

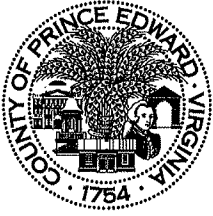


BOARD OF SUPERVISORS RECONVENED MEETING

AGENDA

May 21, 2015

<u>Item #</u>		<u>Page #</u>
1.	The Chairman will call the reconvened meeting to order.	1
2.	Presentation by County Financial Advisor – James Sanderson, Davenport & Company	3
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10.	Recess Until Tuesday, <u>June 9, 2015 at 6:30</u> for Joint Public Hearing with Planning Commission	



**County of Prince Edward
Board of Supervisors
Agenda Summary**

Meeting Date: May 21, 2015
Item No.: 1
Department: Board of Supervisors
Staff Contact: W.W. Bartlett
Issue: Call To Order & Invocation & Pledge of Allegiance

Summary: The Chairman will call to order the **reconvened** meeting of the Prince Edward County Board of Supervisors. Allow the Prince Edward County School Board to convene. The invocation and Pledge of Allegiance will follow.

Attachments:

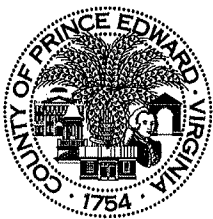
Recommendation:

Motion _____
Second _____

Cooper-Jones _____
Gray _____
Jones _____

McKay _____
Simpson _____
Timmons _____

Townsend _____
Wilck _____



**County of Prince Edward
Board of Supervisors
Agenda Summary**

Meeting Date: May 21, 2015
Item No.: 2-4
Department: County Administrator
Staff Contact: W. W. Bartlett
Issue: Bank Solicitation Results for Lease Agreement for the Honeywell Project

Summary: On April 30, 2015 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.

Five lending institutions responded. The County’s financial advisors, Davenport & Company, reviewed the responses and recommend the County accept the proposal received from Hancock Bank. Hancock Bank is a major regional bank primarily located in Alabama, Florida, Louisiana, Mississippi and Texas. Hancock provided the lowest cost financing package with an interest rate of 2.35% over 15 years. The debt service associated with Hancock’s proposal is lower than the estimated costs we have seen associated with this project.

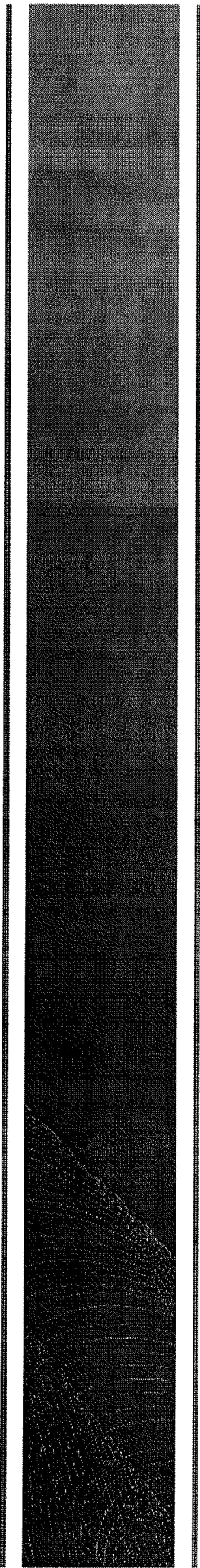
Jimmy Sanderson with Davenport & Company will attend the meeting and discuss the RFP process and the recommendation. If the Board of Supervisors approves entering into a financing agreement and amending the County Budget, the School Board will then need to agree to enter into a contract with Honeywell.

The attached Reimbursement Resolution allows 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 available. Also attached is the resolution authorizing the lease-financing of energy conservation and other improvements at the schools. Both resolutions were prepared by the County’s bond counsel, McGuire Woods.

- Attachment:**
1. Davenport summary of bids received presentation dated May 21, 2015
 2. Reimbursement Resolution
 3. Resolution Authorizing the Lease Financing of Energy Conservation and Other Improvements for Prince Edward County Public Schools

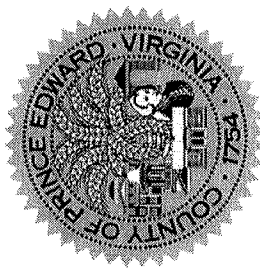
Recommendation: Following Mrs. Sanderson’s presentation, consider the adoption of the attached resolutions.

Motion _____	Cooper-Jones _____	McKay _____	Townsend _____
Second _____	Gray _____	Simpson _____	Wilck _____
	Jones _____	Timmons _____	



Summary of Bids Received

2015 Lease Purchase Agreement for Energy Conservation Measures for
↳ Prince Edward County Schools



Prince Edward County, Virginia

May 21, 2015

Bank Solicitation Process

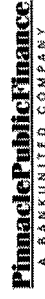


Proposal Process

- On behalf of the County, Davenport circulated a Request for Proposal (“RFP”) for a tax-exempt, bank qualified lease purchase agreement for approximately \$5.1 Million to finance the costs of an Energy Performance Contract with Honeywell Building Solutions (“HBS”).
- The project scope includes installation of energy conservation measures at Prince Edward County’s elementary, middle and high school as well as administrative offices, maintenance/ transportation facility, and career technical center, including new roofs on the middle school and career technical center and an enclosed walkway.
- Davenport sought proposals from local, regional and national lending institutions via a competitive process.


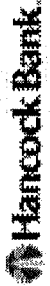



Receipt of Bids

- On May 1, 2015 Davenport distributed a request for proposals to potential lending institutions.
- On May 15, 2015, Davenport received proposals from seven lending institutions.



Results | Terms and Conditions



Investor	Interest Rate	Call Provision
 Bank of America Merrill Lynch	2.561%	Prepayable in whole at 102%
 Hancock Bank	2.350%	Prepayable at 103%
 Pinnacle Public Finance A BANKUNITED COMPANY	2.440%	Prepayable in whole at 102%
 SUNTRUST	2.517%	None specified.
 usbank	3.400%	Prepayable in whole at 103%

- Hancock Bank provides the lowest cost financing to the County with flexible terms. Davenport recommends the County move forward with Hancock Bank.

Series 2015



A Date	B Principal	C Coupon	D Interest	E Total Debt Service	F Maintenance (1)	G Performance Assurance (M&V) (1)	H Total Annual Cost	I Total Program Revenue (1)	J Excess Program Revenues
Total	\$ 5,125,482		\$ 1,141,247	\$ 6,266,729	\$ 278,984	\$ 377,335	\$ 6,923,048	\$ 7,358,017	\$ 434,969
7/15/2016	\$ 20,185	2.350%	133,832	\$ 154,017	15,000	20,288	\$ 189,305	\$ 220,874	\$ 31,569
7/15/2017	43,100	2.350%	119,974	163,075	15,450	20,897	199,422	227,500	28,079
7/15/2018	300,084	2.350%	118,962	419,046	15,914	21,524	456,483	484,325	27,842
7/15/2019	314,694	2.350%	111,910	426,603	16,391	22,169	465,164	491,355	26,191
7/15/2020	329,903	2.350%	104,514	434,417	16,883	22,834	474,134	498,596	24,461
7/15/2021	345,737	2.350%	96,762	442,499	17,389	23,519	483,407	506,054	22,646
7/15/2022	362,217	2.350%	88,637	450,854	17,911	24,225	492,990	513,735	20,745
7/15/2023	379,370	2.350%	80,125	459,494	18,448	24,952	502,894	521,647	18,753
7/15/2024	397,219	2.350%	71,209	468,429	19,002	25,700	513,131	529,797	16,666
7/15/2025	415,792	2.350%	61,875	477,667	19,572	26,471	523,709	538,190	14,481
7/15/2026	435,114	2.350%	52,104	487,218	20,159	27,265	534,642	546,836	12,195
7/15/2027	455,214	2.350%	41,879	497,093	20,764	28,083	545,939	555,741	9,802
7/15/2028	476,122	2.350%	31,181	507,303	21,386	28,926	557,616	564,914	7,298
7/15/2029	497,868	2.350%	19,992	517,860	22,028	29,794	569,682	574,361	4,679
7/15/2030	352,862	2.350%	8,292	361,154	22,689	30,687	414,530	584,092	169,562

■ Hancock Bank's proposed interest rate produces over \$430,000 of excess program revenues.

Note: Assumes a closing on June 15, 2015
(1) Program cash flows provided by HBS

Next Steps



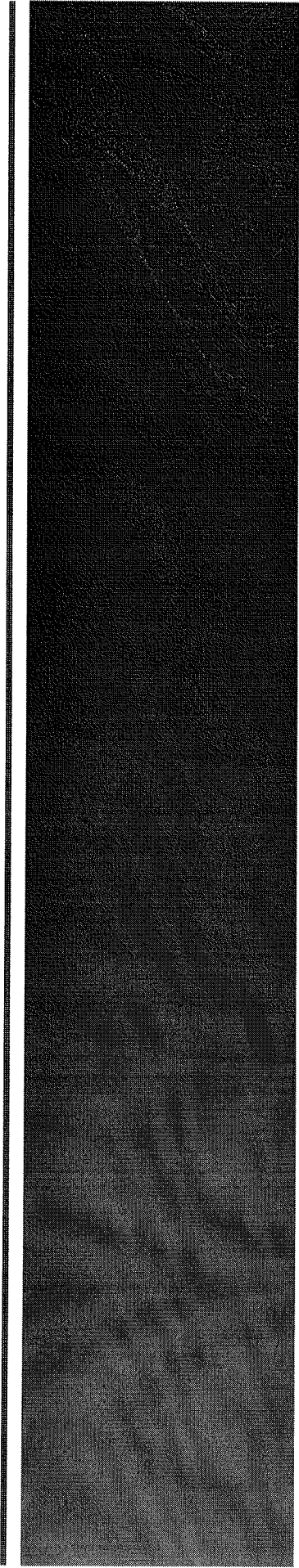
May 21, 2015

- Davenport presents results to Board of Supervisors.
- Board considers Bond Resolution reflecting the terms of the lease.

∞

Early June 2015

- Close on financing/funds available.



Richmond – Headquarters

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DAVENPORT & COMPANY

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CHAIRMAN

PATTIE COOPER-JONES
VICE-CHAIR

CALVIN L. GRAY
ROBERT M. JONES
CHARLES W. MCKAY
C. ROBERT TIMMONS, JR.
JERRY R. TOWNSEND
JAMES R. WILCK



COUNTY ADMINISTRATOR
W.W. BARTLETT

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COUNTY OF PRINCE EDWARD, VIRGINIA

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.

The foregoing resolution was adopted by the Board of Supervisors at its meeting on May 21, 2015 by the following recorded vote:

<u>Member</u>	<u>Vote</u>
Pattie Cooper-Jones	
Calvin L. Gray	
Robert M. Jones	
Charles W. McKay	
Howard F. Simpson	
C. Robert Timmons, Jr.	
Jerry R. Townsend	
Jim Wilck	

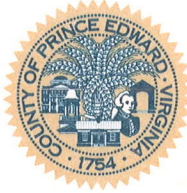
Clerk, Board of Supervisors
County of Prince Edward, Virginia

BOARD OF SUPERVISORS

HOWARD F. SIMPSON
CHAIRMAN

PATTIE COOPER-JONES
VICE-CHAIR

CALVIN L. GRAY
ROBERT M. JONES
CHARLES W. MCKAY
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COUNTY ADMINISTRATOR
W.W. BARTLETT

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COUNTY OF PRINCE EDWARD, VIRGINIA

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.

At a reconvened meeting of the Board of Supervisors of the County of Prince Edward, Virginia held on the 21st day of May, 2015, the foregoing resolution was adopted by a majority of the members of the Board of Supervisors by the following vote, as recorded in the minutes of the meeting:

PRESENT:

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

VOTE:

Clerk, Board of Supervisors
County of Prince Edward, Virginia



**County of Prince Edward
Board of Supervisors
Agenda Summary**

Meeting Date: May 21, 2015
Item No.: 5-8
Department: County Administrator
Staff Contact: W. W. Bartlett
Issue: Public Hearings – FY15 and FY 16 Budget Amendments

Summary:

On May 12, 2015 the Board of Supervisors authorized the advertisement of a Public Hearing for the purpose of amending the Fiscal Year 2015 (FY15) and Fiscal Year 2016 (FY16) budgets. This amendment 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 will extend into FY16.

The public hearing was advertised in the May 15, 2015 edition of the Farmville Herald.

Attachment: Public Hearing Notice

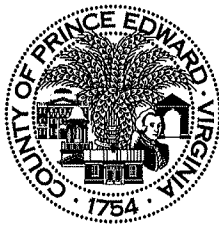
Recommendation:

Following the public hearing the Board will wish to approve the amendments to the FY15 and FY16 budgets displayed below and appropriate the same funds in the FY15 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. The FY16 funds will be appropriated once the carry-over amount is determined at the conclusion of FY15. The board will wish to make two motions in order to amend each fiscal year budget separately.

FISCAL YEAR 2015 & 2016

REV/EXP	FUND	DEPT	OBJECT	DESCRIPTION	DEBIT	CREDIT
3(Rev)	301	41040	0008	2015 Lease Financing		\$5,132,482
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	

Motion _____ Cooper-Jones _____ McKay _____ Townsend _____
 Second _____ Gray _____ Simpson _____ Wilck _____
 Jones _____ Timmons _____



Please publish in the Friday, May 15, 2015 edition of The Farmville Herald.



**NOTICE OF TWO PUBLIC HEARINGS
PROPOSED AMENDMENT TO THE FY15 AND FY16 COUNTY BUDGETS**

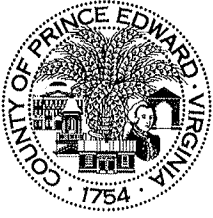
May 21, 2015

The Prince Edward County Board of Supervisors will hold two public hearings, as required by Section 15.2-2507 of the *Code of Virginia*, on Thursday, May 21, 2015, at 7:30 p.m., in the Board of Supervisors Room located on the 3rd Floor of the Prince Edward County Courthouse, 111 South Street, Farmville, VA, to gather citizen input prior to considering proposed amendments to the FY15 and FY16 County Budgets, as follows:

1. *Public Hearing concerning a 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.*
2. *Public Hearing concerning a proposed amendment to the FY16 County General Fund Budget to reflect the residual amount of the up to \$5,200,000 of bank-qualified lease financing for a Prince Edward County Public School renovation project.*

All interested persons are invited to attend and present their views at the time and place above stated. For additional information, please contact W.W. Bartlett, County Administrator, at (434) 392-8837. It is the intent of the County to comply with the Americans with Disabilities Act. Should you require special accommodations, please contact W.W. Bartlett, County Administrator at 434-392-8837, by May 18, 2105.

By Order of the Board of Supervisors
W. W. Bartlett, County Administrator



County of Prince Edward
Board of Supervisors
Agenda Summary

Meeting Date: May 21, 2015
Item No.: 9
Department: Board of Supervisors
Staff Contact: W.W. Bartlett
Issue: Actions by the Prince Edward County School Board

Summary: Following the action by the Board of Supervisors, the resolution authorizing to enter into a contract with Honeywell. For the Board’s information, attached are the sections of that contract that have been amended following the initial review by the Board of Supervisors. No action by the Board is necessary.

Attachments: School Board Resolution
Amended Sections of Honeywell Contract

Recommendation: No action is required by the Board of Supervisors.

Motion _____ Cooper-Jones _____ McKay _____ Townsend _____
Second _____ Gray _____ Simpson _____ Wilck _____
Jones _____ Timmons _____

A RESOLUTION OF THE SCHOOL BOARD OF THE
COUNTY OF PRINCE EDWARD, VIRGINIA WITH RESPECT
TO THE COUNTY'S LEASE FINANCING OF CERTAIN
ENERGY CONSERVATION AND OTHER SCHOOL
IMPROVEMENTS

WHEREAS, the School Board of the County of Prince Edward, Virginia (the "School Board") intends to enter into an Agreement with Honeywell International Inc., or an affiliate (the "Honeywell Contract"), for the construction and installation of certain energy conservation improvements and other school improvements (the "School Projects"); and

WHEREAS, the County of Prince Edward, Virginia (the "County") proposes to finance the costs of the School Projects through an Equipment Lease/Purchase Agreement (the "Lease") among the County, the School Board and a lessor to be selected by the County.

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

1. Execution of Agreement. The Chairman of the School Board and the Superintendent, or either of them, are authorized to execute the Lease and the Honeywell Contract on behalf of the School Board. Such officers or their designees are authorized to execute and deliver on behalf of the School Board such instruments, documents or certificates, 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 or contemplated by the Lease; and all of the foregoing, previously done or performed by such officers or agents of the School Board are in all respects approved, ratified and confirmed.

2. Effective Date. This Resolution shall take effect immediately.

The undersigned Clerk of the School Board of the County of Prince Edward, Virginia, certifies that the foregoing constitutes a true, complete and correct copy of the Resolution adopted at a regular meeting of the School Board of the County of Prince Edward, Virginia, held on May 21, 2015.

Clerk, School Board, County of Prince Edward,
Virginia

Comments to Honeywell Draft Agreement

Article 2 Honeywell's Responsibilities

2.1.2 – The construction permits should be obtained by Honeywell and/or the subcontractors executing the Work. This will verify Honeywell and its subcontractors are licensed to perform work in the state of VA. Also, if the permits costs are not waived, then these costs should be borne by the entity executing the Work.

2.2.1 – What about purchasing efforts, cost verifications/certifications, any engineering/architectural requirements, specifications, verification of installed items (such as roofing materials and warranty, boilers, chillers, etc.) conforming to specifications, etc.

Article 3 Customer's Responsibility

3.4 – Not sure what this clause is trying to shift to the Customer – need additional explanation.

Article 6 Price and Payment

6.2.1 -- The Payment Schedule, Attachment E, identifies two items for monthly progress payments. However, a more detailed payment schedule of values should be developed to manage the progress payments so that only earned amount are paid for and not have the payments front end loaded. This will prevent overpayments and the project should always have sufficient monies to cover the costs of the remaining Work. The payment schedule does not discuss a retainage amount which is typically 10% of the requested payments held back until the project is completed and accepted.

6.2.2 – If a payment is past due for any reason Honeywell has the right to charge interest beginning 5 days after the due date. This is not reasonable and should be revised to begin 30 days after the request for payment has been approved and not submitted.

Article 7 Changes in the Project

7.6 – The contract price includes \$100,000 in a Honeywell managed fund and the only input the School would have is to review the transaction ledger maintained by Honeywell. If this is a true contingency fund then the School should have the right to review the request from Honeywell and compare the scope to the Contract to determine if the issue is covered in the Contract or not. If the issue is a contractual issue, then no additional expense should be borne by the School. Also, what happens to the balance of the contingency fund should there be funds remaining at the close of the Contract??

Article 9

9.1 – If Honeywell defaults, the School must provide written notice of its intention to terminate. If Honeywell fails to cure the issue within 30 business days (+/- 45 calendar days) a second

written notice must be issued allowing an additional 30 business days (+/- 45 calendar days) then the School can terminate – this provision allows Honeywell 90 calendar days to cure the issue.

9.2 – If the School defaults, Honeywell is only obligated to provide the School one 7 day notice and then terminate. This provides the School 7 days to cure the issue.

These two articles need to be more inline with each other -- I suggest one 30 calendar day notice to both entities to cure then terminate.

Article 8 Insurance, Indemnity,

8.2 – The draft agreement does not state that the School would be an “Additional Insured” or an “Additional Named Insured” on the Liability Insurance provide by the Contractor. Nor does the draft agreement indicated any advance notice by the insurance carrier should coverage become lapsed, canceled, etc.

Article 11 Miscellaneous Provisions

11.3 – This article indicates the School would assume the risk for any loss of equipment and/or materials once delivered to the site. This puts the School responsible for any damage, theft, shortage of any item, etc. upon delivery and totally relieves Honeywell and its subcontractors from any liability or to provide reasonable care and custody. Honeywell should be responsible for all items (equipment and/or materials) until they are placed into service and accepted by the School and not before. Title should pass once final acceptance and final payment has been made.

Attachment A Scope of Work

Middle School

8.1.3 – Indicates “Tapered insulation is recommended to provide positive drainage.” is this included in the proposal as previously discussed or not. If not, what would be the cost to include?

Career and Technical Center

8.1.3 -- Indicates “Tapered insulation is recommended to provide positive drainage.” is this included in the proposal as previously discussed or not. If not, what would be the cost to include?

Part A. Standard Terms and Conditions for Support Services

A.6.1 – If a payment is past due for any reason Honeywell has the right to charge interest beginning 5 days after the due date. This is not reasonable and should be revised to begin 30 days after the request for payment has been approved and not submitted.