

VIRGINIA:

A Special Joint Meeting with the Lancaster County Board of Supervisors and the Lancaster County School Board was held in the Circuit Court Room of said county on Tuesday, May 16, 2017.

Board of
Supervisors

Members Present: William R. Lee, Chair

Ernest W. Palin, Jr., Vice Chair

F. W. Jenkins, Jr., Board Member

Jason D. Bellows, Board Member

B. Wally Beauchamp, Board Member

School Board

Members Present: Dr. Robert Westbrook, Chair

Audrey Thomasson, Vice Chair

Joan Gravatt, Board Member

Kenya Moody, Board Member

Robert Smart, Board Member, was absent.

Ms. Tara Delaney, Area Specialist for USDA Rural Development and Kent Ware, Director, Community, Business and Cooperative Programs for the USDA were also in attendance.

Mr. Lee and Dr. Westbrook called the meeting to order at 5:30 p.m.

WORK SESSION

United States Department of Agriculture-Rural Development Regarding Proposed Public Schools Capital Project Financing

Ms. Delaney stated that her organization helps with many projects concerning rural development, including water and sewer, EMS, single and multi-family residences. She stated that she was at this meeting to speak on the potential project for the school system. She stated that she had spoken to Jimmie Carter last fall about rates and terms of a possible loan. She stated that currently the USDA rate is 3.375% for forty years. She stated that Mr. Carter also asked if a project of approximately \$70 million could be

handled as well. She stated that, at the time of her conversation with Mr. Carter, the national office was encouraging some larger projects. She stated that since then, there have been quite a few of the larger projects and all of last year's allotment has since been used. She stated that it is a different funding opportunity now than it was last year.

Ms. Delaney stated that in a typical year, Virginia receives between \$30 and \$40 million for community facility loans. She further stated that typically they do not go as high as \$70 million on one project.

Mr. Ware stated that the largest funded project in Virginia had been \$58 million.

Ms. Delaney stated that she would describe the application process to the two boards, but they may be looking at three to four years before funding with the USDA would be available. She suggested that the County may want to look at several funding sources and piece them together. She stated that the USDA also offers a guaranteed loan program with private banks and that is also something to consider.

Mr. Lee asked about the three to four year time line.

Mr. Ware replied that they currently have \$150 million dollars in applications in their office and approximately \$200 million in applications coming their way. He stated that they fund projects on a first come-first served basis. He suggested that the boards also consider the Virginia Resources Authority for possible funding.

Ms. Delaney stated that after the Virginia allotment of \$30 to \$40 million has been spent, there are possibilities that they can receive other states' allotments that have not been spent. She stated that the boards might want to consider just doing one school at a time, so the borrowing would be smaller each time.

Dr. Westbrook stated that the School Board has no taxing authority and asked if the application to the USDA should come from it or the Board of Supervisors or jointly.

Mr. Ware replied that when they fund courthouses or schools, the process is usually done through the IDA or EDA of the county.

Dr. Westbrook asked if they should ask for \$70 million and if they do, is it all or none.

Mr. Ware replied that once the application is submitted, they take a look at what funds are available and it would not be all or none.

Mr. Pleva asked if they could apply for \$70 million, but then come down on the amount if the funds were not available.

Mr. Ware replied yes.

Mr. Lee asked if chances for funding would be better if the amount was lower.

Mr. Ware replied that the County needed to make a final decision on the scope of the project and make application on that.

Dr. Westbrook stated that there has been a committee of twenty citizens that have been looking at the school situation for the last nineteen months and their recommendation is to have two schools co-located that will share certain facilities and renovate another school. He stated that their estimate for this is approximately \$70 to \$71 million dollars. He stated that the purpose of their meeting today was to find out if it is possible to obtain funding for that amount.

Mr. Ware stated that they just did not know at the present time how much money might be available. He stated that there has been some talk with the new administration about increased infrastructure funding, but it hasn't happened yet. He stated that he would encourage the boards to also have a conversation with the Virginia Resources Authority, too.

Ms. Thomasson asked what the difference was between funding with the Virginia Resources Authority and the USDA.

Mr. Ware replied that the Virginia Resources Authority will not usually have a term for borrowing over twenty years.

Ms. Thomasson asked if the application was not funded this year, could it be held over for subsequent years.

Ms. Delaney replied yes.

Mr. Jenkins asked since Virginia's allotment is between \$30 and \$40 million annually, wouldn't a request for \$70 million have to go through the national pool.

Mr. Ware replied yes.

Mr. Parker asked about possible grant funding.

Ms. Delaney replied that they receive very little grant funding for these kinds of projects.

Ms. Delaney referred to the application process and stated that, among other things, the application must include a phase one site assessment, an environmental assessment, an architectural feasibility report, a financial feasibility report and notices of public meetings, including the minutes of those meetings.

Mr. Pleva stated that he assumed the site must already be identified before they could proceed with the application.

Ms. Delaney replied yes.

Mr. Lee referred to the public notice of meetings and asked if that would include the meetings from the very beginning of the process.

Ms. Delaney replied yes, they would like to have some record of public support.

Dr. Westbrook stated that the next step will be to do the Request for Proposals for an architectural firm, but that firm will want a figure to work with during the design phase of the project.

Ms. Delaney stated since the Schools Facilities Committee has visited other schools, they should have an idea of what they want.

Dr. Westbrook stated that what they want to spend is the money it will take to have the optimum schools, which they believed to be approximately \$70 million dollars, but what they have learned at today's meeting is that might not be possible.

Mr. Ware stated that just because the USDA may not be able to loan the entire \$70 million does not mean that the County cannot get \$70 million. He stated that if the Board is willing to raise its tax rate, they can get \$70 million.

Mr. Jenkins stated that the County has a limited tax base and no industrial tax base at all.

Mr. Ware stated that what he was trying to say is that the USDA is not the only source that the County can turn to for financing.

Ms. Delaney stated that the County might want to think about breaking the project into phases.

Mrs. Moody stated that it would probably be a good idea to have phases to get the project done.

Ms. Delaney asked what type of school they were thinking about building.

Dr. Westbrook replied that the schools would be co-located and share a kitchen, dining facilities and a gym.

Ms. Delaney stated that project didn't sound like something that could be done in phases.

Mrs. Gravatt stated that the reason for the urgency is that, as a community, the schools have been put on the back burner and now we have very old school buildings and really need to do something.

Dr. Westbrook stated that all they can do is take it a step at a time and get the information together as fast as they can to make application as soon as possible.

Mr. Ware said that the County will need a preliminary design and the best cost estimates that your architectural firm can give. He suggested the architectural fees on such a project would be around \$4 or \$5 million dollars.

Dr. Westbrook stated that they thought that it would take about a year for the design work and about two years for construction. He stated that the committee would like to build net zero schools, which produce more energy than they use.

Ms. Delaney stated that she would like the boards to name a go-to person for her to maintain communications with concerning the loan process.

Joan Gravatt, School Board member, stated that she would be the go-to person.

Mr. Bellows asked about the site selection process.

Jimmie Carter, Chairman of the Schools Facilities Committee, stated that the Site Selection Committee consists of David Jones, Welby Saunders, Marshall Sebra and Ben Burton. He stated that they are considering two locations a parcel on Harris Road and the property behind the Lancaster Middle School.

Mr. Carter asked Mr. Ware if the USDA receives any stimulus funding.

Mr. Ware replied that the USDA does receive stimulus funding, but did not know if they receive it for community facilities.

Ms. Delaney stated that the stimulus funding can be for community facilities.

Mr. Carter asked if the USDA had any down payment criteria.

Mr. Ware replied that the USDA had 100% funding.

ADJOURNMENT

Motion was made by Dr. Westbrook and seconded by Ms. Thomasson to adjourn the School Board meeting.

VOTE:	Robert Westbrook	Aye
	Audrey Thomasson	Aye

Joan Gravatt	Aye
Kenya Moody	Aye

Motion was made by Mr. Jenkins to adjourn the Board of Supervisors' meeting to Thursday, May 25, 2017 at 5:30 p.m.

VOTE:	William R. Lee	Aye
	Ernest W. Palin, Jr.	Aye
	F. W. Jenkins, Jr.	Aye
	Jason D. Bellows	Aye
	B. Wally Beauchamp	Aye