

**VIRGINIA:** AT A SPECIAL CALLED MEETING OF THE TAZEVELL COUNTY BOARD OF SUPERVISORS HELD JULY 15, 2019 AT TWELVE O'CLOCK NOON IN THE TAZEVELL COUNTY ADMINISTRATION BUILDING, 197 MAIN STREET, TAZEVELL, VIRGINIA 24651

**PRESENT:** TRAVIS HACKWORTH, CHAIRMAN  
CHARLES A. STACY, VICE CHAIRMAN (PRESENT BY PHONE)  
MARGARET ASBURY, MEMBER  
D. MICHAEL HYMES, MEMBER  
TOM A LESTER, JR., MEMBER  
C. ERIC YOUNG, COUNTY ADMINISTRATOR  
CHASE D. COLLINS, INTERIM COUNTY ATTORNEY  
WHITNEY PARSONS, EXECUTIVE ASSISTANT  
MEMBERS OF THE PRESS: JIM TALBERT, CLINCH VALLEY NEWS/RICHLANDS NEWS PRESS; WARREN HINKLE, THE VOICE NEWSPAPER

**ABSENT:** NONE

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The Chairman, Travis Hackworth, called the Special Called Meeting to order and presided with all those in attendance.

Mr. Hackworth wished Supervisor Maggie Asbury a happy birthday and led those present in singing happy birthday.

Chairman Hackworth announced that Supervisor Stacy was in attendance by phone because he was out of town on vacation at the beach. Supervisor Hymes welcomed IDA members Ann Robinson, Curtis Breeding, Kyle Hurt, and the newest member Mack Payne. Chairman Hackworth welcomed Kyle Laux from Davenport & Company.

Supervisor Asbury gave the invocation with Supervisor Lester leading those present in the Pledge of Allegiance to the United States Flag.

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## **AGENDA APPROVED**

Upon motion of Supervisor Hymes, seconded by Supervisor Lester and adopted by a vote of 5 to 0, with all members present and voting in favor thereof and no one against the same, the Tazewell County Board of Supervisors hereby adopts the agenda as written.

## **SPECIAL CALLED MEETING**

The Special Called Meeting was held pursuant to Virginia Code Section 15.2-1417 and 18. All those individuals required to be notified of the Special Called Meeting were so informed.

- ❖ Consideration of borrowing up to \$4 million for capital projects
- ❖ Consideration of approving financing of a \$2.5 million line of credit for operations

A copy of the Request for Special Meeting and a copy of the Special Meeting Waiver of Notice of the Meeting signed by all members, including the County Administrator and Interim County Attorney is attached hereto and incorporated herein by reference thereto.

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### **C. ERIC YOUNG - COUNTY ADMINISTRATOR**

The County Administrator recalled the steep decline in revenues and the shortfall the County had to overcome the previous year. Mr. Young explained as a result of the shortfall that Davenport was chosen to analyze the County's finances and provide their professional recommendations. The outcome of the analysis was that the County needed to have more reserves on hand to better stabilize it in the event that a crisis arises that would require a lot of money quickly. He further explained that during the FY20 budget planning they have decided to approach doing capital projects with the loan proceeds for a fixed term debt and to use the savings accomplished by it to build reserves. Mr. Young requested that Kyle Laux, who spoke to the Board at the February meeting, approach the Board and discuss the plan that Davenport put together.

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### **KYLE LAUX, SENIOR VICE PRESIDENT – DAVENPORT & COMPANY**

Mr. Laux recollected presenting the findings of the Financial Review developed by Davenport at the February meeting. Since then Davenport had been assisting the County in figuring out a way to be able to carry out essential capital projects. They want to make sure that the County is in a position to keep its existing reserves and to build on them in the future.

Mr. Laux guided the Board through his presentation that was distributed to them prior to the meetings start. He noted that the County's fund balance and cash reserves have dropped substantially over the last 5 fiscal years leaving little, if any, margin for error in the County's day-to-day operational Cash Flows. As a result Davenport suggested that the County consider obtaining a flexible Line of Credit to help provide a cash/liquidity backstop in the event of an

unexpected expenditure or emergency. Davenport then determined that the County has the capacity to incorporate a financing to fund the backlog of capital projects without the need for additional annual revenues to support the related debt service. Mr. Laux further explained that Davenport, on the County's behalf, sent a Request for Proposals to local, regional, and national banking institutions in early June to solicit competitive financing proposals for: a taxable line of credit in the amount of up to \$2.5 million and a tax-exempt, long-term financing for capital projects in the amount of up to \$4 million. Financing proposals were received in late June. He reported that Grundy National Bank submitted a favorable proposal to provide the 2019 Line of Credit with a defined set of terms. Then further reported that Sterling National Bank submitted a favorable proposal to provide the 2019 Bond if certain terms and conditions were met. Mr. Laux explained if the Board approved authorizing the issuances that the next steps would be to present the results to the IDA and seek their authorization. If authorized the Bond Counsel, Davenport, and County staff would work on finalizing financing documents and closing by August 2<sup>nd</sup>. A copy of Mr. Laux's presentation is on file at the County Administrator's Office, 197 Main Street, Tazewell, Virginia 24651.

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## **SUPERVISORS AND COUNTY ADMINISTRATOR COMMENTS**

Chairman Travis Hackworth stated that it was important for the audience and Press to understand that this doesn't mean that the County is going to borrow the whole \$4 million. It only means that the County has the power to borrow up to \$4 million. He wanted everyone to know that this principle also applies to the line of credit.

The County Administrator said that the County receives 90% of its revenues in the months of November and December each year. He explained that the month of October is typically where the County sees the lowest account balances and further explained as the County has depleted its reserves that number gets lower and lower each year in October, which is problematic. Mr. Young then mentioned working together with the School Board on their budget and trying to determine the situation with funding every year and how they could make it easier for both the County and School Board. He explained that the County forwards the School Board their money in November/December when the most revenues are received. Mr. Young then explained that by statute the County is required to ask for the School Boards budget for the following year by April 1<sup>st</sup>, which doesn't give them enough time to determine if what they received in December was even enough for their current fiscal year. As a result the School Board says no and then later asks for more funding. Mr. Young said he would like to have the line of credit so that they have the confidence if something were to happen that they have a way to pay for it and begin advancing the School Board their money faster. He clarified this was not additional money but the same money faster which would in turn help them in their project planning and purchasing that they do. By doing this he hopes it will give the County a clearer

picture of what the School Board's ending balance is going to be and what their needs are for the following year, which should clear up some of the issues they've had in the past.

Supervisor Stacy expounded on criticism that he had been hearing from the public. He explained that some of them were recalling last year's \$3 million debt situation and now they were seeing that the County was borrowing \$4 million. He stated that some of the citizens think that the County is being put into a negative budget situation. Supervisor Stacy assured that this loan and the proceeds from it are not for operations expenses.

Supervisor Hymes reiterated what Supervisor Stacy had discussed. He said this was the reason the County sent out the press release was because they were getting so many questions about it.

The County Administrator showcased a breakdown on the overhead of what the County would be using the funds for. Mr. Young explained that the figures were all capital expenditures that were not part of operations, payroll, electric bills, phone bills, etc. Some of the significant items he mentioned on the list were: the HVAC system at the courthouse, the Bluefield EMS-Fire Station, ambulance equipment, SCBA gear, Sheriff's Office cruiser vehicles, and emergency generators. Mr. Young said that these are things that have been deferred year after year and that eventually if it's not taken care of it would come back to bite the County.

Chairman Hackworth remarked that the County over the last several years has essentially robbed all of its cash to do one or two smaller capital projects and that it put them in a cash crunch. He stated that it makes more sense to lump it together and allow cash to build up. With the landfill payment coming off this year it is not raising anything, he further stated.

Supervisor Asbury commented that the County has continually just put a band aid on the problems. Chairman Hackworth recalled that last year the County spent \$65,000 just trying to put band aids on the HVAC system and that it didn't make sense to keep doing it.

Chairman Hackworth told Mr. Laux that he appreciated the work he and Davenport had done and that they were very professional.

The County Administrator mentioned that payments to the landfill would be ending this year. He discussed that some people may wonder about landfill expansion and where the money would come for that. Mr. Young explained that Santek's engineers, County engineers, and Joyce engineers feel like the landfill has another 6 years left at the current pace. He explained if the County completes the transaction with Santek then it would be their responsibility to build the next phase. Mr. Young and Chairman Hackworth said they were confident that they were safe at the landfill for the time being.

**RESOLUTION – APPROVING A PLAN OF LEASE FINANCING WITH THE IDA**

Upon motion of Supervisor Lester, seconded by Supervisor Asbury and adopted by a vote of 5 to 0, with all members present and voting in favor thereof and no one against the same, the Tazewell County Board of Supervisors hereby adopts a resolution of the Tazewell County Board of Supervisors approving a plan of lease financing with the Industrial Development Authority of Tazewell County, Virginia, approving the form of certain documents prepared in connection therewith and authorizing the execution and delivery of the same. A copy of the adopted resolution in a form as hereby adopted is on file in the office of the County Administrator, 197 Main Street, Tazewell, Virginia 24651.

**RESOLUTION – APPROVING A PLAN FOR THE ESTABLISHMENT OF A LINE OF CREDIT AND THE FINANCING OF VARIOUS COUNTY PROJECTS BY THE IDA**

Upon motion of Supervisor Lester, seconded by Supervisor Hymes and adopted by a vote of 5 to 0, with all members present and voting in favor thereof and no one against the same, the Tazewell County Board of Supervisors hereby adopts a resolution approving a plan for the establishment of a line of credit and the financing of various County projects by the Industrial Development Authority of Tazewell County, Virginia, authorizing the execution of certain documents in connection therewith and approving the forms of such documents. A copy of the adopted resolution in a form as hereby adopted is on file in the office of the County Administrator, 197 Main Street, Tazewell, Virginia 24651.

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**ADJOURN**

Now, upon motion of Chairman Hackworth, seconded by Supervisor Hymes and adopted by a vote of 5 to 0, with all members present voting in favor thereof and no one against the same, the Tazewell County Board of Supervisors hereby adjourns this SPECIAL CALLED MEETING.

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Travis Hackworth, Chair

by: WP

Adjourn time: 12:39 p.m.