At the regular meeting of the RSW Regional Jail Finance and Personnel Committee held at the RSW Regional Jail on September 11, 2017 at 1:00 pm:

Present: Mary Beth Price (County Administrator, Shenandoah County), Douglas Stanley (County Administrator, Warren County), Russell Gilkison (Superintendent, RSW Regional Jail), Lori Clinedinst (Finance Director, RSW Regional Jail), Wendy Rothgeb (Administrative Assistant, RSW Regional Jail), Penny Holt (Director of Nursing, RSW Regional Jail), Brendan Hefty (Legal Counsel, Heft, Wiley and Gore), Brenda Garton (Intern County Administrator for Rappahannock County), Ted Cole (Financial Advisor to the Authority, Davenport's Company, LLC,), (Jesse Bausch, Bond Counsel to the Authority, Sands Anderson).

Absent: Steve Weaver (Deputy Superintendent, RSW Regional Jail).

Welcome and Introductions

Ms. Price called the meeting to order at 1:00 pm.

Superintendent's Report

Mr. Gilkison reported on the following items:

Average Daily Population

Rappahannock	8	2.5%
Shenandoah	132	41.4%
Warren County	179	56.1%
Total ADP	319	

Contract Beds

August was the first month to have Contract Rental Beds with Prince William County-We received 10 inmates on August 3rd and 9 inmates on August 19th.

Net inmate bed rental revenue as of September 01, 2017 is approximately $15,800.

This includes commissary commission, daily housing fees, medical co-pays collected, and compensation board per diems.

This does not include any telephone commissions, as I do not have those numbers yet.

Mr. Stanley asked that at some point is the ADP going to show Rappahannock, Shenandoah, Warren and then the outsource beds that we have? Mr. Gilkison stated it will always be separated out so it isn't getting rolled into your percentages.

RSW Facility Grounds and Maintenance

Kitchen Walk-in Cooler floors:

Howard Shockey and Son's construction have proposed a fix to repair the cooler's floor. It is estimated that this work would not begin until the first part of November. They are looking to go in and take out the insulated panels. They have a different fix for the refrigerator then they do the freezer. The refrigerator they are going to put a different type of insulated styrofoam and then it gets concrete on top so we should not have that heating issue again and for the freezer they are looking at a different insulated panel with an almost rubber type flooring on top of it. Mr. Gilkison stated he thought Mr. Stanley had been in discussion with the president of Shockey to have more information. Mr. Stanley stated that they are waiting to get back to us once they have had a chance to purpose the fix and figure out the cost. We should be hearing back from them in the next week to ten days.

RFP and Contracts

N/A

Ms. Price inquired as to whether RSW had found a barber yet. Mrs. Clinedinst replied that they had just sent out a notice of award today. She has spoken to Mrs. Rector about scheduling.

Vacancies

- 30 Officer Vacancies- this does include the 8 vacancies being held for savings. RSW filled several vacancies this month. We had 5 that had orientation last week and we have an additional 5 that will be starting next week. Applications and hiring has picked up. We have actually hired about 25 people since April 1st.

- Additional Part-time Medication Aid
  We are experiencing a high number of inmate committals that need to be placed on drug and alcohol withdraw protocol. This requires a great deal of staff and medical time making it impossible to perform medication pass, conduct intake screenings, nurse sick call medication aid- hours to be filled.

  This is the cheapest option to ensure the all of the required medical tasks are completed.

Ms. Price inquired as to if we already have a job description and Mr. Gilkison affirmed that we do. Mr. Doug Stanley asked if we have an estimate of what 28 hours will cost us. Mr. Gilkison responded that the salary is anywhere from $10.00 to $12.00 an hour depending upon the experience. That is approximately $320.00 a week which comes to about $15,000 or $16,000 a year. On a motion by Mr. Stanley, seconded by Ms. Garton, and by the following vote, the RSW Regional Jail Finance and Personnel Committee the hiring of an additional Part-time Medication Aid as presented:

Aye: Price, Stanley, Garton

Recruitment & Retention

Officer applications have been picking up

- 8 officers hired
- 3 applicants background
- On September the 12th I have been invited to Shenandoah University to attend a Ne2rking Reception for students majoring in Criminal Justice, Political Science, Sociology, and History. This a casual ne2rking event where employers have an opportunity to share their knowledge and experience with students through casual conversation and interaction. We have previously had success with hiring juniors and seniors from Shenandoah University Criminal Justice program, and hope this event will introduce us to this year's students.

Inmate Programs

- Inmate Richard Dixon successfully obtained his GED this month.
- Pawsitive Partners Program has started up again and we have four male inmates participating in the program, training "Vader" the dog.

Ms. Price asked if there was anything to add to the Facility Report. Mr. Gilkison stated that the only we added was some recommendations by Supervisor Bailey. We added the out of compliance DOC inmates that is a new line item. We also added the breakdown showing the Prince William inmates. Everything else is the same.

Ms. Garton inquired as to what out of compliance means. Mr. Gilkison stated that out of compliance is someone who has been sentenced to state time and, once the state has received their final sentencing order from the courts, then they have 60 days after they have received that final sentencing to come get them and if they do not they are considered out of compliance. RSW still gets their daily pay but the inmate is a state responsible inmate. You will see there is a line above that and it says state responsible inmates 139, a lot of those, even though they are sentenced may not have that final sentencing order written by the court yet and if it has not been written and sent to DOC then DOC isn't even looking at the inmate yet. We send a disposition down but until they have the final order written they aren't even looking at them. We have a lot of people that have been here longer than that 60 days or days after the disposition is written but until the final sentencing order is written, we receive it, send it to the state, the clock doesn't start ticking.

Medical Report

Mrs. Holt reported that the Electronic Medical is up and we went live September 1. We have contacted LabCorp about a free service called Beacon where we can order our labs through them and we are going to receive information about this program.

Finance Report

Ms. Clinedinst reported on the following items:

In the Finance Department Report that Nursing Director, Penny Holt had compiled the information necessary to invoice Department of Corrections for the DOC Responsible inmates for their medical care in fiscal year 2017. We invoiced $69,428, but after adjustments made by DOC due to "holds" placed on an inmate and other such considerations, we have received $33,535.03 to date. These will be credited back to FY17.

The Revenue and Expenditure reports are now showing the Commissary Fund and Operating Reserve Fund below the regular Operating Fund to show the activity in these funds. A percentage of each locality payment is being deposited into Operating Reserve and the quarterly bond payment will be paid out of Operating Reserve as was suggested by Davenport and Associates.

Payment from VA Compensation Board for July was received August 23, 2017. This reimbursement included a reduction of $61,620.79 for the VA Risk payment. (FY17 cost for VA Risk = $67,208.77). We also received the payment for 8 positions that are 'held' by the Comp. Board. Total value of those positions was $248,077 which was included in the July reimbursement. Total reimbursement for July = $487,885.68.

Valley Health has re-priced some of the outstanding inmate medical invoices and they were paid at the end of August. Amount billed: $53,100.24 – amount paid - $20,207.70; a savings of $32,892.54.

Mrs. Clinedinst stated she was just contacted before the meeting by Mr. Bob Blair at DOC and he would like to use Mrs. Holt's billing format as a template for the other jurisdictions.

2012 VRA Bond

Mr. Cole from Davenport & Company stated this is a potential refunding of the Authorities 2012A Bond. In June 2012, the Authority issued $45,240,000 of Series 2012 A through the Virginia Resource Authority ("VRA"). The bonds have interest rates ranging from 2.000% to 5.000%, and final maturity of 11/1/2042 and a call date of 11/1/2022 and what that means is the people that own those bonds today we cannot take them from them until 11/1/ 2022. But you can do a refunding and defease those bonds through an escrow. You don't actually take the bonds from the bond holders until 11/1/2022 and this is what is known as an advance refunding. You have 1 opportunity to do this in the life of a bond. This would be taking advantage of that one opportunity. The bonds that are actually able to be refunded are the bonds that mature from 11/1/2023 to 11/1/2042. The bonds that run between now and 11/1/2023 will not be refunded. They will stay in place, and you will continue to make payments on those as if nothing has ever happened. If you chose to move forward what is going to change? Where we are going to generate savings? We are going to generate savings by refunding the bonds that mature between 11/1/2023 and 11/1/2042. That is, about $37,900,000 of the debt that is outstanding today. Those particular bonds have interest rates ranging between 3.00% and 5.00%. On page 2 of the 2012A VRA Bonds-Refunding Overview packet, and working off the left-hand side, starting at the top. What Davenport is looking at is refunding bonds in the amount of $37,900,000, between 3% and 5% is the current interest rate. The call date, which is the date they can be pulled from the current bondholders, is 11/1/2022 at a call price of Par. Par means that there is no penalty to do that. Once; again, we are talking about the 11/1/2023 through 11/1/2042. If you are doing this, you would borrow money under what might be called the 2017 Bonds through VRA, and you would take that money and you would deposit those funds into a dedicated escrow account that is specifically for this purpose and the money in that escrow would be sufficient to the penny to make the payments on the 2012 bonds to the current bond holders until 11/1/2022. You are making good on the original promise that the 2012 cannot be changed or called until 2022. The escrow will be sized in making those payments. Then when 11/1/2022 comes there will be enough money left in that escrow to pay the remaining bonds off. When and if this were to happen, and you were to fund that escrow, your obligation to pay debt service on those bonds goes away because there is enough money in that escrow to do that. What you will then be obligated to do is make payments on the new 2017 bonds. Through this mechanism again an advance refunding, we are generating savings based on current market. Now go to Line 8 on the left. In order to do this you would be issued approximately $39,200,000 based on current market. The final maturity would be 2042, we are not extending the debt or shortening the debt. This is called matched maturity, there is no difference in payment dates of final payment. Under current market interest rates your true interest cost, which is a measure we look at, is about a 3.19%, when you roll in issuance cost it's about a 3.23%. That is just 2 different ways to measure interest. The savings that would be generated based on current market is about $3,890,000 and located on line 15. If you look over to the far right, you will see what those dollars are on an annual physical year basis. It is about $150,000 a year that the authority would recognize by doing this transaction based on current market. That does include cost of issuance. There are the cost of issuance at the local level, meaning at the Jail Authority Level for example Davenport's work, Bond Counsel's work, Authority Counsel's Work and then if you participate in VRA, there are VRA level cost. All of those have been accounted for, all of those are assumed to be rolled into this new transaction. When you look at the right hand column and see the savings, Davenport has accounted for the cost of the transaction when calculating those savings. It is about $150,000 a year, $3,890,000 in total so you can approximate what that might mean for your individual jurisdiction based on your most current percentages. Back on the left, line 16 is Net Present Value

Savings that is just measuring these savings in today's dollars. It is about $2,670,000 or another measure we look at on line 17 is 7% PV Savings. It's a percentage the saving as a percent of the bonds refunded. There are no rules or laws about what constitutes a viable advance refunding. Industry standard looks at trying to achieve a minimum of 3% to 5% PV Savings. People do it for less than that for certain reasons, but 3% to 5% is a reasonable benchmark as a minimum. We are at 7% today, so if you buy into that rule of thumb, you are at and above it. The last concept I want to talk about is called negative arbitrage. I talked about this escrow that has to be set up. This escrow will be in place when we close the bonds in November, all the way out until 11/1/2022. That is the life of the escrow. The escrow is funded with the money you borrow this fall and it is invested in U.S. Treasuries. You can't invest it in anything else. When that escrow is funded, you as a jail authority are no longer obligated to make payments on this debt. You will be making payments on the new debt. Based on the Current Market Interest Rates on Line 21 the IRS says you can earn up to 2.76%. That is your, Arbitrage Yield for this particular transaction. The reality is where treasury rates are you can only earn about 1.60% so the escrow is not as efficient as the IRS says it could be to the tune of about $2,100,000. The decision point is, would this be the time to do this transaction or should we wait? When you talk about waiting there are 2 primary variables your cost of borrowing, what will that do? Will it go up? Will it go down? The term and interest rate on that escrow because if you wait a year, the escrow is a year shorter and it becomes less of a relevant factor. Remember the escrow isn't as efficient as it could be but by waiting to do this entire transaction in a 1 year, 2 years, 3 years the escrow gets shorter and shorter and it becomes less relevant, but by waiting you incur interest rate risk on what your borrowing rates do and remember you are talking about borrowing rates out to 2043. Remember we are talking about 25 years or so worth of interest rates. Ms. Price stated the interest rate would have to be lower than today. Mr. Cole responded with not necessarily it is kind a dynamic of rates could even go up a little but by waiting you could still be ahead. So waiting does not mean rates have to go down or stay the same. By waiting rates could even go up a little and you could still come out ahead of where you would be today. Mr. Stanley on the Arbitrage Yield obviously the Yield goes up then your corresponding interest rate of what you're borrowing may go up so that negative inverse relationship there that you can earn more in your escrow. Mr. Cole said you are borrowing at a tax exempt rate that is the rate that is fixed for 25 years and that is a 25 year interest rate, whereas the escrow is about a 5 year term but that is a taxable rate. You've got long term tax exempt rates and shorter term tax rates that play against one another, but you are right if you wait and you see the short term tax rates go up that is good for you because your escrow becomes more efficient because it is earning more but that also might mean your long term tax exempt rate is going up but they don't always move in lock step with one another. Mr. Stanley asked when we close the escrow yield percentage it gets fixed. Mr. Cole confirmed it would get fixed. Based on current market interest rates going through the Virginia Resources Authority Pool real cash flow savings of 3.89%. You will recognize it one year at a time about $150,000 but that is real cash flow budgetary savings and you have an escrow that is not earning as much as it could to the tune of about $2,100,000 but you have a refunding that is achieving 7 % savings which is on the surface when you look at this, I don't think anyone would look at this and say that is a transaction you should not pursue. It meets all sorts of test and optics but it's also what you're going to see here, there may be a reason to consider holding off. Now on page 3 remember we are refunding several maturities the 23s through the 42s. Each of these maturities is generating a certain amount of savings in dollars and in percent. Remember in the Aggregate we have 7.05% PV Savings with present value dollars of $2,670,000 but you can see across each maturity some are more efficient than others, some of them are upwards of 8% and some of them are below 7%, but on average or the aggregate we are at 7%. You do not have to do every one of these maturities. What is represented on page 3 is all the maturities in the bond issued today that are even eligible for this discussion, but you could choose to leave some of these in place as they are if there were a reason to do that. If you look at page 4 and starting on the left and that is what we've already talked about that is current market, fall of 2017 we are getting $3,890,000 in gross savings. The first 5 lines are what is really important here. If you go one to the right column C, that is what happens to this refunding if interest rates go up by 10 basis points, so the difference between a 3 and a 3.10 rates go up that cost you, savings go down to about to about $3,300,000 or 5.96%. So 10 basis point movement eats into those savings by about $500,000. Likewise, under column D if rates were to drop that is good for you, lower rates, lower borrowing cost your saving go up to about $4,400,000 or 8.11%. That gives you a sense of how the savings will move with a 10 basis point change in interest rates. VRA is scheduled to sell their bonds on November 1st. That is the date where you will lock in your interest rate. So between now and then you are floating with the market and it is not unreasonable that between now and then your borrowing rate could change by 10 basis points or even more. I don't know whether it will go up or go down, it could do a little of both, every day the market moves a little one way or another, but 10 basis points is not a stretch to see in our market in basically a month and a half time period. We then have done under columns E, F, G, H and I is we have said what happens if we do nothing right now and we wait to do this transaction. Under Column E we wait until the fall 2018, keep going to the right and we wait until the fall of 2019, 2020, 2021 and 2022. We stopped at 2022 because that is where the call date is. If you did this transaction in the fall of 2022 you would not have that escrow because you would be doing the transaction right when the bonds are callable, so there would not be a need for that escrow and essentially what we are showing you right here is if the current borrowing rates remain the same, today's market, remember it was give or take your borrowing rate was a little over 3% if that interest rate environment stayed the same and you waited you will see that your savings will go up every year. If you wait until the fall of 2018 and you borrow then where you could borrow now, your savings go up $5,000,000 and wait another year your savings go up to $6,300,000, $7,600,000, $8,900,000 and $10,200,000. That is a function of current market interest rates staying in place and the escrow getting shorter and shorter and smaller and smaller and becoming less and less of a factor. Now down on line 5 we are showing you the breakeven movement in interest rates. The likelihood of today's rates staying where they are is not going to happen. I don't know whether they will go up or down, but essentially what we are saying is if you waited until the fall of 2018 and rates were the same you would pick up about $5,000,000 dollars of savings, but if rates were to go up by more than 22 basis points that's going from 3% to a 3.22% you would have been better off doing the transaction today. So if rates go up by 22 basis points or less you would be better off waiting. If rates go up by 22 basis points or more you would have been better off doing the transaction today. We did the same thing for waiting until the fall of 2019 and 47 basis points is the break even. If rates go up by more than that between now and then you would have been better if doing the transaction today and if rates don't go up by that amount you would be better off waiting. This is sort of the $5,000,000 question are rates going to go up and if so when and how quickly? Nobody can answer that question. Certainly when you look at historic rates they have more room to go up than they do to go down, but the industry has sort of been watching and expecting a rising interest rate environment for some time and we haven't really seen a sustainable one. We saw a pretty significant step up in rates right after last year's election. Rates went up very quickly in a very short amount of time, but they have tailed back off down to almost pre-election levels. Whether or not we are going to see that kind of movement is just very difficult to predict with any accuracy. We cannot do it. A little more prospective on Page 5. This is showing you what the savings would be. If you look at the top we have essentially 4 cases. Remember today we are at 7% Present Value Savings and that is under H, I and J. That is basically the current market $150,000 a year, $3,890,000 and then under columns B, C and D this is what the transaction looks like if we are to achieve 3% savings. So our savings would go down significantly at 3% Present Value which is at the lower end of the range that the industry looks at and in order to get their rates would need to go up by almost 37-40 basis points but it would be about $65,000 a year for savings, columns E, F and G. E is showing you what the transactions looks like at 5% Present Value Savings about $105,000 a year and then on the far right is what happens if rates go down and you were able to achieve 9% savings. It is about $190,000. So it just kind of gives you a sense of the dollar savings achieved based on the percentage of New Present Value Savings. What we are building up to is VRA is going to need some direction on what is an acceptable level of savings to the Authority. Remember doing nothing is an option, but if you want to move forward they need some guidance on what are the parameters and remember they are not going to lock their interest rate until November pt. We have a schedule set up for you today to consider a resolution, but we also know that the Warren County board would have to act and that would happen on September 19th, Shenandoah County would have to act and that would be on September 26th and Rappahannock on October 2nd. Not only does this board need to take action, but all 3 of member jurisdictions would need to take action and we need to be in sync with one another as to what is an acceptable level of savings. The last local member jurisdiction approval is Rappahannock under our schedule in October 2nd. We will still be a month away from pricing the bond so what we have done in other situations is we have defaulted to a subcommittee, like this committee today, that can meet a little bit more flexible and a little bit more of a flexible basis and see about meeting closest to that November 1st date. VRA has said they can take final guidance as late as October 23rd so one of the things may be that we get sort of a parameters approval from the member jurisdiction that allows the subcommittee can meet closer to October 23rd where you can give more specific direction to VRA and at that point you are only about a week away from pricing the bonds. We will have a much better sense of where has the market gone and how much room do you have before you hit your minimum allowable threshold. That would appear to be the preferred approach so that you aren't left to lock something in on October 2nd or as early as September 25th, when you still have quite a bit of time before the bonds sell. One last concept I wanted to show you on page 6 because again, they are going to be looking for parameters. The parameters are usually in Net Present Value Percentage Savings. What you will see on page 6 under B, C and D is the Current Market that is the transaction based on today's estimates. You have seen these numbers before and you will see that in the Aggregate we are at 7% Present Value Savings and you have individual maturities that are between 4% and 8%. What we have done on the right hand side is we have eliminated those maturities that are not at 6% savings. So we have eliminated the ones that are less efficient and wanted to see how that changes things because remember you do not have to do every one of these maturities you can pick and choose. When we eliminate those we have a smaller transaction, we are leaving some of the bonds outstanding and your savings go down in gross savings from about $3,890,000 to about $3,190,000. Those maturities we pulled out were creating saving they just were below 6% PV and what you will notice is that even though our savings dollars have gone down the percentage is higher now. It is 8.3% in the aggregate and that is a function of how the savings are in relation to the amount of bonds we are refunding. Yes, our savings have gone down, but so has the size of our bond issue and when you do the math we are actually at a better Net Present Value Percentage Saving of 8.3%, but you are almost $600,000, $700,000 less in total savings. When we talk about a parameter of 5% or 6% or 7% PV Savings, we can achieve that. We can impact where we fall out on a percentage basis by leaving in or taking out certain maturities that might not work as well as others. That is part of the discussion that I think the subcommittee would need to be able to make as we get closer to November 1st is to really understand how the market has moved and be in a position to give VRA a little better guidance about do we want to include all the maturities or do we want to include just select maturities and what Minimum acceptable Present Value Savings are we willing to accept. Mrs. Price asks on page 6 you mentioned you could pick and choose so is that why 11/01/2039 in column B it is $210,000 and in E it is $218,000. Mr. Cole's response was it is because that maturity is in both scenarios we have run, but they get allocated different savings percentages based on the one on the right hand side being a smaller transaction, but what you will see we have done on the right hand side is we have dropped out the 2042 maturity because that was at 5% on the left. We dropped it because it was less than 6%. Dropping out the ones that were less than 6% was just a starting point. That is not a rule or a recommendation. We dropped out the 2042, we dropped out the 29s, 30s and 31s, 25, 26 and 23. We dropped out 7 or 8 maturities that were less efficient than others and in doing so, our savings have gone down, but our percentage has gone up and you have left those maturities in place that you could choose to refund at a later date. It is not as if you will never refund those we just made the decision to pull those out today. Mrs. Price stated that was going to be another question. If we decide to do this there is nothing to say you can't do it 10 years from now. Mr. Cole stated that is correct, absolutely. If you were to do this transaction today, these would be the 2017 bonds, you would be able to refund them again if it made sense in 2027. Mr. Stanley states that the ones you left out could be done at any time. Mr. Cole said that if you chose to leave any out now you could go back next spring, next fall, next summer and pick them up if they made sense. Ms. Price asked on page 3 it indicated the total Par amount refunded $37,905,000 and that matches up the one on page 1, the portion that is eligible and then when I flip to page 2 bond Par amount is $39,290,000. Mr. Cole stated that is the new bonds. You would end up with a larger Par amount outstanding today than what you are paying on, but you are getting savings. You might have more debt outstanding but you have lower interest rates and you have savings. That is just a function of that escrow. If you that escrow was earning more, you wouldn't have to put as much in it. If the escrow was able to earn more interest you wouldn't have to put as much in it and that $39,290,000. Could come down, but because of the way the escrow is working it is not earning as much as it legally could you have to put a little more in it to start. Absolutely you are right, you will end up with more debt outstanding because you are only paying off $37,900,000. But you are going to have on your books a new $39,200,000 million dollar loan. We have increased the debt outstanding and principle, but we have done it at lower interest rates such as there are real savings. That typically is what drives the decision. Am I getting savings? Yes, I understand I might have to have a little more debt outstanding, but the benefit is more debt outstanding at a lower interest rate. You are still coming out better than you are today. I know there are a lot of moving parts to this but it is a fairly typical transaction. There is really nothing that exotic about it in advance refunding it just happens to be a lot of moving parts and in your case, you not only have this board that has to make a decision you have three other jurisdictions that need to weigh in on this and then what we are trying to do is get a little closer to that November 1st date where perhaps the subcommittee can make a final definitive approval that conforms with what the member jurisdictions would have approves. Mr. Bausch can talk a little about if you have questions about what it is that initially the full jail authority board would approve, what the three member jurisdictions would approve and then how we memorialize what the subcommittee might approve later in October. None of the members will be committed to anything new. Ms. Garton said essentially this is a savings possibility because the interest rates now are lower than when the bonds were issued. Mr. Cole responded that it is also now a 25 year loan whereas, it had been a 30 year loan. Ms. Garton stated that in essence it would result in about $150,000 a year shared between the localities in the percentages that we pay in contribution to the regional jail. Mr. Cole stated that was correct and that if you wanted to move forward with those numbers would not get locked until November 1st. Mr. Bausch stated that the way the old deal was structured and the way this deal would be structured would be the same way which is this is covered under the service agreement that you all have with each other and so the debts are covered under all those same percentages but one of VRA conditions when you are doing VRA financing is that all the members are required to make a support agreement. That basically says that if somehow there is a shortfall in the RSW then you guys will make up that shortfall in relation to the percentages you already have. But if there is some sort of the shortfall with the Authority itself, then everyone agrees to cover that based on those percentages. Mr. Stanley stated that our percentages are based on a 3 year rolling average that adjust each year. Ms. Garton stated that one governing body could gunk up the works if they did not approve the required resolution. Mr. Stanley said our body needs to approve it and each of the individual counties need to approve it. Mr. Bausch stated it is an interesting balance for the resolution because if you guys do decide to go ahead today I think you will have a pretty solid savings parameter there to go back to your numbers. Letting them hear you say that we know it is this good of a deal as Mr. Cole was talking about and we have talked with the VRA could we kind of fine tune this to maybe make it a better deal going down the line but I think in terms of what is going to have to be presented to the members, it's at least this good of a deal. Mr. Stanley stated that is why I think you need to look at New Present Value and say if it goes below 7% we don't do it and if it stays 7% or above or 7% and above on selected maturity maybe that would be the decision. Mr. Cole said remember right now if you included every one of the eligible maturities, we would be at 7%, but if we pull out 6 or 7 of them we can get you to 8% but it is less dollars. Ideally, at the front end, we would have a little broader parameter that give the subcommittee the ability to fine tune the maturities and the percentage, but the member jurisdictions achieve a little more of a blanket lower threshold type of savings. Ms. Price asked if the resolution reflects the Net Present Value Savings as deal killer or is it the annual savings. Mr. Bausch said you can do either one. Ms. Price asked what is standard. Mr. Bausch said what we have done with this one and what we most typically see is the percentage it depends sometimes because you could get nit-picky and say like, oh we are going to have 12% savings but it really only 2 or 3 maturities so is it worth it? In the universe we are talking here the cleanest way to explain the savings. Ms. Garton stated on page 2 the difference between the $37,900,000 and the $39,300,000 does that include expenses for council and fees. Mr. Cole stated yes, everything. All of that is rolled in. You will see in the footnote when you push everything together, it is give or take about $400,000 of cost that are being incurred to do the transaction and that are assumed to be included in the borrowing. When we compare fiscal debt service to fiscal year debt service we are accounting for those costs. I think those costs may be able to come down a little. Our local cost should be able to come down a little, the VRA level cost are somewhat driven by how many people are in their VRA pool and how much can they spread certain cost out across the members. I would say this is worst case scenario for the cost. Mr. Stanley made a motion to recommend to the full authority board to consider participating in the fall 2017 VRA full public sale with a floor of 7% Net Present Value savings. Ms. Garton seconded for discussion. So that means that we would be refinancing certain issues but not all. Mr. Cole stated that right now in today's market you would be able to refund all of them. If rates drop a little, then that deal right there won't work at a 7% floor, but what might work is you strip out some of those less efficient ones and we can get back up to the 7%. Mr. Stanley stated that we had passed in the spring at 6%. There are 2 or 3 other opportunities with VRA where it is either close or marginal. We passed in the spring at 6% and I don't know if enough change for me. It is $150,000 savings which is good, it would be half a million dollar savings 5 years from now but it's a gamble. If you look at those historic interest rates on the last page, we are still towards the bottom of the historical trend and if for some reason the market jumped up you have to hope you had the opportunity in the next few years to take advantage of it. Ms. Garton asked if the 7.052% is the average. Mr. Cole stated it is the weighted average yes. Ms. Garton said so if it dropped below, then you would just have to keep peeling out the weaker ones until you got it back up. Mr. Cole said that was exactly right. That if you did that, those ones that you peeled out you could come back at the next opportunity and reassess them. Now there is a little bit of accounting that goes on there. What we know is that we are going to have certain maturities of the 2012 that we are not touching. All the way out till 2022. They aren't going anywhere. We are going to still have to manage the unrefunded 2012s if we did some of the callable bonds in 2017 we would have a new loan, if we peeled any out they would stay in the unrefunded 2012s and might be able to be refunded in the future. It happens all the time and it isn't that big of a deal, but there is a little bit of accounting that once we get the deal closed and we get it set up Ms. Clinedinst would be fine with it I know but it you will have a couple of deals out there to track. Mr. Bausch said that at least in the universe of things you contemplated it is all with VRA in terms of handling it and bookkeeping wise. Ms. Price asked if there was any further discussion. I have a motion and a 2nd. The recommendation is to go to the full authority to participate in the VRA fall public pool sale with a floor of 7% Net Present Value Saving.

Aye Stanley, Price, Garton

Mr. Stanley stated that the Finance and Personnel Committee are going to need potentially meet earlier. Mr. Cole stated that if all three members chose to take similar action and defer to the subcommittee we would have to give VRA the definitive by the October 23rd. Ms. Price asked if we could do it the week before on October 19th. It was decided to move the meeting date to October 19th instead of October 26th.

Other Outstanding Issues

There were no other outstanding issues.

Meeting Schedule

The meeting schedule for the RSW Regional Jail Finance and Personnel Committee is as follows:

October 19, 2017 at 1:00 p.m.
November 16, 2017 at 1:00 p.m.
December 28, 2017 at 1:00 p.m.

All meetings will take place at the RSW Regional Jail.

Adjournment

With no further business to discuss, the regular meeting of the RSW Regional Jail Finance and Personnel Committee was adjourned at 2:01 pm.

Mary Beth Price, Chairman
RSW Regional Jail Finance and Personnel Committee

Date Approved