

VIRGINIA:

At a recessed meeting of the Washington County Board of Supervisors held Tuesday, December 21, 2010, at 6:30 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

PRESENT:

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

Lucy E. Phillips, County Attorney
Christianne E. "Christy" Parker, Assistant County Administrator/
Community and Economic Development Director
Naoma A. Norris, Recording Clerk

ABSENT:

Mark K. Reeter, County Administrator
Mark W. Seamon, Accounting Manager

1. Call to Order

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

2. Invocation and Pledge of Allegiance

Supervisor Joseph Straten gave the Invocation and led the Pledge of Allegiance.

3. Approval of Agenda

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

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

Mr. McCall Aye
Ms. Mumpower Aye

<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>

4. Special Recognitions & Presentations:

- a. Special Presentation of Thank You Card to Board of Supervisors from Washington County Employees

Ms. Nadine Culberson, Deputy County Administrator/Operations & Personnel addressed the Board and presented a card from County employees to thank the Board for the wonderful thing they did for County employees in granting the holiday stipend. All the employees were extremely grateful.

Ms. Mumpower remarked the Board has never done anything for County employees that have been more appreciated. She has received many e-mails and telephone calls from employees expressing their gratitude.

5. General Business

- a. Review of Proposed "Agreement By and Between the Town of Abingdon, Virginia, The County of Washington, Virginia and King College Regarding Economic Incentives for a Medical School to Be Established by King College in the Town of Abingdon"

Ms. Phillips addressed the Board and provided a detailed review of the proposed Agreement by and between the Town of Abingdon, Virginia, the County of Washington, Virginia and King College to develop a medical school on property in Stone Mill Technology Park within the Town of Abingdon. Ms. Phillips explained the proposed agreement is sufficiently protective of the County such that the County economic incentives would be provided to the College only if the College's financial planning, both for the purposes of construction of the facility and for operation of the Medical School for an initial period of time through accreditation, is confirmed by the County's financial advisor as sufficient to meet professional standards appropriate for the purpose of the documents for planning establishment of the medical school. The County's bond counsel and financial advisors concur with this assessment of the proposed Agreement.

Ms. Phillips next provided a review of the proposed action requested of the Board. The Board is asked to review the proposed Agreement and authorize Chairperson Dulcie Mumpower or County Administrator Mark Reeter to sign it to certify agreement on behalf of the County to the terms and conditions it states for the County to provide economic incentives to King College to establish an allopathic medical school.

The following are highlights of the proposed Agreement:

1. The Virginia Tobacco Indemnification and Revitalization Commission pledged a commitment of \$25,000,000.00 to development of the project in the southwest Virginia region.
2. The Town of Abingdon will offer 28.31 acres of land that the Town owns in the Stone Mill Business and Technology Park to serve as the location for the Medical School, with the

understanding that the donation of land would reduce the amount of cash contribution from the Town in proportion to the land value, which is expected to appraise at \$4,000,000.00. Therefore, the Town would make cash contribution of \$3,500,000.00.

3. The County confirms its commitment to donate a cash contribution of \$7,500,000.00 with language in the Agreement that is required by the State Constitution. The Agreement further states this Board of Supervisors cannot bind future boards, but the pledge is a moral commitment.
4. The Agreement states the Town of Abingdon and County agree to assist the College with seeking additional grant funding for the project with the understanding there is no guarantee to the success of obtaining such grant funding.
5. Outlines the terms, conditions and restrictions that govern conveyance of the Town of Abingdon's property, as well as the Town and County's cash contributions.
 - a. The Tobacco Commission must provide the College, Town and County written confirmation that all prerequisites for funding have been satisfied.
 - b. The College shall provide to the Town and County a Detailed Plan of Finance and Operational Plan of Finance in form and substance satisfactory to the Town and County.
 - c. Upon receipt of the detailed Plan of Finance and the Operational Plan of Finance, the Town and County have ninety days to have such plans reviewed by an independent consultant engaged by the County and the Town to evaluate the plans.
6. Outlines requirements of King College including the specifications for the Detailed Plan of Finance and the Operational Plan of Finance.
7. Term of Agreement
8. General Terms & Conditions

At this time, lengthy discussions ensued among the Board, Ms. Phillips and Ms. Parker regarding the use of New Market Tax Credits for the Project and the regulations that govern the tax credits. It was noted that the New Market Tax Credit Program would be administered through People Incorporated and that when the tax credits are available the County's payment would be required in lump sum assuming that all requirements of King College have been fulfilled.

Continued discussions ensued concerning the proposed Agreement.

Mr. Taylor questioned the required match for the \$25,000,000.00 Tobacco Commission grant and stated it appears there is a shortage of about \$6,000,000.00 to meet the match. He next questioned if the \$1,000,000.00 grant from the Appalachian Regional Commission has been confirmed. Mr. Taylor further questioned if the County has collateral to recoup their contribution in the event the proposed Medical School Project falters. He stated the Town will be the first to receive money back because of donation of land.

Ms. Phillips explained at current time, very little is known about funding for the proposed Medical School Project with the exception of the grant from the Tobacco Commission and the contributions of the Town and County. She further explained that King College President Dr. Greg Jordan has provided assurance there are other sources of funding for the Project. Those sources are not known to the Town and County at this time. Ms. Phillips stated the Detailed Plan of Finance and Operational Plan of Finance require the disclosure of other funding sources.

Mr. Owens questioned if the Town and County would have representation on the board of directors of the governing body that would be established to oversee the medical school. He next questioned the location of the first class of the medical school and where students will do their clinical work. Mr. Owens explained a question people are asking is will the area have the wherewithal to serve the medical students.

Mr. Owens explained his concerns about the area being able to afford a medical school. He would like to see statistics and studies based on income of the people as well as other resources to make the determination. Mr. Owens further explained the information in the Detailed Plan of Finance and Operational Plan of Finance from the College to identify the other sources of funding for the proposed Medical School Project will be very important. The Board needs assurance that once ground is broken the Project can go forward.

Ms. Mumpower explained the intent of the proposed Agreement is to protect the Town and County. The College will have to meet the requirements of the Agreement before any funds from are disbursed.

Mr. Straten explained all the issues and concerns of the Board pertaining to the proposed Project have been discussed by the County Economic Development Committee, and the proposed Agreement speaks to the issues. He inquired about the requirement of the New Market Tax Credit Program that the County's \$7,500,000.00 would be required up front and asked if the County's financial advisors have provided consultation on the County's ability to come up with the funds.

Ms. Phillips explained the County's financial advisors have indicated there are a variety of ways the County could obtain the money, possibly without it being collateralized.

Ms. Mumpower added the financial consultants indicated there would be no problem for the County to obtain the money on short notice.

Ms. Mumpower questioned the County's ability to recoup funds once they are added to pool for New Market Tax Credits should the Project not come together.

Ms. Phillips explained she is confident there will be a separate agreement between the County and People Incorporated that will govern the New Market Tax Credit funds. This will be the opportunity to address the questions.

Mr. Owens inquired if there have been discussions about how the required permits would be funded.

Further lengthy discussions ensued about the Detailed Plan of Finance and Operational Plan of Finance documents required to be submitted by the College to the Town and County.

Mr. Owens and Mr. Taylor adamantly questioned if the County would have representation on the board of directors of the organization established to oversee the medical school.

Mr. Reynolds stated there remain a lot of unanswered questions about the proposed Project such as site plans and construction costs.

Ms. Phillips explained the College has submitted information to the Town and County that she would share with the Board. This information includes a feasibility study for the medical school. The feasibility study confirmed the need at this time for more opportunities for medical training for students, and there is capacity in the area for clinical work. Ms. Phillips noted at the time the feasibility study was conducted it focused on a site in Tennessee. However, the need for medical training and residency physicians will not be changed by a 20 mile move in location. The information provided by the College also included a draft operational budget. It did not include a construction budget. Ms. Phillips stated that she would make a copy of the materials that are not confidential and distribute to the Board.

Ms. Mumpower explained if a medical school could be established in this area, it would be one of the most significant things to ever happen in the area. It is impossible to envision the positive impacts the proposed medical school would have. She further explained that working in the medical field; she sees the need on a daily basis for more doctors. Ms. Mumpower stated she believes students of the proposed medical school will stay in the area to practice.

The Board devoted substantial discussion to the proposed Medical School Project.

Mr. McCall inquired if the Johnston Memorial Hospital site is no longer being considered.

Ms. Phillips stated that was correct and letters should be sent the owners of property considered, but not selected.

The following action was taken by the Board:

On motion of Mr. Straten, second by Ms. Price, the Board acted on the following:

- 1. Approve the Agreement as in its substantially final form, subject to revisions that may result from additional discussions with Town and College;***
- 2. Authorize the County Attorney and County Administrator to negotiate with the College and Town as necessary to finalize the Agreement; and***
- 3. Authorize the Chairperson of the Board to execute the Agreement on behalf of the County upon finalization of such negotiations.***

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>

Scrivener's Note: The Proposed Agreement referenced above are included as Minutes Exhibits Item 2010-11-21-A.

9. Adjourn or Recess

Ms. Mumpower commended the Board on an excellent year and stated there was a lot accomplished in 2010. She explained it was her pleasure and honor to serve with this great Board, and further that all Board members try to make decisions that are best for the citizens of Washington County.

Ms. Price stated that Ms. Mumpower has been an excellent chair. The meetings were run efficiently and the leadership displayed by Ms. Mumpower is appreciated.

On motion of Mr. Owens, second by Mr. McCall, 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>

Prepared by:

Naoma A. Norris, Recording Clerk

Approved by the Washington County Board of Supervisors:

Dulcie M. Mumpower, Chairman