

**NEW RIVER VALLEY REGIONAL JAIL AUTHORITY**  
**March 11, 2016**  
**Held at the New River Valley Regional Jail**

**A. CALL TO ORDER:**

The meeting of the New River Valley Regional Jail Authority was called to order at 10:04 a.m. by Chairman Mark Armentrout with twelve (12) members and four (4) alternates present.

<b>MEMBERS PRESENT:</b>	Bland County:	Sheriff Roseberry; Mr. Workman
	Carroll County:	Ms. Cannon
	Floyd County:	Mr. Turman
	Giles County:	Sheriff Millirons; Mr. Chidester
	Grayson County:	Mr. Sweet
	Pulaski County:	Sheriff Davis
	Radford City:	Sheriff Armentrout; Mr. Young
	Wythe County:	Sheriff Dunagan; Mr. Reeves

<b>ALTERNATES PRESENT:</b>	Radford City:	Major Schumaker
	Giles County:	Mr. Martin
	Pulaski County:	Mr. McCready
	Wythe County:	Ch. Dep. Foster

<b>STAFF &amp; GUESTS PRESENT:</b>	Superintendent Gerald McPeak
	Lt. Col. Tom Lawson
	Major Marty Stallard
	Jim Cornwell-Sands, Anderson, Marks & Miller
	Kevin Rotty-PFM Asset Management LLC
	Sgt. Diana St. Clair- NRVJR
	Robert Lyons-citizen
	Charles Havens-citizen

**B. ROLL CALL:**

In Sheriff Gardner's absence, Superintendent McPeak called the roll and reported a quorum present.

**C. APPROVAL OF FEBRUARY 2016 MINUTES:**

The Minutes from the February 2016 meeting were mailed to each of the board members. Chairman Armentrout asked if there were any additions or corrections to the Minutes. He said that there was one small typographical error that has been corrected in the copy to be signed.

**Motion:** Mr. McCreedy moved that the February 2016 Minutes be approved as corrected. Sheriff Dunagan seconded the motion.

**Action:** The motion passed with a vote of 11 yes and 1 abstention. Mr. Reeves abstained from the vote due to his absence from the February meeting.

**D. OLD BUSINESS:**

Chairman Armentrout asked the Superintendent for an update on the water quality issue that was discussed last month. The Superintendent said that there have been no further problems with the county.

Chairman Armentrout also asked about the investigation that was mentioned at last month's meeting. The Superintendent said that was all wrapped up and everything has been taken care of.

**E. COMMITTEE REPORTS:**

**Personnel Committee:**

Mr. Reeves gave a report from the Personnel Committee meeting that was held earlier in the morning. There are ten jail officers in the academy and they are doing well. We have nine vacant security positions and there have been three promotions. Sgt Tommy Bobbitt has been promoted to nightshift Captain. Melissa Edwards has been promoted to dayshift Lieutenant and Matthew Wells has been promoted to a dayshift booking Sergeant. There have been three new hire officers and one new hire nurse. The new hire nurse will make a full nursing staff for the jail.

**Operations Committee:**

The Operations Committee did not meet today.

**Finance Committee:**

The Finance Committee did meet and copies of the Revenue & Expenditures from July 2015 through February 2016 for this fiscal year were handed out to all members. The total revenue was \$13,452,318.89 and expenses were \$13,728,709.33 for a loss of \$276,390.44. When

factoring in payables/receivables which include lids payments and per diems that haven't come in yet, the ordinary income would be \$307,790.14

**Motion:** On behalf of the Finance Committee, Ms. Cannon recommended the Financial Report for approval.

**Action:** Following a roll call vote, the motion passed unanimously.

Ms. Cannon said it is budget time for all of us. Collectively in the Finance Committee Meeting, they came up with a date for a budget planning session. It will be held on March 18<sup>th</sup> at 10:00. She said that it was going to be a difficult budget process and that she looked forward to lots of involvement/ideas from anyone that can attend.

Ms. Cannon then turned the floor over to Mr. Kevin Rotty. He recapped that last month the Authority had approved moving forward with the refinancing. Over the past month, they have accomplished a lot of the tasks that were outlined in updating the documents. They confirmed the Authority's bond rating. The Authority is graded Aa3 by Moody's. They were able to get that rating reconfirmed. They are now set to go into the marketing period with a bond sale to lock in an interest rate next Thursday. Over the past month, municipal interest rates have gone up about a quarter of a percent so the savings estimates provided last month have eroded a little bit to under \$3 million. It is still a very attractive refinancing opportunity. As discussed, one of the goals of refinancing is to get the money up front and take the majority of the saving in the first couple of years. As they were going through the process they identified a couple of things. The Authority's reserves are underfunded from what our service agreement says. By doing this refinancing it will allow the Authority to come back into compliance with the reserve requirements and provide a little extra money in some debt service relief next fiscal year. The other part of this is there was a determination that the Authority was out of compliance with its revenue covenant which is a bond embedded in the bond document. What that requires is that they provide a consultant's report to come up with recommended suggestions. One of the suggestions is to do the transaction because it gets you back into compliance. He said that it isn't unusual to become out of compliance with the revenue covenant. People become out of compliance when drawing down fund balance which the Authority has been doing for the last few years. Now it has been drawn down to such a level that they reserves are underfunded. In addition, he said he didn't think it came as any surprise. He said that there will need to be some per diem increases.

There was discussion in the Finance Committee Meeting that the jail's number of inmates has declined. The important thing for running the jail financially is to generate the amount of money that the budget wants us to generate. The upcoming budget has an expectation that the members contribute about \$8.5 million. When the team puts the budget together they have to guess on the number of inmates that will generate that \$8.5million in revenue. For example, this year's budget assumed 922 inmates and the average has been more around 860. The current inmate population is about 820 in the facility right now. Since you're depending on the number of heads in the facility this is generating an operating loss of about \$350,000. One of the recommendations is to more actively manage the per diem so the jail is able to generate the revenues needed to keep the budget balanced. Mr. McCready asked the time period on the bonds. Mr. Rotty said they were leaving that exactly the same. The last year is FY 2039 so there is no extension or reduction of

the terms of the bond. Mr. McCready asked if there was any early redemption penalty. Mr. Rotty said no that we would have 10 years of call protection but we would be able to redeem at no premium at that point. Mr. McCready said so from 10 years on we have no call premium at all. Mr. Rotty said exactly.

Mr. Sweet said we have \$407,000 in the reserve account what if we transferred that. Ms. Cannon said that's assuming it's there; we've had a few issues that have come up this year one of those being VRS. That's only assuming it is there at the end of the year and usually they do that in June. Mr. Sweet said if we were to have made that \$407,000 payment, was that \$407,000 based upon that or was that just catch up. Ms. Cannon stated there really was no catch up existing; that was the difference between revenues and expenditures. Mr. Sweet said so whatever differential there is... that is what we deposit in the reserve, if it's not there it's not prioritized. Ms. Cannon said that was a good point that moving forward it certainly should and would be. Mr. Sweet said if we do this refinancing and there is some windfall would that windfall be catch up so we don't have to buy catch up in future budgets. Ms. Cannon said that as the budget increases from inflation the reserve will also increase. So there won't be catch up but annually there may be some transfer to what needs to happen to be in compliance with the covenant. Mr. Sweet asked what next year's expense projection would be for reserves. Is there going to be relief and are we going to be able to catch up? Mr. Rotty said that yes our reserve would be funded...even overfunded. Mr. Sweet said so we will be able to unplug \$407,000 from our expense next year. Ms. Cannon said yes. Mr. Sweet said so that can be repurposed for another task.

Ms. Cannon also gave an update on the VRS issue. We have received communication back from the Internal Revenue Service on six quarters last week and this week we received the remaining two. Of that, we were only charged penalty and interest on four quarters of the eight quarters. The question was posed to her as do we contact them regarding the zero interest on the other four quarters. The Finance Committee is going to pay what we have to pay to get us caught up. The total of the four quarters is \$13,831.19 and that check is being mailed out today. Hopefully, that is now behind us.

Ms. Cannon stated that we needed a motion to approve the Consultant's report that Mr. Kevin Rotty had discussed in regards to the refinance.

**Motion:** Mr. Sweet made the motion to approve the Consultant's report.  
Mr. Workman seconded the motion.

**Action:** Following a roll call vote, the motion passed unanimously

#### **Design and Construction Committee:**

The Design and Construction Committee did not meet today.

**F. SUPERINTENDENT'S REPORT:**

Superintendent McPeak reviewed his report in detail and gave totals for all jurisdictions. Our state responsible inmates total rose from 294 to 304 for the month. He gave an update on all inmate programs and the totals of inmates in each program. All of the employee activity was discussed prior in the Personnel Committee portion of the minutes. There have been no policy changes.

He and Mr. Cornwell have been working on the RFP for inmate telephone services and that was put out for bid on March 7<sup>th</sup>. Proposals are to be sent to him by noon on March 23<sup>rd</sup>. He hopes to interview those people in April and bring a presentation before the Authority at the May meeting.

Superintendent McPeak said that he was happy to report that our employee satisfaction survey ended with a 99% participation rate.

**G. NEW BUSINESS:**

**H. CITIZEN'S COMMENTS:**

**I. OTHER BUSINESS OR INFORMATIONAL ITEMS:**

It was asked if the results were in from the survey. Chairman Armentrout said that he hoped to have the results by the next meeting. There were 98 pages of typed in comments that they have to review so hopefully by the April meeting.

**J. ADJOURNMENT:**

Chairman Armentrout asked if there was a motion from the floor to adjourn.

**Motion:** Mr. Workman made the motion to adjourn the meeting.  
Sheriff Millirons seconded the motion.

**Action:** The motion passed unanimously.

There being no further business to come before the Board, Chairman Armentrout adjourned the meeting at 10:23 am.

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Secretary, Sheriff Gardner



