

**MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF
CAMPBELL, VIRGINIA**

May 26, 2020

The meeting of the Board of Directors of the Industrial Development Authority of Campbell County, Virginia, was held in the Multi-Use Room of the Haberer Building, Rustburg, Virginia, on May 26, 2020.

The Directors present were:

Vance Driskill	Greg Morris
Larry Dalton	George Rosser
John Thilking	Dennis Rosser
Don Wooldridge	

The Directors absent were:

None

Also present:

David Rose, Davenport & Company
 Frank Rogers, Campbell County Administrator
 Tyler Caraway, Campbell County Director of Finance and Strategic Initiatives
 Mike Davidson, Campbell County Director of Economic Development
 Frank Wright, Jr., Esq., Overbey, Hawkins, Wright, & Vance
 Sarah Johnson, Campbell County Economic Development Specialist
 Kim Stewart, Campbell County Economic Development Administrative Assistant

// Chairman Vance Driskill called the meeting to order at 7:04 p.m. and turned it over to Mr. Mike Davidson who introduced two new members to the IDA, John Thilking and Don Wooldridge. At this time, he then turned the meeting over to County Administrator Frank Rogers.

// Mr. Rogers reviewed for the IDA that he has been working for many months on a financial strategy regarding the replacement of Rustburg Middle School and it has been determined that it will be most effectively accomplished through the lease of revenue bonds. He introduced Mr. David Rose of Davenport & Company, who is the financial advisor for the county and has been assisting the county in terms of financial policy, presentations to rating agencies, and strategy to get the school capital needs as well as a Public Safety radio system funded. Mr. Rogers also introduced Mr. Tyler Carraway, Director of Finance and Strategic Initiatives, who has also been working on this project.

// On May 19, 2020, the Board of Supervisors adopted the necessary resolution to move things forward from their part. Mr. Rogers reminded the IDA of the \$7.5 million line of credit that the IDA assisted with and that it was interim financing, so in the event the county began to incur costs for, for example, design or radio acquisition, the line of credit would be used for that. The county is now looking toward closing out the line of credit and rolling it into permanent financing. PPEA-solicited requests have gone to several contractors for proposals for the new middle school, and are due June 10, 2020. That project will be managed by the Joint Committee, a committee of two Board of Supervisors members and two School Board members, to determine what exactly is needed to best meet the needs of the students who will be educated there. Mr. Rogers then turned the meeting over to Mr. Rose for further explanation.

// Mr. Rose emphasized that the IDA will not be financially responsible for this project. Dan Siegel of Sands Anderson out of Richmond is the bond council and engineered and put the legal documents together. Mr. Rose explained that the county will go to market with around \$45 million with the IDA's approval as well as the School Board's approval, who they will meet with next week to accomplish. The county will do a combination financing for the Public Safety radio, which will be around \$4.5-\$5 million borrowing, and a \$40 million borrowing for Rustburg Middle. With such low interest rates, the plan is to borrow around 90 percent of that and then once all the exact values of everything going into the project are known to come back and do a "clean-up" financing roughly one year from now. Davenport has received credit ratings for the county and the county is considered a strong AA, which is one step away from AAA status based on the overall structure of the county, how it operates, and the type of reserves it has. Mr. Rose also stated that these credit ratings were received before the Covid-19 crisis. He emphasized that Davenport & Co. are financial advisors, not underwriters. They do not compete with local banks or investment banks. They put together a request and asked banks and brokerages to provide their fees and charges, which Davenport & Co. will review. The resolution the IDA is meeting with Davenport & Co. to sign tonight is flexible and states that county staff can choose who they wish. All ratings are expected back by the end of May from Standard and Poor's (S&P), Fitch, and Moody's. The county will meet with the School Board on June 8, and the hope is that all documents will be finalized by the week of June 10 and hopefully to sell bonds around June 15-20 with the goal of closing by June 30 in order to complete all in the same fiscal year. The land that Rustburg Middle is on and the new construction will serve as the security for the bonds. Mr. Rose emphasized again that the IDA would not be responsible to make payments. The IDA is just a pass-through. Interest rates are at around 50-year lows, at roughly 3% and Davenport & Co. put in the resolution not to exceed a 5% interest rate. Davenport has done many cash flows for future projects that are expected down the road and they expect a 4-5% interest rate on those. Mr. Rose also stated that when Mr. Rogers and Mr. Carraway set up the budget for the year that is now going to occur and the year that's occurring now, all the dollars needed to pay for the debt service for the project had already been built into the existing budget.

// Mr. Frank Wright informed the IDA that he has reviewed all the documents and is comfortable with how everything has been drafted. From a legal standpoint, one important legal aspect he mentioned was indemnification and said that it is a provision in the resolution stating that the county has to indemnify the IDA in the event the IDA incurs any expenses related to the project. In the unlikely event there was an issue with payments being made, the county would be responsible for paying the IDA costs related to that. Additionally, and more importantly, Mr. Wright stated, is language in the agreement that says that this obligation is a pass-through obligation. The IDA has to pay whatever is paid to them by Campbell County, to the bond. But if Campbell County does not pay the IDA, the IDA is not obligated to make payments out of their own money.

// Mr. Davidson reminded the IDA that with the line of credit, although it's true that it's ultimately the county's responsibility, the line of credit did go on the IDA's books. So as the IDA proceeds, they will have to have further conversations with Sands Anderson. Since the IDA has another building project, Mr. Davidson wondered how the money showing on the IDA books will affect borrowing?

// Mr. Rose answered that because this will be a pass-through, it will not hinder the IDA in any way if they want to do something Economic Development-related, regardless of the amount of money. Mr. Rose indicated also that if it would be helpful, Mr. Siegel could be contacted to further explain this to the IDA.

// Mr. Rogers then informed everyone that the schedule plan is that the school would be under construction after the next full year so as to let the students finish out the academic year and then build, and that the students would be offsite for one academic year during construction. He added that the Public Safety radio contract should be executed this week.

// Mr. Rose then added that the Public Safety radio will not have the same useful life as the school, so it is borrowed over a 12-year period, whereas the school would be 27 years. The thought is that the first couple years would be during construction, and then payments would be over the next 25 years.

// Chairman Driskill asked for confirmation that the tear-down would take place one year from now and Mr. Rogers confirmed.

// Mr. Rose then explained that when the county borrows the money, after the cost of issuance, all the proceeds will go to a state program that the State Treasurer administers and which is solely for local governments that borrow money. Chairman Driskill asked if that meant that all the money is moved at once and ready to be spent, and Mr. Rose confirmed, stating that it is an immediate pass-through from the banks directly to the state program.

// Mr. Dennis Rosser asked if the 3% rate would be fixed for all 27 years and Mr. Rose answered that they don't yet know what the rate will be, but whatever the rate is will be fixed, and the county will have the ability to refinance after a call provision period of about ten years. Mr. Rose also explained that some of the cash flows presented to the Board of Supervisors and rating agencies are that in 4-5 years, the county will come back to the IDA for another series of dollars away from Rustburg Middle.

// Mr. Rogers agreed with Mr. Rose and explained that this is specifically for Rustburg Middle school and the Public Safety radio, but that the school's CIP addresses all the school facilities on 2-year increments, so what the county tried to do is to accommodate the county's debt service going down—the existing debt would have been paid off by 2030—so the county's annual payments would be dropping. So Mr. Rogers explained that they level-funded that so the county gets some capacity there. So they have added \$1.8 million to that so the county can afford this and as debt rolls off and debt gets added, the county is able to smooth that out over time. So, he continued, this is just for Rustburg Middle and the Public Safety radio, but the plan of finance in the future, which is currently just a plan, factors in going further to meet the other facility needs as well. This is all based on the school assessments and which facilities are most in need. The county does not have the manpower or financial bandwidth to do several of these projects at once, so in the financial plan they are spaced on a continuum of constantly improving school facilities in a manageable way. Mr. Rogers also informed them that over the past five years the county has set aside several million dollars in a pot for future debt. So they are confident that payments will be made and on time. He emphasized that the county appreciates the IDA working with them on this.

// With no other questions presented, Chairman Driskill called for a motion to adopt the Public Facility Lease Revenue Bonds Resolution and Mr. Dennis Rosser motioned, with Mr. Greg Morris seconding.

The roll call was:	Aye:	Driskill
	Aye:	Dalton
	Aye:	D. Rosser
	Aye:	G. Rosser
	Aye:	Thilking
	Aye:	Wooldridge
	Aye:	Morris
Absent during meeting:		None
Absent during vote:		None

// With no further questions or comments, Chairman Driskill called for a motion to adjourn. Mr. Dalton motioned and Mr. D. Rosser seconded. With all in favor and none opposed, the meeting of the

Industrial Development Authority of Campbell County, Virginia, was adjourned at 7:37 p.m. The next regular meeting of the IDA is June 25, 2020, and will be held in the Citizen Services Building first floor conference room at 7:00 p.m.

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Vance Driskill, Chairman

Larry Dalton, Vice Chairman