

Patrick County Public Service Authority

Meeting of October 3, 2006

Present: Bob Pendleton, Chairman; Garland Cockram, Vice-Chairman; Rodney Kendrick, Secretary; and Arthur Boyd

Absent: Darrell Worley and Jonathan Large

Also Present: Michael Burnette, Assistant County Administrator; Lisa Sheppard, Administrative Assistant; and Jamie Clark, WHEO

A meeting of the Patrick County Public Service Authority was held on Tuesday, October 3, 2006 at 6:00 PM in the Second Floor Conference Room of the Patrick County Veterans' Memorial Building.

Mr. Bob Pendleton, Chairman, called the meeting to order. The agenda for this meeting was presented to the members. Upon motion of Mr. Garland Cockram and seconded by Mr. Rodney Kendrick, the agenda was approved. The minutes of the June 6, 2006 meeting were presented for approval. Motioned by Mr. Kendrick and seconded by Mr. Cockram, the minutes were approved.

Voting Aye: All
Voting Nay: None

PATRICK SPRINGS WATER/SEWER PROJECT:

Mr. Michael Burnette presented a memo to the members of the Public Service Authority to update them on the progress of the Patrick Springs Water/Sewer Project, along with a packet of information containing information of the project, including proposed budget, updated Preliminary Engineering Report, construction cost estimates, operating budget, and supporting documentation. This memo informed the members of the meeting he attended with Mr. Art Powers, USDA-Rural Development Area Specialist on September 26, 2006. At this meeting, the application was completed on behalf of the Patrick County Public Service Authority for a \$1,443,800.00 low-interest loan from Rural Development for the construction of the Patrick Springs Water-Sewer Project. If approved, this funding would bring the total project allowance to \$5,256,863.00, which includes \$1,467,000.00 in grant funds, \$3,543,800.00 in low-interest loans, and \$246,063.00 in local funds.

Local funds in excess of the \$246,063 have previously been expended by Patrick County and it is expected that \$160,404 will be returned to the County from the proceeds of this grant-loan.

Mr. Burnette further stated that, at this stage in the application process, insurance must be obtained on all above ground infrastructure for liability purposes. He further stated that he would have the necessary paperwork prepared for the insurance application process at the next meeting.

Also, a new engineering agreement is required between the Patrick County Public Service Authority and Adams-Heath Engineering. The current agreement lists the Town of Stuart, which is the original applicant, with Adams-Heath Engineering. Further, an updated, negotiated engineering fee pricing will need to be obtained as additional engineering work will be required during the application process, such as environmental reports.

In addition, Mr. Burnette stated that the interest on the loan of \$1,443,800 should be based on the anticipated newer, lower interest rate of 2.625%; subsequently, it is estimated that payments will be approximately \$12,000 per month for a term of 40 years. The estimated shortfall of this project is estimated to be approximately \$200,000 annually. Mr. Burnette informed the members that the current, proposed water rates meet the Rural Development guidelines; however, Rural Development is still in the process of reviewing the proposed sewer rates. Currently, it does not appear that the sewer rates have been set at a high enough level to meet the USDA requirements.

Mr. Burnette further stated that the loan funding should be secured with a revenue bond. The estimated annual shortfall of \$200,000 would be made up by enacting a special rate for the sites in the Rick Creek Corporate Park which are owned by the Economic Development Authority. This would allow the funding to be counted as revenue thereby allowing use of revenue bonds. Further, this process would entail hiring a bond counsel to oversee the revenue bonds. A motion was made by Mr. Kendrick and seconded by Mr. Cockram to employ Eric Monday, County Attorney, to procure legal services on behalf of the Patrick County Public Service Authority to prepare the originating documents for the formation of the Authority and the obtain bond counsel.

Voting Aye: All
Voting Nay: None

Mr. Burnette further informed that members that, as a requirement of the loan process, an Intragovernmental Review should be scheduled immediately. He stated that the West Piedmont Planning District Commission would review the Patrick Springs Water Sewer Project and make a recommendation, by letter of support, to the Rural Development Office. A motion was made by Mr. Cockram and seconded by Mr. Kendrick to request an Intragovernmental Review from the West Piedmont Planning District Commission.

Voting Aye: All
Voting Nay: None

Mr. Burnette reviewed the documents required by the application for federal assistance with the members of the Authority and asked for any questions or concerns that any of the members may have with the documents. With no questions or concerns mentioned, Mr. Burnette stated that this matter would need to be brought before a public hearing in accordance with federal regulations. A motion was by Mr. Cockram and seconded by Mr. Kendrick to advertise the Notice of Intent to Apply for Funding and Notice of Public Hearing, scheduled for Thursday, October 26, 2006 at 6:00 p.m. in the Third Floor Boardroom of the Patrick County Veterans' Memorial Building.

Voting Aye: All
Voting Nay: None

Mr. Burnette further stated that the members would need to adopt a resolution granting Mr. Burnette the authority to execute the loan application documents for the Patrick Springs Water/Sewer Project. The members reviewed the resolution, and upon motion made by Mr. Kendrick and seconded by Mr. Cockram, the following resolution was approved and the members directed Mr. Burnette to present the resolution to USDA-Rural Development:

The governing body of the Patrick County Public Service Authority, consisting of seven members, in a duly called meeting held on the 3rd day of October, 2006, at which a quorum was present RESOLVED as follows:

BE IT RESOLVED that, in order to facilitate obtaining financial assistance from the United States of America, acting by and through the Rural Utilities Service, an agency of the United States Department of Agriculture, (the Government) in the development of the Patrick Springs Water/Sewer Project to serve the community, the governing body does hereby adopt and abide by the covenants contained in the agreements, documents, and forms required by the Government to be executed.

BE IT FURTHER RESOLVED, that Michael Burnette, Assistant County Administrator for the County of Patrick, be authorized to execute on behalf of Patrick County Public Service Authority the above-referenced agreements and to execute such other documents including, but not limited to, debt instruments and security instruments as may be required in obtaining the said financial assistance.

This Resolution, along with a copy of the above-referenced documents, is hereby entered into the permanent minutes of the meetings of this Board.

Voting Aye: All
Voting Nay: None

Mr. Burnette further informed the members that the Patrick County Public Service Authority will need to establish a checking or money market account. He further stated that information would be obtained from all the banks in the County as to their current rates, and a decision will be made by the Authority based on the best rates offered.

Mr. Burnette further reviewed the environmental mitigation measures with the members, which is a list of items that need to be included in a construction contract, and he reviewed the items that need to be addressed to further the loan process for the project. He also stated that the annexation agreement had been finalized by the Circuit Court of Patrick County, Virginia and that he would provide the members with a copy of that agreement for the records. The finalization of the annexation agreement was a necessary requirement before the members of the Authority could proceed with the Patrick Spring Water/Sewer Project.

Mr. Arthur Boyd, representative from the Dan River District, presented a letter of resignation to the Chairman of the Patrick County Public Service Authority. The members expressed their regret of his resignation from the committee.

With no further business to discuss, Mr. Cockram made the motion and was seconded by Mr. Kendrick to adjourn.

Chairman

Date