

A JOINT MEETING WAS HELD BY THE NEW KENT COUNTY BOARD OF SUPERVISORS AND THE NEW KENT SCHOOL BOARD AT 4:00 P.M. ON THE 31ST DAY OF AUGUST IN THE YEAR TWO THOUSAND TWENTY, AT 7365 EGYPT ROAD, NEW KENT, VIRGINIA.

IN RE: SCHOOL BOARD CALL TO ORDER

School Board Chairwoman Dr. Gail B. Hardinge called the School Board meeting to order. Other School Board members present included Wayne Meade, Sarah Grier Barber and Andrea Staskiel. Kristin Swynford joined the meeting electronically.

IN RE: CALL TO ORDER

Chairwoman Patricia A. Paige called the meeting to order.

IN RE: ROLL CALL

Thomas W. Evelyn	Absent
C. Thomas Tiller, Jr.	Present
Patricia A. Paige	Present
Ron Stiers	Absent
John N. Lockwood	Present

Mr. Evelyn joined the meeting at 4:12 p.m.

IN RE: CARES CORONAVIRUS RELIEF FUNDS (ROUND TWO) DISCUSSION

Superintendent Dr. Brian Nichols expressed his appreciation for the wonderful experience working with County Administrator Rodney Hathaway, Fire Chief Rick Opett, Deputy Fire Chief Lisa Baber and Parks and Recreation Director Kim Turner in preparation for the new school year. He stated this had been an evolving process with so many unknowns. He reviewed the School Board's list of items for consideration in the distribution of second round CARES Relief Funds. Technology had been the primary driver with approximately 90% of the requests being technology related. The list included:

1. Wireless Connections for Internet Cafés totaling \$23,000 - Improving wireless service in the gyms/cafeterias and allowing this service to reach out into parking lots was a big focus. These upgrades were needed to support Online Access Centers (OAC) that would be made available at the start of the school year to students without internet access.
2. Instructional Staff Laptops totaling \$225,380 - Dr. Nichols reported instructional staff laptops had been requested in the distribution of the first round of relief funds. These laptops had not been funded and had been included in second round requests. Existing Chromebooks were not sufficient to meet instructional needs utilizing a virtual format.
3. Google Licensing totaling \$7,500 - Dr. Nichols reported the school division had been utilizing ZOOM for electronic meetings. This service had initially been free but limits restricting free use were now in place. They had determined Google Meet would be more economical and the \$7,500 requested would provide service at all facilities.
4. CrowdStrike for Staff Laptops totaling \$19,893 - Dr. Nichols reminded everyone of the cyber attack the school division had experienced the previous year. CrowdStrike would provide additional security for staff laptops.
5. Webcams and USB Extension Stands totaling \$48,000 - These items would also support the virtual learning format. Dr. Nichols reported teachers would be delivering instruction from their classrooms and this equipment was necessary to facilitate that process.

6. Production Server Updates totaling \$50,000 – This request was in support of the expected increase in server demand. Dr. Nichols reported there would be a lot more strain on the system with 3,000 plus students participating in distance learning.
7. Substitute Teachers totaling \$62,000 – Dr. Nichols noted this item may not be on the list when the division's requests were officially presented on September 1st. Additional funding for substitute teachers had been considered a need when a hybrid return to learning format had been contemplated.
8. Chromebooks totaling \$566,762 - The school division was working to get Chromebooks to all students and the Chromebooks recently distributed to elementary students were on their last year of life. Dr. Nichols stated this request was for just over half a million dollars but was a "flexible and fluid" project. The \$566,762 request would support an ideal number of Chromebooks but they could work with whatever funding was provided.
9. HVAC Units totaling \$90,000 –The school division had looked at options for filtration systems as they had been working through preparations for a hybrid format. This funding would upgrade six units but some units could not be upgraded due to their age. This was also a "flexible and fluid" project and if funding was not available for six units, funding for a smaller number of units would help them avoid using other capital funds.

Dr. Nichols closed by stating this had been a high-level overview of their requests and again expressed his appreciation for the partnership and the opportunity to discuss the technology focus in support of schools going virtual. He entertained questions.

Ms. Paige asked for the total of all School Board requests. Dr. Nichols reported the total was \$1,092,535.

Ms. Swynford apologized for her absence. She asked how many students had requested use of the OACs. Dr. Nichols indicated he did not have that number but it was evolving and would continue to grow. The school division was working to provide transportation for families who needed it. Students using the OACs would have a shorter school day, would be supervised by school personnel and would be provided breakfast and lunch.

Mr. Lockwood suggested the virtual format would result in savings in some areas while other areas may need additional funding and asked if any figures were available. Dr. Nichols reported buildings would not be closed but some aspects of building operations would be run differently. They believed fewer buses would run so there would also be some savings in this area. Student enrollment was being watched closely and a number of families had decided to delay enrolling kindergarten students. He expressed concerns about how this would impact kindergarten enrollment in 2021-22. He reported a bill to hold school divisions harmless for enrollment numbers was currently before the General Assembly and if approved, would keep school enrollment numbers at March 2020 levels.

Mr. Hathaway reported he had not looked at the School Board's individual CARES funding requests but suggested that based on Dr. Nichols' overview, most seemed to be consistent with the guidelines for CARES funding. He suggested Financial Services may need to take a closer look at the request for substitute teacher funding. One criteria for CARES funding was that it could not be used to supplant something that was already budgeted and since substitute teachers were already in the budget it may be necessary to document how this expenditure would be over and above. Dr. Nichols agreed and noted as previously stated, this request may be removed before presentation on September 1st.

Mr. Evelyn stated he assumed the School Board's FY20 books had not been closed yet. Dr. Nichols confirmed. Mr. Evelyn asked if a year-end estimate was available. Executive Director of Finance and Budget Haynie Morgheim reported end of year information was not

available but would be presented at the School Board's October meeting. Mr. Evelyn suggested the year-end balance could be substantial. Dr. Nichols agreed but noted the School Board had incurred other costs as a result of COVID. Mr. Evelyn asked how the School Board was planning to use the year-end balance. Dr. Nichols indicated the same process used in past years in support of one-time capital projects would be followed. Mr. Evelyn stated recent end of year balances had been in the \$500,000 to \$700,000 range. Dr. Nichols agreed. Ms. Morgheim reported the School Board had been concerned about lost revenue but had been pleasantly surprised that sales tax revenue had not dropped as projected. Many variables about the 20-21 school year remained to be considered and she reminded everyone that approximately 85% of the School Board budget was in salary and benefits. Plans for the school year were constantly changing and the key would be flexibility.

Mr. Hathaway reported the funding review committee would meet with every department requesting funding on September 1st and an expenditure plan would be developed for presentation to the Board for action on September 8th. Approval notices would go out the following day. Funding for approved expenditures should be spent by December 30, 2020 and the review committee would be considering the feasibility of making the expenditure by this date when considering requests. Dr. Hardinge noted for clarification that the committee would send recommendations to the Board and the Board would vote on September 8th. Mr. Hathaway confirmed. Ms. Paige asked if there would be another round of CARES funding. Mr. Hathaway reported the notice from the State had indicated this would be the final round. Ms. Paige noted that after first round funding allocation it had been said there would be a second round of reviews to determine what had not been spent. She asked if the same would be done with the second round funding. Mr. Hathaway confirmed there would be a second review and reported the committee would reconvene in September to review first and second round spending. The goal was to not send any money back to the State.

IN RE: NEW ELEMENTARY SCHOOL FINANCING DISCUSSION

Superintendent of School Dr. Brian Nichols introduced Stephen Halsey and Andrew Smolak representing Moseley Architects who was designing the new elementary school. Dr. Nichols provided an overview of 2020 events in preparation for the new school including:

- February 2020 – The School Board adopted a resolution requesting the Board of Supervisors to issue general obligation school bonds – VPSA Spring Pool.
- March 2020 – The School Board and the Board of Supervisors met for a joint meeting to discuss FY21 budget requests and funding options for the new elementary school.
- April 2020 – The Board of Supervisors deferred a decision on funding the new school due to economic instability/uncertainty.
- August 2020 - The School Board adopted a resolution requesting the Board of Supervisors to issue general obligation school bonds – VPSA Fall Pool.
- September 8, 2020 – The Board of Supervisors would consider a vote on a School Bond Resolution.
- Fall 2022 opening was still a possibility.

Dr. Nichols reported one of many things learned in planning for this school during a pandemic was the need for flexibility in spaces. The Virginia Department of Education (VDOE) had reported in 2018 that the five year average square footage in new schools was 128 sq. ft. per student. The proposed new school would have 126.75 sq. ft. per student. Mr. Evelyn asked if the capacity would be 700 students. Dr. Nichols reported capacity would be 750 students. Mr. Halsey stated VDOE began reporting the average square footage per student in 2010. The 128 sq. ft. average was based on all elementary schools built in Virginia from 2014 through 2018. Dr. Nichols stated factors impacting the need for

flexibility in schools included changes in instructional methodologies, testing and independent work, changing enrollment of students with disabilities, the need for community use and unexpected requirements such as the current pandemic.

Dr. Nichols provided an overview of how the new school's design would provide flexibility for future growth, community needs and support families and students. The school would include extended learning spaces providing for additional classroom spaces at the end of each wing. Extended learning spaces would also provide an opportunity for additional supervised instructional spaces in hallways. The design also included an auxiliary gym which would allow for partnerships with other County agencies, provide space for community use and support additional school opportunities. A STEM (Science, Technology, Engineering and Mathematics) room which could be converted to multiple types of work spaces was also included. Learning stairs would make use of walking and sitting areas for classroom learning space and two rooftop learning spaces could economically be converted into closed classroom space with future growth. Many opportunities to add capacity were being built into the new school design. Mr. Halsey agreed and reported a trend seen over the past seven to eight years had been a move away from standardized testing toward group work, individual work and small group work. Having a school environment with mixed use spaces would provide opportunities for these varied instructional settings and specifically for those who may need individual targeted support or for those who were excelling to continue flourishing in small groups. There had been a lot of discussion regarding the auxiliary gym and its availability for use as a community space as well as serving as additional physical education space on rainy days. Mr. Smolak also reported extra capacity and flexibility had been considered when designing the Pre-K rooms. These spaces could easily be converted to special needs rooms based on the needs of the student population. The auxiliary gym would also have an aspect of support for special needs students including physical therapy and other fitness activities tailored to their needs.

Dr. Hardinge noted there had been some activities which had not been mentioned in the timeline. She reported Mr. Lockwood had met with the architects and School Board representatives and there had also been Chair/Vice Chair, Administrator/Superintendent meetings. She reported two questions that kept coming up had been "Why this school?" and "Why this cost?" At some point during those discussions the suggestion had been made that the school could be built for \$26 million and the architects had noted it could not be built for that price. Dr. Hardinge asked Mr. Halsey if he could explain why this wasn't possible. Mr. Halsey stated an elementary school with an all-in price of \$26 million would be significantly smaller (450 to 500 students) and the only way to build a school for \$26 million in today's economy was to build less. He noted that in many cases, a school was a 75-year investment for the community and should be built with quality materials that would last for several generations. Dr. Hardinge suggested many people thought that because they knew something about construction, they knew this school could be built for less. She noted Mr. Halsey had mentioned materials and durability and asked how the School Board could help the community understand building a school was not like building a house. Mr. Halsey stated schools were community assets which were used frequently after school hours and on weekends. The wear and tear on these facilities necessitated that they be built with durability and ease of maintenance in mind while still meeting instructional needs. He stated this school would be a modern instructional facility with flexibility of spaces and designs lacking flexibility of spaces had not been built in Virginia in the last six to eight years. Dr. Hardinge asked if this was why the number had changed from \$26 million to today's figure. Mr. Halsey confirmed. Dr. Hardinge noted the County had been discussing building this school for eight years. Mr. Halsey noted inflation was a big factor and if \$26 million had been the all in number eight years ago, inflation would have had a significant impact since then. He reported inflation trends were a consideration and inflation for school

construction in Virginia had been approximately 6% each year for the last 18 years. Economic factors driving general construction costs were also considered. Mr. Meade asked how the \$35 million for the 95,000 square foot elementary school compared to the per square foot cost of other schools Moseley designed. Mr. Halsey reported Moseley had used a blend of actual cost of four or five schools to come up with the budget for New Kent's school. Because so much was known about the site work, contingency figures were reduced. Based on recent history of comparable schools in comparable localities, they had been very comfortable with their budget estimate and had been as surprised as anyone with the bid numbers.

Dr. Hardinge stated she was glad to have the Board of Supervisors present and noted Mr. Halsey and Mr. Smolak had been invited to give the Board of Supervisors an opportunity to ask questions. Mr. Lockwood began by reporting he had recent data from VDOE indicating Chesterfield County had four elementary schools with contract award dates in 2019. Those schools were 800 to 900 square feet larger than the proposed New Kent school, had capacities of 794 students and price tags in the \$24.3 to \$25.5 million range for building and site costs. He stated if \$6 million was added for furniture and other items inside the school, the total cost would be \$31 million, \$7 million less than the \$38 million price for New Kent's school. Mr. Halsey agreed and reported Chesterfield had built this same school about eight times and the design was a ten to twelve year old prototype from a competitor firm. He suggested it was a very basic design which from an education architect's perspective was considered to be very backward thinking. Mr. Lockwood stated this was difficult to understand because students in Chesterfield County were getting a good education and students in New Kent were getting a great education while the schools currently in New Kent were way behind Chesterfield schools. Dr. Hardinge suggested the meaning of the term "prototype" may not have been clear. She stated a prototype school was a design which was constructed multiple times and there was a financial benefit from building multiple schools of the same design. She asked Mr. Halsey how many of these elementary schools had been built in Prince William County. Mr. Halsey reported there had been twelve to fifteen schools constructed. Dr. Hardinge stated there was savings when building the same school multiple times. Mr. Lockwood stated the same contractor would not be building all of the schools and each individual school would be out for bid. He suggested the cost of construction should not vary much between schools. Mr. Halsey reported bidding on these schools had been done in groups of two with the first bids being solicited during a low point of the market. He also noted that once the bid for the first two schools was in, everyone knew what the market was and based bids for future schools on that figure. He also reported many of these schools had been same site replacements which significantly impacted site work costs. Mr. Lockwood suggested New Kent was proposing to build a top dollar school when they did not have a top dollar economy. He stated he understood the economies of scale but suggested that didn't change much when comparing similar size schools. Ms. Staskiel stated it was her understanding New Kent was building a median school in terms of price per square footage with New Kent's school being \$127 per square foot compared to an average of \$128. Mr. Lockwood noted Ms. Staskiel had referenced square feet per student and not cost per square foot. Mr. Halsey agreed. Dr. Hardinge asked if the total cost included all site costs, architectural and engineering fees, technology, equipment, Clerk of the Works and furniture. Mr. Lockwood stated furniture was not included and the items on the second page (Referenced document was not cited) and noted New Kent was coming in at \$6 million more than the other referenced schools. The cost per square foot for the New Kent school was \$298 while the Chesterfield schools were in the \$256 to \$266 range. Ms. Staskiel stated New Kent was not able to benefit from economies of scale. Mr. Lockwood suggested New Kent could benefit from economies of scale if they bought plans that were already available. Mr. Halsey suggested the County was not buying plans but rather a project that would be put out for bid. Mr. Lockwood asked if it was being

suggested that New Kent could not go to Chesterfield's architect and buy the same set of plans. Mr. Halsey stated that was correct and noted the plans belonged to Chesterfield County and they would have to be reengineered by another architect. He again stated this was a ten to twelve year old prototype which was a very basic school and had been built multiple times in multiple localities. Mr. Lockwood suggested the plans were a commodity other than site specific engineering. Ms. Barber stated a break out of components would be needed for a true comparison between the schools and it would take time to answer questions such as does it have everything New Kent had determined was necessary and was the bidding environment the same. Mr. Lockwood indicated he understood but suggested the Chesterfield bids had been awarded at the peak of the market and given the current market it was possible the New Kent school could be built for less. He noted he had not been involved when the community groups had met to discuss the new school and he had recently reviewed some of that information. He stated there was nothing about cost or price and suggested that should have been the starting point. Ms. Barber stated it was the starting point and noted there were variables any state agency should consider including:

- Does it programmatically meet our needs? She noted the community had gotten together to discuss the needs and a list of spaces had been developed.
- Efficiency of materials and design and energy efficiency. She noted these were all items that would have lasting financial impacts.
- Environmental quality. She noted this was not just being green for the sake of being green but was about indoor air quality, daylight and making the space habitable.

She suggested these variables were fairly stringent and there wasn't much room for excess. Mr. Lockwood suggested these requirements were universal in all schools and he couldn't imagine Chesterfield was breaking all the rules to build a cheap school. He asked if they can, why can't we? He reported he had driven by some of these schools and they appeared to be of good quality. Ms. Barber stated since the expectation was that they would be in use for fifty or more years, they should be of good quality. She suggested if New Kent was going to base their decision on how Chesterfield was building schools, they needed to make sure that would work for New Kent. Mr. Lockwood stated, we need a new elementary school but do we need this one and suggested we needed something he considered to be more in line with the County's budget. Dr. Hardinge suggested most school divisions would not have \$15 million to put on a school at a time when the bond rate was so low. She understood there were new Supervisors since discussion on this project had first started and stated that what frustrated her was "why did we bother to ask the community?" She reported committee members had met for weeks to plan for a community school and if a community school was not what was wanted, then the community should not vote in the schools and there should not be neighborhood sports activities in the schools. She stated they wanted to build a community school for everyone to use at an end of the County where these resources were not present and a plan and a timeline had been developed. She stated, "We've known for a long time we were going to need this school" and they had worked to squeeze everything needed into 15 acres because that was what they had to work with. She stated the whole community had been involved and suggested the Board of Supervisors should pick the school since they had set the cap at \$26 million.

Ms. Staskiel noted she was concerned that District 4 Supervisor Ron Stiers was not present. She asked Dr. Nichols if he was able to get with Mr. Stiers to answer any questions he may have. Dr. Nichols indicated he could. Ms. Staskiel suggested Mr. Stiers may have already made up his mind and may have felt this meeting wasn't necessary. Ms. Paige stated Mr. Stiers was not present because he had been hospitalized and his absence was not due to a lack of concern. Ms. Staskiel stated it was necessary to get the information to him.

Dr. Hardinge suggested we were down to the wire and asked when the Board of Supervisors had to make a decision about the fall borrowing pool. Before this question could be

answered, Mr. Lockwood interjected that he was new to the Board and this was frustrating to him too. He stated that six months ago discussions had been about what could be done to reduce the cost of the school and Dr. Nichols and she had both been present. Until they had met a few weeks ago, he had not heard anything about what could be done to reduce the cost. He suggested she was correct that we were now down to the wire and that six months had been wasted that could have been used to discuss what could be done to move forward. Dr. Harding indicated she believed they had information that had been requested regarding possible reductions. Dr. Nichols reported these reductions had been known since April and that he and other staff had met with the apparent lowest bidder soon after the bid had been received to discuss value engineering. Mr. Halsey agreed and indicated this list had been prepared approximately a week and a half after the bidding. Dr. Nichols stated they had not sat for six months and suggested if the Board of Supervisors wanted to reduce the price of the building, it would be necessary to reduce square footage and capacity. It would then be necessary to go back out to bid because it would be a different project. He suggested if that was what the Board wanted a decision needed to be made so they could move forward. He stated he had a list of value engineering items totaling nearly \$1 million but he did not want to share that information publicly because there was no contract. The items on this list were the extent of what could be done with the current design and anything more would result in Moseley needing to do redesign work. He mentioned a number of areas of possible savings that had been considered and stated he didn't want the public to think they had waited from April until now to talk about moving forward. Mr. Lockwood asked why the two Boards had not been talking about these options. Dr. Nichols stated they had been involved in working through a pandemic and preparing for the new school year. Mr. Lockwood suggested email and Zoom were options. Dr. Hardinge reported Ms. Paige had asked for information and had been invited in to look at the material. She noted Mr. Lockwood had wanted to meet with Moseley and the School Board had requested that they all meet together. She suggested Mr. Lockwood or any of the Board members could have asked to meet with them sooner. She noted it was very difficult for both boards to find a date that would work for all members but suggested it could have been done sooner. Mr. Lockwood asked why the School Board had not shared the information they had when they had received it. Dr. Nichols asked if Mr. Lockwood had these questions, why had he not shared them until this meeting. Mr. Lockwood indicated he had just recently come across the Chesterfield information. Dr. Nichols noted this needed to be a two way street and the two boards could talk any time about anything needed to move forward. Ms. Barber asked if the Board of Supervisors was formally asking the School Board to reduce the cost of the school. Ms. Paige stated the Board of Supervisors had asked the School Board to reduce the cost in March. Ms. Staskiel asked if the Board of Supervisors was saying if the School Board could get the cost down to \$26 million, they could build a school. Ms. Paige stated she was sure that Mr. Stiers had asked the School Board to reevaluate and come back with a lower price. Ms. Barber asked how much of a lower price the Board of Supervisors was expecting and noted the School Board needed a target but it needed to be realistic. Ms. Paige suggested she would need to contact Mr. Stiers and report back. Dr. Hardinge noted four Supervisors were present and asked if this decision was only Mr. Stiers'. Ms. Paige indicated the whole Board would decide and noted as Dr. Nichols had said, they too had been going through a pandemic which was why the Board had deferred action. Mr. Stiers had shared the various numbers that had been suggested over the years for the cost of this school. She asked could the school be built for \$30 million? Mr. Halsey stated that a school of some size could be built for \$30 million. Ms. Barber pointed out that you could have cost estimates but would never know what the price would be until bid day. Dr. Hardinge noted the project had been put out to bid and she thought the bids had been in the same ballpark. Mr. Halsey confirmed and reported there had been six bids with three being within \$400,000 of each other. Dr. Hardinge noted no one had come back with a \$26 million or \$28 million bid because it couldn't be done for that price. Mr. Evelyn noted

construction prices were up and down and asked Mr. Halsey if he felt the cost would change if the project were put back out for bid. Before Mr. Halsey could answer, Dr. Hardinge interjected and noted the School Board had wanted to go into closed session with the Board of Supervisors because they had information that could not be shared publicly. She stated the County Attorney had indicated they could not go into closed session because it was the School Board's responsibility to make the decision. She suggested they were now between a rock and a hard place because the Supervisors wanted every detail and wanted to make the decision and yet the County Attorney was saying they could not go into closed session because it was the School Board's decision to make.

Dr. Nichols drew the discussion back to his PowerPoint presentation which he noted included a slide with information on options and the timeline for each. He suggested there were three possible pathways including:

- Continue with the current bid and negotiate the value engineering items – This option could potentially save \$690,000 and a final figure could be available within a few weeks. This option would involve continuing negotiations with the apparent low bidder with an expectation to move forward as soon as possible. Fall 2022 opening was possible. Dr. Nichols reported approximately \$250,000 for trailers in the school division's Capital Budget would not be needed this year and could be transferred to the school budget.
- Reissue the current bid with or without value engineering options – Potential savings was unknown and a final figure could be available between October 19th and October 30th. Ms. Staskiel asked if this option would still result in a Fall 2022 opening. Dr. Nichols indicated Fall 2022 would still be possible but some additional work on Moseley's part would be necessary. Mr. Evelyn asked what the additional engineering and design costs would be. Mr. Halsey indicated that cost would be on Moseley. Mr. Evelyn asked him if he thought a rebid would result in a lower price. Mr. Halsey stated conventional wisdom would suggest that in today's market it could result in a lower number but as Mr. Evelyn had previously noted, material prices were up and down and there were many factors that could influence the price. This option could potentially meet the fall bond deadline and would include value engineering reductions in the bid.
- Reissue the bid with square footage implications – Potential savings was unknown and because this would involve some significant reengineering, it would not be out for rebid until January 2021. This option would eliminate the auxiliary gym and Mr. Evelyn noted redesigning would be necessary if this gym was eliminated. He asked Mr. Halsey if that cost would also be on Moseley. Mr. Halsey indicated value engineering would be included but not redesigning. This option would not meet the fall bond deadline but would include value engineering. Square footage adjustments were estimated to result in a \$700,000 to \$900,000 savings. Other areas of savings would include eliminating bleachers and an option for a middle school size basketball court or to reduce the size.

Dr. Nichols noted the value engineering list was extensive and he was willing to meet to go over the items. Mr. Meade asked if the County went into the bond pool for \$35 million and then determined they didn't need \$35 million, could they stay in the pool. Mr. Hathaway reported that once the County committed to a number, they would have to borrow that amount and the County had to make that commitment by October 6th. Ms. Staskiel stated there was \$15 million in the bank for this project. Mr. Hathaway reported the actual figure was \$12,353,574. Ms. Staskiel noted this cash would be used to offset the cost and reduce the amount borrowed. Referencing the third pathway Dr. Nichols had shared, Mr. Evelyn asked could the County go into the fall pool while redesign work was being completed. Mr. Hathaway confirmed and noted August 31st was the deadline to get into the pool and the County had already made application. He also noted if the project was put out to bid again, a bid number would not be known by the deadline for the County to commit to a number. The County could move forward based on a guess but if the guess was over, the County

would have to borrow that amount. The real concern would be what if the guess was under and additional funds were needed. Addressing Mr. Halsey, Ms. Paige stated if he had been surprised when the bids had come in, he could certainly understand the two boards were surprised. Mr. Halsey agreed and stated they had felt they had a good budget and again noted they had based their figures on actual costs of similar schools. Ms. Paige noted both Boards had come out of the March retreat with no doubt and then the pandemic changed things. Referencing previous comments regarding the possibility of committing to borrow more than was needed, Mr. Meade asked if the \$35 million was borrowed and the costs was reduced, would the remaining balance have to be used for that school or could it be reallocated for other capital improvements in other schools. Mr. Hathaway indicated the funds would not have to be used for that particular school but they would have to be used for education. Mr. Meade stated there were other capital projects where the additional funds could be used and suggested that with the given interest rate, it could be the cheapest money available. Mr. Hathaway noted concerns and stated the County's payback was based on the level of taxes collected from citizens and if taxes were going to be increased for the new school, the County needed to be up front with the citizens. He reported he had been working for the County to be in a position to not have to increase taxes for the school but it would be necessary to know an exact amount and utilize cash reserves in order to do that. Ms. Staskiel asked if the \$12 million was all the money the County had in savings and investments. Mr. Hathaway indicated it was not the only funds the County had but it was the only amount allocated to schools. He stated the County also had funds in cash reserves and contingencies. Assistant Financial Services Director Larry Clark reported the County's cash reserve was approximately 15% and additional funds were allocated to Capital projects. Ms. Staskiel asked the value of 15%. Mr. Clark indicated 15% was approximately \$11 million. She asked if this was over and above the \$12 million. Mr. Clark confirmed and noted the County had a number of policies which required that certain reserve levels be maintained. Mr. Meade asked if the County went into the bond pool for \$35 million, would it be necessary to increase taxes. Mr. Hathaway stated he did not believe it would be necessary at the \$35 million level but it may be necessary for anything higher. Mr. Meade stated this did not include any Colonial Downs money. Mr. Hathaway stated approximately \$4 million on Colonial Downs revenue was included in the \$12 million.

Dr. Nichols noted the price had come in at approximately \$37 million. He suggested that with the value engineering, the capital project funding for trailers and the possibility of using some end of year funds to pay for furniture, they should be able to get close to \$35 million. He suggested the boards could work together collaboratively to reduce the cost.

Mr. Evelyn asked for a review of the third pathway timeline. Mr. Halsey indicated they would try to avoid touching the site plan so as to not impact the permit. Changes would take approximately two months to complete followed by a four to five week bid period with a number being available by the end of the year. Mr. Hathaway noted that timeline would put the borrowing into the spring 2021 pool. Mr. Evelyn stated the second pathway would not cost the County anything additional. He asked for the timeline with this pathway. Mr. Halsey indicated that approximately ten days after receiving the bids they had been provided with a list containing price ranges for a number of components in the new school. Since there had been no contract, they had not moved forward to determine final numbers. He suggested the County was in a good negotiating spot and he was continuing to receive phone calls from the bidder indicating they were still interested in the project.

Dr. Hardinge asked how the Board of Supervisors would like the School Board to proceed. Mr. Evelyn suggested they needed a few days to consider the information. He noted it was no question the County needed a new school and he too had been shocked by the bid price. He noted the interest rate was low and suggested the County may never be able to get

money that cheap again. Ms. Staskiel suggested if the school had come in at a lower cost and the interest rate had been 3% to 4%, the County's cost would have been the same when compared to a 1% loan on a higher amount. Mr. Hathaway reported the recent loan where the County had received a 1% rate had been a small utility loan and a rate that low would not be available for the school. He noted the County's Financial Advisor Ted Cole was present and asked him to comment. Mr. Cole reported he expected the rate to be just under 2%. Dr. Hardinge asked if other bond rates had been fluctuating. Mr. Cole reported current rates were historically low for municipal borrowing. Dr. Hardinge asked for the average rate. Mr. Cole noted there were many variables and specifically noted the term of the loan would significantly impact the rate. Dr. Hardinge asked what term the County was considering. Mr. Hathaway reported both 20 and 25-year options were being considered. Dr. Hardinge asked what the average rate had been for 20 and 25-year loans over the past year. Mr. Cole reported the average had been in the low 3% range and there had been a large increase in the March/April timeframe. Mr. Hathaway reported that prior to the pandemic, the County had built its model on 2.85% and in March/April the rates had gone up to the high 3% range. Dr. Hardinge asked what difference would a 3.5% interest rate compared with current interest rates make. She stated if the County was not in the fall pool, a 3.5% interest rate would be the risk the Board would be taking. Mr. Evelyn asked Mr. Cole what the impact would be of a 1% rate increase on a \$30 million loan. Mr. Cole indicated he would do the calculation and report back.

Ms. Paige reported she had sent a text message to Mr. Stiers asking for his input but had not heard back from him. She noted the School Board had extended an open invitation for everyone to talk with them. Mr. Evelyn suggested it would be a good idea if each of the Supervisors meet to see what the School Board was considering. Dr. Hardinge suggested it would be great to also have Moseley participate and noted they wanted to hear the Supervisors' questions. She also wanted to better understand the Chesterfield numbers Mr. Lockwood had shared. She stated that she heard him and she knew what VDOE had posted but she felt something was missing. Mr. Lockwood asked if everyone was comfortable with meeting two at a time to review the information. Dr. Nichols indicated he would make himself available. Mr. Meade stated financing was a big deal and the projection of 1% vs. 3% was a real number of cost savings. The rate would significantly change the debt service at \$27 million vs. \$30 million vs. \$35 million over 20 to 25 years.

Dr. Hardinge indicated they had some homework to do and they welcomed the opportunity to set up meetings to go over all the details. The School Board had a lot of details they had wanted to share but could not meet in closed session. Dr. Nichols asked if the Board would be voting on this on September 8th. Mr. Hathaway noted the vote on September 8th would be making a statement that they would like to borrow up to a certain amount and set a limit on the interest rate. This vote would not lock the Board into any commitment for a specific amount. The commitment on the amount would need to be made by October 6th with the interest rate being locked in on October 20th. Mr. Cole noted the Board of Supervisors was scheduled to hold a public hearing on September 8th. He noted a "not to exceed" dollar amount had been published in the paper and this would establish the legal limit of any borrowing unless the Board chose to hold another public hearing. He further noted there would also be two resolutions for consideration; one for the standalone program and one for the pool program but action may not be taken on these until the September 30th work session. Action would be needed by October 5th. Mr. Hathaway also pointed out that the standalone program would give the County more flexibility in regard to timing but there would be more costs. Mr. Meade asked if there would be any guarantee on the interest rate with the standalone program. Mr. Cole stated the interest rate would be based on the market at the time.

IN RE: ADJOURNMENT

The next regularly scheduled meeting of the Board of Supervisors would be held at 6:00 p.m. on Tuesday, September 8, 2020, and the next work session at 9:00 a.m. on Wednesday, September 30, 2020, both in the Boardroom of the County Administration Building.

Mr. Evelyn moved to adjourn the meeting. The members were polled:

Thomas W. Evelyn	Aye
C. Thomas Tiller, Jr.	Aye
Ron Stiers	Absent
John N. Lockwood	Aye
Patricia A. Paige	Aye

The motion carried.

The meeting was adjourned at 5:43 p.m.