

November 6, 2008

At a reconvened meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Thursday the 6th day of November, 2008; at 5:30 p.m., there were present:

William G. Fore, Jr.

Robert M. Jones

Charles W. McKay

James C. Moore

Howard F. Simpson

Mattie P. Wiley

Absent: Lacy B. Ward

Also present: Wade Bartlett, County Administrator; James Ennis, County Attorney; James Sanderson, Vice-President, Davenport and Company.

Chairman Fore called the meeting to order as a special called meeting.

Chairman Fore said the purpose of the meeting was to discuss the draft agreement between the Town of Farmville and Prince Edward County regarding the proposed library, and the draft Water/Sewer agreement between the Town of Farmville and Prince Edward County.

Chairman Fore turned the floor over to Mr. James Sanderson, Vice President, Davenport and Company.

In Re: Presentation of Financing Strategy

Mr. Sanderson said the Board of Supervisors has identified the potential need to fund various capital projects, including a reservoir intake, water lines, a water plant and other utility needs, and a library. He said the current market conditions are not favorable to large borrowing; one method that could be used is Bank Qualified Tax-exempt Transactions which can provide \$10 million or less in each calendar year. If the County fails to complete this transaction by December 31, 2008, then the ability to use this funding would be lost for 2008. In addition, if the County attempted to borrow more than \$10 million in any one year in 2009 or beyond, then none of that borrowing would qualify as Bank Qualified Tax-exempt

financing. This type of financing provides better interest rates and usually saves .75% to 1% on the interest rate.

Mr. Sanderson then reviewed Bank Qualified Tax-exempt Transactions in more detail, adding that the County would only pay interest on the money drawn-down but would have access to the full \$10 million. He said the debt would be restructured into permanent financing in the future when the full cost of the projects are known. Mr. Sanderson said advantages to this method include lower upfront costs as there is no need for bond ratings, offering prospectus, ratings, reserve funds or underwriting costs; minimal documentation is necessary; low cost of funds; and implementation within 30 to 45 days. He said funds could be requested for calendar year 2008, and another \$10 million could be requested for calendar year 2009.

Mr. Sanderson explained the steps necessary to begin the process. He said once the County authorizes Davenport and McGuireWoods to prepare the necessary bid information to be sent to local and regional banking institutions, the entire process would be complete by late December. He said the County would not be obligated in any way; the Board would review the responses to the RFP and decide at that point whether to move forward.

Further discussion followed.

Supervisor Gilfillan asked when the public would be involved in the process. Mr. Bartlett said that in December, the Industrial Development Authority (IDA) would hold a meeting and adopt a resolution. He said the public will be kept aware of the progress through open session and the news media. He added the only cost to the County at this time would be the \$10,000 fee for the services provided by Davenport and Company. Mr. Bartlett said funds are available in the Sandy River Reservoir Department of the General Fund and no additional appropriation would be necessary.

Chairman Fore said the financial review will determine if the County can afford these projects. Mr. Bartlett said a preliminary review completed in April 2008 should now be revised and expanded, as bids on the library were received and are only good for 60 days. He said some on the Board expressed their desire to conduct a more intense review of the County's finances to see if the County can afford the proposed library agreement, the proposed water/sewer agreement, and the utility work as stated in the unsolicited proposal from Draper Aden Associates. He recommended a study be completed to determine

the impact on the County if any or all of these projects were approved. Specifically, any such study should look at cash flows, tax structure, historical growth patterns and other matters. He said that would provide more information for the Board of Supervisors which they could use to help make an informed decision prior to any agreement on a final amount, which is projected to be approximately \$3 million for the library. Mr. Bartlett said once the financial review is complete, it will be presented to the public on the impact to the County's finances. The cost of this work would be \$10,000. Mr. Bartlett stated funds are available in the Sandy River Reservoir Department of the General Fund and no additional appropriations would be necessary.

The Board of Supervisors authorized the County Administrator to engage Davenport and Company to prepare the necessary bid information to be sent to local and regional banking institutions.

In Re: Discussion of Draft Library Agreement with Town of Farmville

Mr. Ennis said that a draft Memorandum of Agreement with the Town of Farmville has been developed with three options, which differ only on how to handle the expenses of the proposed library, including ownership and maintenance; land; construction costs; and the annual operating budget.

Mr. Bartlett said the differences would be most apparent in the event the building is sold, and gave some examples between the options. He added the Town of Farmville has not voted on the draft agreement. The Town of Farmville has approved only the construction bid.

Chairman Fore asked the Board to review the options and to be prepared to vote during the regular Board meeting.

In Re: Discussion of Draft Water/Sewer Agreement with Town of Farmville

Mr. Ennis said the draft agreement has been reviewed for content and form, and sets forth a basic agreement and service area, and specifies which entity would provide water and sewer service to The Manor and the rest of the county service area. He said two lump sum payments would be necessary to acquire the water and sewer mains extending on Route 15 South to The Manor, to which all subsequent lines will be attached.

Mr. Ennis said one of the terms included in this agreement is the execution of a mutual release of liability of certain named parties to the Town and to the County who may have potentially been direct beneficiaries or third-party beneficiaries of the previous agreement that was entered into between the Town of Farmville and Prince Edward County CDA for the provision of water and sewer to that property. This would declare the contract of January 2000 null and void.

Mr. Ennis said counsel for the other parties has not given indication of resistance. He added this will facilitate provision of water and sewer and enable County control of development without the need to rely on a third party to provide utilities.

Chairman Fore asked the Board to review the draft agreement, and further discussion will take place at the regular Board meeting. He said the Board can then vote on it and send it to the Town of Farmville. Mr. Bartlett added the once both the Town and County have reached an agreement, a joint meeting will be scheduled.

In Re: Other Business

Chairman Fore said the Board has been requested to meet at the Prince Edward Volunteer Rescue Squad to have a photograph taken on Wednesday, November 12, 2008 at 5:00 p.m., after which the Board will meet in the Third Floor Conference Room of the Courthouse for a Work Session Discussion on the County Strategic Plan and Staff Work Plan at 5:30 p.m.

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

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

the meeting was recessed at 6:35 p.m. until November 12, 2008 at 5:00 p.m.