

VIRGINIA:

At a recessed joint meeting of the Washington County Board of Supervisors and Washington County Industrial Development Authority held Wednesday, August 20, 2008, at 6:30 p.m., at the County Administration Building 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

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

Industrial Development Authority:

Russell U. Owens, Chairman
Eugene P. Baker
David M. Cline
Clarence B. "C.B." Hale
Henry S. Snodgrass
Curtis R. Woodward

Joseph B. Lyle, IDA Legal Counsel

ABSENT:

Board of Supervisors:

Thomas G. Taylor

Industrial Development Authority:

Jack Hagy

Others Attending:

Roland Kooch, Davenport & Company, LLC
Daniel M. Seigel, Sands Anderson Marks & Miller
Sam Kiser, Thompson & Litton

1. Call to Order

a. Board of Supervisors

Mr. Kenneth Reynolds, Chairman of the Board, called the meeting to order.

b. Industrial Development Authority

Mr. Russell Owens, Chairman of the Industrial Development Authority (IDA), called the meeting to order.

2. Approval of Agenda

a. Board of Supervisors

On motion of Mr. Owens, second by Mrs. Mumpower, it was resolved to approve the agenda as presented.

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

<i>Mr. McCall</i>	<i>Aye</i>
<i>Mr. McCrady</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Price</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>

b. Industrial Development Authority

On motion of Mr. Snodgrass, second by Mr. Cline, the Industrial Development Authority approved the Agenda with the following amendment:

After adjournment by the Board of Supervisors, the Industrial Development Authority will continue their meeting to discuss a request to purchase railroad lines and ties in Oak Park: Center for Business and Industry.

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

<i>Mr. Baker</i>	<i>Aye</i>
<i>Mr. Cline</i>	<i>Aye</i>
<i>Mr. Hale</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Snodgrass</i>	<i>Aye</i>
<i>Mr. Woodward</i>	<i>Aye</i>

3. Consideration of Proposed Acquisition of Property Associated with Oak Park: Center for Business & Industry:

Mr. Reeter advised the Board of Supervisors and IDA that they were provided with revised Resolutions at their stations. He explained that they were also provided with information concerning the costs of financing for both projects to be considered during this meeting. Mr. Reeter further explained that the County Attorney will provide a review of the sales purchase agreement for the proposed acquisition of property for County Office space.

- a. Review of Property Proposed for Acquisition and Plan of Development
- b. Presentation of Cost Estimates

A presentation was received by Mr. Sam Kiser with Thompson & Litton concerning the proposed acquisition of property for the development of a new access road for Oak Park: Center for Business and Industry and the plan of development. Mr. Kiser began his presentation by providing background information and events that led up to the proposal being presented to the Board of Supervisors and IDA.

Mr. Kiser explained that there are two tracts of land proposed for acquisition that are presently owned by Lois Ann Hawkins and Kenneth Hawkins and Nancy Payne totaling approximately 70 combined acres, which together with two other tracts of land presently owned by Roger and Ginger Roe would facilitate the development of a fourth phase of Oak Park, and the construction of a new industrial access road running from U. S. Highway 11 into the interior of the Phase III portion of Oak Park. The new access road would alleviate the increasing congestion and safety concerns on Westinghouse Road (State Route 1718) due to the intermix of truck and residential traffic.

Mr. Kiser next explained that when the IDA developed a plan to purchase the properties that certain due diligence tasks were performed on the properties including property appraisals, non-ALTA boundary surveys, ALTA Survey (more extensive title and deed research), topographic mapping, a Phase I Environmental Assessment, preliminary geotechnical investigation and report, as well as a walk through on the properties and interviews with past owners.

Mr. Kiser reviewed cost estimates for the project explaining that the estimated cost to get the project to the point of bid and construction including the land purchase, design of the road and engineering costs is \$2,756,577. He further reviewed the time line for the project explaining that the access road project will take about a year. Mr. Kiser stated that this is a reasonable time for the Virginia Department of Transportation to conduct their reviews.

Lengthy discussions ensued among the Board IDA with input from Mr. Kiser.

- c. Presentation of Proposed Financing Plan

Mr. Roland Kooch with Davenport and Company presented the proposed plan of financing for the land acquisition and purchase of the American Electric Power (AEP) Building. Mr. Kooch reviewed the financing concept, time line and the proforma financing impacts. He explained that the financing needs include \$2.6 million for the acquisition of the Hawkins/Payne/Roe properties for the development of Phase IV of Oak Park. The options on this property must be exercised by October 31, 2008. An estimated \$2.1 million will be needed for the purchase of the AEP Building subject to final environmental report. The financing is anticipated to occur via the IDA with key features including a moral obligation of the County, land collateral to the extent available, AEP Building Collateral, the property acquisition will

be financed short term through a Bond Anticipation Note (BAN) and long term Bond financing for the AEP Building. Mr. Kooch explained that the BAN portion of the financing is interim financing to allow time for the access road to be designed and constructed. There will be a permanent take out of the BAN portion in two years with additional funding for the completion of the Access Road. He stated that essentially there will be one combined financing for both projects that will not exceed \$5.1 million.

Next, Mr. Kooch reviewed the BAN/Bond financing time line. Mr. Kooch explained that Request for Proposals (RFP) for the bank qualified tax-exempt financing is to be distributed to local and regional banking institutions on August 29. Proposals are due to the County and Davenport on September 16. At the September 23 regular meeting of the Board of Supervisors there will be a presentation of results of the RFP's and a recommendation to the Board for approval of the best financing proposal. At a date to be scheduled, the IDA will approve the terms and conditions of financing along with other necessary documents. At the October 14 regular meeting of the Board of Supervisors, the Board will approve terms and conditions of the financing along with other necessary documents. Anticipated closing on the financing is scheduled for October 15/16.

In conclusion, Mr. Kooch reviewed the BAN/Bond Plan of Finance that outlines the uses of the funds, amount to be financed and the anticipated payments for the property acquisition for Oak Park. He explained that the estimated BAN financing for property acquisition is \$2,371,591. This amount will provide sufficient funding to execute the options on the property, to pay for the design work for the new access road, as well as reimbursement for costs already incurred. Next, Mr. Kooch reviewed the costs of the BAN financing. The first interest only payment on the BAN financing will be due in FY 2010 (\$133,106). In FY 2011 an interest payment will be due on the BAN/Bond financing (\$183,440). By FY 2012 the County will begin to stagger in the principal payments along with the interest (\$308,908). In FY 2013, the full principal and interest payments will begin (\$420,094). Mr. Kooch explained that all debt should be repaid by FY 2030. He added that should the costs of the two projects increase the above referenced projections will change.

Mr. Reeter explained that the County will seek grant funding for the new access road construction for Oak Park; therefore, the financing may not be \$2.6 million. The financing projections are a worst case scenario if the County had to finance 100% of the project costs.

Scrivener's Note: The BAN/Bond Plan of Finance referenced above is included as Minutes Exhibits Item 2008-08-20-A.

d. Questions and Discussion by Board of Supervisors and Industrial Development Authority

Lengthy discussions ensued among the Board and IDA with input from Mr. Kooch, Mr. Siegel and Mr. Reeter. Among issues discussed was the projected interest rate on the financing, the fiscal impact on future County Operating Budgets, the use of money generated from the sale of land in Oak Park by the IDA, and issues pertaining to using the land as collateral for the financing.

4. Consideration of Proposed Acquisition of Property for County Office Space:

a. Review of Property Proposed for Acquisition

Mr. Reeter provided a review of the proposed purchase of the former AEP Building to be used for County Office Space. Mr. Reeter explained that the AEP building is 56,000 sq. ft. and was constructed in 1972.

The building is situated on 8.18 acres of land. AEP discontinued use of the building in 2005 when their Abingdon and Smyth County Service Centers were combined into one facility located at Highlands Business Park. The building was acquired from AEP by Century Development, LLC. The property has been appraised by Meade Realty and a purchase price of \$2,400,000.00 agreed to on the basis of that appraisal. Mr. Reeter explained that a purchase and sales agreement has been drafted by the County Attorney and legal counsel for Century Development which if approved would call for the closing of the purchase of the property by the County before December 15 of this year.

Mr. Reeter explained that a full Phase I Environmental Assessment was completed by AEP and released to the County. The study has indicated no significant environmental issues with the property. Some minor issues were identified and have been remediated. Mr. Reeter further explained that it is recommended that the Phase I study be reviewed by a consultant retained by the County to verify the thoroughness of the documentation and to recommend any further evaluation of the property which may be warranted. He added that arrangements have been made with the firm of Barge Waggoner Sumnar & Cannon to review the Phase I documentation and to return with any findings and recommendations by September 12, 2008.

b. Presentation by Washington County Sheriff's Office

Sheriff Fred Newman made a presentation concerning the proposed relocation of all operations of the Washington County Sheriff's Office to the former AEP Building. Sheriff Newman explained that the Sheriff's Office currently operates on Park Street in Abingdon in four different buildings. He further explained that the Sheriff's Office Administration Building was built in the early 1900's and that the old jail building was built in early 1950. A third building, which used to be the Washington County Service Authority garage was renovated and now houses the detective division. Central Dispatch is located on Valley Street. Sheriff Newman commented that other County Offices such as General Services may also relocate to the AEP building.

Sheriff Newman discussed that the Sheriff's office will contribute \$350,000 toward the purchase of the AEP building with these funds being taken from the forfeited asset seizure or traffic enforcement funds. He added that his plans are to utilize inmate labor for basic renovations to the AEP Building.

Sheriff Newman thanked the Facilities Committee and Mr. Reeter for their work on this project.

Substantial discussions ensued among the Board. A particular issue discussed was the relocation of the Animal Shelter to the AEP Building with a request from Mr. Price to consider leaving the Animal Shelter at its present location. Also discussed were environmental liabilities and the purchase price of the AEP building.

Ms. Phillips commented that any environmental liabilities identified will be covered in the sales purchase agreement and there will be language in this agreement that states any environmental damages that occurred prior to the County purchasing the property will remain the seller's responsibility.

Responding to an inquiry, Sheriff Newman explained that while having a new Sheriff's Office constructed would be the ideal situation, but not financially feasible the AEP building will accommodate the needs of the Sheriff's Department. He further explained that there are security concerns with the current campus of the Sheriff's Department. Also, relocating the Sheriff's Office to the AEP building would place the Sheriff's Department in an advantageous position for answering calls because the majority of the population is in the lower end of the County.

Mrs. Mumpower (County Facilities Committee member) explained that the Facilities Committee undertook a study to look at a central County Office Complex to accommodate the Sheriff's Department, Treasurer's Office, Commissioner of Revenue and the Administrative Division in one facility. The architect working with the Facilities Committee on this project indicated that the Sheriff's Department would need about 36,000 sq. ft. The estimated cost of the building to accommodate the Sheriff's Department was \$12,000,000. Therefore, the Facilities Committee had to eliminate the Sheriff's Office from the Office Complex project. She discussed the current condition of the existing Sheriff's Office and explained that when the AEP building became available, the Facilities Committee decided that the price was reasonable, and the building would serve well as office space for the Sheriff's Department. Further the Facilities Committee believes that should the building be vacated at some point by the Sheriff's Department that the County could sell the facility and recover the costs expended.

There were further discussions about financial contributions of the Sheriff's Department toward the purchase of the AEP building. Mr. Newman explained that his Department will contribute \$350,000 toward the purchase of the building and then contribute up to \$100,000 for renovation. Again, these funds will be taken from forfeited asset seizure or traffic enforcement funds.

At this time, Ms. Phillips provided a review of the proposed sales purchase agreement.

Scrivener's Note: The Sales Purchase Agreement referenced above is included as Minutes Exhibits Item 2008-08-20-B.

c. Presentation of Proposed Financing Plan

Mr. Kooch provided a review of the financing plan for the purchase of the AEP building. He explained that the amount to be financed is \$1,945,059. The fiscal impact to the County of the borrowing will begin in FY 2010 with an interest only payment in the amount of \$121,296. In 2011 the debt service payment will include some principal and interest totaling \$146,003. The full impact of the borrowing to the County Operating budget will begin in 2012. The debt service at this time will be \$159,649. The term of financing is anticipated to be 20 years.

d. Questions and Discussion by Board of Supervisors and Industrial Development Authority

Discussions ensued among the Board and IDA.

5. Consideration of Resolutions Authorizing Acquisition of Property:

- a. Resolution of the Board of Supervisors of Washington County, Virginia to Authorize Services for Purpose of Anticipated Property Acquisitions
- b. Joint Resolution of the Board of Supervisors of Washington County, Virginia and Industrial Development Authority of Washington County to Purchase Property located at 20281 Rustic Lane for use as a County Facility

Ms. Phillips provided a review of the Resolutions authorizing acquisition of property.

Board of Supervisors:

Mr. McCall advised the Board that he has a conflict of interest pertaining to the purchase of the AEP Building and will abstain from voting.

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

RESOLUTION 2008-31

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF WASHINGTON, VIRGINIA, AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY, VIRGINIA, TO AUTHORIZE EXERCISE OF OPTIONS TO PURCHASE LAND FOR ALTERNATIVE ACCESS CORRIDOR TO OAK PARK

WHEREAS, the Board of Supervisors of the County of Washington, Virginia (Board) and the Industrial Development Authority of Washington County, Virginia, (Authority) find it in the best interests of the citizens and residents of Washington County, Virginia, to enable construction of an alternative access to Oak Park Center for Business and Technology (Oak Park), which access would be unimpeded by residential traffic;

WHEREAS, in furtherance of the above-referenced finding, the Authority approved, by resolution adopted on [DATE], Option and Land Purchase Sale Agreements (Agreements) with respect to the following properties (together, Properties):

- *Tax Parcels 123-A-121, 123-A-121A, 123-3-20 and 123-A-120A owned by Lois Ann Hawkins and Kenneth Hawkins for the purchase price of \$1,065,000.00; and*
- *Tax Parcel 123-3-22 owned by Nancy Payne for the purchase price of \$946,000.00;*

WHEREAS, the Authority has fully investigated and considered purchase of the Properties for the location of an alternative route of access to Oak Park and on the basis of such investigation determined it to be in the best interest of the public health, safety, and welfare to exercise the Options to purchase the Properties; and

WHEREAS, the Board finds it in the best interests of the public welfare to support the Authority's actions in acquiring the Properties.

NOW, THEREFORE, BE IT JOINTLY RESOLVED BY THE BOARD AND AUTHORITY:

- 1. The Authority approves exercise of the Options for purchase of the Properties and authorizes its Chairman to execute written notice to the Sellers of its decision to exercise the Options; other documents as necessary to finalize the Authority's acquisition of the Properties in accordance with the terms of the Agreements; and execution of appropriate documents as are necessary to provide for financing of the costs of such acquisition;*
- 2. The Board supports the Authority's purchase of the Properties and authorizes and directs the Chairman of the Board and/or the County Administrator to execute documents as are necessary to provide for permanent financing of the costs;*

3. *In adopting this Resolution, the Authority and the Board each declare their “official intent” to allow for the use of the proceeds of bond financing to reimburse the Authority or the County, as applicable for “original expenditures” associated with the acquisition of the Properties, or the design, renovation, constructing or equipping thereof to the extent permitted by U.S. Treasury Regulation Section 1.150-2. For such purposes, the maximum amount of such tax exempt financing for the same is not expected to exceed the remaining “bank qualified” eligibility of the County for calendar year 2008, consisting of \$5,100,000.00; and*

4. *Nothing in this resolution shall be deemed to be a lending of the credit of the County or of the Authority, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County.*

RESOLUTION 2008-32

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF WASHINGTON, VIRGINIA, AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY, VIRGINIA TO PURCHASE PROPERTY LOCATED AT 20281 RUSTIC LANE FOR USE AS COUNTY OFFICE FACILITIES

WHEREAS, the Board of Supervisors of the County of Washington, Virginia (Board) and the Industrial Development Authority of Washington County, Virginia, (Authority) find it in the best interests of the citizens and residents of Washington County, Virginia, to acquire additional office space for use by the County;

WHEREAS, the building located at 20281 Rustic Lane, tax parcel number 104-A-1, (Property) offers good location and office facilities in excellent condition suitable for use for County operations, including but not limited to, use by the Washington County Sheriff’s Office;

WHEREAS, the owner of the Property, Century Developers, L.L.C., offered to sell the property to the County for \$2,400,000 pursuant to the terms of a proposed Agreement of Purchase and Sale of Real Estate (Agreement) that was presented for review by the Board and Authority in open meeting on August 20, 2008;

WHEREAS, an independent appraisal performed on behalf of the County confirmed that the value of the Property was at least equal to the price offered by Century Developers;

WHEREAS, Virginia Code sections 15.2-1800 and 15.2-4905 enable the Board and the Authority, respectively, to purchase real property; and

WHEREAS, the Board and Authority find it in the best interests of the public health, safety, and welfare to proceed with the acquisition of the Property as provided herein.

NOW, THEREFORE, BE IT JOINTLY RESOLVED BY THE BOARD AND AUTHORITY:

1. *The Board approves acquisition of the Property pursuant to the terms and conditions of the Agreement and authorizes its Chairman to execute the Agreement;*

2. *The Board further authorizes the County Administrator to execute contracts as necessary to complete investigation of the Property for its suitability for use as County office space and satisfaction*

of contingencies stated in the Agreement; authorizes assignment of the Agreement to the Authority upon satisfaction of all contingencies stated in the Agreement; and authorizes preparation of a lease agreement with the Authority to provide sufficient revenues to pay the debt service on the Authority's financing of such Properties;

3. The Authority acknowledges that, upon final approval of acquisition of the Property by satisfaction of all conditions precedent and contingencies stated in the Agreement, it will accept assignment of said Agreement for purposes of consummation of the sale of the Property and upon acquisition of the Property, the Authority authorizes lease of the Property to the County for use as County office facilities; and

4. In adopting this Resolution, the Authority and the Board each declare their "official intent" to allow for the use of proceeds of bond financing to reimburse the Authority or the County, as applicable for "original expenditures" associated with the acquisition of the Properties, or the design, renovation, constructing or equipping thereof to the extent permitted by U.S. Treasury Regulation Section 1.150-2. For such purposes, the maximum amount of such tax exempt financing for the same is not expected to exceed the remaining "bank qualified" eligibility of the County for calendar year 2008, consisting of \$5,100,000.00; and

5. Nothing in this resolution shall be deemed to be a lending of the credit of the County or of the Authority, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County.

The vote on this motion was as follows: (5-0-1)

<i>Mr. McCall</i>	<i>Abstained</i>
<i>Mr. McCrady</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Price</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>

Industrial Development Authority:

On motion of Mr. Snodgrass, second by Mr. Cline, the Industrial Development Authority acted to adopt the same Resolutions.

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

<i>Mr. Baker</i>	<i>Aye</i>
<i>Mr. Cline</i>	<i>Aye</i>
<i>Mr. Hale</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Snodgrass</i>	<i>Aye</i>
<i>Mr. Woodward</i>	<i>Aye</i>

6. Adjourn or Recess:

- a. Board of Supervisors – Recess to 5:30 PM August 26, 2008 Joint Meeting with Abingdon Town Council, Conference Room 1, County Administration Building**

On motion of Mr. Price, second by Mr. McCrady, it was resolved to recess to 5:30 PM, Wednesday, August 26 for a joint meeting with the Abingdon Town Council to be held in Conference Room 1, County Administration Building.

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

<i>Mr. McCall</i>	<i>Aye</i>
<i>Mr. McCrady</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Price</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>

b. Industrial Development Authority:

The IDA took a five minute recess and then acted to continue their meeting to discuss other business.

Prepared by:

Naoma A. Norris, Recording Clerk

Approved by the Washington County Board of Supervisors:

Kenneth O. Reynolds, Chairman