

BOARD OF SUPERVISORS MEETING

August 20, 2019

The regular meeting of the Campbell County Board of Supervisors was held on the 20th day of August 2019 in the Board of Supervisors meeting room of the Walter J. Haberer Building, Rustburg, Virginia. The members present were:

Eddie Gunter, Jr., Chairman, Presiding	Concord Election District
James A. Borland	Spring Hill Election District
Bob Good	Sunburst Election District
Jon R. Hardie	Rustburg Election District
Susan R. Hogg	Timberlake Election District
A. Dale Moore	Altavista Election District
Charlie A. Watts II	Brookneal Election District

Also present were:

Frank J. Rogers, County Administrator
Kristin B. Wright, Staff Attorney
Catherine H. Moore, Clerk

// BOARD OF SUPERVISORS PHOTOGRAPH

The Board members assembled prior to the 6 p.m. meeting in the Board of Supervisors meeting room to take an official photo. The members then moved to the Multi-Use Room for a work session with the County's financial advisors. Chairman Gunter called the meeting to order at 6:03 p.m.

// MEETING WITH COUNTY FINANCIAL ADVISORS

At the April 2nd Board meeting, staff provided background information on the County's existing public safety radio system. This information included a summary of the existing technology as well as challenges being faced as the system ages and components become increasingly difficult to repair and/or replace. During the May 21st work session, staff, along with technical experts from Harris, presented information on the radio system. At the June 4th meeting, staff was authorized to proceed with negotiations with the Regional Radio Board for the purpose of clarifying the viability and cost of that strategy. At the same time, staff was asked to develop a Request for Proposals (RFP) and solicit options for a "county-only" system replacement.

Also at the June 4th meeting the Board directed the County's financial advisors (Davenport and Company) identify strategies to fund the radio system replacement. At that time Roland Kooch of Davenport & Company and Dan Siegel of Sands Anderson, recommended the County implement the first phase of a multi-year plan of finance. This plan would create a short-term line of credit in the approximate amount of \$7.5 million which would be enough for the Public Safety Radio System and preliminary costs related to the School Capital Projects. Following the Board's approval of this strategy, Davenport issued a Request for Proposals (RFP) for a banking institution. Once the financing option was approved, Davenport would assist the County with implementing the funding by coordinating the process through the Industrial Development Authority.

David Rose of Davenport & Company and Dan Siegel of Sands Anderson were present at this meeting to present a recommendation from the RFP for the 2019 interim financing of \$7.5 million. After considering the flexibility to prepay the loan amount, the lowest fixed costs over a period of three years, no collateral requirements and consultation with staff, Davenport recommended the County proceed with BB&T. Mr. Davenport explained BB&T would be a bond anticipation note and not a line of credit meaning the proceeds would be drawn down at closing and invested in the Virginia State Non-Arbitrage Program (VASNAP). VASNAP was a program for local governments to earn interest on borrowed funds with certain limitations. The program was backed by U. S. government obligations.

There was additional discussion by the Board concerning the results of the RFP more particularly that First National Bank's interest rates, no collateral requirements and prepayment provisions were closely aligned to BB&T. Was there a possibility to go back and negotiate further with the top two responders, BB&T and First National Bank? Mr. Rose indicated Davenport had performed due diligence to receive the submitted proposals, but at the direction of the Board could go back to the responders for additional negotiation. He cautioned the Board the rates could change as a result of those discussions. It was the direction of the Board to give BB&T and First National Bank another opportunity to negotiate with the County on the interest rates and other costs before awarding the RFP. Administrator Rogers indicated the results of those negotiations and consideration of a resolution to approve a plan of interim financing would be placed on the Board's agenda for the September 3rd meeting. A meeting of the Industrial Development Authority would be scheduled following the Board's action.

// DRAFT FINANCIAL POLICY GUIDELINES

Mr. Rose provided the Board members a draft copy of Financial Policy Guidelines. Having a policy would allow the County to put its best foot forward when applying for a credit rating to lower borrowing costs for future capital projects. He asked the Board to review the document over the next 60 days and present any thoughts or questions to staff, and adoption of the document would be considered in October. Mr. Rose indicated the document closely aligned with the County's best practices, but did suggest the County move toward a higher Undesignated Fund Balance to protect the County during an economic slowdown.

// UPDATED CAPITAL FUNDING SCENARIOS

At the February 20, 2019 work session with the School Board, the financial advisors presented a preliminary capital funding analysis based on the priorities identified in the 2015 adopted School Capital Improvement Program (CIP). The analysis included four (4) scenarios based on the School's CIP adding a three (3%) percent inflation rate and contingency costs. The 2015 School CIP identified Rustburg Middle as the most critically needed facility and included the costs for a new Rustburg Middle. Subsequent to that meeting, the School Board reviewed the priorities and at its June 17, 2019 School Board meeting confirmed its top priority was a full replacement of Rustburg Middle School.

Mr. Rose indicated he was asked to prepare another analysis paring the four (4) scenarios down to two (2). Both of the scenarios include funding the County Projects and a new Rustburg Middle School in FY 2020, followed by upgrades to other schools in subsequent years. The difference was Scenario 1 did not include funding for upgrades to William Campbell High and Scenario 2 did include funding for upgrades to William Campbell High. Scenario 1 was estimated at \$91.5 million and Scenario 2 was estimated at \$106.3 million, but these were merely estimates and the final numbers would not be known until further in the process.

The FY 2020 approved budget had \$1.75 million for debt service and assuming the Board budgeted \$1.75 million each year, Scenario 1 would not have an additional equivalent tax impact. Scenario 2 would have an equivalent tax impact even if \$1.75 million was budgeted each year. The amount of the impact would depend on the amount budgeted each year for debt service.

The updated scenarios would provide the Board information to continue discussions on the plan of finance for capital projects. The County should be able to close on the interim financing in September, adopt the Financial Policy Guidelines in October and begin the process in late October/early November to obtain a credit rating. Mr. Rose indicated the Board would not have to decide now whether to move forward with Scenario 1 or Scenario 2, but would have to decide whether or not to move forward in FY 2020 with a new Rustburg Middle School. If approved, Davenport & Company would put together more specific details for a plan of finance.

Supervisor Borland asked if the newly approved meals tax could help bridge the gap in funding for the capital projects. Administrator Rogers indicated that would be at the Board's discretion. The meals tax would become effective in September, and staff would be monitoring those revenues.

// ADJOURNMENT

On motion of Supervisor Borland, the meeting was adjourned at 7:43 p.m.

The vote was: Aye: Borland, Gunter, Hardie, Hogg, Moore, Watts
Nay: None
Absent: Good

EDDIE GUNTER, CHAIRMAN

Approved: _____