

**VIRGINIA:**

At a joint recessed meeting of the Washington County Board of Supervisors and Town Council of Abingdon, Virginia held Tuesday, October 14, 2008, at 6:00 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  
Thomas G. Taylor

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

**Abingdon Town Council**

Lois H. Humphreys, Mayor  
Edward B. Morgan, Vice Mayor  
Jason Berry  
Dr. F. H. "French" Moore, Jr.  
Cathy Castle Lowe

Greg Kelly, Town Manager  
Debbie Icenhour, Assistant Town Attorney

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**1. Call to Order**

**a. Board of Supervisors**

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

**b. Abingdon Town Council**

Mayor Lois Humphreys called the Town Council to order.

**2. Approval of Meeting Agenda**

**a. Board of Supervisors**

*On motion of Mr. Taylor, second by Mr. McCrady, the Board acted to approve the Agenda as presented.*

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

<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>
<i>Mr. Taylor</i>	<i>Aye</i>

**b. Abingdon Town Council**

*On motion of Mr. Berry, second by Mr. Moore, the Town Council acted to approve the Agenda as presented.*

*The roll call vote by the Town Council was:*

<i>Mr. Berry</i>	<i>Aye</i>
<i>Mr. Lowe</i>	<i>Aye</i>
<i>Mr. Morgan</i>	<i>Aye</i>
<i>Dr. Moore</i>	<i>Aye</i>
<i>Mayor Humphreys</i>	<i>Aye</i>

**3. Consideration and Discussion of Proposed Joint County/Town Sports Complex Project Issues between Board of Supervisors and Town Council:**

**a. Structure of Proposed Joint Recreational Facilities Authority**

Mr. Morgan explained that Town Council has put a great deal of thought and effort into the Joint County/Town Sports Complex Project in order to understand what will be involved. The Town has a desire to proceed with purchasing the sports complex property and to establish the Recreational Facilities Authority (RFA). He further explained that the Town Council requests some “fine tuning” of the language in the ordinance to establish the RFA and proposes that County and Town staff work out the details. Also, the Town proposes that the County/Town staff to work with the current owner of the sports complex property on the property swap and further to work on obtaining the appropriate financing for the land acquisition. Further, the Town Council requests that the Abingdon Little League have the use of the fields in the sports complex for their home fields.

Mr. Morgan reiterated that the Town Council proposes that the County/Town staff work on the details of the land swap, work to arrange the appropriate financing for land acquisition and to “fine tune” the ordinance establishing the RFA. One of the revisions to the ordinance is that there is an understanding that both governing bodies have authority to sign off on any borrowings by the RFA. The Town Council is saying they agree in principal to what is outlined in the draft ordinance to establish the RFA.

The following action was proposed by the Board of Supervisors:

*On motion of Mr. Taylor, second by Mr. McCrady, the Board acted to accept the Town of Abingdon’s proposal that the County/Town staff proceed to work on the details for the land swap on the sports complex property with the current owner, to arrange for appropriate financing for land acquisition and the revisions to the ordinance establishing the RFA to assure that the County/Town has the authority to sign off on any borrowings by the RFA.*

Mr. Morgan stated that it is the intent of the Abingdon Town Council to conduct a public hearing on the ordinance at their November meeting.

Substantial discussions ensued between the Board of Supervisors and Abingdon Town Council concerning the land swap agreement with the property owner.

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

<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>
<i>Mr. Taylor</i>	<i>Aye</i>

b. Designation of Sports Complex Fields as Abingdon “Home Fields”

Discussion ensued among the group concerning the use of the sports complex fields as home fields for Abingdon Little League. Mr. Taylor commented that there should be an assumption that the Abingdon Little League would work with the RFA to schedule their times to use the field. Town Council members agreed.

c. Rough Cost Estimates and Financing of Sport Complex

Mr. Roland Kooch with Davenport & Company, LLC and Mr. Daniel M. Siegel with Sands Anderson Marks & Miller provided a review of the issues pertaining to financing of the sports complex project.

Mr. Kooch reviewed the current market conditions. He explained that the tax-exempt market conditions have been volatile due to the current liquidity crisis. However, the bank qualified tax-exempt market for borrowings under \$10 million is still a very viable funding option. The current interest rate indications for a bank qualified tax-exempt bond anticipation note borrowing are: two year maturity = 3.30% to 3.50%; and three year maturity = 3.60% to 3.80%.

Mr. Kooch explained that the plan of finance includes a bank qualified tax-exempt bond anticipation note (BAN) in the amount of \$3,123,000 to be issued by mid-February for the acquisition costs approximating at \$2,373,000; working capital estimated at \$250,000, and design services/closing costs estimated at \$500,000. The BAN financing would have a two or three year interest-only maturity and the closing on the BAN is anticipated by mid February 2009. The BAN would be repaid from proceeds of permanent bond financing. The permanent bond financing will also fund upwards of \$5 to \$7 million of construction costs.

Mr. Kooch reviewed the BAN/Bond interest rate and debt service estimates. The debt service for BAN financing of \$3,123,000 at an interest rate of 3.60% for two years would be a payment of \$112,428 in FY 2010 and FY 2011. The debt service on the same amount for a three year term at 3.80% would be a payment of \$118,674 for FY 2010-FY2012. Mr. Kooch noted that for every .25% interest rate change the adjustment in payment would be approximately \$7,808.

Mr. Kooch next reviewed the estimated debt service for bond financing of construction costs estimated at \$5 million. He provided estimates for both a no principal delay and delayed principal at a 20 and 30 year amortization.

Mr. Kooch concluded his presentation by reviewing the advantages of the proposed plan of finance and the preliminary financing schedule.

Discussions ensued among the group with input from Mr. Kooch and Mr. Siegel concerning the plan of finance for the Joint County/Town Sports Complex Project.

Mr. Taylor inquired if the County would need to have in place a preliminary design for the sports complex and a market study of potential income that the facility would generate. Mr. Siegel explained those documents would be needed for the permanent financing, but not for the BAN financing.

Mr. McCrady explained that the BAN financing should handle the acquisition of the property only. At this time, the direction should be to purchase the property because of the legal obligations. He further explained that because of the current economic conditions the construction of the sports complex may not be feasible. Mr. McCrady added that the RFA should be assigned the task of designing the facility. The County/Town could then make a decision about whether it is feasible to build the sports complex.

Mrs. Lowe stated that both governing bodies are obligated to purchase the property.

Mr. Taylor inquired about the BAN financing if the property is not developed within three years. Mr. Kooch explained that the BAN would have to be paid in three years or do a permanent financing. Depending on the use of the property would determine if the financing would be taxable.

Mr. Reeter explained that the \$750,000 (\$250,000 working capital and \$500,000 design services) above the cost for property acquisition sought in the plan of finance is to fund working capital and design services for the project. The numbers were furnished based on the assumption that both local governing bodies would be willing to borrow the money needed for working capital and design services rather than having the RFA depend on both local governing bodies to provide operational capital in the beginning.

Further discussions ensued about the plan of finance.

Mr. Berry requested that the Request for Proposal (RFP) for financing be sent to local banks. Mr. Siegel explained that the RFP will be brought to both local governing bodies for approval and then will be issued to as many local banks that will accept the RFP. He further explained that he has a list of local banks that prior RFP's have been issued to.

Mr. McCrady reiterated that the \$2.3 million for land acquisition should be what is financed prior to the establishment of the RFA. There would be a moral obligation from both local governing bodies to repay the debt.

d. Purchase & Sales Agreement Issues

e. Other Issues of Interest to Board or Council

Mr. Reeter reviewed a tentative timeline of events for the County/Abingdon Recreational Facilities Authority.

Mayor Humphreys thanked the Board of Supervisors for hosting the meeting.

**4. Adjourn or Recess**

**a. Board of Supervisors – Adjourn to 7:00 PM Regular Meeting**

*On motion of Mr. McCall, second by Mr. Price, the Board acted to adjourn to their 7:00 PM Regular Meeting.*

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

<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>
<i>Mr. Taylor</i>	<i>Aye</i>

**b. Abingdon Town Council**

*On motion of Mrs. Lowe, second by Mr. Berry, the Abingdon Town Council convened in Closed Meeting.*

*The roll call vote by the Town Council was:*

<i>Mr. Berry</i>	<i>Aye</i>
<i>Mrs. Lowe</i>	<i>Aye</i>
<i>Mr. Morgan</i>	<i>Aye</i>
<i>Dr. Moore</i>	<i>Aye</i>
<i>Mayor Humphreys</i>	<i>Aye</i>

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**Prepared by:**

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Naoma A. Norris, Recording Clerk

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

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Kenneth O. Reynolds, Chairman