V I R G I N I A:

At a joint recessed meeting of the Washington County Board of Supervisors and Washington County School Board held Tuesday, January 16, 2007, at 7:00 p.m., at the School Board Offices in Abingdon, Virginia the following were present:

PRESENT:

Board of Supervisors:

Kenneth O. Reynolds, Chairman
Jack R. McCrady, Jr., Vice Chairman
Phillip B. McCall
Dulcie M. Mumpower
Odell Owens
Paul O. Price
Anthony S. Rector

Mark K. Reeter, County Administrator
Lucy E. Phillips, County Attorney
Mark W. Seamon, Accounting Manager

Washington County School Board:

Tom Musick, Chairman
Bill Brooks, Vice Chairman
Curtis Burkett
Buckey Boone
Elizabeth P. Lowe
Dayton Owens
Herschel Stevens

Dr. Alan Lee, Superintendent
Dr. Tom Graves, Assistant Superintendent and Clerk of the Board
Melissa Caudill, Director of Finance & Clerk of the Board

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1. Call to Order

a. Washington County Board of Supervisors

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

b. Washington County School Board

Board Chair Tom Musick called the meeting of the Washington County School Board to order.

2. Invocation and Pledge of Allegiance

Dr. Alan Lee led the Pledge of Allegiance.

3. Approval of Agenda

Washington County Board of Supervisors:

On motion of Mrs. Mumpower, seconded by Mr. Owens, the agenda was approved by the Board of Supervisors 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. Rector	***Aye***
Mr. Reynolds	***Aye***

Washington County School Board:

On motion of Ms. Lowe, seconded by Mr. Owens, the agenda was approved by the School Board as presented.

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

Mr. Musick	***Aye***
Mr. Brooks	***Aye***
Mr. Boone	***Aye***
Mr. Burkett	***Aye***
Ms. Lowe	***Aye***
Mr. Owens	***Aye***
Mr. Stevens	***Aye***

4. Presentation by Dr. Alan Lee

Dr. Lee presented an informational Power Point presentation outlining the following information:

Mr. Musick left the meeting at approximately 7:05 p.m. and returned at approximately 7:08 p.m.

- Total student population – 7,504
- Annual budget - $72,569,825
  Federal - $5,724,747
  State - $38,368,549

Miscellaneous - $1,779,681
Local - $21,869,360
Other Funds - $4,827,488

- Operating Expenditures Per Student
  State Average - $9,202
  Washington County - $7,837
- Southern Association of Colleges & Schools Accreditation
- Facility Construction Dates & Age
- Phase I Facilities Plan – Total $5,896,379:
  - ❖ Valley Institute Elementary - $1,168,525
    Add 2 classrooms, library, computer lab
  - ❖ E. B. Stanley Middle School - $1,419,383
    Add 4 classrooms, computer lab, vocal music & exploratory rooms
  - ❖ Abingdon Elementary - $1,845,218
    Add 7 classrooms, library, computer lab
  - ❖ High Point Elementary - $1,465,253
    Add 4 classrooms, library, computer lab
    - Phase II Facilities Plan – Total $7,010,035:
      - ❖ Meadowview Elementary - $1,491,288

    Add 8 classrooms
    ❖ Glade Spring Middle - $1,596,000
    Add 1 classroom, library, music & exploratory rooms
    ❖ Wallace Middle - $1,165,073
    Add 6 classrooms, computer lab
    ❖ Holston High - $602,186
    Add band room
    ❖ Patrick Henry High - $1,177,236
    Add library and band room
    ❖ John S. Battle High - $489,126
    Add band room
    ❖ Abingdon High - $489,126
    Add band room
    - Total student enrollment has declined; however, additional programs, classes and staffing have resulted in a space problem at several schools.
    - School construction costs have increased 46% since 2003-04.
    - Construction proposal – cost per square foot estimate was $95/sq.ft., and that has risen to $125/sq. ft.

Architect services were bid, and the architect fee is 6% of completed project cost.

5. <u>Presentation by Melissa Caudill</u>

Ms. Melissa Caudill reviewed the debt projections, existing debt and Phase I & II additions for the first twelve months.

6. Discussions

- Board of Supervisors consider approving the revised requests for Literary Loans from the Department of Education for Phase I and Phase II of the Facilities Plan.
- Board of Supervisors consider an interim financing agreement with a lending institution that would be put in an escrow account at 3.75% interest that would lower the actual cost of borrowing money so that when the literary loan money became available, it could be used to pay off the finance debt.
- Dr. Lee said he plans to propose using all but $188,000 of the $966,000 in carryover funds currently being held by the Board of Supervisors to upgrade heating units at some schools.
- Eleven applications were made to the Department of Education so that each one can be evaluated individually by the School Board and Board of Supervisors as to whether the project should be done.
- None of the Literary Loan monies could be spent until the Board of Supervisors hires a Bond Counsel.
- Mr. Musick assured the Board of Supervisors that the School Board would not expend any funds without the prior approval of the Board of Supervisors.
- Anticipated time frame to hear from the Department of Education on the status of the Literary Loan requests is one month, and the opportunity to borrow money is one to three years.
- Implementation of all projects would take approximately three or four years.
- Other projects identified for future consideration include a facility to house the Washington County Technical School and another for the Adult Skill Center as well as a possible addition to the William N. Neff Center.
- Both boards agreed that their desire was to support the school system, provide what is necessary for student success and maintain a good relationship between boards.

The following actions were taken:

Washington County Board of Supervisors:

On motion of Mr. Rector, second by Mr. McCall, the Board acted to approve the literary fund loan applications on behalf of the School Board for Washington County for Phase I and II of the Facilities Plan as presented.

Mr. Reeter asked that the minutes reflect that there were two resolutions for Phase I and II, and they were presented to the Board of Supervisors at their December 12, 2006, meeting.

Mr. Rector amended his motion, second by Mr. McCall to include approving the resolutions for Phase I and II of the Facilities Plan as they were presented on December 12, 2006, as follows:

1-16-07 14622

RESOLUTION 2007-02
TO APPROVE LITERARY FUND LOAN APPLICATIONS
ON BEHALF OF SCHOOL BOARD FOR WASHINGTON COUNTY
(PHASE I FACILITIES)

WHEREAS, the School Board for the County of Washington, Virginia (School Board), on the 16th day of January, 2007, presented to the Board of Supervisors of the County of Washington, Virginia (Board of Supervisors), an application addressed to the State Board of Education of Virginia for the purpose of borrowing from the Literary Fund of the Commonwealth of Virginia the following amounts for the purposes indicated below to be paid in twelve annual installments over a period of twenty years, with interest thereon at a rate not less than two percent per annum and not more than six percent per annum to be set by the Board of Education:

Amount of Loan	*Name of Facility Benefited*	*Purpose of Loan*
$ 1,845,218.00	*Abingdon Elementary School*	*Classrooms, Library, Computer Room*
$1,166,525.00	*Valley Institute Elementary School*	*Classrooms, Library, Computer Room*
$1,465,253.00	*High Point Elementary School*	*Classrooms, Library, Computer Room*
$1,419,383.00	*E.B. Stanley Middle School*	*Classrooms, Library, Computer Room*

; and

WHEREAS the Board of Supervisors reviewed the applications for loans that are summarized above and considered the purposes for making loan applications;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of Washington County, Virginia finds the applications to be in the best interest of the public health, safety and welfare and hereby approves the applications of the School Board to the State Board of Education of Virginia for loans in the amounts listed above from the Literary Fund; and

BE IT FURTHER RESOLVED, that the Board of Supervisors grants authority to the School Board to borrow the said amounts for the purposes set out in the applications; and

BE IT FURTHER RESOLVED, that the Board of Supervisors will each year during the life of these loans, at the time it establishes the regular levies, fix a rate of levy for schools or make a cash appropriation sufficient for operation expenses and to pay this loan in annual installments and the interest thereon, as required by law regulating loans from the Literary Fund.

RESOLUTION 2007-03
TO APPROVE LITERARY FUND LOAN APPLICATIONS
ON BEHALF OF SCHOOL BOARD FOR WASHINGTON COUNTY
(PHASE II FACILITIES)

WHEREAS, the School Board for the County of Washington, Virginia (School Board), on the 16th day of January, 2007, presented to the Board of Supervisors of the County of Washington, Virginia (Board of Supervisors), an application addressed to the State Board of Education of Virginia for the purpose of borrowing from the Literary Fund of the Commonwealth of Virginia the following amounts for the purposes indicated below to be paid in twelve annual installments over a period of twenty years, with interest thereon at a rate not less than two percent per annum and not more than six percent per annum to be set by the Board of Education:

Amount of Loan	*Name of Facility Benefited*	*Purpose of Loan*
$1,165,073.00	*Wallace Middle School*	*Addition: 6 classrooms, computer lab*
$1,596,000.00	*Glade Spring Middle School*	*Addition: Library/music/ exploratory/classroom*
$1,491,288.00	*Meadowview Elementary School*	*Addition: 8 classrooms*
$ 602,186.00	*Holston High School*	*Addition: band room and storage, baseball field*
$1,177,236.00	*Patrick Henry High School*	*Addition: band room, library*
$ 489,126.00	*Abingdon High School*	*Addition: band room/storage*
$ 489,126.00	*John Battle High School*	*Addition: band room/storage*

; and

WHEREAS the Board of Supervisors reviewed the applications for loans that are summarized above and considered the purposes for making loan applications;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of Washington County, Virginia finds the applications to be in the best interest of the public health, safety and welfare and hereby approves the applications of the School Board to the State Board of Education of Virginia for loans in the amounts listed above from the Literary Fund; and

BE IT FURTHER RESOLVED, that the Board of Supervisors grants authority to the School Board to borrow the said amounts for the purposes set out in the applications; and

BE IT FURTHER RESOLVED, that the Board of Supervisors will each year during the life of these loans, at the time it establishes the regular levies, fix a rate of levy for schools or make a cash appropriation sufficient for operation expenses and to pay this loan in annual installments and the interest thereon, as required by law regulating loans from the Literary Fund.

RESOLUTION 2007-04
OF THE WASHINGTON COUNTY, VIRGINIA BOARD OF SUPERVISORS DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPTIAL IMPROVEMENTS
(PHASE I FACILITIES)

WHEREAS, the County of Washington, Virginia (the "Issuer") is a political subdivision organized and existing under the laws of the Commonwealth of Virginia; and

WHEREAS, the Issuer will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the capital projects (the "Projects"), as more fully described in Appendix A attached hereto; and

WHEREAS, the Board of Supervisors of the Issuer (the "Board") has determined that the money to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the "Bonds");

NOW THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. The Board hereby declares the Issuer's intent to reimburse the Issuer with the proceeds of the Bonds for the Expenditures with respect to the Projects made on and after the date hereof. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure will be (a) of a type properly chargeable to capital account under general federal income tax principles (determined in each case as of the date of the Expenditure) and (b) compliant with all applicable Literary Fund regulations.

Section 3. The maximum costs of the Projects are expected to be as follows:

Amount of Loan	*Name of Facility Benefited*	*Purpose of Loan*
$ 1,845,218.00	*Abingdon Elementary School*	*Classrooms, Library, Computer Room*
$1,166,525.00	*Valley Institute Elementary School*	*Classrooms, Library, Computer Room*
$1,465,253.00	*High Point Elementary School*	*Classrooms, Library, Computer Room*
$1,419,383.00	*E.B. Stanley Middle School*	*Classrooms, Library, Computer Room*

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Division recognizes that exceptions are available for certain de minimis

amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. This resolution shall take effect immediately upon its passage.

RESOLUTION 2007-05
OF THE WASHINGTON COUNTY, VIRGINIA BOARD OF SUPERVISORS DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPTIAL IMPROVEMENTS
(PHASE II FACILITIES)

WHEREAS, the County of Washington, Virginia (the "Issuer") is a political subdivision organized and existing under the laws of the Commonwealth of Virginia; and

WHEREAS, the Issuer will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the capital projects (the "Projects"), as more fully described in Appendix A attached hereto; and

WHEREAS, the Board of Supervisors of the Issuer (the "Board") has determined that the money to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the "Bonds");

NOW THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. The Board hereby declares the Issuer's intent to reimburse the Issuer with the proceeds of the Bonds for the Expenditures with respect to the Projects made on and after the date hereof. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure will be (a) of a type properly chargeable to capital account under general federal income tax principles (determined in each case as of the date of the Expenditure) and (b) compliant with all applicable Literary Fund regulations.

Section 3. The maximum costs of the Projects are expected to be as follows:

Amount of Loan	*Name of Facility Benefited*	*Purpose of Loan*
$1,165,073.00	*Wallace Middle School*	*Addition: 6 classrooms, computer lab*
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$1,177,236.00	*Patrick Henry High School*	*Addition: band room, library*

$ 489,126.00	*Abingdon High School*	*Addition: band room/storage*
$ 489,126.00	*John Battle High School*	*Addition: band room/storage*

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Division recognizes that exceptions are available for certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. This resolution shall take effect immediately upon its passage.

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

7. Adjourn

Washington County School Board:

On motion by Ms. Lowe, seconded by Mr. Brooks it was resolved to adjourn the meeting.

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

Mr. Musick	***Aye***
Mr. Brooks	***Aye***
Mr. Boone	***Aye***
Mr. Burkett	***Aye***
Ms. Lowe	***Aye***
Mr. Owens	***Aye***
Mr. Stevens	***Aye***

Washington County Board of Supervisors:

On motion of Mr. Rector, seconded by Mr. McCrady, it was resolved to adjourn the 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. Rector	***Aye***
Mr. Reynolds	***Aye***

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Prepared by:

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Naoma A. Mullins, Recording Clerk

Approved by the Washington County Board of Supervisors:

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Kenneth O. Reynolds, Chairman