

May 21, 2015

At the regular meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Thursday, the 21st day of May, 2015; at 7:00 p.m., there were present:

Pattie Cooper-Jones

Calvin L. Gray

Robert M. Jones

Charles W. McKay

Howard F. Simpson

C. Robert Timmons, Jr.

Jerry R. Townsend

Jim R. Wilck

Also present: Wade Bartlett, County Administrator; Sarah Elam Puckett, Assistant County Administrator; Jimmy Sanderson, Davenport & Company; Wayne Verlander, Honeywell Building Solutions; Dr. David Smith, Superintendent, Prince Edward County Schools; Cindy Wahrman, Division Director of Finance; Dr. Lawrence Varner, School Board; Beulah Womack, School Board; Sherry Honeycutt, School Board; Susan Southall Lawman, School Board; Darin Thomas, School Board; and Dr. Peter Gur, School Board.

Chairman Simpson called the reconvened meeting to order.

In Re: Presentation by County Financial Advisor

Mr. James Sanderson, Davenport & Company, reviewed a presentation regarding bank solicitation results for the Lease Agreement for the Honeywell Project. He stated the Board of Supervisors authorized the issuance of an RFP to obtain bids for lease-financing to fund the school renovations spelled out in the technical energy audit performed by Honeywell on April 30, 2015.

Mr. Sanderson stated five lending institutions responded; these were reviewed and recommended the County accept the proposal received from Hancock Bank, which is a major regional bank primarily located in Alabama, Florida, Louisiana, Mississippi and Texas. Hancock Bank provided the lowest cost financing package with a fixed interest rate of 2.35% over 15 years. The debt service associated with Hancock's proposal is lower than the estimated costs associated with this project.

Mr. Sanderson reviewed the proposed amortization schedule. He stated the revenues associated with the operation savings and the drop in debt service will be greater than the total annual cost. He said the next steps, if the Board wishes to move forward, would be to approve the Reimbursement Resolution to allow the County to reimburse itself from financing proceeds if the County finds it necessary to advance funds to begin the project before the financing documents are finalized and the funds are available. The proposal is good if accepted at this time and financing could close in early June.

Following some discussion, Supervisor Timmons made a motion, seconded by Supervisor Townsend, to adopt the Resolution of the Board of Supervisors of the County of Prince Edward, Virginia Declaring Intention to Reimburse Itself from the Proceeds of One or More Financings for Capital Projects for Public School Purposes; the motion carried:

Aye:	Pattie Cooper-Jones	Nay: None
	Calvin L. Gray	
	Robert M. Jones	
	Charles W. McKay	
	Howard F. Simpson	
	C. Robert Timmons, Jr.	
	Jerry R. Townsend	
	Jim R. Wilck	

**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
THE COUNTY OF PRINCE EDWARD, VIRGINIA DECLARING ITS INTENTION  
TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE  
FINANCINGS FOR CAPITAL PROJECTS FOR PUBLIC SCHOOL PURPOSES**

The Board of Supervisors of the County of Prince Edward, Virginia (the "County") has determined that it may be necessary or desirable to advance money to pay the costs of certain energy savings, capital projects and roof replacements for public school purposes (the "Projects").

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE  
COUNTY OF PRINCE EDWARD, VIRGINIA:**

1. The Board of Supervisors adopts this declaration of official intent under Treasury Regulations Section 1.150-2.
2. The Board of Supervisors reasonably expects to reimburse advances made or to be made by the County or the School Board to pay the costs of the Projects from the proceeds of its debt or other financings. The maximum amount of debt or other financing expected to be issued in one or more series for the Projects is \$5,200,000.
3. This resolution shall take effect immediately upon its adoption.

Mr. Bartlett stated McGuire Woods, the County's bond attorney, prepared the resolution authorizing the lease-financing of energy conservation and other improvements at the schools. He said the Board may choose to accept contract proposal of Hancock Bank, if it is the desire of the Board of Supervisors. He said the amount stated on the resolution which includes the fees by the Bond Attorney and Davenport & Company does not have to be dollar-specific on this document; it is unknown at this time what those fees will be. He said this is an IRS requirement for tax exempt purposes.

Mr. Sanderson stated the amount to specify is the dollar amount that will be borrowed and choosing who will hold the financing; it authorizes the Chairman and County Administrator to execute the documents on behalf of the Board. Mr. Bartlett stated the lease documents from the bank chosen will spell out the dollar amount, approximately \$5,125,482.

Supervisor Gray made a motion, seconded by Supervisor Cooper-Jones, to adopt the Resolution of the Board of Supervisors of the County of Prince Edward, Virginia Authorizing the Lease Financing of Certain Energy Conservation and Other Improvements for Prince Edward County Schools; the motion carried:

Aye:	Pattie Cooper-Jones	Nay: None
	Calvin L. Gray	
	Robert M. Jones	
	Charles W. McKay	
	Howard F. Simpson	
	C. Robert Timmons, Jr.	
	Jerry R. Townsend	
	Jim R. Wilck	

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY  
OF PRINCE EDWARD, VIRGINIA AUTHORIZING THE LEASE  
FINANCING OF CERTAIN ENERGY CONSERVATION AND OTHER  
IMPROVEMENTS FOR PRINCE EDWARD COUNTY SCHOOLS**

**WHEREAS**, the Board of Supervisors (the "Board") of the County of Prince Edward, Virginia (the "County") has determined that it is necessary or advisable to finance the cost of the acquisition, construction and installation of certain energy conservation improvements and other improvements for the County's schools (the "Equipment") through a financing lease or other financing agreement providing financing for the cost of acquisition, construction and installation of the Equipment; and

**WHEREAS**, the Equipment will be constructed and installed in various County schools in accordance with an Agreement between the School Board of the County and Honeywell International, Inc., or an affiliate.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE EDWARD, VIRGINIA:**

- 1. Acceptance of Proposal:** Authorization and Execution of Documents. The proposal of \_\_\_\_\_ (the “Lessor”) to provide lease financing for the Equipment is accepted. The County Administrator and the Chairman of the Board, or either of them, and such officers as either of them may designate are authorized to execute and deliver on behalf of the County an equipment lease purchase agreement or other similar financing agreement (the “Lease”) with the Lessor providing financing for costs of the Equipment in the maximum principal amount of \$5,090,482 plus such amount as is necessary to pay the costs of preparation of the Lease and other financing documents. The County Administrator and the Chairman of the Board, or either of them, and such officers as either of them may designate are authorized to execute and deliver such instruments, agreements, documents or certificates, including an escrow or acquisition fund agreement governing the deposit of proceeds of the Lease, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution; and all of the foregoing, previously done or performed by such officers or agents of the County, are in all respects approved, ratified and confirmed.
- 2. Nature of Obligations.** The obligation of the County to make payments under the Lease will be subject to appropriation each year by the Board. Nothing in this Resolution or the Lease shall constitute a debt or a pledge of the faith and credit of the County.
- 3. Bank Qualification.** The Board of Supervisors designates the Lease as a “qualified tax-exempt obligation” eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations in accordance with the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The County does not reasonably anticipate that it and any “subordinate entities” will issue more than \$10,000,000 in tax exempt obligations during calendar year 2015 and the County will not designate more than \$10,000,000 of qualified tax-exempt obligations pursuant to such Section 265(b)(3) in calendar year 2015.
- 4. Effective Date.** This Resolution shall take effect immediately.

In Re: Public Hearing – Amendment to FY15 County Budget

Chairman Simpson announced that this was the date and time scheduled for a public hearing on the proposed amendment to the FY15 County General Fund Budget to reflect the receipt of up to \$5,200,000 of bank-qualified lease financing for a Prince Edward County Public School renovation project. Notice of this hearing was advertised according to law in the Friday, May 15, 2015 edition of THE FARMVILLE HERALD, a newspaper published in the County of Prince Edward.

Chairman Simpson opened the Public Hearing.

Mr. Bartlett stated the proposed amendments to the Fiscal Year 2015 and Fiscal Year 2016 budgets will reflect the receipt of up to \$5,200,000 of bank-qualified lease financing for a Prince Edward County Public School renovation project. The project will begin in FY15 and continue into FY16.

Mr. Sanderson stated when the loan closes, the full amount will be drawn down; if the money is not spent or is left over at the end of construction, typically it is set aside to pay the next debt service payment.

Mr. Bartlett said left-over funds could be spent on other school-related renovation projects or change orders.

There being no one further wishing to speak, Chairman Simpson closed the public hearing.

Supervisor Cooper-Jones made a motion, seconded by Supervisor Wilck, to amend the FY15 County Budget; the motion carried:

Aye:	Pattie Cooper-Jones Calvin L. Gray Robert M. Jones Charles W. McKay Howard F. Simpson C. Robert Timmons, Jr. Jerry R. Townsend Jim R. Wilck	Nay: None
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Supervisor Jones made a motion, seconded by Supervisor Gray, to approve the amendments to the FY15 budget as follows and appropriate the same funds in the FY 15 Budget to allow the School Board to enter into an agreement with Honeywell for the construction and installation of certain energy conservation improvements and other school improvements:

**FISCAL YEAR 2015 & 2016**

<b>REV/EXP</b>	<b>FUND</b>	<b>DEPT</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
3 (Rev)	301	41040	0008	2015 Lease Financing		\$5,122,982
4 (Exp)	301	94000	0100	Energy Audit – Admin	\$ 11,337	
4 (Exp)	301	94000	0101	Energy Audit – High School	\$ 781,257	
4 (Exp)	301	94000	0102	Energy Audit – Middle School	\$2,592,959	
4 (Exp)	301	94000	0103	Energy Audit – Elem. School	\$ 465,361	
4 (Exp)	301	94000	0104	Energy Audit – C&T Center	\$ 937,109	
4 (Exp)	301	94000	0105	Energy Audit – Maintenance	\$ 126,512	
4 (Exp)	301	94000	0106	Energy Audit – Transportation	\$ 18,527	
4 (Exp)	301	94000	0107	Energy Audit – Perf/Pmt Bond	\$ 23,122	
4 (Exp)	301	94000	0108	Energy Audit – Assurance Serv	\$ 34,298	

4 (Exp)	301	94000	0109	Energy Audit – Contingency	\$ 100,000	
4 (Exp)	301	94000	0110	Energy Audit – Cost Issuance	\$ 32,500	

The motion carried:

Aye:	Pattie Cooper-Jones Calvin L. Gray Robert M. Jones Charles W. McKay Howard F. Simpson C. Robert Timmons, Jr. Jerry R. Townsend Jim R. Wilck	Nay: None
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In Re: Public Hearing – Amendment to FY16 County Budget

Chairman Simpson announced that this was the date and time scheduled for a public hearing on the proposed amendment to the FY16 County General Fund Budget to reflect the residual amount of up to \$5,200,000 of bank-qualified lease financing for a Prince Edward County Public School renovation project. Notice of this hearing was advertised according to law in the Friday, May 15, 2015 edition of THE FARMVILLE HERALD, a newspaper published in the County of Prince Edward.

Chairman Simpson opened the public hearing.

There being no one wishing to speak, Chairman Simpson closed the public hearing.

Supervisor Cooper-Jones made a motion, seconded by Supervisor Townsend, to approve the proposed amendments in the FY16 Budget to be appropriated once the carry-over is determined at the conclusion of FY15; the motion carried:

Aye:	Pattie Cooper-Jones Calvin L. Gray Robert M. Jones Charles W. McKay Howard F. Simpson C. Robert Timmons, Jr. Jerry R. Townsend Jim R. Wilck	Nay: None
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In Re: Actions by the Prince Edward County School Board

Dr. David Smith, Superintendent, Prince Edward County Schools, stated the School Board unanimously approved the resolution to amend Sections of the Honeywell contract.

Supervisor Timmons raised several concerns regarding the contract with Honeywell. He stated that Article 6.2.2 of the contract sets forth that “If a payment is past due for any reason, Honeywell has the right to charge interest beginning 30 days after the due date.” Supervisor Timmons requested it be amended to “charge interest beginning 30 days after the request for payment has been approved.” He requested the same change be made in Article 8.6.1. Discussion followed.

Supervisor Timmons stated there is nothing in the contract regarding retainage and suggested the Board that it be included in the contract; he said typically it is set at 10%. Mr. Verlander stated typically in Virginia it is set at 5%; he asked that it would be released when that energy conservation work is complete and signed off as accepted by the School Board.

Supervisor Timmons then questioned the School Board how the contract with Honeywell will be managed or administered. Dr. Smith stated Honeywell will manage it; a project manager hasn't yet been appointed.

Mr. Bartlett said the retainage would be held until the School Board approved the completion of that portion of work; someone will need to make the approval. If necessary, someone will need to be hired.

Supervisor Timmons stated Honeywell is the contractor and is doing the work, and approving their own payments; this places them in an unfair position. He suggested we must find an entity that understands the work to be done to serve as the County's representative to make sure the material and work meet the specifications. It would be prudent on our part to spend extra money to make certain the materials and work meet all specifications by hiring an entity to perform that work for the County.

Following some discussion, the Board agreed to fund the cost out of the excess savings identified by Davenport.

On motion of Supervisor Cooper-Jones, seconded by Supervisor Townsend, and adopted by the following vote:

Aye: Pattie Cooper-Jones  
Calvin L. Gray  
Robert M. Jones  
Charles W. McKay  
Howard F. Simpson  
C. Robert Timmons, Jr.  
Jerry R. Townsend  
Jim R. Wilck

Nay: None

the meeting was recessed at 7:47 p.m. until Tuesday, June 9, 2015, at 6:30 p.m. in the Prince Edward County Board of Supervisors Room for a joint public hearing with the Prince Edward County Planning Commission.