

CAMPBELL COUNTY BOARD OF SUPERVISORS

August 15, 2023

A meeting of the Campbell County Board of Supervisors was held on the 15th day of August 2023 in the Multi-Use Room of the Walter J. Haberer Building, Rustburg, Virginia. The members present were:

Matt W. Cline, Chairman, presiding	Concord Election District
Charlie A. Watts	Brookneal Election District
Kenneth R. Brown	Spring Hill Election District
Justin A. Carwile	Timberlake Election District
Jon R. Hardie	Rustburg Election District
A. Dale Moore	Altavista Election District
Steve W. Shockley	Sunburst Election District

Also present were:

Frank J. Rogers, County Administrator
 Clifton M. Tweedy, Deputy County Administrator
 Catherine H. Moore, Clerk
 Paul Harvey, Director of Community Development
 Dr. Clay Stanley, Superintendent of Schools
 David Rose, Financial Advisor, Davenport
 Taylor Bryant, Davenport

Chairman Cline called the meeting to order at 7:20 p.m. David Rose of Davenport, the County’s Financial Advisor, was present to discuss an Updated Plan of Finance for the renovation and addition to Brookville High School. The Board previously approved up to \$50 million for that project.

// PRESENTATION BY DAVENPORT

Mr. Rose has served as the County’s Financial Advisor since 2018 and has assisted with funding strategies for a comprehensive School Capital Investment Program, a County HVAC project, a new Public Radio System (\$5.5 million), a new Rustburg Middle School (\$44.5 million) and major improvements to Brookville High School (\$50 million). In the summer of 2022, Davenport updated the Plan of Finance for the next phase of County and School Capital Programs that included:

Rustburg Middle School	Completion Funding	\$ 6 million
Brookville High School	Renovation & Addition	50 million
Land Purchase		2 million
New WWTP Pump Station		<u>15 million</u>
	TOTAL	\$73 million

The 2022 Plan of Finance Update assumed the County would be borrowing for all of the projects at an interest rate of five (5%) percent. The County began implementing the 2022 Plan of Finance Update last fall with a direct bank loan that funded the remainder of the Rustburg Middle School project that resulted in an interest rate of 3.25% fixed through final maturity.

Over the course of winter 2022/Spring 2023, County staff worked with Davenport to apply for Commonwealth funding for the Brookville High School project. As a result of those efforts, the County was approved for a \$25 million Literary Loan at a below-market interest rate of 2.00%, The County's School Division was also awarded a School Construction Grant for 30% of the Brookville High School project (\$15 million).

The 2023 Revised Plan of Finance excludes the \$15 million WWTP Pump Station and \$2 million land purchase that were originally contemplated in the 2022 Plan of Finance. Instead of financing \$73 million, the County would be financing \$56 million. Due to the School Construction Grant, the amount to be borrowed has been reduced to \$35 million, the majority of which would be funded with below-market interest rates via a Literary Loan. The estimated annual debt service assuming a 25-year term was reduced from \$3.6 million to \$2.1 million, a difference of \$1.5 million per year.

In light of this improved/reduced budgetary impacts, there had been some discussions for the Board to consider borrowing to fund a 100,000 square foot shell building as an economic development project that was estimated to cost approximately \$11.5 million (which equates to annual payments of approximately \$1.1 million).

Mr. Rose requested the County move forward with the 2023 Bonds this fall with the following Goals and Objectives:

- Fully fund the \$10 million of market-rate financing required for the Brookville High School project in a competitive, near 40 year low interest rate environment;
- Enable the County take advantage of market conditions and economies of scale by simultaneously borrowing for the \$11.5 million shell building for economic development purposes;
- Take advantage of highly favorable reinvestment rates that would in turn put less pressure on the County's upcoming budgets;
- Maintain excellent Credit Ratings and fiscal health;
- Work within the structurally balanced budget that the County adopted for FY 2024; and
- Borrow funds while interest rates remain favorable and near 40-year historical lows (for government loans).

Should the Board be in agreement, County staff and Davenport would meet with the National Credit Rating Agencies to provide an update on the County and confirm the County's very strong credit ratings in September. In early October, the County, IDA and School Boards would consider appropriate resolutions required to move forward with the 2023 Bonds. The sale of the 2023 bonds would be in late October with a closing on the bonds in early November.

Following Mr. Rose's presentation, there was a lengthy discussion concerning the construction of a shell building. Administrator Rogers indicated the discussion at this meeting is primarily whether or not to borrow funds for an economic development project. If approved by the Board to borrow the funds, there would be an opportunity to discuss the specifics of a project. The estimate for the 100,000 square foot building was based on a per square foot cost for commercial construction. The concept for the project had been discussed several times at the Lynchburg Regional Business Alliance meetings and according to Megan Lucas, Director, since 2018, 41 of the 65 requests for information from the State were for buildings of that size. In addition, the County had discussed developing a site in Seneca Park, and a building this size would optimize the site.

Mr. Rose indicated that if the majority of the funds was spent within 36 months, it would still qualify as tax-exempt. He added interest could be earned until the funds were spent. If the funds were borrowed for the shell building but not spent, it was possible to return the funds, but some costs would be incurred to do so.

In answer to a question about a potential timeline for payback of the funds to the County, Administrator Rogers acknowledged this would be a speculative venture anticipating this to be a worthwhile project that would pay back the County over 10 to 20 years. It would be a challenge to develop the site, build a building, market the building and locate a tenant within the 36-month period to expend the funds. If approved, the first steps would be to advertise for the design of the building and approve contracts for the design and construction. It was anticipated the design process could take six (6) months and construction could take as long as one (1) year.

Supervisor Hardie raised questions about the number of prospects interested in Campbell County and whether or not the best approach would be to seek a developer who would like to locate in Seneca Park. The building could then be built to that company's specifications. He added this was a large commitment recognizing the County had many other needs to address such as waste management, Public Safety, parks, and possibly expansion of the Sheriff's Department.

Administrator Rogers explained that in light of the savings realized from the Brookville school project and information from the Lynchburg Regional Business Alliance, staff began to discuss the best way to advance economic development in the County which has been a priority of the Board. Having a marketable asset would be a way to increase economic development to support the County's needs. Supervisor Shockley agreed adding the return on investment could over time help fund the other needs in the County as mentioned by Supervisor Hardie.

Supervisor Moore was in favor of the concept and believed in time someone would want the building. Supervisor Shockley agreed. Supervisor Brown commented that businesses were always looking for buildings. Chairman Cline appreciated this approach as it would increase revenue streams to support the County's needs to offset potential tax increases on the residents.

Following additional discussion, there was a consensus to move forward with borrowing the funds for a shell building. Supervisor Hardie understood the benefits of the project; however, indicated he would need more time to consider the borrowing and expenditure of the funds and would like to understand more about the proposed project. Supervisor Carwile had some

reservations about borrowing \$11.5 million for the project, but ultimately believed the project was a worthwhile venture. Chairman Cline understood Supervisor Hardie's reservations, but believed the project would be an investment in the future of Campbell County that would pay for itself over the next several years with the potential to create a revenue stream.

Supervisor Hardie thanked Dr. Stanley and the School Board for their initiative to apply for the grant funds to support the Brookville High School project.

// ADJOURNMENT

On motion of Supervisor Carwile, the meeting was adjourned at 8:35 p.m.

The vote was: Aye: Brown, Carwile, Cline, Hardie, Moore, Shockley, Watts
Nay: None
Absent: None

CHARLIE A. WATTS II, CHAIRMAN

Approved: October 3, 2023