September 6, 2011

At the reconvened meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Tuesday, the 6th day of September, 2011; at 3:00 p.m., there were present:

Howard M. Campbell
William G. Fore, Jr.
Don C. Gantt, Jr.
Charles W. McKay
Howard F. Simpson
Jim R. Wilck

Absent: Robert M. Jones
Mattie P. Wiley

Also present: Wade Bartlett, County Administrator; Sarah Elam Puckett, Assistant County Administrator; Jimmy Sanderson, Davenport & Company; Earl Dickerson, Hurt & Proffitt; Shannon Cotulla, Hurt & Proffitt; and Robert Fowler, Prince Edward Development, LLC.

Chairman Fore called the reconvened meeting to order, for the purpose of holding a financial work session.

In Re: Refunding of Courthouse Construction Bonds

Mr. Bartlett stated Mr. Sanderson is in attendance to present information on the refunding of the Courthouse Construction Bonds and the refinancing of the Water and Sewer Line of Credit, which mature on November 30 [2011], and a decision must be made to extend it temporarily or to make the line of credit permanent. Mr. Sanderson will also present information regarding the maximum the County could be responsible for if the Board proceeds with the Alternate 628 Project at a cost of $2.1 million.

Mr. Jimmy Sanderson, Davenport & Company, presented a Review of Refunding Opportunities and Financing Options for Capital Improvements.

Mr. Sanderson outlined the opportunities for the County to refund three outstanding bond issues for savings, including a $1.8 million Rural Development loan, a $1.2 million Rural Development loan, and $1.2 million in General Obligation Bonds. After giving a brief background, he reviewed the Virginia
Resident Authority (VRA) Refinancing Characteristics and the potential net savings of refinancing of approximately $948,000 over a 20 year period. He stated the VRA offers pooled financing each spring and fall. Mr. Sanderson added the County has the option to permanently finance the existing Line of Credit and finance approximately $2.1 million of road improvements. Submitting an application merely puts it in the queue in October or November; the Board of Supervisors would have to adopt a resolution to move forward with any financing from VRA and at that time can make a final determination if the Board of Supervisors desires to move forward and what projects to finance, if any.

Supervisor Gantt requested clarification of the amount of outstanding debt; Mr. Sanderson stated $4.2 million comprises $3 million in Rural Development loans and $1.2 million in General Obligation Bonds.

Supervisor Wilck questioned the $15,000 increase in the yearly payment; Mr. Bartlett said the savings are over the life of the loan.

Mr. Sanderson stated the line of credit refinancing through the VRA is due November 30 [2011]. He said the Board would need to decide to either lock into a fixed rate on a long term loan or roll it over for a short period of time. He then reviewed the County’s estimated tax-supported debt currently outstanding, of $16,439,829. He stated as the debt service declines, it affords the County the capacity to impact the budget, impact the debt service cost, or to finance other projects.

Mr. Sanderson reviewed the options the Board has in refinancing the current debt and the loan security the County would need to provide. Discussion followed on possible sources for collateral.

Supervisor Jones entered the meeting at this time.

Mr. Sanderson reviewed the VRA Fall Pool Financing options and Short-Term Borrowing. He recommended the Board consider locking into a long-term rate. Mr. Sanderson said that for each $250,000 taken off the amount borrowed, the County’s annual debt service payments would be reduced by approximately $17,500.

Mr. Bartlett stated the final cost of the PPEA project will be approximately $1,850,000. The County has only drawn down $3,750,000; there is $700,000 that could be drawn down before the refinancing is made permanent. Discussion followed on the amount of the payments.
Mr. Bartlett stated the Town [of Farmville] agrees the County should receive funds for the purchase of the utility infrastructure from the Town; if the County does not receive $2.5 million up front, the Town has agreed the County will be reimbursed over time. The County would hold all documents paid for through the PPEA process until the Authority anticipates building an intake to pipe water to the town or decides upon another course of action. At that time the County would be reimbursed. It is specifically forbidden to use the full faith and credit of a locality to pay for an Authority’s debt.

Supervisor Wilck suggested that the Authority give the County cash for the reservoir itself. Discussion followed.

Supervisor Wilck stated an article in THE FARMVILLE HERALD reported funding requested by the Prince Edward County Schools of approximately $5-$7 million, and asked for a breakdown of the request. Mr. Bartlett said the total request was for $7 million; $5 million of that was for the athletic field renovations, some buses, an HVAC system and a new roof. After some discussion, Supervisor Wilck stated he would like an estimate for a new roof prior to making decisions on the refinancing.

In Re: Alternate Route 628 Project

Mr. Earl Dickerson, Hurt & Proffitt, stated ten bids for the Alternate Route 628 Project were received and the project was awarded to Haymes Brothers, Inc. of Chatham, Virginia. The total cost of the project is $3,619,528.06, which includes $196,155.70 for two add alternates, a contingency of $282,494.60 and an estimate of $350,000 to acquire approximately seven acres of Right of Way, of which 1.6 acres is along Highway 15. Mr. Dickerson stated the hauling of topsoil from the project to the lot behind Lowe’s would cost approximately $147,000; adding turn lanes and an entrance into the future Granite Falls Conference Center site would cost approximately $48,000.

Mr. Shannon Cotulla, Hurt & Proffitt, reviewed the Add Alternates and the options each presented. Discussion followed on the need to have soil added to the lot behind Lowe’s.

Further discussion followed on the cost of the Right of Way acquisition. Mr. Bartlett stated if the County does not acquire the seven acres for the Right of Way, the VDOT Highway 15 project would be delayed a year or so. He added VDOT is paying $260,000 for the utility relocation.

Mr. Dickerson said the bids are good for 90 days; the plans have been approved by VDOT. He added the contractor could grant an extension.
Supervisor Jones asked about the construction cost reduction in relation to Hampden-Sydney College. Mrs. Sarah Puckett, Assistant County Administrator, stated Hampden-Sydney College is in the process of updating its master plan and they are not 100% certain they will be ready to proceed with their revenue sharing project. She said the County can apply for these Revenue Sharing funds to be moved to the 628 Project ($575,000), which would decrease the cost to Prince Edward County. If after Hampden-Sydney College updates their master plan, if Hampden-Sydney College desires, Prince Edward County could reapply for a Revenue Sharing project which would give Hampden-Sydney College a three year period to start the project. The current round closes November 1 [2011]. The County could re-apply for funds which would give them a three year window and would work better for them; this would be at no cost to Prince Edward County as Hampden-Sydney College will provide 100% of the match funds. The same was done on the Via Sacra project previously.

Mr. Bartlett said assuming the $575,000 allocated for the Hampden-Sydney Revenue Sharing Project was moved to 628, the cost to Prince Edward County would be approximately $1.5 million; without Add Alternate #1, it would be approximately $1.4 million. This is if the Board wants to move forward with the project. The real estate contract has Prince Edward Development LLC paying 55% of the costs of the road, which would effectively pay all of the outstanding costs for the County.

Mr. Bob Fowler, Prince Edward Development, LLC, presented a Granite Falls update. He stated the new Virginia Tourism Development Financing Program will be available in October 2011; the County would be required to create a Tourism Zone. Mr. Fowler stated they expect to complete financing of the project by February 2012; site plans are complete, local contractors have been selected and building will begin May 2012. He said construction will be complete July 2013 and the hotel will open August 2013.

Supervisor Wilck questioned the possibility of the Granite Falls hotel project coming to fruition because the Poplar Hill hotel with the golf course which began around 1999-2000 was not completed.

Supervisor Wilck then questioned the prospect of financing and expressed his reluctance to move forward with the 628 project. Mr. Fowler stated he has been working on the Granite Falls project for three years and was seeking a suitable site in 2008. He stated that in 2000, Davenport had come upon bond issues in the marketplace to fund both the golf course and the hotel. Then the September 11 tragedy occurred and the bond issue went dormant. The project was taken up by Herberton three months prior to
the housing collapse and the recession. Mr. Fowler stated the financing for his project is complicated and has many challenges, but that even simple loans take time these days. Discussion followed.

Supervisor Jones stated the benefit of the Alternate 628 project is not just for development but in the safety of the children and staff at the schools. He stated the traffic and congestion is bad when school is in session; the project is not being done solely for Mr. Fowler’s project.

Mr. Bartlett stated that without the Alternate 628 project included in the financing through VRA, and without the Add Alternate #1, the cost would be reduced from $2.1 million to $1.5 million and would reduce the bond cost from $150,000 to $100,000 per year. Mr. Bartlett said the Board could set a service district which would provide a special tax assessment on the land in the district, and the Board determines the tax rate. These funds could be used to finance the cost of the road. Discussion followed on property values with or without the Alternate 628 project.

Mr. Bartlett stated the debt service would not decline as quickly if the Board decides to move forward with the project; he said that he was able to reach Dr. Smith, and there are no other projects anticipated by the schools than previously discussed.

Supervisor Gantt expressed his concern that if the Manor Golf Course would close, it would have a serious impact on the Granite Falls project. Mr. Fowler stated the Granite Falls project is marketed as a meeting facility and conference center, not as a resort for golf and recreation. He said only 2% of business for the hotel is projected to be due to the golf course; Longwood University needs the meeting space and bed space.

Supervisor Jones asked if there is a penalty if the Board applies for the VRA financing now and doesn’t take a portion out at a later date. Mr. Sanderson said he will have that information prior to the Board’s next meeting.

Mr. Bartlett recommended Mr. Sanderson begin the application for the refunding of the Courthouse Construction Bonds and the refinancing of the Water and Sewer Line of Credit. The Board concurred. Mr. Bartlett then stated Mr. Sanderson will find out the ramifications if the road project is removed and the date that it would be necessary to do so. He stated the Board previously approved the VRA application.

On motion of Supervisor Wilck and adopted by the following vote:
Aye: Howard M. Campbell  
William G. Fore, Jr.  
Don C. Gantt  
Robert M. Jones  
Charles W. McKay  
Howard F. Simpson  
Jim R. Wilck  
Mattie P. Wiley  

Nay: None  

the meeting was adjourned at 5:28 p.m.