



MIDDLE RIVER REGIONAL JAIL

Serving Staunton, Waynesboro, Harrisonburg and
the Counties of Augusta and Rockingham

July 13, 2021, 2:00 p.m.

Finance Committee Meeting
350 Technology Drive
Staunton, Virginia 24401

Finance Committee Members:

Jennifer Whetzel, Augusta Assistant County Administrator
Cameron McCormick, Waynesboro City Finance Director (Departed the meeting at 3:40 pm)
Larry Propst, Harrisonburg City Finance Director
Phillip Trayer, Staunton City Finance Director (Departed the meeting at 3:15 pm)
Patricia Davidson, Rockingham County Finance Director (Absent)

Facility Staff:

Jeffery Newton, Superintendent, Middle River Regional Jail
Eric Young, Major of Operations, Middle River Regional Jail
Lori Nicholson, Major of Support Services, Middle River Regional Jail
Jeanne Colvin, Finance Director, Middle River Regional Jail
Beverly Manor, Finance Staff, Middle River Regional Jail
Kimberly Hardy, IT, Middle River Regional Jail

Others Present:

Davenport & Company LLC; MRRJA Financial Advisors, Ted Cole and Ben Wilson
Hunton Andrews Kurth LLP; Chris Kulp, MRRJA Bond Counsel
Hefty Wiley & Gore P.C.; Jeff Gore, MRRJA Attorney
Moseley Architects; Tony Bell, MRRJA Architect
Misty Cook, Augusta County Fiscal Agent

Mr. Newton welcomed everyone.

1. Approval Minutes May 10, 2021: Mr. Trayer made a motion to approve the minutes from the May 10, 2021 finance meeting. Mr. McCormick seconded the motion. Approval was **unanimous**.
2. Update on the state share of the renovation project/status of approval:
 - a. Mr. Bell stated that Moseley was trying to finish the update to the Community Based Corrections Plan for the renovation project and submit to the state Board of Local and Regional Jail (BLRJ) by July 21 for their meeting. Mr. Bell with Moseley Architects stated the Board of Local and Regional Jails preferred to move the request for approval of the renovation project to their August meeting instead of the July 21, 2021 as originally planned because of the delay in submitting the final document to the Board for their review.

- b. Mr. Newton commented that due to the substantive changes to the CBCP he is reluctant to place any items related to the construction project on the August Authority Board meeting agenda because of not knowing if the state will pay their 25% share of the project. This may delay the project four to five months.
- c. Ms. Whetzel asked if we expect the BLRJ to approve the project at the July meeting. Mr. Bell commented that he has submitted the letter and the budget to DOC for approval and the review process for the revised project. Ms. Whetzel suggested moving the August board meeting to September if DOC delays the review of the project in July.

3. Debt Issuance and Resolution for the renovation project:

- a. Chris Kulp, MRRJA Bond Counsel, and Jeff Gore, MRRJA Attorney, reviewed the resolution to be approved by each member jurisdiction for the renovation project. Mr. Kulp stated the Service Agreement requires four of the five jurisdictions to approve the resolution for the project to move forward. Mr. Kulp discussed the options in the resolution to allow for a Virginia Resources Authority (VRA) financing. VRA will require a support agreement which contains a state aid intercept clause to be approved by all five jurisdictions. Mr. Kulp stated that paragraph #1 in the resolution is all that is necessary to move forward with the project. Paragraph #2 relates to the requirements for a VRA financing. Jeff Gore commented that paragraph #1 of the resolution is all that is needed for debt financing. Ms. Whetzel commented that the state aid intercept clause goes back to the locality not the Jail.
- b. Mr. Newton stated the finance committee is not required to formally approve the resolution at this meeting. Mr. McCormick asked if a public hearing is required. Mr. Kulp stated this was set up as a resolution and not an ordinance but each locality needed to review with their attorney for the requirements of a public hearing at their locality.
- c. Ms. Colvin commented on the timeline for approval of the resolution by the localities. If the resolution was approved by the Authority Board at the August meeting, then the localities should schedule and approve the resolution at each of their localities during August and September so that the Authority Board would know the final approval status of the resolution at the October Authority board meeting.
- d. Mr. Cole commented that everyone would have to approve paragraphs #1 and #2 of the resolution for a VRA financing.
- e. Mr. Trayer suggested using a bank loan for the debt financing. Mr. Propst commented that maybe the Jail should issue its on debt without bank or VRA financing. Mr. Cole stated that is certainly possible, that a bank loan would most likely be limited to a 20-year debt schedule and a public issue is certainly a possibility with higher fees than a VRA issue, and an official statement will be required.
- f. Ms. Colvin stated that one locality is considering paying cash for their share of the project and the committee needed to be aware that the other four localities would have a greater percentage share of the annual debt and debt financing. Ms. Whetzel asked if any other locality will cover the cost with cash, Mr. Trayer responded that Staunton is looking into it and he believed that ARPA funds should cover the cost.
- g. Mr. Gore state that the Service Agreement may need to be amended to allow a locality to pay cash for their share of the project.
- h. Mr. Cole will follow up with VRA to clarify that if one or more localities decide to pay cash for their share of the project, would VRA still require all five localities to approve the VRA support agreement for the state aid intercept requirement. Mr. Kulp commented that he did not believe that VRA would move forward with the financing if all five localities do not approve the support agreement.

- i. Mr. Newton requested the finance committee review the resolution with their local attorney and have any suggested changes back to him by July 28 so he could place the item on the Authority agenda for August for approval.

4. Debt Schedule Review by Davenport & Company:

- a. Mr. Cole presented and reviewed the debt analysis for debt options for the construction project at \$14.5 million. Mr. Cole stated that any issuance fees, capitalized interest, a grant anticipation note for the state's 25% share, and a possible debt service reserve would be financed in addition to the \$14.5 million. Mr. Cole noted the goal of the financing would be to have \$14.5 million available for the project. Based on the current market interest rate for VRA plus one percent, the annual debt service on the total \$16.2 million issue would be approximately \$650,000. The Authority will need to consider using reserves, cash contributions from the localities, or an interim financing for incurring costs prior to construction such as the architect contract payments. Mr. Cole noted that if the Authority was interested in a Fall 2021 bond issue, the application deadline for VRA is August 6, 2021.
- b. Ms. Whetzel asked what part of the project is not eligible for the 25% share from the state. Mr. Newton responded that only the magistrate's office is not eligible, but the magistrate's office space was not included in the project now.
- c. Mr. Cole presented and reviewed the VRA refunding analysis for the 2014C VRA bonds. The current bonds are callable in 2024. Based on the current market rates plus one percent, the Authority could potentially save approximately \$88,000 annually in debt service with the refunding. The refunding would be taxable bonds instead of tax-exempt bonds. The committee decided to wait until closer to the call date on the bonds to refund the bonds for potentially more savings. Mr. Cole stated there is potential interest rate risk in waiting to do the refunding.

5. Architectural Contract

- a. Mr. Newton informed the committee that we have not received a draft contract from Moseley to review at this time.

6. Fiscal Agent / Finance Department:

- a. Ms. Colvin reviewed the progress of the Jail becoming its own independent fiscal agent over the past year. She noted that Waynesboro, Rockingham and Staunton were interested in becoming the fiscal agent for the jail, but all were limited by their ability to add a third employer to their software system. Mr. Propst stated that Harrisonburg could not provide the services. Ms. Colvin stated that she had provided the committee with the hours worked for the part-time positions for the director of finance, compensation board technician, and the legal/grant assistant positions as requested prior to the meeting.
- b. Ms. Colvin presented the finance department organization chart and the budget for the cost of purchasing the financial software and employee cost for a full-time finance department. Ms. Colvin noted the Jail had reserves of \$575,000 to purchase the software in FY2022 through a budget amendment and the additional employee cost would impact the FY2023 budget and FY2024 budget. Ms. Colvin stated the Jail's auditors had reviewed the proposed finance organization chart for internal control and segregation of duties compliance. The auditor's believed the segregation of duties could be fully accomplished by the final accounting technician position to be hired in FY2024 to replace the part-time director of finance and the part-time compensation board technician positions. Ms. Colvin noted the importance of compensation board job duty be assigned to a position that will have enough time to complete the monthly report in a timely manner and she noted the complications and accounting for this fiscal year that netted the Jail all the compensation board

revenue even with all the vacant positions throughout the year. She noted that Mr. Keyser is still working a quite a few hours each month on the compensation board report.

- c. Ms. Colvin stated the full implementation of the software is scheduled to be completed by April 1, 2022 if the process could start by late September, early October timeframe.
- d. Ms. Whetzel asked about the time frame and the procedures for turning over the accounts from the County, the bank contract and how to coordinate that when the Jail was ready to assume all the financial duties. Ms. Colvin noted the bank wires from the Commonwealth and other treasury duties that needed to be changed.
- e. Mr. Propst asked about the annual fees for the software. Ms. Colvin stated the proposed budget included \$50,000 for the annual license fees.
- f. Mr. Propst asked about the modules to be purchased in the software. Mr. Propst and Ms. Whetzel reviewed the proposal from Tyler Technologies for the modules to be included in the software purchase.
- g. Ms. Colvin stated the total proposed cost of \$575,000 included, \$500,000 for the software, \$60,000 for implementation assistance, and \$15,000 for equipment for printers, scanners, and forms. Ms. Colvin stated that the Jail would not convert any data from Augusta County, that we would data enter the information into the new system which could possibly save some of the money pending any other need for any other module that may be needed in the software.
- h. Ms. Colvin reviewed the net position statement balance as of June 30, 2020 considering the changes to the Net Position Policy approved by the Authority Board in May. Funds are available from reserves to purchase the software.
- i. Ms. Whetzel and Mr. Propst agreed to schedule the budget amendment for the software purchase for the August meeting.

7. SAW Health Consortium:

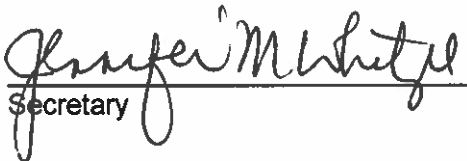
- a. Mr. Newton stated that we have not received any information from the consultant yet to discuss.

8. FY2022 Finance Committee Proposed Meeting Schedule:

- a. Ms. Colvin provided the proposed schedule for the finance committee. Ms. Whetzel suggested the meeting schedule be emailed and scheduled for the year on each of the committee member's schedule.

The meeting ended at 4:00 pm.

The next Finance Committee meeting is scheduled for Tuesday, September 14, 2021 at 2:00 pm


Secretary