

VIRGINIA HIGHLANDS AIRPORT AUTHORITY

REGULAR MEETING

Members Present: Stephen Lowe
Edward "Earl" Maine
Gary Cutlip
John R, White
Frank Buchanan, III
Joseph C. Straten
David G. Anderson

Guest Present: See Attachment

The Virginia Highlands Airport Authority Board of Directors met on Monday, October 14, 2014 at 6:00 P.M. in conference room "A" of the Terminal Building. Mr. Lowe, Chairman, determined that a quorum of the Board was present and called the meeting to order. Also present were Mickey Hines, Airport Manager, Jim Elliott, Airport Attorney, Kristy Miller, Airport Secretary, and Amber Miller, Airport Assistant Secretary.

Mr. Lowe called for approval of the Minutes of the Regular Meeting September 08, 2014.

Mr. White moved to approve the Minutes of September 08, 2014. Mr. Maine seconded the motion. The motion carried unanimously.

Mr. Lowe turned the floor over to Mr. Terry Page and Mr. Doug Sanders from Delta Airport Consultants.

Mr. Page presented the Board with an overview of the Virginia Annual Funding Deadlines.

Discussion ensued.

Mr. Lowe called for the Financial Report.

Mr. Cutlip gave the Financial Report.

Mr. Lowe called for the Manager's Report.

Mr. Hines gave the Manager's Report.

Mr. Lowe called for the Operations Committee Report.

Mr. Straten stated that the Operations Committee had met to discuss a self-service fueling station that is for sale in Johnson City. Mr. Straten presented the Board with the details surrounding the Self-serve fueling station.

Discussion ensued in regards to the Self-serve fueling station.

Mr. Maine presented the Board with Section 10 “Vehicular Traffic and Parking” of the Rules and Regulations with the proposed changes/additions incorporated, for the Board review.

Discussion ensued.

Mr. Straten moved to approve the changes/additions to Section 10 “Vehicular Traffic and Parking” of the Rules and Regulations. Mr. White seconded the motion. The motion carried unanimously.

Mr. Lowe called for the Development Committee Report.

Mr. Buchanan stated that the Development Committee had not met.

Mr. Lowe called for the Audit Committee Report.

Mr. Anderson stated that the Audit Committee had met with David Brown from Hicok, Fern, Brown & Garcia CPAs to review the Audit for FY 13/14.

Mr. Anderson stated that it is the motion of the Audit Committee to procure an independent auditing and accounting consultants for the fiscal year 2014-2015.

Mr. Lowe called for a vote to approve the motion to procure an independent auditing and accounting consultants for the fiscal year 2014-2015, seven (7) voting Yay and zero (0) voting Nay. The motion carried.

Mr. Anderson stated that it is the motion of the Audit Committee to approve the Audit for the year 2013-2014 as submitted.

Mr. Lowe called for a vote to approve the motion to approve the Audit for the year 2013-2014 as submitted, seven (7) voting Yay and zero (0) voting Nay. The motion carried.

Mr. Lowe called for Unfinished Business.

Mr. Lowe inquired about the status of the rental property.

Ms. Amber Miller gave a report to the Board on the rental property.

Discussion ensued.

Mr. Lowe called for New Business.

None

Mr. Lowe called for Public Comments.

None

Mr. Elliott presented the Board with an Executive Summary of the Loan Agreement between VHAA and First Bank and Trust Company.

Discussion ensued.

Mr. Buchanan moved to approve the Resolution of the Virginia Highlands Airport Authority authorizing the issuance of a grant anticipation loan agreement and the line of credit note. Mr. Maine seconded the motion. The motion carried unanimously.

Mr. Lowe called for a five minute recess, meeting will reconvene at 8:10 P.M.

Mr. Lowe reconvened the meeting at 8:15 P.M. All members present.

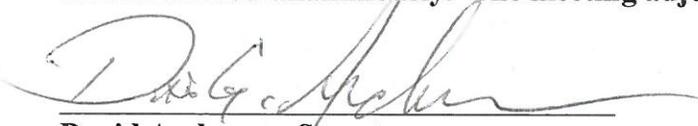
Mr. Lowe moved that Virginia Highlands Airport Authority conduct a Closed Session pursuant to Code of Virginia 2.2-3711 A.3 for the purpose of Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body. Mr. Straten seconded the motion. The motion carried unanimously.

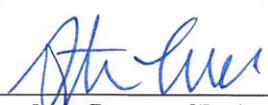
Following the Closed Session, the Board immediately reconvened its open Session and Mr. Lowe took a roll call vote stating that no matter was discussed in Closed Session other than that were included in the motion to go into Closed Session and no other votes were taken in Closed Session other than to go out of Closed Session.

Stephen Lowe– I so Certify
Edward “Earl” Maine – I so Certify
Gary Cutlip– I so Certify
John R. White – I so Certify
Frank Buchanan, III– I so Certify
Joseph C. Straten– I so Certify
David G. Anderson– I so Certify

Mr. Buchanan moved to adopt Resolution that was presented in Closed Session. Mr. White seconded the motion. The motion carried unanimously.

Mr. Buchanan moved to adjourn. Mr. Maine seconded the motion. The motion carried unanimously. The meeting adjourned at 8:48 P.M.


David Anderson, Secretary


Stephen Lowe, Chairman

A RESOLUTION OF THE BOARD OF DIRECTORS
OF
VIRGINIA HIGHLANDS AIRPORT AUTHORITY
REGARDING THE PURCHASE OF PROPERTY
FOR
THE RUNWAY 6 EXTENSION PROJECT

WHEREAS, Virginia Highlands Airport Authority (the "Authority") is engaged in a project to extend Runway 6 ("RW6") at Virginia Highlands Airport to improve safety for aircraft using the airport and to protect people and property on the ground, and

WHEREAS, to expand RW6, the Authority must purchase certain real property, including a 6.26-acre portion of a parcel owned by Fred B. Gent II (the "Gent Property"), and a 12.327-acre portion of a parcel owned by Johnny Johnson, Julie Spowles, and Vickie Yarber (the "Johnson Property"), and

WHEREAS, an independent real estate appraiser has determined that the fair market value of the 6.26-acre Gent Property is \$192,200, and this valuation has been confirmed by an unrelated independent appraiser, and

WHEREAS, an independent real estate appraiser has determined that the fair market value of the 12.327-acre Johnson Property is \$442,500, and this valuation has been confirmed by an unrelated independent appraiser, and

WHEREAS, the Authority seeks to purchase the Gent Property and the Johnson Property at their appraised fair market values and to pay the purchase price for each property from the proceeds of a loan to be obtained from First Bank & Trust Company, which will later be reimbursed with grant funds from the Federal Aviation Administration (the "FAA"), and

WHEREAS, the loan and the FAA grant are part of the financing necessary for the runway extension project approved and recommended by the FAA, and

WHEREAS, the Authority expects to obtain the loan soon, it is

Hereby RESOLVED, that the Manager and Chair of the Authority will take the necessary steps to make offers to purchase the Gent Property and the Johnson Property for their respective appraised fair market values, and

Be it FURTHER RESOLVED, that if the Authority is unable to reach agreement with the landowners to purchase the Gent Property or the Johnson Property, the Board of Directors will take the necessary steps to conduct a public hearing and consider a resolution authorizing the Authority to obtain either or both properties by condemnation.

Resolved this 14th day of October, 2014, by a vote of 7 for and 0 opposed, a quorum present and voting.


Secretary

RESOLUTION OF VIRGINIA HIGHLANDS AIRPORT AUTHORITY AUTHORIZING THE ISSUANCE OF A GRANT ANTICIPATION LOAN AGREEMENT AND LINE OF CREDIT NOTE, SERIES 2014, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,000,000 AND PROVIDING FOR THE DETAILS AND PAYMENT THEREOF

WHEREAS, the Virginia Highlands Airport Authority (the “Authority”) is a validly existing airport authority, duly created pursuant to Chapter 3, Title 5.1, Code of Virginia of 1950, as amended (the “Act”), by the Board of Supervisors of Washington County, Virginia (the “County Board”), to own and operate the Virginia Highlands Airport (the “Airport”) serving the County of Washington, Virginia (the “County”);

WHEREAS, the Authority is undertaking the Runway 6 Extension Project (as further described below) at the Airport;

WHEREAS, the Authority has determined that it is in its best interests to seek and obtain a loan (the “Loan”) for the purpose of capital improvements to the landing field at the Airport, such Loan to be in the form of a line of credit note in an original aggregate principal amount not to exceed \$3,000,000 (the “Note”) to provide interim financing for the extension of Runway 6 at the Airport in anticipation of grant payments for the Runway 6 Extension Project, including the costs of its design and engineering, land acquisition, and the engineering for the relocation of State Route 611 (the “Runway 6 Extension Project”) and to pay costs of issuance with respect to the Note;

WHEREAS, in response to the Authority’s request for proposals for the Loan, First Bank & Trust Company (the “Bank”) has agreed to make the Loan under the terms of a Loan Agreement between the Bank and the Authority (the “Loan Agreement”), the form of which has been presented to this meeting;

WHEREAS, as a condition to purchase the Note, the Bank has requested the County Board, acting as the governing body of the County, to consider appropriating sufficient funds to the Authority from time to time for the debt service on the Note, to the extent that revenues of the Airport and Grant Payments to the Authority with respect to the Runway 6 Extension Project are insufficient therefor, pursuant to the terms of a Support Agreement among the County Board, the Authority, and the Bank (the “Support Agreement”), the form of which has been presented to this meeting; and

WHEREAS, the Authority finds the interim financing of the Runway 6 Extension Project both necessary and desirable for the extension of Runway 6 to promote safety for aircraft using the Airport and for its neighbors.

NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA HIGHLANDS AIRPORT AUTHORITY:

1. Authorization of Loan and Use of Proceeds. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Act, the Authority authorizes the incurrence of the Loan, to be evidenced by the Note to be issued to the Bank in a principal amount not to exceed \$3,000,000 to provide funds, together with other available funds, for the interim financing of the costs of the Runway 6 Extension Project and to pay issuance and financing costs incurred in connection therewith.

2. Authorization of Loan Agreement and Support Agreement. The forms of the Loan Agreement and the Support Agreement submitted to this meeting are approved. The Chairman, Vice-Chairman and Airport Manager of the Authority, any of whom may act, are authorized to execute the Loan Agreement and the Support Agreement in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman, Vice-Chairman or Airport Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. The proceeds of the Loan shall be applied to the payment of the costs of the Runway 6 Extension Project (as described above) and to pay costs of issuance. All capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Loan Agreement.

3. Note Details. The Note shall evidence the Loan and shall be issued as a single, registered note and shall be designated "Tax-Exempt Grant Anticipation Line of Credit Note," shall be numbered R-1 and shall be in a principal amount not to exceed \$3,000,000. The Authority authorizes the issuance of the Note to the Bank upon the terms and conditions of the Loan Agreement, consistent with the term sheet of the Bank dated September 4, 2014, and as shall be satisfactory to the Chairman, Vice-Chairman or Airport Manager; provided, however, that (i) the Note shall be subject to optional redemption upon the terms set forth in the Loan Agreement, (ii) the Note shall mature no later than December 31, 2019, subject to extension upon the terms set forth in the Loan Agreement, and (iii) interest on the Note shall be computed on the disbursed principal balance thereof from the date of each disbursement at an initial rate not to exceed 2.75% per annum (subject to adjustment as set forth in the Loan Agreement), calculated on the basis of a 360-day year of twelve 30-day months. The Note shall be payable in installments in such amounts and on such dates as shall be determined by the Chairman, Vice-Chairman or Airport Manager, any of whom may act, to be in the best interests of the Authority.

Subject to the preceding terms, the Authority further authorizes the Chairman, Vice-Chairman or Airport Manager, any of whom may act, to make Loan Advances from time to time under the Loan Agreement for the payment of costs of the Runway 6 Extension Project and to apply Grant Payments received with respect to the Runway 6 Extension Project to the payment of the Note.

The principal of and premium, if any, and interest on the Note shall be payable in lawful money of the United States of America.

4. Payment and Redemption Provisions of Note. The principal of and premium, if any, and interest on the Note shall be payable as set forth in the Note and the Loan Agreement.

The Authority may, at its option, redeem and prepay the Note upon the terms set forth in the Loan Agreement.

5. Preparation and Delivery of Note. The Note shall be executed by the Chairman or Vice-Chairman of the Authority and countersigned by the Airport Manager or Secretary of the Authority. The Note shall be in substantially the form of Exhibit A of the Loan Agreement, with such completions, omissions, insertions, and changes not inconsistent with this Resolution as may be approved by the officers signing the Note, whose approval shall be evidenced conclusively by the execution and delivery of the Note to the Bank as set forth in the Loan Agreement.

6. Pledge of Revenues. Principal of and premium, if any, and interest on the Note shall be payable solely from the Net Revenues, Grant Payments and other sources which are pledged therefore herein and in the Loan Agreement, and nothing in the Loan Agreement, the Note or in this Resolution shall be deemed to create or constitute an indebtedness of or a pledge of faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority and the County.

7. Other Actions. All other actions of officers of the Authority in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Note are ratified, approved and confirmed. The officers of the Authority are authorized and directed to execute and deliver all certificates and other instruments, including without limitation, Internal Revenue Service Form 8038-G and a non-arbitrage certificate and tax compliance agreement setting forth the expected use and investment of proceeds of the Note to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations issued pursuant thereto, applicable to "arbitrage bonds," making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of arbitrage profits earned on the investment of proceeds of the Note, providing for payment of any such rebate amount and providing for ongoing compliance procedures to maintain the tax-exempt status of the Note, and to do and perform such things and acts, as they shall deem necessary or appropriate in connection with the issuance and delivery of the Note pursuant to this Resolution, the Loan Agreement and the Support Agreement.

8. Bank Qualification. The Authority hereby designates the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code, and authorizes the Airport Manager to take all steps necessary or desirable to designate, or confirm the designation of, the Note as a "qualified tax-exempt obligation," including providing representations and covenants that the Authority will comply with the requirements necessary to maintain the Note in such status.

9. Official Intent. In adopting this Resolution authorizing the incurrence of the Loan, the Authority declares and affirms its official intent to issue the Note and provide moneys to reimburse the Authority for expenditures with respect to the Runway 6 Extension Project, as contemplated by Treasury Regulations 1.150-2 promulgated pursuant to the Code.

10. Filing of Resolution. The Secretary is authorized to file a certified copy of this Resolution in the office of the Authority and with the Clerk of the Circuit Court of Washington County, Virginia.

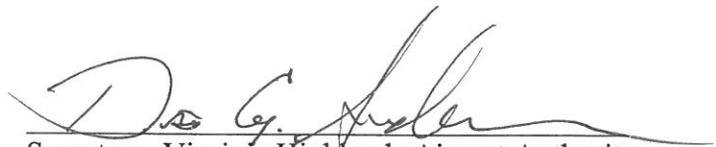
11. Effective Date. This Resolution shall take effect immediately.

* * *

The undersigned Secretary of the Virginia Highlands Airport Authority (the "Authority") hereby certifies that the foregoing constitutes a true, correct and complete copy of the Resolution (the "Resolution") adopted by the Authority at a meeting duly called and held on October 14, 2014, with the members present and absent and voting on the Resolution as set forth below, that such meeting was duly convened and held in all respects in accordance with law, and that the foregoing Resolution has not been repealed, revoked, rescinded or amended.

<u>Members</u>	<u>Attendance</u>	<u>Vote</u>
Stephen Lowe	Yes	Aye
Edward "Earl" Maine	Yes	Aye
Gary Cutlip	Yes	Aye
John R. White	Yes	Aye
Frank Buchanan	Yes	Aye
Joe Straten	Yes	Aye
David Anderson	Yes	Aye

WITNESS MY HAND of the Virginia Highlands Airport Authority, this 14th day of October, 2014.


Secretary, Virginia Highlands Airport Authority

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