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Regular Meeting, Wednesday, September 24, 2014, 7:00 p.m. Government Center, Verona, VA.

PRESENT: Larry J. Wills, Chairman  
Michael L. Shull, Vice-Chairman  
Carolyn S. Bragg  
David A. Karaffa  
Jeffrey A. Moore  
Marshall W. Pattie  
Tracy C. Pyles, Jr.  
Patrick J. Coffield, County Administrator  
Timmy Fitzgerald, Director of Community Development  
Jennifer M. Whetzel, Director of Finance  
Patrick J. Coffield, County Administrator  
Patrick J. Morgan, County Attorney  
Rita R. Austin, CMC, Executive Secretary

VIRGINIA: At a regular meeting of the Augusta County Board of Supervisors held on Wednesday, September 24, 2014, at 7:00 p.m., at the Government Center, Verona, Virginia, and in the 239<sup>th</sup> year of the Commonwealth....

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Chairman Wills welcomed the citizens present.

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Mackenzie Redifer, a junior of Fort Defiance High School, led us with the Pledge of Allegiance. Mackenzie is the Captain of the Debate Team; participates in the choir at school and hopes to attend the George Mason University majoring in Law.

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David A. Karaffa, Supervisor for the Beverley Manor District, delivered invocation.

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MATTERS TO BE PRESENTED BY THE PUBLIC

James Riddel asked about the response of his request for a variance.

Patrick Morgan, County Attorney, referred to Mr. Riddel's previous discussion of being told that if the alleyway behind his property was vacated and added to his property, he would be able to add an accessory building. While that process was going on, the Zoning Ordinance changed and only provides for a 900 square foot accessory building. The building he was considering was larger and would not comply with the Zoning Ordinance. Mr. Morgan said that he worked closely with the Zoning Administrator to determine if there was a way to consider his project vested. The statute states that if a property owner receives a beneficiary or is a significant governmental act and relies on it and makes extensive expenditures or obligations, then that project is considered vested and the change in the Zoning Ordinance would not apply. Mr. Morgan, nor Mr. Wilkerson, have been unable to find the significant action such as a written order, requirement, or decision determination that that would be in compliance with the Zoning Ordinance. The only alternative to accommodate Mr. Riddel would be to amend the Zoning Ordinance.

Mr. Karaffa asked if the Board had the ability to approve a waiver on this request. Chairman Wills said that he would like to research this issue a little more before making a final decision. Mr. Riddel said that the Zoning Administrator told him it could not be done. It never came before the Board of Zoning Appeals. Mr. Pattie asked if the Zoning Ordinance could be amended to add a grandfather clause. Mr. Morgan said that would not work but felt there were ways the Zoning Ordinance could be amended to accommodate Mr. Riddel. Chairman Wills asked that it be referred to the Ordinance Committee. He expressed concern of the financial cost that Mr. Riddel has made.

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MATTERS TO BE PRESENTED BY THE PUBLIC (cont'd)

Nancy Sorrells thanked the Board for its ongoing support of the pipeline project. "In all my years in Augusta County, I have never seen anything that has so united this community. The support for the Augusta County Alliance is phenomenal. That is because the Alliance is the people of our community. This is definitely not a political issue; it is not a social or economic issue; and the people against this proposed pipeline route are not wild-eyed radicals of one type or another. These are teachers, widows, school kids, farmers, business owners, grandparents, those who have only lived here a short time, but have discovered that this is the best place in the world to live and those whose family farm has been here and been in their families since King George, III. They are united about one thing. They love Augusta County and they are convinced this pipeline does not do anything to enhance the quality of life that we all hold so dear."

She added that the Board of Supervisors has been given "specific power to protect the health, safety and welfare of the citizens of this County". She noted that the list of landowners who are in the pipeline study corridor and the proposed route map is available "if Dominion chooses to release them". The overall route through Augusta County, which was turned into the Department of Conservation and Recreation on August 7<sup>th</sup> and the one printed and distributed as early as August 5<sup>th</sup> has not changed. She also thanked the Augusta County Service Authority staff for providing maps, particularly of all the sinkholes in Augusta County, and the research in regard to how this pipeline could affect the area citizens. She offered the Augusta Alliance's service in providing help to the Board. She noted that Dominion has not made a pre-filing application to the Federal Energy Regulatory Commission (FERC), citizens have begun sending letters to FERC and copying them to the Alliance and are available on the FERC website. She offered to provide these letters (50) to the Board.

Beth Huddleston, Brad Huddleston and Evette Barton, in Augusta Farms Subdivision, expressed the need for a barking dog ordinance. They have been having barking issues with a neighbor for the last two years for four to five nights weekly. They have spoken with the neighbor and stated that he is "not negotiable". They noted that other neighbors have expressed their concern.

Mr. Karaffa mentioned that he has received 2 phone calls and an e-mail from citizens who live in the immediate area. While he was on the phone, he could hear the dogs. He suggested that the Ordinance Review Committee review this issue for "residential neighborhoods". Chairman Wills noted that there has been a public hearing on this issue and asked if the Board objected to the Ordinance Review Committee reviewing this issue again. It was the consensus of the Board to refer this to the Ordinance Review Committee. Mr. Coffield said that he would provide minutes of past Board actions to the Committee.

Eleanor Amidon, of Nelson County, expressed concern of the pipeline. She stated that if constructed, it would permanently fragment the George Washington National Forest. It would create a 150' wide path of cleared and degraded land during construction and leave a permanent 75' wide swath of cleared land indefinitely. This would create soil disruption and sediment that could contaminate streams and drinking water. It would also provide a corridor for evasive species to enter the remote wild lands. It would also increase pressure on the George Washington National Forest for future hydrofracking activities

Philip Khnopp, of Churchville, expressed concern of the pipeline providing a target for terrorists and, also, disturbing graves.

Mr. Pyles, in regards to pipeline, made the following comment:

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MATTERS TO BE PRESENTED BY THE PUBLIC (cont'd)

Dominion Pipeline (cont'd)

This Board had unanimously voted to send a resolution to Dominion requesting that they send to us the specifics of what they were going to do and where they were going to do it—a detailed map of their route. Mr. Wills delivered it last Monday and the response, I thought, was a bit tepid. It was one of ‘Well, we can’t do it, now. You’ll have to wait until later’. Dominion likes to speak of safety and how much they care about providing a safe place to work for their employees. Well, I think it part of our duty to provide a safe place to live. They should be understanding that we need this information so that we can look at it from our perspective; so we can have to go through the same process that we do for people who just want to – you know we have this gentleman who wants to add a little bit to his house and he can’t do it because we have these ordinances in place, but these other folks can just come in and kind of do what they want. I’ve asked Mr. Wills if we could, maybe, try and get a little bit more teeth, or a little bit more movement, from Dominion by whatever means, but sending a letter asking for a date in which they would provide this information and ask if we couldn’t have at least three months before they do the pre-filing as the estimated amount of time that Community Development said they would take it through the process. I don’t think that that would be too burdensome; it would give us enough time. We know things are always subject to change and it can be, but it is a lot of work to do, but it is for a very important reason. It is my request that we send another letter, maybe, registered, requesting that we have this information—give us a time for when we can get the information we requested, that it would be no later than three months before they intend to do their pre-filing.

Mr. Pyles moved, seconded by Ms. Bragg, that the Board authorize the Chairman to submit a letter to Dominion Power requesting information and a timetable for delivery of that information at least three months prior to their pre-filing.

Mr. Moore clarified the motion as to requesting information that would be needed for rezoning.

Vote was as follows:           Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles

Nays: None

Motion carried.

Mr. Karaffa mentioned that at the last meeting, he had asked that a letter also be sent to the Governor to invite him to “look in on our concerns”. Chairman Wills said that this will be mentioned under “Matters Presented by the Board”.

Mr. Pyles added that there was a provision in the Constitution about property rights. He read:

A public service company, a railroad, exercise the power of eminent domain for public use when such exercise is for the authorized provision of utility common carrier railroad services. In all cases, a taking or damaging of private property, is not for public use if the primary use is for private gain, private benefit, private enterprise, increasing jobs, increasing tax revenue, or economic development, except for the elimination of a public nuisance existing on the property. The condemner bears the burden of proving that the use is public without presumption.

He noted that, based upon the above, everything the Governor talked about was for economic purposes. He questioned the purpose of transmission line. “Property shouldn’t be taken for economic development or private gain.”

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VDOT REVENUE SHARING FOR 2015-16

The Board considered VDOT Revenue Sharing Program for FY2015-16.

Patrick J. Coffield, County Administrator, advised that this had been discussed at the Staff Briefing on Monday to improve the Route 608 (entrance to Expo to Augusta Farms Road), in an amount of \$425,000 (Augusta County), \$400,000 (property owner), totaling \$825,000, which will be funded from the CIP Account #80000-8162. If approved by VDOT, internal TIF agreements will be executed.

Mr. Karaffa added that this will be an enhancement of the road past the Exit 91 project that is currently in place and would allow for that property that has already been zoned for Business to be developed.

Mr. Karaffa moved, seconded by Ms. Bragg, that the Board approve the request.

Vote was as follows:           Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles  
  Nays: None

Motion carried.

Chairman Wills noted to the public that most of these items were discussed at Monday's Staff Briefing.

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MPO – WEYERS CAVE

The Board considered petition to have Weyers Cave added to the regional MPO.

Timmy Fitzgerald, Director of Community Development, stated that pros and cons of making the request of the Staunton, Augusta, Waynesboro Metropolitan Planning Organization to add the Weyers Cave into the SAW MPO area had been discussed at the Staff Briefing on Monday. The process would be that, if this Board desired to have this area in the MPO, a letter would need to be provided to the MPO Policy Board requesting that they consider this addition at its next meeting.

Mr. Pattie moved, seconded by Mr. Shull, that the Board submit a letter to the MPO Policy Board requesting that Weyers Cave be added to the MPO.

Chairman Wills noted that there are several projects around the interstate at Weyers Cave. This would provide planning funds to work on the intersection where people are coming out of Blue Ridge Community College and trying to get onto Interstate 81, North or South. Currently, it is a safety problem. Route 11, from Verona to Weyers Cave, is included in the Six-Year request to the State to consider for safety reasons because it is a primary route that is used when there is a blockage on the Interstate. Planning money from the State could be available for some of these projects to tie into local funding.

Mr. Moore asked that it be mentioned in the letter emphasis of the Blue Ridge Community College as the regional college and Shenandoah Valley Airport as the regional airport that would be encompassed by the new MPO boundary line.

Vote was as follows:           Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles  
  Nays: None

Motion carried.

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LADD PURCHASE CONTRACT

The Board considered amendment to original purchase to allow for extension of study period (90 days total).

Mr. Coffield reported that this had been discussed at the Staff Briefing on Monday. He noted that there is an existing 180-day contract which provided for two 30-day extensions. The developer feels an additional 30 days is needed. The request before the Board is to amend the original agreement to allow a 90-day study period, as well as to increase a non-refundable deposit of \$10,000 to \$15,000.

Mr. Moore moved, seconded by Mr. Karaffa, that the Board approve the request to extend the study period of an additional 30 days (90 days total) and the non-refundable deposit to be increased to the amount of \$15,000 (from \$10,000).

Vote was as follows:           Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles

Nays: None

Motion carried.

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VRA – WATER TANK PROJECT

The Board considered VRA bond resolution for Mill Place Commerce Park water tank project.

Jennifer Whetzel, Director of Finance, reported that this had been discussed at the Monday, Staff Briefing. The water tank financing will include the tank, itself, as well as a connection to the water source for a total project of approximately \$2.2 million. It will be a 10-year loan through the Virginia Resources Authority and the bond sale will be in November. The Board has passed a reimbursement resolution for this project and will review in the future, along with the Service Authority Board, an operation and maintenance agreement and the tax certificates related to the project. Before the Board tonight is a resolution that will allow the Chairman to sign off to proceed with the financing and list the documents to be executed including the leases for the project.

Mr. Karaffa added that this water tank will not only ensure the ability to continue to develop Mill Place Commerce Park, but will also provide additional resources for the water infrastructure that is connected in that area for health and public safety for the County.

Mr. Karaffa moved, seconded by Mr. Moore, that the Board adopt the following resolution:

**RESOLUTION OF THE BOARD OF SUPERVISORS OF AUGUSTA COUNTY, VIRGINIA  
AUTHORIZING THE EXECUTION AND DELIVERY OF A  
LOCAL LEASE ACQUISITION AGREEMENT AND  
FINANCIAL LEASE AND RELATED DOCUMENTS**

**WHEREAS**, the Board of Supervisors of Augusta County, Virginia (the “Board”) has determined that Augusta County, Virginia (the “County”) has an immediate need for the construction of an elevated water storage tank and related pipes together with antenna mounting and cathodic protection systems and desires to finance the same including related expenses and costs of issuance (collectively, the “Project”);

**WHEREAS**, there has been presented to the Board a plan for the financing of the Project which would not create debt of the County for purposes of the Virginia Constitution;

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**VRA – WATER TANK PROJECT (cont'd)**

**WHEREAS**, pursuant to such financing plan, the Virginia Resources Authority (the “VRA”) would use a portion of the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2014C (as more particularly defined in the below defined Lease, the “VRA Bonds”) to finance the Project in accordance with the terms of a Local Lease Acquisition Agreement and Financing Lease, dated as of October 2, 2014 (the “Lease”), between the County and VRA;

**WHEREAS**, the County will enter into a Prime Lease (the “Prime Lease”) with VRA whereby the County will lease certain real estate, which may include any or all of the real estate upon which the Project is to be located, owned by the County, as may be required by VRA (the “Real Estate”), and the associated improvements and property located on the Real Estate (the “Improvements”) to VRA;

**WHEREAS**, the County will enter into the Lease with VRA pursuant to which VRA will lease the Real Estate and the Improvements back to the County and the County will make rental payments corresponding in amount and timing to the debt service on the portion of the VRA Bonds issued to finance the Project (the “Rental Payments”);

**WHEREAS**, pursuant to the Lease, the County will undertake and complete the Project;

**WHEREAS**, the County has indicated that the amount of proceeds being requested from VRA is approximately \$2,164,000 (the “Proceeds Requested”), or such other amount requested by the County in writing and approved by VRA prior to the pricing of the VRA Bonds, provided such amount does not exceed the maximum aggregate principal amount of the principal components of the Rental Payments under the Lease as authorized pursuant to this Resolution;

**WHEREAS**, VRA has advised the County that VRA’s objective is to pay the County as the purchase price for the Lease an amount which, in VRA’s judgment, reflects the market value of the Rental Payments under the Lease (the “VRA Purchase Price Objective”), taking into consideration the maximum authorized principal amount of the principal components of the Rental Payments under the Lease, the Proceeds Requested and such factors as the purchase price to be received by VRA for the VRA Bonds, the issuance costs of the VRA Bonds (consisting of the underwriters’ discount and other costs incurred by VRA (collectively, the “VRA Costs”)) and the market conditions relating to the sale of the VRA Bonds;

**WHEREAS**, such factors may result in the County receiving an amount other than the Proceeds Requested and consequently (i) the aggregate principal amount of the principal components of the Rental Payments under the Lease may be greater than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) if the maximum authorized aggregate principal amount of the principal components of the Rental Payments under the Lease set forth in paragraph 2 of this Resolution does not exceed the Proceeds Requested by at least the amount of the VRA Costs and any original issue discount, the amount to be paid to the County, given the VRA Purchase Price Objective and market conditions, will be less than the Proceeds Requested;

**WHEREAS**, there have been made available to the members of the Board at this meeting preliminary drafts of the following documents (collectively, the “Documents”) in connection with the transactions described above, copies of which shall be filed with the records of the Board:

- (a) Prime Lease;
- (b) Lease; and
- (c) Leasehold Deed of Trust and Security Agreement, dated as of November 1, 2014 (the “Deed of Trust”), from VRA to the deed of trust trustees thereunder for the benefit of U.S. Bank National Association, as trustee (the “Trustee”); and

**WHEREAS**, the payments due under the Lease shall be subject to appropriation by the County for each fiscal year;

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**VRA – WATER TANK PROJECT (cont'd)**

**BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF AUGUSTA COUNTY, VIRGINIA:**

1. The Board hereby finds and determines that it is in the best interests of the County to proceed with the financing of the Project. After consideration of the methods of financing the Project, it is hereby determined that it is in the best interests of the County to accept, and the County does hereby accept, the offer from VRA for the financing of the Project as contemplated by the Lease.

2. The maximum aggregate principal amount of the principal components of the Rental Payments under the Lease shall not exceed \$2,380,400, the interest component of the Rental Payments under the

Lease shall be calculated at a rate not to exceed 5.50% (exclusive of “supplemental interest” as provided in the Lease) and the Lease shall terminate no later than November 30, 2029. Given the VRA Purchase Price Objective and market conditions, it may become necessary to enter into the Lease with the aggregate principal amount of the principal components of the Rental Payments greater than the Proceeds Requested. If the limitation on the maximum aggregate principal amount of the principal components of the Rental Payments under the Lease set forth in this paragraph 2 restricts VRA’s ability to generate the Proceeds Requested, taking into account the VRA Costs, the VRA Purchase Price Objective and market conditions, the purchase price of the Lease will result in an amount less than the Proceeds Requested. Subject to the foregoing limitations, the County authorizes VRA to establish the final aggregate principal amount of the principal components of the Rental Payments under the Lease, the final interest components of the Rental Payments under the Lease and the interest rates at which the same are calculated, the final termination date of the Lease and the final principal amortization schedule as evidenced by the principal components of the Rental Payments under the Lease. No further action or approval of such financing terms shall be necessary on the part of the County. The Rental Payments and any penalties or premiums due under the Lease shall be payable on the dates and in the amounts set forth in the Lease, and the payment thereof shall be subject to appropriation by the County. The County may, at its option, redeem, prepay or refund the Rental Payments due under the Lease upon the terms set forth therein. The interest component of the Rental Payments payable under the Lease shall be computed on the basis described in the Lease.

As set forth in the Lease, the County agrees to pay, subject to appropriation, the “supplemental interest” and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve and, on the demand of VRA, a late payment penalty if any Rental Payment on the Lease is not paid within ten days after its due date.

The Rental Payments and other amounts payable under the Lease shall be payable in lawful money of the United States of America.

3. The Documents shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, omissions, insertions and changes (including changes of dates of documents) as may be subsequently approved by the Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, which approval shall be evidenced conclusively by the execution and delivery of the Documents to which the County is a party by such Chairman or Vice Chairman of the Board or the County Administrator.

4. The Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, are each hereby authorized and directed to execute and deliver the Documents to which the County is a party and to acknowledge and consent to, if necessary, the provisions of the Deed of Trust. The Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, are each hereby also authorized to cause the recording, with the Circuit Court Clerk’s Office of Augusta County, Virginia, of the Prime Lease, the Lease and the Leasehold Deed of Trust, if so requested by VRA. The Clerk and Deputy County Clerk of the Board, either of whom may act, are each hereby authorized and directed to affix the County seal to any of the Documents to which the County is a party and to attest the same.

5. The Chairman and Vice Chairman of the Board and the County Administrator and other appropriate officials of the County, including the Clerk and Deputy Clerk of the Board, are each hereby authorized to execute and deliver all other certificates, instruments and documents, including the Non-Arbitrage Certificate and Tax Compliance Agreement, dated the date of its execution and delivery, among VRA, the County and the Augusta County Service Authority, in the name and on behalf of the County and to take all such further action (a) as they may consider necessary or desirable to carry out the intent and purpose of this Resolution, the financing of the Project or the execution, delivery and performance of the Documents to which the County is a party or (b) as may be reasonably requested by VRA in connection with any of the foregoing.

6. The County authorizes and consents to the inclusion of information with respect to the County in VRA’s Preliminary Official Statement and VRA’s Official Statement in final form, both prepared in connection with the sale of the VRA Bonds. The Chairman and Vice Chairman of the Board and the County Administrator are each authorized and directed to take whatever actions are necessary and/or appropriate to aid VRA in ensuring compliance with Securities and Exchange Commission Rule 15c2-12.

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VRA – WATER TANK PROJECT (cont'd)

7. The Board hereby selects and designates Troutman Sanders LLP as Bond Counsel with respect to the financing contemplated by the Lease.

8. The County has heretofore received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool I (the “Contract”), and the County hereby authorizes the use of SNAP in connection with the investment of the proceeds received by the County under the Lease, if the Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, determine that the utilization of SNAP is in the best interest of the County. The County acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the County in connection with SNAP, except as otherwise provided in the Contract.

9. No covenant, condition, agreement or obligation contained herein or the Documents shall be deemed to be a covenant, condition, agreement or obligation of any officer, employee or agent of the County in his or her individual capacity, and no officer of the County executing the Lease shall be liable personally on the Lease or be subject to any personal liability or accountability by reason of the execution and delivery thereof. No officer, employee or agent of the County shall incur any personal liability with respect to any other action taken by him or her pursuant to this Resolution, provided he or she acts in good faith.

10. All acts of the Chairman and Vice Chairman of the Board and the County Administrator and other officers of the County, regardless of whether such acts occurred prior to or occur after the adoption of this Resolution, that are in conformity with the purposes and intent of this Resolution and in furtherance of the plan of financing, the execution and delivery of the Lease and the undertaking of the Project are hereby approved and ratified.

11. The Project is hereby declared to be essential to the efficient operation of the County, and the Board anticipates that the Project will continue to be essential to the operation of the County during the term of the Lease. 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 permit the County to make all payments under the Lease and hereby recommends that future Boards of Supervisors do likewise during the term of the Lease. If the County exercises its right not to appropriate money for Rental Payments under the Lease, the County understands that VRA, or the Trustee as assignee of VRA, may terminate the Lease or otherwise exclude the County from possession of the property serving as collateral or any portion thereof to the extent provided in the Lease and the Deed of Trust.

12. All resolutions, ordinances or parts thereof in conflict herewith are repealed.

13. This Resolution shall take effect immediately.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles

Nays: None

Motion carried.

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VRA-MIDDLE RIVER REGIONAL JAIL

The Board considered VRA bond resolution (refinancing) for Middle River Regional Jail.

Ms. Whetzel reported that this had been discussed at the Staff Briefing on Monday. Virginia Resources Authority would require each of the member jurisdictions, including, Staunton and Waynesboro, to pass a resolution and support agreement. Both of the cities are to consider a resolution this week. Waynesboro has already voted to proceed. Staunton will address the issue Thursday night. The Jail Authority considered a resolution and financing agreement yesterday (Tuesday) at its meeting and decided to move forward with refinancing of \$30 million in outstanding bonds. The estimated interest rate is 3-3.5% and will be approximately \$6 million in savings over the remaining 19 years. The agreement, tonight, would obligate the County for a moral obligation if the County decided not to pay the debt service on those bonds. It will allow



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VRA-MIDDLE RIVER REGIONAL JAIL (cont'd)

for a State-aid intercept where VRA can pull some of the County's State funding from other items (such as Comp Board or Education) if Augusta County failed to pay the debt. She noted that was not our intention and recommended that the Board move forward with the agreements and adopt the resolution.

Mr. Karaffa moved, seconded by Mr. Shull, that the Board adopt the following resolution:

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF AUGUSTA, VIRGINIA,  
CONSENTING TO THE ISSUANCE OF A JAIL FACILITY REVENUE REFUNDING BOND BY THE MIDDLE  
RIVER REGIONAL JAIL AUTHORITY AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPORT  
AGREEMENT IN CONNECTION THEREWITH**

**WHEREAS**, the Middle River Regional Jail Authority (the "Jail Authority") is a regional jail authority as provided in Section 53.1-95.2 et seq. of the Code of Virginia, as amended (the "Virginia Code"), and a public instrumentality of the Commonwealth of Virginia established by the governing bodies of the County of Augusta, Virginia (the "County") and the Cities of Staunton, Virginia and Waynesboro, Virginia (collectively, the "Member Jurisdictions") for the purpose of developing a regional jail located in Augusta County, Virginia (the "Jail"), which is operated on behalf of the Member Jurisdictions by the Jail Authority;

**WHEREAS**, the Jail Authority and the Member Jurisdictions have entered into a Service Agreement dated June 25, 2001, as amended on June 12, 2003 (the "Service Agreement"), which provides for payments by each Member Jurisdiction to the Jail Authority for services to be rendered to the Member Jurisdictions by the Jail Authority, and sets forth certain other responsibilities of the parties;

**WHEREAS**, the Jail Authority desires to issue its jail facility revenue refunding bond in a maximum principal amount not to exceed \$36,000,000 (the "Local Bond"), the proceeds of which will be used to refund the Jail Authority's Jail Facility Revenue Bonds, Series 2003, which refunding will result in debt service savings and thereby reduce the debt service component of the per diem charges to be paid by the County and the other Member Jurisdictions under the Service Agreement;

**WHEREAS**, the Jail Authority has been advised that the Virginia Resources Authority ("VRA"), a public body corporate and political subdivision of the Commonwealth of Virginia, is willing to purchase the Local Bond on terms favorable to the Jail Authority;

**WHEREAS**, VRA has indicated its willingness to purchase such Local Bond in accordance with the terms of a Local Bond Sale and Financing Agreement to be dated as of a date to be specified by VRA, between VRA and the Jail Authority (the "Financing Agreement"); and

**WHEREAS**, VRA has indicated that its agreement to purchase the Local Bond will be conditioned upon each of the Member Jurisdictions undertaking non-binding obligations to appropriate from time to time moneys to the Jail Authority in connection with payments due under the Service Agreement, which constitute the principal source of and security for the payment of the debt service on the Local Bond, as set forth in the Support Agreement to be dated as of November 1, 2014 (the "Support Agreement"), among the Jail Authority, the County and VRA, the most recent draft of which has been presented to this meeting;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE  
COUNTY OF AUGUSTA, VIRGINIA, THAT:**

1. It is found and determined that the best interests of the County and its citizens will be served by the agreement by the Board of Supervisors to enter into the Support Agreement to satisfy one of VRA's conditions to the purchase of the Local Bond.
2. The Board of Supervisors acknowledges that (i) the obligations of the Jail Authority to set and revise, and of the Member Jurisdictions to pay, the per diem charge for each prisoner committed to the Jail Authority is crucial to the security for the Local Bond, (ii) VRA would not purchase the Local Bond without the security and credit enhancement provided by the Support Agreement, (iii) VRA will be a third party beneficiary of the Service Agreement for so long as the Local Bond remains outstanding, and (iv) VRA is treating the Support Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Code, which in the event of a nonpayment thereunder authorizes VRA or the trustee for VRA's bonds to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Virginia Code. Section 62.1-216.1 provides that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable

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VRA-MIDDLE RIVER REGIONAL JAIL (cont'd)

by the Commonwealth of Virginia to the County for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

- 3. In consideration of the Jail Authority's issuance of the Local Bond and VRA's agreement to purchase the Local Bond pursuant to the terms of the Financing Agreement, the Chairman or Vice-Chairman of the Board of Supervisors or the County Administrator, any of whom may act, is hereby authorized and directed to execute and deliver the Support Agreement. The Support Agreement shall be in substantially the form presented to this meeting, which is hereby approved, with such completions, omissions, insertions or changes not inconsistent with this resolution as may be approved by the Chairman or Vice-Chairman of the Board of Supervisors or the County Administrator, in their sole discretion, the execution thereof by the Chairman or Vice-Chairman of the Board of Supervisors or the County Administrator to constitute conclusive evidence of his or her approval of such completions, omissions, insertions or changes.
- 4. The County Administrator is hereby authorized and directed to carry out the obligations imposed on him by the Support Agreement, and to take all proper steps on behalf of the County as may be required, in accordance with the Jail Authority's plan of refunding described above.
- 5. Nothing contained herein or in the Support Agreement is or shall be deemed to be a lending of the credit of the County to the Jail Authority, VRA or to any holder of the Local Bond or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything contained herein or in the Support Agreement legally bind or obligate the Board of Supervisors to appropriate funds for purposes described in the Support Agreement.
- 6. All actions previously taken by representatives or agents of the County in furtherance of the plan of refunding and issuance of the Local Bond are hereby ratified and approved.
- 7. This resolution shall take effect immediately.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles

Nays: None

Motion carried.

\* \* \* \* \*

WAIVERS/VARIANCES – NONE

\* \* \* \* \*

CONSENT AGENDA

Mr. Karraffa moved, seconded by Mr. Moore, that the Board approve the consent agenda as follows:

MINUTES

Approved minutes of the following meetings:

- Regular Meeting, Wednesday, September 10, 2014

VDOT-FY2016-21 SYIP

Consider VDOT Fy2016-21 Six-Year Interstate-Primary.

ORDINANCE REVIEW COMMITTEE RECOMMENDATIONS

Consider Ordinance Review Committee recommendations:

- A) Panhandlers – authorize to advertise for public hearing.
- B) Amusement Rides – authorize to advertise for public hearing.
- C) Chicken Domestic – refer back to Committee for drafting of ordinance and resubmittal to the Board for consideration to advertise for public hearing.
- D) On-the-farm Activities – pending future Committee recommendation (tentatively Board's October 20, Staff Briefing).

September 24, 2014, at 7:00 p.m.

CONSENT AGENDA (cont'd)

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles

Nays: None

Motion carried.

\* \* \* \* \*

MATTERS TO BE PRESENTED BY THE BOARD

The Board discussed the following issues:

Mr. Karaffa: News Leader article regarding schools – did not agree with numbers that were published. He indicated that he asked that staff review the numbers that were published. He felt information was left out as to Augusta County’s funding.

Mr. Coffield had spoken with Ms. Whetzel and Dr. Bond who agreed that incorrect information was stated in the article. Information was distributed to the Board with the following highlights:

- Tax rate: 2¢ out of the 5¢ was allocated to schools. An attachment document (BOS FY14-15 Budget – March 26, 2014 notes) indicates the 5¢ (Revenues) “Board Notes” reflect a Composite Index contribution equal to 1.86¢; therefore, it’s 3.86¢ versus 3¢.
- BOS FY13-14 Budget Notes reflect 3¢ real estate increase split 2/3 schools; 1/3 county.
- Rockingham v. Augusta – Augusta: \$97.5 million; Rockingham: \$121 million – document referred from the article was what the School Board approved to present to Board of Supervisors. Actual amount approved includes:  
  - \$98.9 million School Operating; School Cafeteria Fund: \$4.6 million; School Improvement: \$1 million; Head Start Fund: \$2 million; Governor’s School Fund: \$1.4 million (Total: \$115.2 million)
- Total Students: Article reflected 10,529 School Board budget was based upon 10,260

Mr. Coffield suggested that the person, who wrote the article who attended School Board meetings, should have asked her counter-part who attended Board of Supervisors meetings for clarification or called the County Administrator.

Mr. Karaffa appreciated Mr. Coffield’s explanation. When he receives calls he felt that “This information will be able to be put into their hands to help them better understand how committed this Board is to quality education in Augusta County Public Schools.”

Mr. Pyles asked if the School Board did anything proactively to share their concerns with the News Leader. Mr. Coffield said that Dr. Bond is going to look at the article closer.

\* \* \* \* \*

September 24, 2014, at 7:00 p.m.

**MATTERS TO BE PRESENTED BY STAFF**

Staff discussed the following issues:

1. Fire Apparatus Sinking Fund –
  - a. After looking at all of the numbers, instead of it being 60-40—40% funded, the actual number is 33%. Ms. Whetzel advised that Fire Chief Holloway's suggestions on Monday would improve that ratio.
  - b. The SAFER reserve of \$378,500, reflected this year, could be added to the final total next year, which would be a positive contribution to the depreciation account. CIP Account 8152 is running a surplus. The Finance Director and Fire Chief are looking at what could be transferred to the Depreciation Account.
  - c. Some equipment on the list could be surplused instead of being replaced. If they are removed from the depreciation account, that would reduce what is needed.
2. State Budget Cuts – information distributed to the Board. Have not received a report, but will continue to monitor.
3. Board of Equalization – met on January 16, 2014. Eight parcels were entered as no contest; 105 assessments were unchanged; 37 were changed; 33 were decreased; 4 were increased. Net amount of change reflected a decrease of \$7.9 million of total assessed market value and a decrease of \$7.8 million of total assessed value with land use.

Chairman Wills, as a member of the Committee, mentioned that the number of appeals made during the normal appeal process was light in comparison to previous assessments. Because of this, he wanted an explanation. He felt that the limited number of appeals and changes that have occurred “re-emphasizes the quality of the work done by our assessors this time around. I want to congratulate and thank the company who did this. That was a success for us this time around.”

4. Craigsville Landfill – Joint Landfill closed prior to deadline of DEQ & EPA. Has monitored for many years. Craigsville's engineers have indicated that it is near closure. Craigsville has asked that Augusta County deed its interest of the Landfill to Craigsville.
5. Employees Assistance Program (EAP) – held a customer service and supervisor training class – quite successful! Augusta County Service Authority participated, also.
6. Health Department Director resigned – Mr. Coffield has been asked to sit on a panel to assist the State in hiring a Regional Director.
7. Taxable Fringe – County of Botetourt had an IRS ruling that certain expenditures required employees to be taxed as income. Proceeding to streamline County's policies and procedures.
8. Headwaters Annual Report distributed to Board.
9. Proposed Holiday Schedule for 2015 distributed to the Board – to be discussed at October 20<sup>th</sup> Staff Briefing.
10. Dominion letters – FERC letter is ready to be sent out. Chairman Wills mentioned that the Governor's letter will need to be modified to show the Board's request for his visit. Resolution was e-mailed to FERC, Goodlatte, Governor's Office, Senator Hanger, Delegates Landes, Bell and Cline, and Natural Resources. It was the consensus of the Board to revise Governor's letter for a date for his visit to meet with the Board to discuss the resolution and the Board's concerns.

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September 24, 2014, at 7:00 p.m.

**CLOSED SESSION**

On motion of Mr. Shull, seconded by Mr. Moore, the Board went into closed session pursuant to:

**(1) the personnel exemption under Virginia Code § 2.2-3711(A)(1)**  
[discussion, consideration or interviews of (a) prospective candidates for employment, or (b) assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific employees]:

A) Boards and Commissions

**(2) the legal counsel exemption under Virginia Code § 2.2-3711(A)(7)**  
[consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, and consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, as permitted under subsection (A) (7)]:

A) Greenville Claim

On motion of Mr. Karaffa, seconded by Ms. Bragg, the Board came out of Closed Session and adjourned subject to the call of the Chairman.

Vote was as follows:           Yeas: Pattie, Karaffa, Shull, Wills, Moore, Bragg and Pyles  
  Nays: None

Motion carried.

\* \* \* \* \*

The Chairman advised that each member is required to certify that to the best of their knowledge during the closed session only the following was discussed:

- 1. Public business matters lawfully exempted from statutory open meeting requirements, and
- 2. Only such public business matters identified in the motion to convene the executive session.

The Chairman asked if there is any Board member who cannot so certify.

Hearing none, the Chairman called upon the County Administrator/Clerk of the Board to call the roll noting members of the Board who approve the certification shall answer AYE and those who cannot shall answer NAY.

Roll Call Vote was as follows:

                  AYE: Pattie, Karaffa, Wills, Moore, Shull, Bragg and Pyles  
                  NAY: None

The Chairman authorized the County Administrator/Clerk of the Board to record this certification in the minutes.

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