

AT A SPECIAL MEETING OF THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA HELD ON THE 29<sup>TH</sup> DAY OF AUGUST 2006, AT 6:00 P.M. IN THE MULTI-PURPOSE ROOM, MONTGOMERY COUNTY GOVERNMENT CENTER, 755 ROANOKE STREET, CHRISTIANSBURG, VIRGINIA:

PRESENT: Steve L. Spradlin -Chair  
Mary W. Biggs -Vice Chair  
Gary D. Creed -Supervisors  
Doug Marris  
Annette S. Perkins  
James D. Politis  
B. Clayton Goodman, III -County Administrator  
L. Carol Edmonds -Assistant County Administrator  
Robert C. Parker -Public Information Officer  
Marc McGruder -Budget Manager  
Vickie L. Swinney -Secretary, Board of Supervisors

Montgomery County Public Schools:

Penny Franklin -Chair, School Board  
B. Wendell Jones -Vice-Chair, School Board  
Jamie Bond -School Board Members  
David Dunkenberger  
W. Wat Hopkins  
Amy Lythgoe  
Susan Morikawa  
Dr. Tiffany Anderson -School Superintendent  
Daniel A. Berenato -Director of Facilities & Planning  
Walter L. Shannon -Director of Management Services  
Anita Johnston -Clerk, School Board

ABSENT: John A. Muffo -Supervisor

**CALL TO ORDER**

The Chair called the meeting to order.

**DETERMINATION OF A QUORUM**

A quorum was determined by both Boards.

**INTO WORK SESSION**

On a motion by James D. Politis, seconded by Mary W. Biggs and carried unanimously,

BE IT RESOLVED, The Board of Supervisors hereby enters into Work Session for the purpose of discussing the following:

1. Proposed Capital Projects for County School and other Capital Projects.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Doug Marrs	None	John A. Muffo
Gary D. Creed		
Mary W. Biggs		
Annette S. Perkins		
James D. Politis		
Steve L. Spradlin		

Courtney Rogers, Senior Vice President with Davenport & Company LLC, the County’s financial advisor, made a presentation on Capital Improvement Planning in Montgomery County. Mr. Rogers explained that the projected capital projects for the next five years, which include the schools and the county, total \$201 million. A table outlining potential projects is shown below:

Adjusted CIP - Not in Priority Order	Prior Years	FY 07	FY 08	FY 09	FY 10	FY 11	Total 07-11
Elliston/LaFayette Elem. (600 Student School - Excludes Land)	\$200,000	\$1,354,000	\$11,500,000	\$11,500,000	\$0	\$0	\$24,354,000
Prices Fork Elem. (600 Student School - Excludes Land)	\$200,000	\$1,354,000	\$11,500,000	\$11,500,000	\$0	\$0	\$24,354,000
Auburn School Project (Excludes Land)	\$0	\$200,000	\$0	\$3,000,000	\$30,000,000	\$30,000,000	\$63,200,000
Christiansburg Elementary Project (Upgrade to 3 Schools - Excludes Land)	\$0	\$200,000	\$0	\$3,000,000	\$30,000,000	\$30,000,000	\$63,200,000
Air Conditioning Project (Various Schools)	\$0	\$120,000	\$1,308,000	\$0	\$0	\$0	\$1,428,000
Government Building C Renovation	\$3,880,17	\$0	\$0	\$402,266	\$121,550	\$0	\$523,81
Furniture Fixtures for MCPS for Building C	5	\$0	\$0	\$551,250	\$0	\$0	\$551,25
Courthouse Renovation	\$11,119,82	\$1,407,218	\$9,354,015	\$6,037,656	\$0	\$0	\$16,798,889
Upgrade on Existing Jail Facility	5	\$0	\$0	\$0	\$2,500,000	\$0	\$2,500,000
Sheriff's Office Building	\$0	\$0	\$0	\$0	\$500,000	\$4,500,000	\$5,000,000
<b>Total</b>	<b>\$15,400,000</b>	<b>\$4,635,218</b>	<b>\$33,662,015</b>	<b>\$35,991,172</b>	<b>\$63,121,550</b>	<b>\$64,500,000</b>	<b>\$201,909,955</b>

If Montgomery County issues bonds to cover the total cost of these projects it is estimated that the incremental tax impact will be 27¢ over a five- year period to cover debt service. However, several factors need to be considered. Rating agencies use a number of measures to determine localities debt eligibility. They consider existing debt service requirements; growth assumptions; debt ratios ( debt to total assessed value); debt service versus expenditures; debt to income; and debt payout ratio.

Mr. Rogers explained that one of the critical measures that is considered is the localities debt service versus expenditures. The County's current policy is that the ratio of debt service expenditure as a percent of the county's fund expenditures should target 10% and not exceed 12%. If the County issued bonds to cover the proposed capital projects list, then the County's debt service ratio would exceed 12%. The County would have to keep borrowing level that falls within the debt ratio. Mr. Rogers suggested that the projects would have to be cut or shifted to future years. Borrowing a total of \$130,000,000 would keep the county in the debt ratio level as follows:

FY 07	\$45,000,000
FY 09	\$45,000,000
FY 2011	\$40,000,000

The estimated impact to the real estate tax is 14 ¢ over a five year period.

Following Mr. Rogers' presentation, both Boards discussed capital needs in the County. Several Board members instructed the County Administrator to include the County's share of the cost of the Western Virginia Regional Jail, as this is a capital project that will need to be paid for. The School Board requested the Board of Supervisors determine what the County needs are and estimated costs and let the them know how much of the \$130,000,000 would be allocated to the Schools.

**OUT OF WORK SESSION**

On a motion by James D. Politis, seconded by Gary D. Creed and carried unanimously,

BE IT RESOLVED, The Board of Supervisors ends their Work Session to return to Regular Session.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Gary D. Creed	None	John A. Muffo
Mary W. Biggs		
Annette S. Perkins		
James D. Politis		
Doug Marrs		
Steve L. Spradlin		

**ADJOURNMENT**

On a motion by James D. Politis, seconded by Gary D. Creed and carried unanimously, the Board adjourned to Monday, September 11, 2006 at 6:00 p.m.

The vote on the foregoing motion was as follows:

<u>AYE</u>	<u>NAY</u>	<u>ABSENT</u>
Mary W. Biggs	None	John A. Muffo
Annette S. Perkins		
James D. Politis		
Doug Marrs		
Gary D. Creed		
Steve L. Spradlin		

The meeting adjourned at 8:15 p.m.

APPROVED: \_\_\_\_\_ ATTEST: \_\_\_\_\_  
Steve Spardlin B. Clayton Goodman, III  
Chair County Administrator