

December 9, 2008

At a reconvened meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Tuesday the 9th day of December, 2008; at 5:00 p.m., there were present:

William G. Fore, Jr.

Sally W. Gilfillan

Robert M. Jones

Charles W. McKay

James C. Moore

Howard F. Simpson

Lacy B. Ward

Mattie P. Wiley

Also present: Wade Bartlett, County Administrator; James Ennis, County Attorney; and Jimmy Sanderson, Davenport Public Finance.

Chairman Fore called the reconvened meeting to order, and stated it was a special meeting for the purpose of meeting with the representative from Davenport.

In Re: Resolution of Respect: James Henry Lyle

Chairman Fore said a resolution of respect has been drafted in the memory of James Henry Lyle, Sr.

Supervisor Wiley made a motion, seconded by Supervisor Simpson, that the Board adopt the Resolution of Respect for James Henry Lyle, Sr. The motion carried unanimously:

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| Aye: | William G. Fore, Jr. | Nay: None |
| | Sally W. Gilfillan | |
| | Robert M. Jones | |
| | Charles W. McKay | |
| | James C. Moore | |
| | Howard F. Simpson | |
| | Lacy B. Ward | |
| | Mattie P. Wiley | |

**BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE EDWARD, VIRGINIA
A RESOLUTION OF RESPECT**

**James Henry Lyle, Sr.
March 1, 1949 – November 11, 2008**

WHEREAS, James Henry Lyle, Sr., a native of Prospect and former member of the Board of Supervisors of the County of Prince Edward, Virginia, died on November 11, 2008; and

WHEREAS, James H. Lyle, Sr. was born in Prince Edward County on March 1, 1949; and

WHEREAS, James H. Lyle, Sr. answered the call of service and accepted an appointment to represent District 601 (Prospect) on the Board of Supervisors of the County of Prince Edward from January 22, 1988 until November 8, 1988; and

WHEREAS, during his brief time on the Board of Supervisors, Supervisor James H. Lyle, Sr. established a reputation for dedication, perseverance and commitment to education; and

WHEREAS, James H. Lyle, Sr. will be greatly missed and fondly remembered by his family and friends as a loving husband, father and grandfather, and a community and spiritual leader in Prince Edward County; now

THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Prince Edward, Virginia, does hereby note with great sadness the passing of a fine Virginian, James Henry Lyle, Sr.; and be it

RESOLVED FURTHER, that a copy of this resolution be prepared for presentation to the family of James Henry Lyle, Sr., as an expression of the respect in which his memory is held by the members of the Board of Supervisors of the County of Prince Edward, Virginia.

In Re: County Bank-Qualified Line of Credit

Jimmy Sanderson, Davenport Public Finance, said a Request for Proposals for a line of credit had been advertised and sent to 25 national, regional and local banking institutions; one response was received from BB&T Bank, offering up to \$2.5 million in a bank-qualified loan. He then reviewed a summary of the proposal.

Mr. Sanderson emphasized the security to the bank is a Leasehold Deed of Trust on the Sandy River Reservoir, and explained the County could not lose fee simple ownership of the property, but if the County would default on the loan, the County would only lose leasehold for six years. He explained the

\$2.5 million proposal would solidify the Water Agreement with the Town of Farmville and would put the funding mechanism in place and would preserve a portion of the bank qualified limitation for 2008. Mr. Sanderson said taking \$1.2 million from the County's undesignated fund balance, which currently is approximately \$8 million, could be alleviated by taking advantage of the bank qualified loan, and recommended this course of action given the possible budget cuts from the state level.

Discussion on the proposal followed.

Supervisor Ward inquired about the proposed amount of the loan offered. Chairman Fore said \$1.25 million would be paid to the Town of Farmville for the Water Agreement with the Town; the remaining \$1.25 million would be paid to the Town of Farmville in December 2009. Supervisor Ward then asked about financing for the Library. Mr. Bartlett said the Town of Farmville is in the process of obtaining financing for the Library as agreed.

Mr. Sanderson then reviewed the Resolution Requesting the Industrial Development Authority (IDA) of Prince Edward County, Virginia, to Issue a Lease Revenue Note to Finance the Costs of Facilities for the County. He said the Sandy River Reservoir would be leased to the IDA who would then lease it back to the County under the Financing Lease; the County would then make the annual payment for the Debt Service. The Leasehold Deed of Trust provides the bank a security on the Leasehold Interest on the property. He said the resolution requests the authority to issue the note in a maximum amount of \$2.5 million, which will be repaid by payments made under the Financing Lease. Further review and discussion followed.

Mr. Bartlett said this is merely a funding mechanism to do what was agreed upon with the Town of Farmville. He said it would be a three-year loan which could be refinanced for a longer term at a later date.

Supervisor Gilfillan asked for more detail regarding the lease to the IDA. Mr. Ennis, County Attorney, said there is a provision that would not impair the ownership by the County and to affect an assignment to the Water/Sewer Authority during the loan with the proper documentation provided to the bank. The members of the Water/Sewer Authority would be guaranteeing payment, and would enhance the security position because there are more payors responsible for the debt. He added the language used in the

documents is standard for any standard Deed of Trust form that any lender would provide as in a residential loan.

Supervisor Ward asked about the fee paid for the establishment of the credit line. Mr. Bartlett said the fee is the same amount as previously discussed when contemplating a \$10 million loan because the work to secure it is the same.

Supervisor Simpson made a motion to approve the Resolution Requesting the Industrial Development Authority of Prince Edward County, Virginia, to Issue its Lease Revenue Note to Finance the Costs of Facilities for the County.

Supervisor Ward asked the importance of the vote at that time. Mr. Bartlett said there is a time constraint to draw down the funds. Mr. Ennis said it is a vehicle to effectuate the loan process; in addition to the funding it will provide, it gives the County the flexibility to consider other capital projects.

Supervisor Ward said he wished to discuss other projects and how to fund them. Chairman Fore said the County has agreed with the Town of Farmville to purchase that infrastructure, and their current action is to determine where the funding will come from. Supervisor Jones said \$1.25 million must be paid to the Town of Farmville in 21 days. Supervisor Wiley said obtaining funds in this manner will allow the County to leave funds to give towards other projects. Mr. Bartlett said the Board of Supervisors is obligated to fund this project, as the Board determined this to be the top priority; the recommendation is to approve this resolution because of the uncertainty in borrowing and possible state budget cuts.

Supervisor Moore called for the motion made by Supervisor Simpson. The motion carried:

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| Aye: | William G. Fore, Jr. | Nay: | Lacy B. Ward |
| | Sally W. Gilfillan | | |
| | Robert M. Jones | | |
| | Charles W. McKay | | |
| | James C. Moore | | |
| | Howard F. Simpson | | |
| | Mattie P. Wiley | | |

Mr. Bartlett said Mable Shanaberger reported approximately 78% of the real estate tax has been collected. He said she still had three days of collections to enter, and there doesn't appear to be a slow-down in the real estate collection rate.

Mr. Sanderson then reviewed the Capital Plan, with emphasis on the goals and objectives and the existing debt profile of Prince Edward County; the Peer Group Comparatives; Historic Revenue and Fund

Balance Trends; and Capital Plan Modeling. He then explained how the differences in the proposed costs would affect the County's financial plan. Mr. Bartlett said the differences are dependent upon the PPEA. He added the only figure that would not vary is the amount for the Water Agreement with the Town of Farmville, and the Library is fairly well set as well.

Mr. Sanderson discussed key revenue assumptions. Mr. Sanderson said each 1¢ of property tax in 2010 equals \$158,119. He said the Board must prioritize the projects; laying out what each project would cost gives a sense of what the impact to the County would be. He said the debt affordability analysis shows, on a conservative level, what the impact would be. He said having financial policies in place would help the County strategize for the maintainable debt affordability. Mr. Bartlett said if the Board would choose it could go for bid and learn the cost, and make a determination at that point depending on the importance of the project. He added a delay of a year or two on a project would make a substantial difference in the impact. Further discussion followed.

Chairman Fore thanked Mr. Sanderson for attending. He suggested holding a work session prior to the regular monthly meeting on Tuesday, January 13, 2009 at 5:00 p.m. The Board concurred.

On motion of Supervisor McKay and adopted by the following vote:

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| Aye: | William G. Fore, Jr. Sally W. Gilfillan Robert M. Jones Charles W. McKay James C. Moore Howard F. Simpson Lacy B. Ward Mattie P. Wiley | Nay: None |
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the meeting was adjourned at 6:43 p.m.