

BOARD OF MAYOR AND ALDERMEN

CALLED MEETING

October 28, 2019

The Board of Mayor and Aldermen (BMA) met in a Called Meeting on Monday, October 28, 2019, at 4:00 p.m., at Town Hall, 123 Boone Street, Jonesborough, TN.

Mayor Chuck Vest called the meeting to order. Alderman Dickson led the group in an opening Prayer, and Ruth Verhegge led the pledge to the Flag.

Upon call of the roll those present were: Mayor Chuck Vest, Alderman Stephen Callahan, Alderman Virginia Causey, and Alderman Adam Dickson. Alderman Terry Countermine was absent. Also present were: Town Administrator Bob Browning, Town Recorder Abbey Miller, Operations Manager Craig Ford, and Town Attorney Jim Wheeler.

Mayor Vest said the school project and the related lease that the BMA is discussing will hopefully get approved, and he doesn't foresee any further negotiations with Washington County's legal team. He said the lease being presented tonight is basically the one that we had an agreement on October 17, 2019, and County Mayor Joe Grandy had just one issue concerning how the interest would be treated in this lease. Mayor Vest said in his opinion the interest is not something that can be used to build anything; you can't drive a nail with it or lay a brick with it, and should be paid as we go during the construction process. He said if that is done, you have a true \$32 million dollar budget to build the school. Mayor Vest said working together with the County and the design committee, we are going to try to deliver the school for less than that amount. He said the worse thing we could do would be to approve a construction budget that included interest because that would leave only a little more than \$30 million dollars allocated to complete the project. He said if the bids come in higher than that at \$31, \$31.5 or \$32 million by the County's plan, it would go back to the County Commission for another vote of approval. Mayor Vest said he doesn't think we should put the public through that again, so we are going to try to approve a lease that is fair and ensures that this project can move forward. Mayor Vest said he was going to open up for discussion approval of the lease. He said he thinks this is the way to get the project done and doesn't open up the opportunity for somebody to come a year from now and try to defeat the plan again.

Mayor Vest said the only item on the agenda concerned discussion and possible action concerning agreements associated with the Town constructing and leasing a new Jonesborough K-8 school and multi-use facility to Washington County for use by the Washington County schools. He said within the lease from October 17th, there are four parts. He said there are some amendments to it that we will ask the Washington County Commission to include in its motion, if they so choose, at their meeting tonight.

Mayor Vest asked Attorney Wheeler if the amendments needed to be read aloud. Attorney Wheeler said they do not need to be read aloud if anybody is making a motion because you have them in writing. He said there are copies available for citizens in attendance at this meeting. Mayor Vest asked the Aldermen if they had any questions regarding staff recommendations. There being none, he asked for a motion. Alderman Causey made the motion to approve the Resolution with four documents attached and include those published as negotiated terms of Jonesborough's proposal as of October 17, 2019, on Washington County's website and also published on the Town of Jonesborough's website, with the list of amendments and also to authorize Mayor Chuck Vest to offer to the County Commission to limit the term of the lease to no less than ten (10) years. Mayor Vest said the final part of that motion is another concession the Town has made to the County, and we have made plenty of them to make this project work; initially the facilities lease would have been twenty (20) years. He said he had issues with it going that long because he felt the Town could go possibly go into a deficit 10 to 15 years in future not knowing the costs, and also the County felt like they might be over-paying. Mayor Vest said he is comfortable with the facilities lease limited to ten (10) years. Mayor Vest addressed Attorney Wheeler asking that at that 10 years should the Town put in an option for the tenant or landlord to review. Attorney Wheeler said the BMA could do that but it is going to need to be on terms agreeable to the County and Town, so it's not necessary to have an option. Mayor Vest asked if there was a second to the motion. Alderman Callahan seconded the motion.

Mayor Vest asked Attorney Wheeler if the BMA would need to discuss any of the more important amendments. Attorney Wheeler said they would. Attorney Wheeler said Mr. Grossman has been working with the Town on the amendments. He said the Local Agreement is amended for the Town to take responsibility for maintenance and management of Boones Creek K-8 School and surrounding county athletic facilities to the same standard offered to other schools and recreational facilities located throughout the county, which the County requested. Mayor Vest said just to make sure everyone understands what Attorney Wheeler is saying, this is the Town accepting more responsibility and expense, and is important to the School Board. He said it is something that we are happy to do; the Town has a Parks & Recreation Department and Washington County does not. He said the School Board is in the business of education not mowing, dragging fields and putting on tournaments. Mayor Vest said in working through the negotiations, we felt comfortable doing the same work at the new Boones Creek School that is roughly four miles away. He said our Parks & Recreation Dept. when it grows can handle these two new facilities and take that load off the School Board. Mayor Vest said he feels the School Board will be happy that we have high expectations on how those facilities will be maintained. He said this is another concession that the Town is willing to make at our expense.

Attorney Wheeler further reviewed the amendments as documented and noted that the amendment for 12.3 was requested by Rural Development-USDA and the Town in order to try to keep this project in the time frame, get the loan approved and lock in the interest rate. Attorney Wheeler said a draft lease was sent to RD-USDA, and they really wanted the final lease, but after the 3rd and 4th week of the Town having to put them off

because the final lease had not been approved, we finally sent them a draft of the lease and they understood that it was a draft. He said RD-USDA came back with one request in the whole document; they wanted the purchase option reference in 12.3 removed. Attorney Wheeler said that is addressed in a separate purchase option agreement. He said the reason for that is in RD-USDA making a loan to the Town, there can be no reference in the lease to a change of ownership. He said RD has no problem addressing that in a separate document at a later date. Attorney Wheeler said regarding the term of the lease, the school has to remain the Town's property which it does until the loan is paid off. He said if the loan is paid off early, then the school would revert to the County and RD-USDA is fine with that.

INSERT AMENDMENTS

Attorney Wheeler said there are ten changes and roughly half of them were requested by Washington County that the Town agreed to. He said there were other changes made by the County in the last documents they sent to the Commission and the Town Board at the same time last week, that the Town did not accept and those changes are not reflected in these amendments at all. Bob Browning said it's important to make sure that people understand that from the October 17th Commission meeting, we received changes from the County related to the lease documents and then another set of provisions that the County wanted modified. He said the Town has gone through everything received from the County and has tried to address and incorporate those into this final document. Mr. Browning said the items not included in the leases are those things that the Town couldn't accept such as that the Town is financially responsible if the design cost goes over a certain amount and if certain caps are exceeded.

Mayor Vest said to touch on the two things he addressed earlier, one is how interest is going to be treated and to him that is where it all starts and ends because if we don't have enough funding for construction, then we will be coming back a year and a half from now going through this again, and he isn't comfortable at all with that. Mayor Vest said the second thing that the County might address at their meeting tonight is a cap on design fees. He said if you have a cap of \$32 million on the project, then you have a cap on design fees. He said the County was asking that anything above the cap be the responsibility of the Town. He said Mayor Grandy said he didn't expect to get close to that cap. Mayor Vest said his question was why put the responsibility on the Town of Jonesborough if Mayor Grandy didn't think we were going to get to the cap, and that was simply something the Town could not agree to.

Mayor Vest said we have a motion and a second for the proposed Resolution and documents. Mayor Vest asked the Aldermen if they had any comments. Alderman Dickson said he doesn't think that this Board at any given point in time discussed who would be the lead point person for the Town on this project. He said he thinks that they all subconsciously agreed to the fact that Mayor Vest should take the lead on this, and he feels that Mayor Vest deserves quite a bit of recognition and commendation because he has really demonstrated leadership. He said Mayor Vest has spoken to the public and has conveyed to various parties how this project would work, and the Mayor

deserves nothing short of an ovation. Alderman Dickson said he really appreciates the Mayor's leadership. He said when individuals would approach him about his thoughts on the proposed school project, he was very pleased to say, "The Mayor is taking the lead on this". Alderman Dickson said he feels there is some symbolism on this Inter-Local Agreement that we are all working together for a greater cause; we want to see our children in a good school; we want our community to thrive and flourish, and he knows that may sound like a lot of fluff and we must get down to dollars and cents. He said but at the end of the day we are talking about our children and the quality of life in our community, so he is very happy to give approval to this Inter-Local Agreement where we are working together for a greater purpose. Mayor Vest thanked Alderman Dickson for his comments. He said it has been really enjoyable to get to work with the School Board and added that some School Board members are attending this meeting today. Mayor Vest said the School Board has been very supportive and gave some great feedback and a unanimous vote to support this school project. He said they allowed their attorney to work with us, and you couldn't have asked for a better person to work with, and he is probably a key reason why this has gotten done. He said the County Commission has been great to work with, and he has enjoyed getting to know some of them more than he did in the past. Mayor Vest added that Jonesborough represents about 2 miles in each direction, but predominantly the people using Town facilities are County residents. Mayor Vest said he is excited about this new connection with the County Commission, and is very supportive of Johnson City having the opportunity to work with the County Commission. He said he has sent emails to the Mayor of Johnson City and City Manager Pete Peterson and the JC School Superintendent, and as Pete Peterson said recently, it's going to be a new day in Washington County on how schools are funded. Mayor Vest said he feels it is a great opportunity for Johnson City to trust our County Commission because we have some great County Commissioners that we can work with, and he hopes Mayor Brock and Mr. Peterson will have as good a relationship with the County Commissioners as he thinks the Town will have, and hopefully tonight we will get some recognition of support as well.

Alderman Causey said she feels, as a Board member, that our children in Washington County deserve this new school and she hopes that the County Commission will work with the Town to get this done. Alderman Causey said we have operated in good faith and feels we have offered a very good proposal to them. She said it's not good for the community with all the negatively and comments that we have been getting. Alderman Causey said the Town needs to be done negotiating on this project and move forward.

Alderman Callahan said he would like to echo what Alderman Causey stated. He said we have put forth a good plan, a lot of the Jonesborough citizens have been behind us, and he feels everyone has worked well together. Alderman Callahan said this is a great opportunity and rising tides float all ships, and we have put our money where our mouth is literally, and he feels it is time to get this done. There being no further discussion, Mayor Vest called for the vote. Upon call of the roll the following Aldermen voted Aye: Alderman Causey, Alderman Callahan and Alderman Dickson. Aldermen voting Nay: none. The motion was duly passed.

INSERT RESOLUTION

Mayor Vest said we are going to take the approved documents to the County Commission and hope to get them approved by them. He said it is a great project, and a win-win for all three parties involved and a win for Johnson City as well.

There being no further business Mayor Vest adjourned the meeting.

ABBHEY MILLER, RECORDER

CHUCK VEST, MAYOR