

**SPECIAL MEETING OF ONANCOCK TOWN COUNCIL
AND PUBLIC HEARINGS
AUGUST 20, 2007
6:00 P.M.**

TOWN COUNCIL MEMBERS PRESENT:

Kathyanne Runniger
Duke Shannahan
Fletcher Fosque

Kay Wescott
George Miles
Maphis Oswald

OTHERS PRESENT:

Bruce Paone, Mayor
Susan D. Scott, Town Manager
Vera Bruton
Helen Bunch
Billye D. Custis
Nita Daley
Cindy Downing
Valena Gibb
Laura Belle Gordy
Warren Greth, McGuire Woods

Karen Simpson, Admin. Asst.
Bryan Horton, Plant Manager
Charlie Landis
Laura Lucas
Eliza McBride
Haydon Rochester
Robert Swain
Terry Swain
Carol Vaughn
Shirley Zamora

- I. Mayor Paone called the meeting to order at 6:00 p.m. and announced that this Special Meeting was called in order to open bids on the Lease for the Onancock school property and for public hearings for the Onancock School property Lease and the issuance of wastewater bonds.
- II. The sole Lease bid was opened, which was received from Friends of Onancock School and which included all of the information requested by the Town. The Town Attorney will review the bid before acceptance. Mayor Paone closed the bid opening.
- III. Public hearing for consideration of entering into a Lease Agreement with the Town of Onancock regarding the Onancock School property. Mayor Paone read a synopsis of the public hearing notice, which appeared in the

Eastern Shore News on August 4th and 11th. As there was no public comment, Mayor Paone closed the public hearing at 6:05 p.m.

- IV. Public hearing on proposed General Obligation Bond and/or Wastewater System Revenue Bond issuances by the Town of Onancock. Mayor Paone read the Notice of Public Hearing advertised in the Eastern Shore News on August 4th and 11th.

Charlie Landis posed several questions to Council members, all of whom, except Councilwoman Oswald, deferred answers to the Town Manager. Shirley Zamora commented that Town Council members were elected to represent the Town's citizens, that they should be informed, and how scary the Town debt is.

Mayor Paone closed the public hearing at 6:13 p.m.

- V. The Special Meeting was reconvened for consideration of the Onancock School Lease and the issuance of wastewater bonds. i. The Town Manager proposed that the Lease award be voted on at the regularly scheduled Town Council Meeting on August 27th after David Rowan reviews the Lease. Councilman Miles made a motion to defer the Lease award decision until August 27, 2007 after being reviewed by the Town Attorney, Councilman Shannahan seconded the motion, and it passed unanimously. Laura Lucas, Attorney for FOS, was advised that if Council approved the Lease award to them, the Lease could be signed on August 27th.
- ii. 1. Adoption of Resolution authorizing issuance and sale of G/O bonds and/or Wastewater System Bonds in an aggregate principal amount not to exceed \$12.2 million dollars.

Councilman Shannahan felt it appropriate to give Mr. Landis some kind of response. The Town Manager advised the following: 1. That the sewer project has increased from the original estimate of \$10 million (not \$7.7 mil.) to the current \$12.2 million. 2. The cost of the sewer project is \$12.2 million. 3. That Council has been very aware of the numerous funding opportunities and commitments from DEQ for a 0% loan of \$4,900,000 and a \$2.8 million grant from the Water Quality Improvement Fund. We received \$500,000 from a Federal STAG grant, as well as

another possible \$300,000 from the federal government. Council approved working with Rural Development for a combination grant/loan package worth over \$1 million. 4. Yes, there have been estimates as to the annual debt payment. 5. The public hearing answered Mr. Landis' fifth question. Warren Greth, bond counsel, explained that 10% of assessed value is the debt limit in general obligation bonds. The rest is revenue bonds payable from profits of the project. Councilman Shannahan added that we do have the ability and the likelihood of getting all of the money talked about. Our intent is to get as much as we can from grants and then as much as we can from 0% loans, with the balance through low-cost loans. We do not have all of the details until we get further along in the process. Councilwoman Oswald does not think we have the customer base to support an additional 250,000 gallons regarding the wastewater plant. Councilman Fosque reminded the gathering that this new plant is being built to cover the next 40 years. We would not be able to borrow the money if the lender(s) did not think we could pay it back. In the long run, this expansion will be the best thing for the citizens of the Town. Mr. Greth noted that "general obligation bonds" by definition means that they will be paid for from tax revenues. A combination bond can be paid by revenues, but if they are not sufficient to pay the debt service, taxes can be raised.

Councilman Miles made the motion to adopt Resolution 2007-4 authorizing the issuance and sale of general obligation bonds and/or wastewater system revenue bonds in an aggregate principal amount not to exceed \$12,200,000 by the Town of Onancock, VA, and establishing the terms, details and provisions for the payment thereof, Councilman Shannahan seconded the motion, and it passed by a majority vote of 5-1. Councilwomen Runninger and Wescott and Councilmen Shannahan, Fosque and Miles voted "aye". Councilwoman Oswald voted "nay".

The Town Manager advised that the three (3) Accomack County engineers would like to meet with Council at 6:00 p.m. on August 27th. They are going to consolidate all reports that Accomack County has participated in over the past twenty (20) years into one current one.

The auditor, Diane Smith, is scheduled to meet with Council on September 13, 2007 at 6:00 p.m.

Mayor Paone adjourned the meeting at 6:40 p.m.

Susan D. Scott
Town Manager

Bruce Paone
Mayor