Study for the Bristol/Abingdon 201 Service Areas

Mr. Randall Hancock with Draper Aden Associates presented the preliminary draft of the 604(b) Sewer Study. Mr. Hancock explained the purpose of the study was to look at alternatives for future sewer service to the I-81 corridor between Abingdon and Bristol, to include in the study an alternative for a new waste water treatment plan within Washington County and to identify one waste water treatment alternative to include a plant with discharge to the North Fork of the Holston River.

The principle assumptions from the 604(b) Study were additional treatment capacity from Bristol Virginia Utilities above current 572,000 gallons per day will not be available, current water usage in study areas was provided by the Washington County Service Authority, growth rates for study areas based on 2000 Census and other information provided by Washington County, and identification of the study area – between Abingdon's western Town limits and I-81 Exit 1.

The study identified the following concerning estimated flows:

- Thirty-year growth factors applied to current water usage rates.
- Future industrial development flow of 1 MGD assumed.
- Flows from the Sinking Creek area below the Virginian go to Bristol Virginia Utilities.

- Flows from I-81 Exit 1 area up to, but not including, Clear Creek would go to Bristol Virginia Utilities.
- Total future flow rate to the new waste water treatment plant would equal 2.5 MGD

Mr. Hancock explained that the next major aspect of the study was to identify discharge points. The Virginia Department of Environmental Quality was contacted for authorization to use the North Holston River, Spring Creek, Beaver Creek, Sinking Creek and Abrams Creek. After thorough study it was identified that Sinking Creek and Beaver Creek had limitations. Therefore, two major discharge options were identified as follows:

1. North Holston Discharge

- Pump flow to a new waste water treatment plant along Wallace Pike, north of Industrial Park.
- Pump/gravity flow treated effluent to the North Fork of the Holston River.
- Discharge into the North Fork will be less controversial and will have less restrictive limits.
- Five major pump stations.
- Installed in four phases.

2. Spring Creek Discharge

- Pump flow into the Spring Creek watershed.
- Gravity drain to new waste water treatment plant along Spring Creek.
- Discharge to Spring Creek above the mouth at South Holston Lake.
- More restrictive discharge limits.
- Would likely be more controversial.
- Two major pump stations.
- Installed in three phases.

Mr. Hancock reviewed the construction phases for the both discharge options and the proposed project costs for each of the options. Phase 1 for each option assumes structures for 2.5 mgd waste water treatment plant are constructed, but equipment installed and operated for 1 mgd initially with capacity for 2.5 mgd expansion in the future. The project costs are:

North Holston Option	\$32,319,750
Spring Creek Option	\$37,337,480

This concludes the presentation of the preliminary findings. A discussion period ensued.

Scrivener's Note: The document, "Preliminary Findings for Washington County 604(b) Study Update" prepared by Draper Aden Associates dated December 20, 2004 may be found in Minutes Exhibit 2004-12-20A.

4. Question/Discussion from Board of Supervisors and Service Authority Members

Extensive discussions were devoted to the findings of the study.

Responding to several inquiries, Mr. Hancock explained that the rationale for prioritizing the phases of development was the ability to connect customers to the system quickly. He further explained that the price between the two discharge options is not significant. The major difference in the cost estimates is the treatment costs for the Sinking Creek discharge option. Mr. Hancock stated that a count of prospective customers was conducted as part of the study.

Service Authority Commissioner Gerald Cole asked if the waste water treatment plant would begin to pay for itself once it is on line and picks up some of Bristol Virginia Utilities' customers. Mr. Hancock explained that this information was not included in the scope of the study.

Responding to an inquiry concerning the identification of the North Holston and Sinking Creek discharge options, Mr. Hancock stated that they were selected on a preliminary basis.

Discussion was devoted to the amount of grant funds that would need to be obtained to assist with the project costs. Grant funding in the past has been awarded for projects related to drinking water. Now, the focus is being placed on waste water treatment projects.

Supervisor Bobby Ingle addressed the Boards explaining that waste water treatment is critical between Exits 13 and 7 on I-81. Mr. Ingle stated that the project will be expensive, but is essential to accommodate growth the County is facing especially with The Highlands Commercial development at Exit 7. The project needs to proceed and the County will need the assistance of the Washington County Service Authority.

Chairman John Roberts echoed Mr. Ingle's remarks that project was critical. Mr. Roberts stated that options for funding would be discussed at the next joint meeting between the Board of Supervisors and Service Authority Board of Commissioners.

Supervisor Kenneth Reynolds stated that the waste water project was critical to serve needs of residential and industrial customers in Washington County.

There was brief discussion concerning the timeline for the project.

5. Consideration of Date and Time for Next Joint Worksession Meeting

Discussion ensued among the Board of Supervisors and Board of Commissioners regarding establishing a date for the second joint meeting. It was consensus of the Board of Supervisors to schedule January 24 as the date for the next joint meeting beginning at 5:00 PM at the Washington County Service Authority Offices.

Chairman John Roberts on behalf of the Board of Supervisors, extended thanks to the Washington County Service Authority Board of Commissioners for their assistance with this critical project.

6. Adjourn/Recess

Washington County Board of Supervisors

On motion of Mr. Rector, second by Mr. Reynolds, it was resolved to take a ten-minute recess.

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

<i>Mr. Ingle</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Rector</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Roberts</i>	<i>Aye</i>

Washington County Service Authority Board of Commissioners

On motion of Mr. Rector, second by Mr. Reynolds, the Washington County Service Authority unanimously voted to adjourn at 6:20 PM.

7. Consideration of Approval of Bond Financing Resolution for Emory & Henry College

Industrial Development Authority (IDA) Chairman Russell Owens addressed the Board explaining that the Industrial Development Authority has adopted a resolution concerning the bond-financing project for Emory & Henry College. The Board of Supervisors has been provided with the same resolution for their consideration. Mr. Owens explained that the Board of Supervisors must take action on the resolution before the bonds can be sold. The College has a bank committed to buy the bonds. He stated that the legal counsel for the IDA will prepare all the closing documents related to the bond issuance. The bonds must be sold prior to December 31 of this year in order for the IDA to stay under their cap of \$10,000,000 per year. The Emory & Henry bond sale will be approximately \$5,000,000.

Emory & Henry President Dr. Tom Morris addressed the Board explaining that the bond proceeds would be used for energy enhancements to the College. Projects include lighting and HVAC upgrades, installation of a dehumidifier in the pool, replace windows in one of the men’s dormitories and upgrades in the kitchen.

On motion of Mr. Rector, second by Mrs. Mumpower, the Board acted to adopt the following resolution and to authorize County Administrator to sign as the Clerk:

**RESOLUTION 2004 -33
OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF WASHINGTON, VIRGINIA**

WHEREAS, the Industrial Development Authority of Washington County, Virginia (the “Authority”), has considered the application of Emory & Henry College (the “College”) requesting the issuance of the Authority’s revenue obligations in an amount not to exceed \$5,000,000 (the “Obligations”) the proceeds of which are to be used, together with other available College funds, to finance (a) certain energy enhancements to the College’s facilities including, but not limited to, the construction and equipping of a new boiler building adjacent to the College’s existing boiler house, the installation of air conditioning and heat pumps to certain of the College’s facilities, lighting upgrades to the kitchen facilities, replacement of windows and improvements to certain of the electrical, HVAC and other utility systems in existing College facilities, all located on the campus of the College, and (b)

capitalized interest and costs of issuance of the Obligations, (the "Project"), and has held a public hearing on the application on December 8, 2004 at 3:00 p.m. in the Washington County Chamber of Commerce Conference Room at 179 East Main Street, Abington, Virginia 24212;

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(ies) financed with the proceeds of private activity bonds is located must approve the issuance of the Obligations;

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

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

WHEREAS, a copy of the Authority's resolution approving the issuance of the Obligations, 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, THAT:

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

The approval of the issuance of the Obligations does not constitute an endorsement to a prospective purchaser of the Obligations or the creditworthiness of the Project or the College.

The issuance of the Obligations must occur by December 31, 2004, unless otherwise agreed to by the Board.

This resolution shall take effect immediately upon its adoption.

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

<i>Mr. Ingle</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Rector</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Roberts</i>	<i>Aye</i>

Scrivener's Note: The Bond documents referenced above may be found in Minutes Exhibit 2004-12-20B.

8. Consideration of Award of Contract for Purchase of IM eServer and Associated Services

Accounting Manager Mark Seamon addressed the Board explaining that the County recently issued Request for Proposals for a new IBM eServer to upgrade the County’s current computer system. Two qualified vendors were identified. Mr. Seamon explained that a Committee negotiated with the two qualified vendors (Computer Applications Specialists, Richmond, VA and Burk Consulting, Kingsport, TN). He advised the Board that the Committee recommends awarding the contract to Burk Consulting primarily because of their close proximity. The cost of the contract is not to exceed \$120,000.00.

On motion of Mr. Ingle, second by Mr. Owens, the Board acted to award a contract to Burk Consulting for the IBM eServer i5 and associated services for an amount not to exceed \$120,000.00. It was further resolved to authorize Accounting Manager Mark Seamon to execute the 36-month financing contracts.

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

<i>Mr. Ingle</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Rector</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Roberts</i>	<i>Aye</i>

9. Adjourn

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

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

<i>Mr. Ingle</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Rector</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Roberts</i>	<i>Aye</i>

Prepared by:

Naoma A. Mullins, Recording Clerk

12-20-04 13594

Approved by the Washington County Board of Supervisors:

John B. Roberts, Sr., Chairman