

**NORTHWESTERN REGIONAL JAIL AUTHORITY**  
**Minutes**  
**Meeting of Members**  
**January 17, 2013**

The Regional Jail Authority meeting was called to order at the Community Corrections Center, 147 Fort Collier Road, Winchester, Virginia 22603 at 10:00 a.m.

**PRESENT:**

**Frederick County**

John R. Riley, Jr.  
Charles DeHaven  
Sheriff Robert Williamson  
Bill Ewing

**City of Winchester**

Sheriff Lenny Millholland  
Chief Kevin Sanzenbacher  
Mayor Elizabeth Minor

**Clarke County**

David L. Ash  
Sheriff Anthony Roper  
Barbara Byrd

**Fauquier County**

Sheriff Charlie Ray Fox, Jr.

**ABSENT:**

James Wyatt  
Art Major  
Katherine Heritage  
Chester Stribling

**STAFF PRESENT:**

James Whitley, Superintendent  
Capt Kathy Sasser  
Lynn Dougherty  
CSO Gene Boyce  
Capt David Pitts  
Capt Allen Barr  
Kim Wilson

**VISITORS:**

Melissa Boughton, Winchester Star  
Kevin Rotty, The PFM Group  
Chris Culp, The PFM Group  
Mary Blowe, Finance Director, City of Winchester  
Dale Iman, City Manager, Winchester  
John Jenkins, Chief Jailor, Fauquier County

**I. CALL TO ORDER**

Mr. Riley called the meeting to order at 10:00 a.m.

**II. APPROVAL OF AGENDA**

A motion was made by Mr. DeHaven to approve the amended agenda. Mr. Ash seconded the motion. The Authority unanimously approved.

**III. APPROVAL OF THE MINUTES FROM OCTOBER 18, 2012**

Mr. Riley solicited a motion to approve the minutes from the October 18, 2012 meeting. A motion was made by Ms. Minor to approve the minutes. The motion was seconded by Sheriff Millholland. The Authority unanimously approved.

**IV. ELECTION OF OFFICERS**

Mr. Ewing nominated Mr. Riley as Chairman with Sheriff Williamson seconding the nomination.

Chief Sanzenbacher nominated Sheriff Millholland as Vice-Chairman with Ms. Minor seconding the nomination.

Ms. Byrd nominated Superintendent Whitley as Secretary/Treasurer with Mr. Ewing seconding the nomination.

The Authority unanimously approved all motions.

**COMMITTEE APPOINTMENTS**

Mr. Riley reappointed the current members to serve on the existing committees:

Finance

Bill Ewing – Chairman  
James Wyatt  
Elizabeth Minor  
David Ash  
Katherine Heritage  
Charles DeHaven

Personnel

Katherine Heritage – Chairman  
Sheriff Robert Williamson  
James Wyatt  
Sheriff Lenny Millholland  
Sheriff Anthony Roper

Construction

David Ash –Chairman  
Sheriff Robert Williamson  
Sheriff Charlie Fox, Jr.  
Chief Kevin Sanzenbacher  
Chester Stribling

**V. EMPLOYEE OF THE QUARTER RECOGNITION**

The Authority recognized Correctional Officer Kenneth Barrett as the Jail's Fall 2012 Employee of the Quarter.

**VI. POTENTIAL REFINANCING OPPORTUNITY – CONSTRUCTION 2005**

Mr. Whitley introduced Mr. Kevin Rotty, Managing Director of the Public Financial Management Group (PFM) who presented information on a potential refunding opportunity of the 2005 Bonds. Mr. Rotty highlighted the history of the Bonds noting the Jail Authority was issued a \$16,560,000 long-term Jail Facilities Revenue Bonds (Bonds) and a \$10,000,000 short-term Jail Facilities Grant Anticipation Notes (GANs) in June

2005. The GANs, he said were retired with the Commonwealth's reimbursement payment but the Bonds still in existence are able to be refunded through July 2, 2015. After July 2015, he said, the interest rates on the Bonds are subject to an increase of 4% through 2016 and 5% in 2033. Mr. Rotty encouraged the Authority to consider approving the drafted Resolution to refinance the Bond as presented because current interest rates are near a historic low. Mr. Rotty directed the Board to review a comparison of the existing debt to the refinanced debt as demonstrated in the chart below.

<b>Existing Debt:</b>	
<b>Interest Rates (2016-2033)</b>	4.0% to 5.0%
<b>Refunded Principal</b>	\$12,865,000
<b>Average Annual Net Debt Service</b>	\$1,137,682

<b>New Debt:</b>	
<b>Estimated Yields (2016-2033)<sup>1</sup></b>	1.06% to 3.44%
<b>Refunding Principal<sup>2</sup></b>	\$14,020,000
<b>Net Present Value Savings</b>	\$1,312,128
<b>NPV Savings as a % of Refunded</b>	10.20%

(1) Based upon market conditions as of January 9, 2013

(2) Assumes the authority would be required to fully fund its Debt Service Reserve Fund, and this Fund would average earnings of 3% over the remaining term of the loan

Mr. Rotty explained the following actions were needed in order to proceed with the refinancing:

- The Jail Authority is required to pass a Refunding Resolution authorizing the Bond sale under certain conditions.
- Each jurisdiction representing the Jail Authority must pass a Resolution authorizing the refinancing (February)
- The Jail Authority and the represented localities will be required to provide some basic financial data to be collected by the financing team representing the Jail Authority.
- Moody's will re-evaluate the Authority's Credit Rating which will include a credit analyst conducting individual discussion between Jail Staff and each jurisdiction representing the Jail Authority.
- A mid-March Bond sale is tentatively scheduled to lock-in the potential savings on the interest rate March 12, 2013.

Mr. Rotty explained that the net savings will yield \$1,300,000 or 10 percent of the Bonds refunded which typically in nature ranges nearer three percent. He noted that the savings

in the first few years will net between \$130,000 to \$150,000 which savings will drop in subsequent years but still netting a \$60,000 to \$70,000 savings per year.

Mr. Ewing motioned to authorize the Refunding Resolution with Chief Sanzenbacher seconding the motion which was unanimously approved by the Jail Authority.

The Jail Authority will reconvene in special session to further review the progress of this initiative Thursday, February 21, 2013 at 10:00 a.m.

**VII. CURRENT YEAR**

Mr. Whitley reported the 2<sup>nd</sup> Quarter Initiatives and provided a financial update of the Jail' Revenue over Expenses.

After implementation, the following initiatives as adopted by the Superintendent are reported to be working well and were established to provide more efficiency in jail operations:

- Replaced Inmate ID Cards with Wristbands
- No Inmate Marriages
- Handcuffed prisoners in intake
- More restrictions on Disciplinary Segregation including Nutri-loaf
- Inmate Property Room Upgrade

Mr. Whitley provided a brief overview of the Jail's financial status as outlined in the following charts and explained the revenue over expenses prediction as \$271,949 being returned to Fund Balance at Fiscal Yearend:

Expenses	Budgeted FY13	1 <sup>st</sup> /2 <sup>nd</sup> Quarter	End of Year Prediction
Personnel	\$12,572,795	\$6,273,249	\$12,305,539
Operating	\$ 3,773,791	\$1,931,304	\$ 3,695,605
Capital/Debt	\$ 1,218,193	\$ 653,101	\$ 1,239,452
<b>Total</b>	<b>\$17,564,779</b>	<b>\$8,857,654</b>	<b>\$17,240,596</b>

Revenue	Budgeted FY13	1 <sup>st</sup> /2 <sup>nd</sup> Quarter Collections	End of Year Prediction
Fees	\$ 2,112,665	\$1,452,324	\$ 2,073,773
State/Federal	\$ 5,978,850	\$2,388,333	\$ 5,965,508
Local	\$ 9,473,264	\$5,823,478	\$ 9,473,264
<b>Total</b>	<b>\$17,564,779</b>	<b>\$9,664,135</b>	<b>\$17,512,545</b>

Next, Mr. Whitley drew the Authority's attention to the Jail's current Fund Balance of \$1,305,102 as shown in the following chart. He also noted the Fund Balance is \$373,155 higher but the amount is reserved for Probation and Diversion Services which was carried forward to the Jail's Fund Balance after consolidation of that Department's financial activities with the Jail's.

**FUND BALANCE**

<b>FY13 Beginning Fund Balance (Post FY13 Budget Draw)</b>	<b>Current Fund Balance (As of January 17, 2013)</b>
<b>\$1,305,102</b>	<b>\$1,305,102</b> <b>(Available for NRADC Draw)</b>
	<b>Actual is \$1,678,257 which includes \$373,155 Reservation for Probation &amp; Diversion Center activities</b>

Mr. Whitley asked the Board's approval to utilize \$482,183 of the Jail's Fund Balance to cover the following needs: \$246,983 in Merit/Fringe Reserves to cover costs of the employee bonus issued by the Fiscal Agent during the Fall 2012, \$221,000 to be used in coordination with Frederick County's initiative to replace the Telephone Communication System throughout the County which the \$221,000 allowance will replace NRADC's phone system at the end of its life cycle and \$14,200 to revitalize the Officer Career Advancement and Development Program (CAD) which will fund a 5% salary increase for those who apply and meet the program requirements in the last half the fiscal year.

Sheriff Williamson motioned to approve Mr. Whitley's request for a supplemental appropriation for \$246,983 to cover the cost of the Fall 2012 Employee Bonus. The motion was seconded by Sheriff Millholland and the Jail Authority unanimously approved.

Sheriff Williamson also motioned to approve Mr. Whitley's request for a supplemental appropriation for \$221,000 to pay for the telephone system replacement. The motion was seconded by Sheriff Millholland and the Jail Authority unanimously approved.

Again, Sheriff Williamson motioned to approve Mr. Whitley's request for a supplemental appropriation of \$14,200 for the CAD Program. The motion was seconded by Sheriff Millholland and the Jail Authority unanimously approved.

**VIII. FY14 BUDGET**

Mr. Whitley reported that the Finance Committee met Thursday, January 10, 2013 to discuss adoption of the FY14 budget which deliberations were tabled until January 25, 2013 in order to implement a budget reduction of \$1.6M. The FY14 budget will be presented to the Jail Authority for approval in February.

Jail Finance Committee Chairman, Bill Ewing also addressed the Board asking them to review the Finance Committee report from the January 10, 2013 meeting and noted that prior to the renewal of the physician and mental health services contract that the Superintendent was asked to negotiate no higher rate increase than the amount given to employees for performance/merit pay in FY14. Mr. Ewing also suggested the Jail Authority consider adopting a minimum fund balance requirement of no less than \$500,000 when deliberating on budget off-sets to the locality share or when seeking to fund unanticipated expenses during the fiscal year.

Chief Sanzenbacher suggested capital projects such as the \$646,000 Cooling Tower/Chiller Replacement cut from the FY14 budget be considered as a financed initiative in the Refunding Project if permissible. Mr. Rotty confirmed it was permissible and Mr. Riley suggested adding the cost of the telephone project to the refinancing plan. There were no objections voiced from the Jail Authority to finance these projects through the Refunding/Refinancing opportunity.

**IX. ADJOURN**

As there was no further business brought before the Authority, the meeting adjourned at 10:45 a.m.

**Respectfully Submitted,**



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**John B. Riley, Jr., Chairman**  
**Regional Jail Authority**