

BOARD OF SUPERVISORS MEETING MINUTES OF APRIL 29, 2013

At a special meeting of the Pulaski County Board of Supervisors held at 6:00 p.m. in the Basement Floor Conference Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski, the following members were present: Joseph L. Sheffey, Chairman; Charles Bopp, Vice-Chairman; Andy McCready; Ranny O'Dell; and Dean Pratt.

Also present were Peter Huber, County Administrator; Robert Hiss, Assistant County Administrator; Diane Newby, Finance Director; Shawn Utt, Community Development Director; and Gena Hanks, Clerk.

1. Welcome and Call to Order

Mr. Sheffey explained the purpose of the meeting was to conduct a budget work session.

2. Presentation of FY 12 Audit

Deanna Cox, Robinson, Farmer, Cox Associates described the FY 12 audit, noting the county had well above the recommended minimum fund balance of 10%. Ms. Cox and Board members reviewed and discussed each section of the audit. Ms. Cox advised the results of the county's audit were good, management comments were minor and staff continues to do a good job in maintaining the county's records.

3. Budget Considerations

a. Proposed Budget

Mr. Huber provided updated revenue and expenditure summaries incorporating the most recent changes discussed by the Board of Supervisors (including additional staff training), with the tables presented based on a 5-cent increase in the real estate tax rate and a 21-cent increase in the personal property tax rate, with the overall proposed rate at \$2.35 per \$100.

Staff was requested to determine if a 21-cent increase in personal property tax can be included as a part of the June 17, 2013 public hearing on the FY 14 budget.

Mr. Huber advised the last personal property tax rate increase occurred in 2008-2009 which increased from \$2.00 to \$2.14.

Board members discussed costs associated with the following: new Sheriff's office; fire departments; new middle school; and the wellness center.

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Board members also discussed the potential for future rate increases to fund ObamaCare, if taxes are not raised in the current year.

Mr. Huber advised the next step in the budget process was to approve advertising of the budget for the June 17, 2013 public hearing, noting the Board can make changes to the budget following the June 17, 2013 public hearing.

Board members discussed funding to the following agencies/depts.: Brain Injury Services; Christiansburg Institute; Committee to Advance the TransDominion Express; Virginia Cooperative Extension Service; school buses; and Sheriff's vehicles.

Mr. Sheffey advised that staff recommendation was to advertise a proposed budget which included a 21-cent increase in the personal property taxes.

On a motion by Mr. O'Dell, seconded by Mr. Bopp and carried, the Board approved advertising the FY 14 budget, to include a 21-cent increase in personal property taxes.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

Board requested staff confirm stipulations for the Snowville fire department building reverting back to the previous property owners.

On a motion by Mr. McCready, seconded by Mr. O'Dell and carried, the Board approved hiring an engineer for grading and soil and erosion plans and architect for building layout and construction costs for Snowville Fire Department.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

b. Refinancing Options

Mr. Huber described a summary of Pulaski County's outstanding loans, as well as a summary of potential refinancing opportunities.

Mr. McCready requested staff review loans with two to three years remaining until payoff. Mr. Huber advised that Davenport Company had been requested to analyze the county's existing debt and provide a report summarizing Pulaski County's outstanding debt issues. Mr. McCready also

suggested consideration to a special Board meeting to review refinancing debt matters, followed by a request for proposals on a CD secured loan.

c. Draper and Fairlawn Fire Department Doors

Mr. Huber provided a quote from Hall's Garage Doors for pricing of replacement doors based on an equitable R-value as other quotes.

Board members discussed funding costs of doors from reserves, while the costs for the doors are currently at a reasonable cost.

On a motion by Mr. McCready, seconded by Mr. Pratt and carried, the Board approved funding to replace doors at the Fairlawn and Draper Fire departments through the transfer of \$27,980 from reserves to the appropriate fund and the entering into a contract with Halls Garage Doors.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

4. Other Matters

a. New River Valley Community Services Board Space

Mr. Huber described a lease spreadsheet illustrating the annual payment proposed for the NRVCS office at Maple Shade, also describing the true payback for the construction cost in 11 years, seven months.

Mr. McCready requested staff provide in the weekly update the amount of available space at the Maple Shade facility, and square footage, lease and lease expiration for the Country Store and dress store.

On a motion by Mr. McCready, seconded by Mr. Pratt and carried, the Board approved offering to Community Services Board the renovating of space at the Maple Shade facility, with a cost not to exceed \$378,287, if CSB enters into a lease of 10 years.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

b. Comprehensive Economic Development Strategy (CEDS) Letter of Support Request

On a motion by Mr. Bopp, seconded by Mr. Pratt and carried, the Board approved providing a letter of support to the New River Valley Planning District Commission endorsing regional project priorities.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

c. Adoption of Environmental Report for Skyview Subdivision Sewer Phase II

Mr. Huber advised that as part of the Community Development Block Grant (CDBG) received from the Department of Housing and Community Development (DHCD) for the Skyview Subdivision Sewer Project - Phase II, the Board must formally adopt the Environmental Report (ER) prepared for and approved by the US Department of Agriculture (USDA) Rural Development (RD).

On a motion by Mr. McCready, seconded by Mr. Bopp and carried, the Board adopted the Environmental Report (ER) prepared for and approved by the US Department of Agriculture (USDA) Rural Development (RD), copies of which are filed with the records of this meeting.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

d. Engineering Internship

Mr. Huber advised as a follow-up to a question at the April 22, 2013 meeting, the 2013-14 budget includes funding for a summer engineering intern; however, there was no funding in the current year's budget for this purpose. Mr. Huber advised there was still an opportunity to solicit student interest should the Board want to appropriate the recommended \$3,500 needed to provide a paid internship for May and June ($\$10 \text{ per hour} \times 40 \text{ hours per week} \times 8 \text{ weeks} = \$3,200 \text{ plus FICA}$).

Mr. McCready commended County Engineer Jared Linkous for his leadership and management skills, noting the benefits to an intern serving under Mr. Linkous.

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On a motion by Mr. McCready, seconded by Mr. Bopp and carried, the Board approved advertising for an intern position, with funding from reserves.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

e. Commerce Park/Red Sun Financing

Mr. Huber advised receiving notice that the bond underwriter Raymond James and Associates, Inc., have significantly increased their pricing of the bonds and that Davenport Co. recommends amendment and re-adoption of the Board Resolution (previously adopted at April 22, 2013 Board meeting) to allow for flexibility in changing to another firm.

On a motion by Mr. Pratt, seconded by Mr. Bopp and carried, the Board approved the following resolution, including "all acts necessary" for the county administrator and bond counsel to execute appropriate documents.

**RESOLUTION OF THE BOARD OF SUPERVISORS OF
PULASKI COUNTY, VIRGINIA**

WHEREAS, the Board of Supervisors (**the "Board of Supervisors"**) of Pulaski County, Virginia (**the "County"**) desires to request the Industrial Development Authority of Pulaski County (**the "Authority"**) to issue, offer and sell its Revenue Bonds (Commerce Park Project), Taxable Series 2013 in a principal amount not to exceed \$7,500,000 (**the "Bonds"**) for the purposes set forth below; and

WHEREAS, the Authority is authorized and empowered under and pursuant to the provisions of the Virginia Regional Industrial Facilities Act, Chapter 49 of Title 15.2 of the Code of Virginia of 1950, as amended (**the "Act"**) to borrow money to promote economic development and finance facilities for use by, among others, a governmental organization such as the Virginia's First Regional Industrial Facility Authority (**"Virginia's First RIFA"**) for the benefit of Pulaski County, Virginia (**the "County"**) and to otherwise promote industry and develop trade in the Commonwealth of Virginia; and

WHEREAS, Virginia's First RIFA has previously issued its \$2,083,500 Revenue Bond (Commerce Park Project), Taxable Series 2002A (**the "2002A Bond"**), its \$1,376,831 Revenue Bond (Commerce Park Project), Taxable Series 2004 (**the "2004 Bond"**) and its \$2,300,000 Revenue Bond, Series 2005 (Commerce Park Project) (**the "2005 Bond" and, together with the 2002A Bond and the 2004 Bond, the "Bonds to be Prepaid"**); and

WHEREAS, the proceeds of the Bonds to be Prepaid were used to finance costs of land acquisition, site grading and development of water supply, wastewater disposal and access road

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infrastructure and related capital expenditures as part of the development of the New River Valley Commerce Park located in the County (**the "Project"**); and

WHEREAS, the Board of Supervisors hereby requests the Authority to issue, offer and sell the Bonds and to cause the proceeds thereof to be used to prepay the Bonds to be Prepaid (**the "Prepayment"**), finance additional development of the Project for the benefit of Red Sun Farms (**the "Additional Project Development"**) and pay other necessary expenses incidental thereto, to fulfill certain purposes of the Act, and the County will provide its moral obligation in support of the payment of the Bonds; and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture, dated as of May 1, 2013 (**the "Indenture"**), between the Authority and Regions Bank, Richmond, Virginia, as trustee (**the "Trustee"**) and payable from payments from the County pursuant to a Support Agreement, dated as of May 1, 2013 (**the "Support Agreement"**) between the County and the Authority and assigned to the Trustee and certain funds held under the Indenture; and

WHEREAS, the Bonds will be initially purchased by an underwriter or underwriters to be selected by the County Administrator based on the recommendation of the financial advisor (**the "Underwriter"**), pursuant to a Bond Purchase Agreement, dated the date of its execution and delivery (**the "Bond Purchase Agreement"**), among the Authority, the County and the Underwriter to reflect the final terms of the Bonds, and the Bonds will be offered for sale pursuant to a Preliminary Official Statement, dated the date of its distribution (**the "Preliminary Official Statement"**); and

WHEREAS, the forms of the Indenture, the Bonds, the Support Agreement, the Bond Purchase Agreement, the Preliminary Official Statement and the Continuing Disclosure Agreement, to be dated the date of its execution and delivery by the County and the Authority (**the "Continuing Disclosure Agreement" and, together with the Indenture, the Bonds and the Support Agreement, the "Documents"**), were made available to the Board of Supervisors at this meeting.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF PULASKI, VIRGINIA:

1. It is hereby found and determined that the Prepayment and the Additional Project Development will be in the public interest, will benefit the inhabitants of the County, will increase commerce and will promote the safety, health, welfare, convenience and prosperity of the County and its citizens.
2. The issuance and sale by the Authority of the Bonds, pursuant to and upon the terms and conditions set forth herein and in the Indenture, the Support Agreement and the Bond Purchase Agreement, the Prepayment and financing of the Additional Project Development in accordance with the following plan of financing are hereby approved and authorized. The Authority shall use the proceeds from the issuance of the Bonds to cause the Prepayment of the Bonds to be prepaid and finance the Additional Project Development and costs related to issuance of the Bonds. The obligation of the Authority to pay principal and interest on the Bonds will be limited to payments received from the County under the Support Agreement. The obligation of the County to make payments under the Support Agreement will be subject to the Board making annual appropriations for such purpose.

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3. The Documents shall be in substantially the forms submitted to this meeting, which are hereby approved with such completions, omissions, modifications, insertions and changes, including, but not limited to rates, redemption premium, payment dates, amounts, prices, maturities, and including changes to the Bond Purchase Agreement and Continuing Disclosure Agreement as may be requested by the Underwriter, all as may be approved by the Chairman or in his absence, the Vice Chairman, of the Board (**together, the “Chairman”**), the County Administrator or the other officers executing them, their execution to constitute conclusive evidence of his or her approval of any such completions, omissions, changes, insertions and changes. The Chairman or the County Administrator and all other appropriate officers of the County are each hereby authorized and directed to execute the Documents and to deliver the Documents to the other parties thereto and to execute all certificates and documents, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds, the Prepayment and redemption in full of the Bonds to be Prepaid and financing the Additional Project Development. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.
4. The Preliminary Official Statement in the form presented to this meeting is approved with respect to the information contained therein pertaining to the County. The Underwriter is authorized to distribute to prospective purchasers of the Bonds, the Preliminary Official Statement in form deemed to be “near final,” within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (**the “Rule”**), with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman or the County Administrator. Such distribution shall constitute conclusive evidence that the County has deemed the Preliminary Official Statement to be final as of its date within the meaning of the Rule, with respect to the information therein pertaining to the County. The Chairman or the County Administrator is authorized and directed to approve such completions, omissions, insertions and other changes to the Preliminary Official Statement that are necessary to reflect the terms of the sale of the Bonds, determined as set forth in paragraph 6, and the details thereof and that are appropriate to complete it as an official statement in final form (**the “Official Statement”**) and distribution thereof by the Underwriter shall constitute conclusive evidence that the County has deemed the Official Statement final as of its date within the meaning of the Rule, with respect to the information contained therein pertaining to the County.
5. The Chairman or the County Administrator is authorized and directed to enter into the Bond Purchase Agreement containing the terms and the price or prices upon which the Bonds shall be sold to the Underwriter, which terms and prices shall be established by the Chairman or the County Administrator, upon negotiation with the Underwriter and not inconsistent with the provisions of this Resolution. The Bonds shall mature not later than December 31, 2045, with such shorter maturities and sinking fund and optional redemption provisions as the officers of the County approving such terms shall deem appropriate (but any redemption premium shall not exceed two percent (2%)), and shall be sold initially at a purchase price (exclusive of original issue discount) of not less than 98% of the face amount of the Bonds plus interest accrued thereon to the date of issuance of the Bonds, if any, in any case so as to produce an annual true interest cost of the Bonds of not to exceed 5.75%.
6. The Chairman, the County Administrator, County Attorney, County Treasurer and County Finance Director and all other officers of the County are hereby authorized and directed to work with representatives of the Authority, the Trustee, the Underwriter, counsel to the various parties related

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to issuance of the Bonds and the financial advisor to perform all services and prepare all documentation necessary to bring the Bonds to market and to issue the same in accordance with the Documents and to otherwise carry out the intent of this Resolution. In addition to the plan of financing set forth above for the Prepayment and the Additional Project Development, in further support of the Additional Project Development and the County's participation in Virginia's First RIFA, the Board hereby authorizes the transfer to Virginia's First RIFA and appropriates the sum of not to exceed \$400,000 upon certification and documentation presented by Virginia's First RIFA of work performed for Additional Project Development site grading purposes.

7. Nothing in this Resolution, the Bonds or the Documents shall constitute a debt or a pledge of the faith and credit of the Authority or the County, and the Authority shall not be obligated to make any payments under the Bonds or the Documents except from payments made by or on behalf of the County under the Support Agreement pursuant to annual appropriation thereof in accordance with applicable law. The Board, while recognizing that it is not empowered to make any binding commitment to make appropriations beyond the current fiscal year, hereby states its intent to make annual appropriations in future fiscal years in amounts sufficient to make all payments under the Support Agreement and hereby recommends that future Boards do likewise during the term of thereof.
8. All other acts of the officers of the County that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds, the Prepayment and the financing of the Additional Project Development are ratified and approved. All other resolutions (or parts thereof) or prior actions of the Board of Supervisors in conflict with this resolution are hereby repealed to the extent of the conflict.
9. This Resolution shall take effect immediately.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

American Tower Company

Mr. McCready inquired regarding the status of American Tower Company easement purpose options. Mr. Huber advised staff was working on a recommendation to be presented to the Board.

f. ShaeDawn

Mr. Utt advised that bids had been received for the ShaeDawn Park. Mr. Utt also advised that Jim Hager had inquired as to the Board's interest in providing funding to build the road.

Board members discussed the potential for obtaining right-of-way from Randolph Park to the ShaeDawn road.

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Staff was requested to provide in the weekly update an aerial and property line map of road location.

g. Other Items

Mr. Huber shared a request from Bruce Fariss for including forested properties in land use property tax valuation.

Mr. Sheffey requested staff contact Tedd Povar of the Institute of Government to poll other localities as to their policy regarding forested properties.

Mr. Huber advised he planned to be on vacation May 6th – 8th.

Mr. Sheffey advised that VACo's agricultural and environmental group had recommended approval by localities of the Industrial Hemp resolution being presented by Jim Politis.

Staff was directed to place the matter on the May 20, 2013 Board agenda for receiving of additional information.

Mr. Sheffey commended county staff for efforts resulting in the favorable audit report.

Mr. Huber distributed the latest livability information received from the Planning District Commission.

5. Adjournment

On a motion by Mr. Bopp, seconded by Mr. Pratt and carried, the Board adjourned its special meeting. The next meeting of the Board will be a joint meeting with the Pulaski Town Council at the Train Station in downtown Pulaski beginning at 6:00 p.m. on Monday, May 13, 2013. The next regularly scheduled Board meeting will be held on Monday, May 20, 2013 beginning with a Closed Session at 6:00 p.m. and the regular meeting at 7:00 p.m., with said meeting to be held at the County Administration Building, 143 Third Street, NW, Board Room, in the Town of Pulaski, Virginia.

Voting yes: Mr. McCready, Mr. O'Dell, Mr. Sheffey, Mr. Bopp,
Mr. Pratt.

Voting no: None.

Joseph L. Sheffey, Chairman

Peter M. Huber, County Administrator