

Minutes of a Public Hearing and Special Called Meeting of the Council of the Town of Blackstone, Virginia, held in the Council Chambers located at 100 W. Elm Street, Blackstone, Virginia, on Tuesday, March 10, 2009, at 7:00 p.m.

There Were Present:

Mayor: William D. Coleburn

Council Members: L. Benjamin Green, John W. Hill, Jr., C. Duncan Quicke,
Constance T. Wynn

Town Attorney: Kennon C. Walden, Jr.

Town Staff: Jennifer H. Beck, Director of Transportation and Community
Development; David Dunn, Assistant Town Manager; J. Larry
Palmore, Town Manager; Joan R. Palmore, Town Clerk; Charles
C. Wells, Finance Director

Those Absent:

Council Member: Barbara Thompson, Alfred V. Tucker, J. A. Wilson, Jr.

Mayor Coleburn called the meeting to order and asked the Town Clerk to read the Public Hearing Notice as follows:

NOTICE OF PUBLIC HEARING

Notice is hereby given that on March 10, 2009, the Town Council of the Town of Blackstone will conduct a public hearing in accordance with Section 15.2-2606 of the Code of Virginia 1950, as amended, regarding the proposed financing by the Town of the construction of a one story, approximately 10,000 square foot medical center located in the 200 block of North Main Street in the Town (the Facility) through a general obligation bond or note transaction between the Town and other necessary parties in an estimated maximum principal amount not to exceed \$2,100,000 including costs of issuance. The Facility will be leased to and operated by Bon Secours Health System, Inc., a non-profit organization, or an affiliate thereof, whose principal place of business is 1505 Marriottsville Road, Marriottsville, Maryland, as the Bon Secours Medical Center-Blackstone.

The public hearing, which may be continued or adjourned, will be conducted at 7:00 p.m., or as soon thereafter as the matter may be heard by the Town Council in the Town Council Chambers at 100 W. Elm Street, Blackstone, Virginia. Interested persons may appear at such time and place and present their views.

Mayor Coleburn asked if anyone in the audience would like to speak on the hearing.

Bob Lauterberg and Steve Mulroy with VML/VACO Financing presented an overview of the terms of the bond. Mr. Lauterberg stated that Blackstone is one of the earliest users of their program. He stated that there are two types of programs, one is the Direct Loan Program and the other is the Commonwealth Loan Program. He explained the differences in the two.

Steve Mulroy talked to Council about the terms of the loan. He explained that Bon Secours is considered a 501-3c so therefore some due diligence must be made related to a 501-3c that you don't typically find in a general bond issue. Mr. Mulroy informed Council that this estimate includes the additional cost. He stated that the overall loan size is \$2,065,000. He added that the market will move around some but once the loan is approved, they can lock in the rate which will be a fixed rate.

Councilman Hill asked if we approve this tonight, when can we lock in the interest rate.

Mr. Lauterberg answered that we are looking at a May 1st closing.

Councilman Hill asked is this a true figure.

Mr. Mulroy answered that this is an estimate but he would let us know prior to closing what the actual rate would be.

Councilman Green asked would we need to come back to approve the rate at that time.

Manager Palmore stated that we would have to come back to Council and meet again to get approval on the rate.

Mayor Coleburn stated that Bon Secours will pay this loan off in 10 years. He then asked for comments from Council Members or the public.

Councilman Quicke asked Steve Mulroy about the additional \$15,000 that has been included in the figures tonight but was not included in the paperwork the Finance Committee received last week. He also asked who is the ultimate borrower.

Mr. Mulroy answered that the Town is the ultimate borrower but Bon Secours is the user of the facility. He explained that because we are issuing tax exempt bonds and the end user is a 5013c company which includes hospitals, than Bon Secours will need to get their legal counsel to review and give legal opinions. There is going to be additional tax related work to cover their status.

Councilman Green asked who will the Town be in contract with, VML or US Bank.

Mr. Lauterberg answered VML is the bond issuer.

Mr. Lauterberg stated that these figures are estimates. His goal is to not have any last minutes surprises. He hopes the rate will come in lower than these figures show. His attorney told them to build in the \$15,000 estimate in the figures. He added that their rates are lower than anywhere else in the market. He is very confident that the Town is getting the best rate available.

Council discussed this further.

Councilman Quicke asked if we pay the bonds faster, could we save some money on the interest.

Mr. Mulroy answered that this is not like a typical mortgage. The way bond issues are set up, the rates are locked in so paying more would not save any money in the long run.

Mayor Coleburn stated that we started talking to Bon-Secours about this back in 2007 so this has been a long process.

Mayor Coleburn closed the Public Hearing. He then read the Call as follows:

Pursuant to the authority vested in me as Mayor of the Town of Blackstone, I called a Special Meeting of the Council of the Town of Blackstone Virginia to be held in the Council Chambers at 7:00 p.m., Tuesday, March 10, 2009, for the purpose of considering the following:

- 1 - *Federal Stimulus Package*
- 2 - *Closed Session*
- Litigation
- 3 - *Any other business that may need to come before Council.*

Manager Palmore explained an attached hand-out with Council with regards to the Federal Stimulus Package.

Council discussed the handout showing the projects we would like to apply to the Federal Government for stimulus money.

Manager Palmore feels we should put our efforts towards building a sports complex in the Industrial Park. He feels we will get a good portion of what we ask for. This is a golden opportunity to see what we can get and what we can afford. He added that Council would need to approve the expenditure of \$166,857 in order to have the projects shovel ready.

Mayor Coleburn stated that even if we don't get the stimulus money, the design on these projects will already be paid for and can be used in the future.

Manager Palmore agreed and asked Council what do they want him to do.

Councilman Hill doesn't feel that we can commit until we know the total project cost.

Manager Palmore answered that we still have the design.

Councilman Hill is concerned that we may not get as much stimulus money as we hope. He then asked if we get \$4 million instead of the total \$6.2 million could we move the money around.

Manager Palmore stated that he is certain that we will have to use the money for what we have applied for.

Mayor Coleburn feels that things are going to change and there may be some room for negotiation on how we use these funds.

Manager Palmore stated that Blackstone is going to be faced with all of these projects in the future so why not have the plans drawn up now. The Town's Topo maps are not going to change. We can use these plans at anytime in the future. We need to have vision with regards to engineering to see how we can serve the Town 15 or 20 years from now.

Councilman Hill asked has the sewer line on Brunswick Avenue not had any major work done on it in the last 100 plus years.

Manager Palmore answered that so far we have put band-aids on the problem.

Mayor Coleburn does not feel that the sports complex is a necessity. He asked about the Amelia Avenue Bridge.

Manager Palmore answered that only the deck needs to be replaced on the bridge, the structure is fine.

Councilman Green asked where is this money going to come from.

Manager Palmore answered that he will get back to Council on that. He does not plan to spend \$166,000 within the next week or two weeks. He just needs to get these people to work and get going. The most that we should approve and move forward on now is \$67,300 for the replacement of water and sewer lines on Brunswick Avenue, the \$15,000 for Downtown, and the \$47,000 for replacing the deck on the Amelia Avenue Bridge. This will not come in as one big bill, but will be spread out over the next several months.

Councilman Hill asked does the Town Manager think we can get some money for these projects from stimulus funds.

Manager Palmore answered that these are supposed to be shovel ready projects but we could try our best to do this. Hopefully small towns would be given some room to negotiate and we will certainly include everything that we can.

Councilman Green asked what is the Town Manager asking for tonight. Does he want approval of the total \$166,857.

Manager Palmore answered, yes, but he feels that it will be June 1st before we will see any money flowing this way. He knows he can get the Downtown project and the Ridge Road/Pickett Court Project ready quickly. The Brunswick Avenue water and sewer project is going to take a little longer to get ready.

Councilman Quicke is concerned that if we don't get the money, then we are putting out a lot of money that we don't have.

Mayor Coleburn is also concerned but he also feels that we need to try and get our share of the stimulus money.

Manager Palmore stated that this is the best way to get the Brunswick Avenue Project paid for.

Council discussed this further.

Manager Palmore stated that we have already sent our wish list to Governor Kaine but we can back out if we can't afford to pay for all of this. He added that the water and sewer lines on Brunswick Avenue are going to need to be replaced much sooner than later. He stated that these lines could fail at any time.

Councilman Green feels we should wait on the Amelia Avenue Bridge. Can we come back next month and change what we have done tonight.

Mayor Coleburn stated that the bridge is ugly and bumpy but the sewer is an immediate issue.

Manager Palmore stated that he feels this is one of the toughest decisions that Council has to make.

Councilman Green made a motion to authorize the Town Manager to start the design portion of the Downtown Project, the Brunswick Avenue water and sewer line replacement, the Ridge Road/Pickett Court Project and the Sports Complex. The motion was seconded by Councilman Hill and approved unanimously. Vote:

Councilman Quicke	-	Aye
Councilwoman Wynn	-	Aye
Councilman Green	-	Aye
Councilman Wilson	-	Aye
Councilman Hill	-	Aye
Councilwoman Thompson	-	Aye

Assistant Town Manager Dunn addressed Council regarding Ward Transformer. He stated that there were four entities involved and they said they would clean up the site. This is in four phases and we are in phase one right now which is the actual building itself and the grounds around which the PCB's has seeped into. Phase 2 is the Estes Trucking Terminal which has leakage around the fence on their property and they have no idea how much it is going to cost to clean up. Phase 3 is operable unit 1 and operable unit 2 that has a stream near Lake Crabtree. We received a settlement agreement from the lawyers this week in the amount of \$71,000 for phase 1. Mr. Dunn stated that the Town would pay the same percentage on phase 2 as we would on phase 1, after they figure out what the total cost is. We really don't know anything yet about operable unit 1 and 2.

Mayor Coleburn asked when was the last time we did business with Ward Transformer.

Assistant Town Manager Dunn stated that we really don't know for sure because we don't have any record of doing business with Ward Transformer but apparently they have some records of us taking transformers to them for disposal.

Town Attorney Walden explained that Ward Transformer has spent \$55 million doing the transformer cleanup. They don't want to knock off any of the bill because it was done by a private entity. They have agreed to toll the suit and let it pend. The old toll and agreement has ended and now they are on the second toll and agreement. Mr. Walden stated that the lawyer that he spoke with feels that our best bet would be to sign an agreement and try to negotiate. If we can toll the agreement, we would be piggy backing off of others. If someone drops the toll agreement by April then we would have to hire a lawyer to represent us or tell them to send us a bill or just wait and see what happens.

Manager Palmore stated that \$71,000 for the Town of Blackstone is a lot of money and this is just the beginning.

Mayor Coleburn asked if defiance and pleading for common sense is going to work.

Manager Palmore answered that we did what we were supposed to do by law at the time and now they have changed the law and have gone back to the 1970's. He added that we have signed the tolling agreement and which will give us to the end of April.

There being no further business to bring before Council, Mayor Coleburn declared the meeting adjourned at 8:15 p.m.

MAYOR
OF THE TOWN OF BLACKSTONE, VIRGINIA

_____ APPROVED AND ADOPTED

_____ TOWN CLERK
OF THE TOWN OF BLACKSTONE, VIRGINIA