

VIRGINIA: AT THE SPECIAL JOINT MEETING OF THE DINWIDDIE COUNTY BOARD OF SUPERVISORS, THE SCHOOL BOARD AND THE DINWIDDIE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY HELD IN THE MULTI-PURPOSE ROOM OF THE PAMPLIN ADMINISTRATION BUILDING IN DINWIDDIE COUNTY, VIRGINIA, ON THE 26th DAY OF JUNE 2006 AT 5:30 P.M.

BOARD OF SUPERVISORS

PRESENT:	DORETHA E. MOODY – CHAIR	ELECTION DISTRICT
#4		
	MICHAEL W. STONE - VICE CHAIR	ELECTION DISTRICT #5
	ROBERT L. BOWMAN IV	ELECTION DISTRICT
#3		
	(Mr. Bowman arrived at 5:45 p.m.)	
	DONALD L. HARAWAY	ELECTION DISTRICT
#2		
	HARRISON A. MOODY	ELECTION DISTRICT
#1		

SCHOOL BOARD

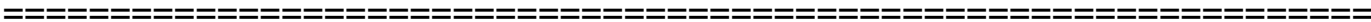
PRESENT:	CHARLES J. FRIEDL – CHAIR	DISTRICT #5
	WILLIAM R. HANEY – VICE CHAIR	DISTRICT #2
	JAMES C. MAITLAND	DISTRICT #1
	JAMES E. HARRISON, SR.	DISTRICT #3
	LEGERT HAMILTON	DISTRICT #4
	DR. MARANZANO, SCHOOL SUPERINTENDENT	
	LYNNE VENTER, DIRECTOR OF FISCAL OPERATIONS	

INDUSTRIAL DEVELOPMENT AUTHORITY

PRESENT: CHARLES R. JOHNSON – CHAIR
 WAYNE C. BARNES
 ROBERT A. WALLACE
 PAUL W. WALK, JR.
 VICKIE HELLER
 SAMUEL JOHNSON, III – ATTORNEY

ADMINISTRATION

PRESENT: KEVIN MASSENGILL, COUNTY ADMINISTRATOR
 MICHAEL DREWRY, COUNTY ATTORNEY
 ANNE HOWERTON, FINANCE DIRECTOR



Ms. Moody called the Board of Supervisors meeting to order at 5:30 p.m. The chairs of the respective Boards called their meetings to order right after.

1. ROLL CALL:

BOARD OF SUPERVISORS

PRESENT: Mr. Haraway
Mr. Moody
Mr. Stone
Ms. Moody

ABSENT: Mr. Bowman

Note: Mr. Bowman arrived at 5:45 p.m.

Mr. Massengill, County Administrator, stated that at the end of the last joint meeting he had conversations with several different members of the Board of Supervisors, IDA and School Board regarding length of term of financing. They felt that it would be better to shorten that length of term from 25 years to something more palatable.

1. DINWIDDIE COUNTY UPDATED SCHOOL CAPITAL FUNDING STRATEGIES

Mr. David Rose, Davenport & Company, LLC presented the following information:

BACKGROUND

Ø In October of 2004 Dinwiddie County Issued \$41.04 million of Lease Revenue Bonds and \$15 million of Lease Revenue Literary Loan Anticipation Notes to Fund Identified School Capital Needs Totaling Approximately \$55 million.

Ø Davenport Understands that Additional Funding for the School Projects Will be Required Above the \$55 million Initially Borrowed. This Additional Funding is Currently Estimated to be Approximately \$6.0 million.

Ø On May 31, 2006 Davenport Presented an Initial Analysis of the Potential Impact of Borrowing an Additional \$6 million for the School Projects on the County's Debt Affordability, and Debt Capacity to a Joint Meeting of the County's Board of Supervisors, School Board, and Industrial Development Authority ('IDA').

Ø As a follow-up to the May 31st Presentation Davenport was asked to examine additional options for the Term (i.e. Final Maturity) and Structure of the Borrowing.

GOALS AND OBJECTIVES

Ø Structure a Plan of Finance for the Additional \$6 million of School Capital Needs that Does Not Negatively Impact the County's Existing Strong Investment Grade Credit Ratings.

Ø Determine the Potential Impact that the Additional \$6 million of School Funding may have on the County's Overall Debt Capacity.

Ø Determine the Potential Budgetary Impact of the Additional School Funding Taking Into Account Future Growth and Use of Debt Service Fund (i.e. Capital Reserve) Monies.

Ø Explore Various Final Maturity Options (i.e. Length of the Financing) for the Additional School Funding.

KEY ASSUMPTIONS

Ø Amount Borrowed = \$6 million

Ø Fiscal Year 2007 Debt Service Fund Balance = \$8,144,931

• Estimated Reinvestment Rate = 5.00%

Ø Existing County Debt Outstanding Equal to Approximately \$90 million

• Includes 2004 Borrowings and Anticipated Permanent Literary Loan Takeout by the State at 2.0% Interest Rate.

• Fiscal Year 2007 Budgeted Debt Service Includes County Obligations, School Obligations, Airport Authority Obligations, and Water Authority Obligations.

Ø Funds Identified to Offset Debt Service Include:

1. ¼ of the Growth in Value of Penny (Real Estate Revenues);
2. Meals and Gate Tax Revenues;
3. School Construction Fund Monies;
4. Lottery Fund Monies;
5. Projected Interest Earnings on the 2004 Bond Monies from now Until Completion of the Projects;
6. Reduction of 2008 School Budget;
7. Sale of Hart Road School Site; and,
8. Prorating Personal Property Tax.

EXISTING DEBT SERVICE

Existing Debt Service is Based on All Outstanding Primary Government and Component Unit School Board Obligations as of June 30, 2005.

Existing Debt Service (P+I)

DEBT AFFORDABILITY – Cases Analyzed

Ø Two Capital Funding Options Analyzed Assuming \$6 million Borrowed in Summer of 2006 (FY 2007) Structured as Follows:

Case One – 5 Years of Level Debt Service at Estimated 5.00% Borrowing Rate.

Case Two - 10 Years of Level Debt Service at Estimated 5.00% Borrowing Rate.

INITIAL RESULTS

Ø Initial Results Indicate that Either Case Can be structured without an Equivalent Tax Impact.

	Case One	Case Two
<i>Final Maturity (Years)</i>	5	10
<i>Approximate Annual Payment (P+I)</i>	1,380,000	775,000
<i>Approximate Total Debt Service (P+I)</i>	7,100,000	7,900,000
<i>Debt Service Fund Monies Used</i>	7,179,901	5,230,808
<i>Debt Service Fund Balance in 2014</i>	\$3,422,170	\$5,955,172
<i>Estimated Tax Equivalent Impact*</i>	0¢	0¢

**Assumes all capital reserve funds are spent down prior to an additional tax equivalent impact.*

DEBT AFFORDABILITY – Case One

- Ø 5 Year Debt Service Obligation.
- Ø \$3.4 million remains in Debt Service Fund in 2014.
- Ø No Tax Equivalent Impact.

DEBT AFFORDABILITY – Case Two

- Ø 10 Year Level Debt Service Obligation.
- Ø \$5.9 million remains in Debt Service Fund by 2014.
- Ø No estimated Tax Equivalent Impact.

DEBT RATIO ANALYSIS

- Ø Ratio indicates that the County can support additional \$6 million of School needs while maintaining debt ratios within upper end of “A: rated levels.
- Ø No substantial difference between Case One (Five Year) and Case Two (10 Year) structure.
- Ø Larger annual payments via Case One (Five Year) push Debt Service vs. Expenditures moderately above “A” rated levels for a short time versus Case Two (10 Year).

- Ø No substantial difference between Case One (Five Year) and Case Two (10 Year) in terms of moving within "A" rated norms.

SUMMARY OBSERVATIONS

- Ø By Utilizing Debt Service Reserve Fund (i.e. Capital Reserve Fund) Monies, Funding Approximately \$6 million for Additional School Capital Needs Could be Structured with a Final Maturity in the 5 to 10 Year Range with No Additional Impact to the County's Budget.
- Ø Current Investments Rates for Overnight Monies (i.e. LGIP) are Approximately 5.0% While Current Bank Qualified, Lease Revenue, 10 to 15 Year Borrowing Rates in the 4.5% to 5.0% Range (*i.e. Investments Rates Equal or Exceed Borrowing Rates*).
- Ø As was Anticipated at the Time of the 2004 Bond Issue, the County's Key Debt Ratios are on the Higher End of Recognized "A" Rated Ranges.
- Ø The County's Strong "A" Rating Should not be Negatively Impacted by Borrowing an Additional \$6 million of School Monies.

NEXT STEPS

June 26, 2006 Joint Meeting of County Board of Supervisors, School Board, and IDA:

Authorize Davenport, Working in Concert with County Staff and Bond Counsel, to Prepare and Solicit a Request for Proposals ("RFP") for up to \$6 million in Bank-Qualified Financing for School Projects.

Note: By Doing so the County Places Itself at No Risk/Obligation to Move Forward.

Balance of Week

of June 26, 2006 Prepare and Distribute RFP to Local/Regional Banking Institutions.

Week of July 10, 2006 RFP's Due to and Analyzed by Davenport/Bond Counsel.

July 25, 2006 Joint Meeting of County Board of Supervisors, School Board, and IDA:

Present Recommendation on Provider/Structure of Financing to Various Boards for Formal Award and Approval of Financing Documents.

Early August, 2006 Close on Financing/Funds Available.

There was discussion regarding this funding.

Mr. Massengill discussed CIP needs and projects that would possibly be put on hold if the 5 year financing was decided upon. He said there were several School CIP projects that would not be done in the next 5 years. He said that the following needed to be taken into

consideration: any growth in County staff, operating costs of two new schools, any operating costs associated with the county jail, etc. He said that with the 5 year plan there is no contingency for the unseen problems that may occur.

The Chair opened the citizen comment period.

CITIZEN COMMENT:

1. David M. Dudley – 25907 Smith Grove Road – Petersburg – said that he felt the burden was being put on the tax payers. He asked if the Boards were going to come back to the taxpayers for more money. He said that everyone shared responsibility.

2. Michael W. Bratschi – 23500 Cut Bank Road – McKenney – said he felt the County could tighten its belt. He said that the Schools did not need new buses. He said the School system should not be charged for water and sewer hook-ups.

As there was no one else signed up to speak, the Chair closed the citizen comment period.

2.A. ACTION ITEM: 2006 BOND – IDA SCHOOL FINANCING

Upon motion of Mr. Haraway, seconded by Mr. Moody,

BE IT RESOLVED that the Board of Supervisors of Dinwiddie County, Virginia, does hereby agree with and approve of the issuance of a Series 2006 Bond by the Industrial Development Authority of Dinwiddie County, Virginia in an amount not to exceed \$6 million excluding issuance costs, for a term not to exceed 10 years, to finance the construction and completion of a new high school and elementary school.

BE IT FURTHER RESOLVED that the Board of Supervisors of Dinwiddie County, Virginia, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, does state its intentions to assist with the payoff of the 2006 IDA Bond as early as financially feasible with identified future revenue, and hereby recommends that future Boards of Supervisors do likewise.

Ayes: Mr. Bowman, Mr. Haraway, Mr. Moody, Mr. Stone, Ms. Moody

Nays: None

Upon motion of Mr. Moody, seconded by Mr. Haraway,

BE IT RESOLVED that the Board of Supervisors of Dinwiddie County, Virginia, does hereby authorize and direct W. Kevin Massengill, County Administrator, to execute any necessary documents with Hunton & Williams, LLP and approves of their hiring to provide bond counsel services for no more than \$25,000.00 for the issuance of Series 2006 IDA Bond to finance the construction and completion of a new high school and elementary school.

Ayes: Mr. Bowman, Mr. Haraway, Mr. Moody, Mr. Stone, Ms. Moody

Nays: None

Upon motion of Mr. Stone, seconded by Mr. Moody,

BE IT RESOLVED that the Board of Supervisors of Dinwiddie County, Virginia, does hereby authorize and direct W. Kevin Massengill, County Administrator, to execute any necessary documents with Davenport & Company, LLC and approves of their hiring to provide financial and bond transaction services for no more than \$15,000.00 for the issuance of Series 2006 IDA Bond to finance the construction and completion of a new high school and elementary school.

Ayes: Mr. Haraway, Mr. Bowman, Mr. Moody, Mr. Stone, Ms. Moody

Nays: None

Upon motion of Mr. Haraway, seconded by Mr. Stone,

BE IT RESOLVED that the Board of Supervisors of Dinwiddie County, Virginia, does hereby agree and approve of the issuance of a notice of acceptance and a contract with Kenbridge Construction Company, Inc. by the Dinwiddie County School Board for construction of a new high school in the approximate amount of \$40,150,000.00, and for the construction of a new elementary school in the approximate amount of \$14,700,000.00, subject to appropriation by the Board of Supervisors of sufficient additional construction funds to cover the total contract amount.

Ayes: Mr. Bowman, Mr. Moody, Mr. Haraway, Mr. Stone, Ms. Moody

Nays: None

A motion was made and approved by the IDA, and to be entered into their minutes, to issue a bank qualified loan bond issue loan.

The IDA Board and the School Board adjourned at this time.

2.B. ACTION ITEM: MORAL OBLIGATION T- HANGER CONSTRUCTION

The Board received a letter from Mr. Spencer L. Waddell, Jr., Airport Manager, stating the following:

As per the recommendation and request of the Board of Supervisors at the June 20, 2006 meeting, the Dinwiddie Airport and Industrial Authority sought three (3) quotes for the construction loan for the T- Hangar Project. The following lending institutions were contacted and an interest rate for a loan of \$300,000 was requested. The institutions and rates are listed below.

SunTrust Bank: 5.8%

Bank of McKenney: 5.75%

Bank of Southside Virginia: 5.49%

Following receipt of the above quotes the Authority will be seeking financing with the Bank of Southside Virginia if the information provided herein satisfies the concerns of the Board of Supervisors and approval of the request for moral obligation for the loan is approved by the Board.

Mr. Massengill stated that at the June 20th Board meeting it was the consensus of the Board that he was approved to sign the resolution of moral obligation to Dinwiddie County Airport. They were to return quotes to the Board from three lending institutions for an interest rate for the loan of \$300,000. The lowest quote was 5.49% from Bank of Southside Virginia.

It was the consensus of the Board for Mr. Massengill to execute the resolution of moral obligation to Dinwiddie County Airport.

3. ADJOURNMENT

Upon motion of Mr. Moody to adjourn, seconded by Mr. Haraway,

The meeting was adjourned at 7:15 p.m.

Doretha E. Moody, Chair

ATTEST: _____

W. Kevin Massengill
County Administrator
Clerk to the Board

/wjn