

**VIRGINIA:**

At a recessed joint meeting of the Washington County Board of Supervisors and Washington County Industrial Development Authority held Monday, October 25, 2010, at 6:30 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

**PRESENT:**

**Board of Supervisors:**

Dulcie M. Mumpower, Chair  
Odell Owens, Vice Chair  
Phillip B. McCall  
Nicole M. Price  
Kenneth O. Reynolds  
Joseph C. Straten  
Thomas G. Taylor

Mark K. Reeter, County Administrator  
Lucy E. Phillips, County Attorney  
Christy Parker, Assistant County Administrator/Community & Economic Development  
Mark W. Seamon, Accounting Manager  
Naoma A. Norris, Recording Clerk

**Industrial Development Authority:**

Russell U. Owens, Chair  
Henry S. Snodgrass, Vice Chair  
Patrick D. "Pat" Callebs  
Chad E. Gardner  
Clarence B. "C. B." Hale  
John B. Roberts, Sr.  
Curtis R. Woodward

Joe Lyle, IDA Legal Counsel

**Others Present:**

Sam Kiser, Thompson & Litton  
David Rose, Davenport & Company  
Dan Siegel, Sands Anderson Marks & Miller

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**1. Call to Order**

**a. Washington County Board of Supervisors:**

The meeting was called to order by Ms. Dulcie M. Mumpower, Chair of the Board, who welcomed everyone in attendance.

**b. Industrial Development Authority of Washington County**

The meeting of the Industrial Development Authority (IDA) of Washington County was called to order by Mr. Russell Owens, Chairman. Mr. Owens stated the IDA has a quorum present.

**2. Invocation and Pledge of Allegiance**

Supervisor Kenneth Reynolds gave the Invocation and led the Pledge of Allegiance.

**3. Approval of Agenda**

**a. Washington County Board of Supervisors**

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

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

<i>Mr. McCall</i>	<i>Aye</i>
<i>Ms. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Ms. Price</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Straten</i>	<i>Aye</i>
<i>Mr. Taylor</i>	<i>Aye</i>

**b. Industrial Development Authority of Washington County**

Mr. Russell Owens explained the IDA would like to amend their agenda to consider an item of business after the Board of Supervisors adjourns their meeting.

*On motion of Mr. Snodgrass, second by Mr. Gardner, the IDA acted to amend their meeting agenda to consider a grant funding application.*

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

<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>

*Mr. Roberts*            *Aye*  
*Mr. Callebs*           *Aye*  
*Mr. Gardner*          *Aye*

#### **4.        Introductions and Overview of Joint Meeting**

Mr. Reeter provided introductory remarks and an overview of the joint meeting. He stated that no actions of the Board of Supervisors or IDA are anticipated to be made at this meeting. A second joint meeting of the Board of Supervisors and IDA will be held on November 10 at which time actions will be requested of both bodies relative to the bond financing.

#### **5.        General Business:**

##### **a.        Presentations Concerning Fall 2010 Bond Financings:**

##### **1.        Presentation by Thompson & Litton (T+L) Concerning Proposed New Industrial Access Road Serving Oak Park: Center for Business & Industry**

Mr. Sam Kiser with Thompson & Litton addressed the Board, and made a presentation concerning the Phase IV Access Road for Oak Park. Mr. Kiser reviewed characteristics of the access road explaining it would be built to Virginia Department of Transportation (VDOT) standards; there is signalization planned at the intersection with Route 11; and there will be a landscape buffer at the trailer park located near where the access road is to be constructed.

Mr. Kiser next provided a review of the scope of work for the project. There will be 5,020 linear feet of two-lane access road; 5,100 linear feet of 12" water line; and 5,100 linear feet of twin 2 ½" conduit for fiber optic lines. The project also includes miscellaneous storm drainage appurtenances.

Mr. Kiser reviewed the Add Alternates that were included in the bids. Add Alternate No. 1 is for preliminary building pad grading of the Hawkins property (6.21 acres); Add Alternate No 2 is for preliminary building pad grading for the Payne property (11.24 acres).

Discussions ensued at this time concerning sewer lines.

Mr. Kiser explained that sewer lines were not included with the project because of the time frame for the Washington County Service Authority to bring sewer from Old Jonesboro Road, down Interstate 81 to Route 11 and tie into the Oak Park area.

Mr. Kiser reviewed plans for the access road that show alignment of the access road with Route 11 and shows the entrance into Phase III of Oak Park. He next reviewed plan that shows the pads proposed to be construction in the Add Alternates previously discussed.

Mr. Kiser went over the project costs for the access road project. The low construction bid for the road and utilities is \$1,942,375.35. The engineer's estimate was \$3,446,311.00. The bids came in \$1,503,935.65 less than the engineer's estimate. He next reviewed the costs for Add Alternates 1 and 2. The low construction bid is \$1,314,674.87. The engineer's estimate was \$1,975,930. The costs for

engineering and erosion and sedimentation contingencies are \$200,000.00. The total project costs are estimated to be \$3,257,050.22.

Discussions ensued concerning the construction bids.

Mr. Russell Owens noted the IDA has not taken action to award the contract to the low bidder and anticipates taking this action at their November 10 meeting.

Mr. Reeter explained the pads proposed in the Add Alternates are to develop the Hawkins/Payne property for construction ready sites for marketing purposes that was not something initially envisioned as part of the project in terms of construction of the access road. The IDA felt there would be no harm in including the Add Alternates as part of the access road project. Mr. Reeter advised the Board of Supervisors will need to make a decision on the Add Alternates.

Discussions ensued about construction of the building pads, and the bids received for the access road project.

Mr. McCall inquired about Add Alternate 3 relating to landscaping.

Mr. Reeter explained that Add Alternate 3 was rolled into the base bid. This was a requirement.

Mr. Russell Owens explained the landscaping is to screen the trailer park.

Ms. Mumpower inquired about screening for the homes closer to Route 11 (near Lilly Tool and Dye) that will be located along the access road.

Mr. Russell Owens explained the homes are not included in the proposed screening.

Ms. Mumpower explained there are some very nice, expensive homes on Cruise Lane that she would prefer there be some protection.

Mr. Kiser explained the trees were taken as far as possible until they ran out of room.

Mr. Odell Owens asked if there was room for trees to be planted that would provide protection to the homes.

Ms. Mumpower stated there is room.

Discussions ensued concerning providing screening protection to the homes.

Ms. Mumpower reiterated that she would like to see some protection for the homes.

Mr. Kiser stated he would look at the issue.

**2. Presentation by Thompson & Litton Concerning Proposed Improvements to Washington County Public Safety Building**

Mr. Kiser made a presentation concerning improvements to the Washington County Public Safety Building that include replacing the roof and HVAC; renovation of space for the General Services Building; and renovation of area for the Public Safety Answering Point (PSAP).

Mr. Kiser explained the roof on the Public Safety Building has reached the end of its useful life and must be replaced. He reviewed the deficiencies in the existing roof, and explained it is recommended that the existing roof be removed, replace the damaged roof deck, add R30 energy efficient insulation and a new single ply membrane roof with a 30 year warranty. The estimated budget for roof replacement is \$840,000.

Mr. Kiser next discussed the HVAC system replacement at the Public Safety Building and explained the recommended HVAC system is roof curb mounted, high efficiency heat pumps with option of using natural gas or electric fuel source. He explained the estimated budget to replace the HVAC systems is \$660,000.

Mr. Kiser next provided a review of the General Services Renovation Project. He explained the approximately 9,200 square feet of high bay garage area in the Public Safety Building is proposed to be renovated for use by the Department of General Services. He reviewed the floor plan and the scope of work for the renovations. The estimated budget for this project is \$260,000.

Mr. Kiser concluded his presentation by providing a review of the Public Safety Answering Point (PSAP) 911 Call Center at the Public Safety Building. He explained the space to be renovated is approximately 6,500 square feet, and reviewed the architectural, electrical, plumbing and fire protection aspects of the renovation. The PSAP renovation budget is \$550,000.

Discussions ensued concerning projected energy savings with the improvements to the roof and HVAC system; security at the Public Safety Building; the unisex bathroom included in the General Services project; and PSAP renovations.

**3. Review of Other Elements of Fall, 2010 Bond Financings - Permanent Financing of Alpha Natural Resources Office Building & Hawkins-Payne Properties, and Re-financing of Public Safety Building**

Mr. Reeter provided a review of the upcoming bond financings for five projects as follows:

1. Phase IV Access Road for Oak Park: Center for Business and Industry, and possible development of building pads (Add Alternates 1 and 2);
2. Improvements to the Public Safety Building (roof replacement, HVAC replacement, General Services renovations and PSAP renovations);
3. Permanent financing for the acquisition of the Alpha Natural Resources Building. This building was purchased in March of this year using a Bond Anticipation Note (BAN). The BAN was structured for permanent financing to occur once the County knew a date certain that Alpha would vacate the

building. The County has received correspondence from Alpha advising they intend to vacate the building no later than January 31, 2012.

4. Permanent financing of the Hawkins/Payne property. This property was purchased in 2008, using a BAN, for construction of the industrial access road for Oak Park. The BAN expires in January 2011;
5. Refinancing of the Public Safety Building. Davenport & Company, the County's financial advisors recommends refinancing of this building.

#### **4. Presentation by Davenport & Company Concerning Capital Financing Impact**

Mr. David Rose with Davenport & Company made a presentation on the capital financing impact of the bond financings. Mr. Rose explained the goals and objects of this presentation will be to present to the Board of Supervisors and IDA an updated Plan of Finance and equivalent tax impact analysis of the anticipated fall project list as compared to the presentation made to the Board of Supervisors on September 23, 2010; and to provide an update on the time schedule for the accomplishing this Fall's Plan of Finance.

Mr. Rose reviewed the Plan of Finance for the fall projects that include the permanent financing of the Alpha Natural Resources Building (County Office Building); permanent financing of the Hawkins/Payne Property, Construction of the Phase IV Industrial Access Road for Oak Park, construction of building pads on a portion of the Hawkins/Payne property (Add Alternates 1 and 2 to the Industrial Access Road Bid); improvements to the Public Safety Building (Roof, HVAC, General Services and PSAP); and refinancing of the Public Safety Building. He explained the total amount of the potential fall project list is \$16,545,103. This amount includes \$1,800,000 in grant funding the County was awarded toward the construction of the industrial access road. Mr. Rose further explained the amount of borrowings for the projects presented to the Board on September 23 was \$16,233,359. The difference in the amounts is for the Add Alternates (construction of building pads) and contingencies.

Lengthy discussions ensued about the \$1,800,000 in grants the County received from the Virginia Department of Transportation, and the Virginia Tobacco Commission (repurposed from funds left over from the grant award for the mega site development at Oak Park) to be used toward the Industrial Access Road Project.

Assistant County Administrator Christy Parker explained the IDA will submit a grant application to the Virginia Tobacco Commission (Special Projects – Mega Site Category) by November 1 seeking an additional \$1,400,000 in funding to be used to cover the rest of the costs for the construction of the industrial access road. There is no guarantee the IDA will receive the funds.

Further discussions ensued concerning engineering costs for the industrial access road project.

Mr. Rose next reviewed key assumptions including the current market as of October 19, 2010, and interest rates based on the County's bond rating range from 1.05% to 4.77%. He concluded his presentation by reviewing the preliminary refinancing results, the preliminary equivalent tax impact to the County and the proposed timeline for the fall borrowings.

Discussions ensued among the Board, Mr. Rose and Mr. Siegel concerning the Alpha Natural Resources Building acquisition permanent financing; the County's ability now to obtain bank qualified tax-exempt

financing; the revenue from lease payments Alpha Natural Resources is paying to the County; the tax impact of the borrowings; and the upcoming rating agency trip to present the Plan of Finance to National Credit Rating Agencies and reaffirming the County's credit rating.

**5. Preview of November 10 Second Joint Meeting**

Mr. Dan Siegel, with Sands Anderson Marks and Miller (County's Bond Counsel) provided a preview of November 10 Joint Board of Supervisors and IDA Meeting and reviewed the most likely legal structuring for the Plan of Finance. Mr. Siegel explained the financing would be set up similar to last spring's financing for the acquisition of the Alpha Natural Resources Building.

Discussions ensued among the Board, IDA, Mr. Siegel and Mr. Rose concerning the Plan of Finance and how bonds will be sold.

At this time, Mr. Reeter explained the Board needs to make a decision about including Add Alternates 1 and 2, as previously described, in the Plan of Finance.

Discussions ensued among the Board and IDA concerning Add Alternates 1 and 2, and about site ready pads would make the Hawkins/Payne property more marketable to prospective industry. It was noted that including the Add Alternates would not have much of a tax impact on the County.

Subsequently, the following action was proposed by the Board:

***On motion of Mr. Straten, second by Mr. Taylor, the Board acted to include Add Alternates 1 and 2 in the Plan of Finance.***

Discussions ensued prior to the vote.

Ms. Price addressed the Board and explained that she would not argue the construction of building pads would help market the property. She questions, however, if the \$1,314,674.87 should be borrowed at this time for construction of the pads since there are no prospects currently interested in the sites. Ms. Price stated an example of action taken previously by the Board in borrowing money for the Phase II School Construction and Neff Center projects, the Board has demonstrated if the need for funds is not demonstrated then money would not be borrowed.

Further discussions ensued regarding the need and justification to include Add Alternates 1 and 2 in the Plan of Finance.

***The vote on this motion was as follows: (6-1)***

<b><i>Mr. McCall</i></b>	<b><i>Aye</i></b>
<b><i>Ms. Mumpower</i></b>	<b><i>Aye</i></b>
<b><i>Mr. Owens</i></b>	<b><i>Aye</i></b>
<b><i>Ms. Price</i></b>	<b><i>Nay</i></b>
<b><i>Mr. Reynolds</i></b>	<b><i>Aye</i></b>
<b><i>Mr. Straten</i></b>	<b><i>Aye</i></b>
<b><i>Mr. Taylor</i></b>	<b><i>Aye</i></b>

**6. Adjourn or Recess**

**a. Washington County Board of Supervisors**

*On motion of Mr. Owens, second by Ms. Price, it was resolved to adjourn the meeting.*

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

<i>Mr. McCall</i>	<i>Aye</i>
<i>Ms. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Ms. Price</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Straten</i>	<i>Aye</i>
<i>Mr. Taylor</i>	<i>Aye</i>

**b. Industrial Development Authority of Washington County**

After the Board of Supervisors adjourned, the IDA continued their meeting.

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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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Dulcie M. Mumpower, Chairman