

JANUARY 20, 2011

THE BOARD OF COUNTY COMMISSIONERS, IN AND FOR WASHINGTON COUNTY, MET ON THE ABOVE DATE AT 10:00 A.M. AT THE WASHINGTON COUNTY ANNEX, BOARD MEETING ROOM, 1331 SOUTH BOULEVARD, CHIPLEY, FLORIDA WITH COMMISSIONERS PATE, HOWELL, STRICKLAND AND ABBOTT PRESENT. ATTORNEY GOODMAN, INTERIM COUNTY MANAGER ROGER HAGAN AND DEPUTY CLERK GLASGOW WERE ALSO IN ATTENDANCE.

DEPUTY CLERK GLASGOW ARRIVED AT THE MEETING LATE DUE TO NOT BEING NOTIFIED OF THE SPECIAL CALLED MEETING.

CHAIRMAN PATE CALLED THE SPECIAL SESSION BACK TO ORDER. HE STATED THE MEETING WAS TO DISCUSS THE RAIL SPUR FILL PURCHASE AND VERTICAL CONSTRUCTION. HE TURNED THE MEETING OVER TO INTERIM COUNTY MANAGER ROGER HAGAN.

MR. HAGAN SAID THEY WOULD BE TALKING ABOUT PROJECT PIPE RAIL SPUR LINE, VERTICAL CONSTRUCTION, ETC. ATTORNEY GOODMAN ALSO HAS A REPORT ON THE STATUS OF THE GRANT. IT WILL GO HAND IN GLOVE WITH WHAT MR. TED EVERETT IS GOING TO TALK TO THEM ABOUT, WHICH IS THE INTERIM FINANCING TO CONSTRUCT THE RAIL.

MR. EVERETT UPDATED THE BOARD ON THEM HAVING APPROVED TO TAKE A LOAN OUT ON THE RAIL SPUR TWO MONTHS AGO. IN THE MEANTIME THEY HAVE DISCOVERED WHAT THEY DID NEEDED TO BE FOLLOWED UP LEGALLY WITH A RESOLUTION TO ABIDE BY THE STATE LAWS. WE NOW HAVE THAT RESOLUTION IN PLACE. BEFORE HE WENT ANY FURTHER, HE TURNED THE MEETING OVER TO THE COUNTY ATTORNEY AND LET HIM GIVE THE BOARD A LITTLE MORE LEGAL ADVICE OF WHERE THEY ARE TODAY.

ATTORNEY GOODMAN BRIEFED THE BOARD ON WHERE THEY ARE AT AND WHAT HE IS GOING TO PRESENT TODAY AND LET THEM MAKE A DECISION ON THE RECOMMENDATION THEY WANT TO GO WITH, OBVIOUSLY WITH MR. EVERETT'S INPUT. HE ADDRESSED THE BOARD HAVING APPROVED A LOAN WITH RESPECT TO THE RAIL SPUR PROJECT. THE ISSUE THEY HAVE RUN INTO, OBVIOUSLY WHEN YOU GET INTO NEGOTIATING TERMS OF LOANS ESPECIALLY WITH A GRANT AND A LOAN TO A COUNTY, THERE ARE SOME LEGAL ISSUES YOU HAVE TO JUMP

THROUGH. HE HAS SPENT A SIGNIFICANT AMOUNT OF TIME WORKING WITH REPRESENTATIVES FROM BOTH ONE SOUTH BANK AND CAPITAL CITY BANK DISCUSSING AND TALKING ABOUT THE TERMS OF THE RESOLUTION TO WHERE BOTH BANKS WOULD BE COMFORTABLE WITH THE TERMS, THE DICTA AND THE LANGUAGE IN THE RESOLUTION. BEFORE HE WENT ANY FURTHER, HE STATED THEY HAD REPRESENTATIVES FROM BOTH BANKS PRESENT AND HE HAS DONE A LOT OF LEGAL WORK IN NEGOTIATIONS WITH CORPORATIONS AND BANKS AND HE HAS NEVER BEEN MORE PLEASED WORKING WITH TWO PARTIES THAN THESE TWO BANKS. RANDY SIMS FROM CAPITAL CITY BANK IN TALLAHASSEE HAS BEEN EXCELLENT TO WORK WITH AND PALMER WILLIAMS, ONE SOUTH BANK'S ATTORNEY FROM TALLAHASSEE HAS BEEN EXCELLENT TO WORK WITH. HE ADDRESSED THIS MEETING WAS SET EARLIER IN THE WEEK AND BOTH OF THESE BANKS DID WHATEVER IT TOOK TO MAKE SURE IT HAD THE LANGUAGE THEY WERE CONFIDENT WITH AND THE BOARD WOULD BE CONFIDENT WITH. THEY SHOULD BE COMMENDED FOR THEIR WORK AND FLEXIBILITY IN TRYING TO GET THIS DEAL DONE.

ATTORNEY GOODMAN EXPLAINED WHERE THEY WERE AT; THEY WERE GOING TO NEED TO DECIDE IF THE BOARD WILL APPROVE THE LOAN AND THE RESOLUTION THAT CONTAINS THE LOAN TERMS IN IT. THEY HAVE TWO BANKS THAT HAVE SUBMITTED BIDS FOR THE NOTE; THE AMOUNT OF THE NOTE IS \$700,000. CAPITAL CITY BANK HAS SUBMITTED A FIXED INTEREST RATE OF 2.6% AND ONE SOUTH BANK HAS SUBMITTED A BID WITH A FIXED INTEREST RATE OF 3.20%. THE TERMS OF THE RESOLUTION, AS FAR AS THE MATURITY IS TWELVE MONTHS. THE CRITICAL PART THEY NEED TO DISCUSS TODAY AND MAKE SURE THE BOARD IS COMFORTABLE WITH IS THE SECURITY; BOTH LENDERS HAVE ASKED FOR THE PLEDGING OF THE COUNTY'S NON-ADVALOREM TAX REVENUES AS SECURITY FOR THE LOAN. THE BOARD KNOWS AND UNDERSTANDS THE REPAYMENT OF THE LOAN IS INTENDED TO BE PAID BACK BY THE GRANT. HE HAD PASSED OUT A LETTER HE HAD JUST RECEIVED BEFORE THE MEETING TODAY AND ALL OF THE BOARD MEMBERS HAVE A COPY OF IT WITH RESPECT TO THE FUNDS, GRANTS AND VERTICAL CONSTRUCTION. THE IMPORTANT THING THE BOARD NEEDS TO KNOW IS BOTH LENDERS ARE REQUIRING THE PLEDGING OF NON-ADVALOREM REVENUES FOR THE \$700,000 IN ORDER TO DO THE LOAN.

HE PASSED OUT A COPY OF THE PROPOSED RESOLUTION FOR BOTH ONE SOUTH BANK AND CAPITAL CITY BANK DEPENDING ON THE DIRECTION THE BOARD WOULD LIKE TO GO TODAY. THE TERMS ARE LAID OUT IN THE LANGUAGE OF THE RESOLUTIONS. HE PASSED IT OUT AND SAID HE WOULD PASS IT BACK TO MR. EVERETT FOR ANY FURTHER EXPLANATION HE MAY NEED TO GIVE.

ATTORNEY GOODMAN STATED THE LANGUAGE IN BOTH RESOLUTIONS IS ESSENTIALLY IDENTICAL EXCEPT FOR CAPITAL CITY BANK'S NAME BEING DIFFERENT THAN ONE SOUTH'S BANK AND THE FIXED INTEREST RATE; OTHER THAN THAT, THE WORDING AND THE LANGUAGE IN THE RESOLUTIONS ARE IDENTICAL. BOTH HAVE BEEN APPROVED BY THE RESPECTIVE LENDING INSTITUTIONS. IF THE RESOLUTION IS PASSED TODAY, HE SAID HE HAD BEEN GIVEN ASSURANCES BY BOTH LENDING INSTITUTIONS THEY WILL BE READY TO HAVE THE FUNDS RELEASED EARLY NEXT WEEK SO THEY CAN GET STARTED WITH WHAT THEY NEED TO GET STARTED WITH CONSTRUCTION.

COMMISSIONER PATE ASKED IF THERE WAS ANYTHING THE BOARD WANTED TO DISCUSS.

COMMISSIONER HOWELL ASKED IF EVERYTHING WAS EQUAL EXCEPT THE INTEREST RATE. ATTORNEY GOODMAN REITERATED THAT WAS CORRECT; THE NAME OF THE BANKS, THE LENDING INSTITUTIONS AND THE FIXED INTEREST RATE. HE REITERATED THEY HAD BOUNCED LANGUAGE BACK AND FORTH ALL DAY YESTERDAY BETWEEN REPRESENTATIVES OF BOTH LENDING INSTITUTIONS AND AGREED ON THIS LANGUAGE AS FAR AS WHAT NEEDED TO BE IN THE RESOLUTION FOR THEIR PART AND THE COUNTY'S PART AS WELL.

COMMISSIONER HOWELL DIRECTED QUESTIONS TO THE BANK REPRESENTATIVES. IF THE LOAN GOES FOR A YEAR, THEY WOULD OWE 3.2% INTEREST OF THE \$700,000 LOAN TO ONE SOUTH AND 2.6% INTEREST OF THE \$700,000 TO CAPITAL CITY BANK. BOTH BANK REPRESENTATIVES AGREED.

COMMISSIONER HOWELL ADDRESSED THOSE FIGURES, THE BEST HE CAN FIGURE, IS \$22,400 FOR ONE SOUTH BANK AND \$16,800 FOR CAPITAL CITY BANK. THAT IS BASICALLY THE COST OF HAVING THE MONEY. HE REITERATED WHAT ATTORNEY GOODMAN HAD SAID; HE HAS BEEN REAL PLEASED WITH THE WORK THE TWO BANKS HAVE DONE FOR THE BOARD. THE BOARD REALLY

APPRECIATES THEIR TIME THEY HAVE SPENT ON THIS LOAN. EVERYBODY HE HAS TALKED TO WITH BOTH INSTITUTIONS HAVE BEEN VERY PROFESSIONAL AND HE THANKED THEM FOR IT. ONE OF THE BANKS ARE GOING TO WALK AWAY FROM HERE TODAY WITH A DEAL AND ONE IS NOT AND HE HOPES WHOEVER DOES NOT IS NOT GOING TO BE UNHAPPY WITH THE BOARD.

COMMISSIONER HOWELL ADDRESSED THE BOARD TALKED ABOUT DOING THIS AND HE KNOWS THIS PROJECT HAS BEEN ON THE BURNER FOR A LONG TIME AND WE ARE REALLY CLOSE TO THE END OF THIS THING HE THINKS. BUT, THEY DO NEED TO DISCUSS SOME ISSUES ABOUT THE GRANT ITSELF AND THEY DO NEED TO MAKE SOME DECISIONS AS A BOARD TO MAKE THAT PROCESS MOVE ALONG. HE THOUGHT THEY NEEDED TO GO AHEAD AND SET UP A MEETING WITH THE GOVERNOR'S OFFICE, THE GOVERNOR HIMSELF, AND SIT DOWN WITH HIM AND EXPLAIN TO HIM HOW THIS PROJECT HAS GONE ON FOR THIS LONG AND WHERE THEY THINK IT IS GOING TO BE IN A YEAR AND THE STEPS THEY HAVE TAKEN TO TRY TO GET IT THERE.

JAY FELSBURG, WASHINGTON COUNTY NEWS, ASKED HOW WAS THE BIDDING DONE ON THIS BETWEEN THE TWO BANKS. WAS THERE AN ADVERTISEMENT OF ANY SORT, WAS THERE A BIDDING PROCESS PUT OUT.

ATTORNEY GOODMAN SAID THE BIDDING ACTUALLY HAPPENED A COUPLE OF MONTHS AGO; THERE WAS A GENERAL REQUEST FOR BIDS OUT AND FIVE INSTITUTIONS RESPONDED. CAPITAL CITY, REGIONS, PEOPLE SOUTH, ONE SOUTH AND THE BANK OF BONIFAY RESPONDED ALL GIVING VARIOUS INTEREST RATES AND TERMS. THESE TWO BIDDERS WERE THE LOW BIDDERS WITH RESPECT TO INTEREST RATES AND TERMS. AT ONE POINT CAPITAL CITY BANK HAD BEEN APPROVED TO GET THE LOAN UNDER VARIOUS TERMS; THOSE NEGOTIATIONS TOOK A TURN AND THERE WAS SOME DIFFERENT REQUIREMENTS SET FORTH AS THEY WENT FORWARD WITH THE LOAN NEGOTIATIONS. AT THAT POINT ONE SOUTH WAS BROUGHT INTO THE MIX AND THEY GOT INTO NEGOTIATIONS WITH ONE SOUTH REGARDING WHAT THEY WOULD REQUIRE FOR SECURITY AND OTHER MEANS OF GETTING THE LOAN ACCOMPLISHED. IN THE END, CAPITAL CITY AND ONE SOUTH BOTH ARE REQUIRING ESSENTIALLY THE SAME THING; THE SECURITY AND OTHER TERMS TO GET THE LOAN GRANTED.

JAY SAID, AS HE RECALLS, THE REASON ONE SOUTH WAS BROUGHT IN WAS BECAUSE OF THE OPINION OF MR. EVERETT, HE THOUGHT, CAPITAL CITY WASN'T ABLE TO RESPOND WITH THE MONTY QUITE QUICKLY ENOUGH. HE ASKED IF THAT WAS A PRETTY FAIR SUMMATION.

ATTORNEY GOODMAN SAID HE THOUGHT THERE WERE SOME QUESTION MARKS TO THE TERMS OF WHAT THE CONDITIONS AND THE PERIMETERS WOULD BE TO GET THAT LOAN EXECUTED IN A TIME FRAME IT COULD BE EXECUTED.

COMMISSIONER PATE ASKED IF THERE WAS ANYTHING ELSE FROM THE BOARD OR ANYTHING ELSE THEY NEEDED TO DISCUSS BEFORE EVEN DECIDING TO BORROW THE \$700,000.

COMMISSIONER HOWELL THOUGHT THEY SHOULD ADDRESS THE GRANT. HE ASKED ATTORNEY GOODMAN IF THEY COULD DISCUSS THIS. ATTORNEY GOODMAN SAID "YES;" HE HAS JUST GOTTEN THE LETTER AND HAS JUST READ IT. HE ASKED TED IF HE HAD SEEN THE LETTER.

TED RESPONDED HE HAD JUST GOTTEN THE LETTER; AS THEY ALL KNOW, THEY HAVE HAD TO SEEK EXTRA TIME FOR THIS GRANT SEVERAL TIMES BECAUSE OF THE DELAYS IN THE PROJECT. THE LETTER IS CORRECT; THEY WILL HAVE TO ASK FOR ANOTHER EXTENSION WITH THIS AND HE ADAMANTLY CONCURS WITH COMMISSIONER HOWELL'S THOUGHTS ABOUT GOING DIRECTLY TO THE GOVERNOR'S OFFICE. HE HAS BEEN TOLD, COMMISSIONER HOWELL HAS BEEN TOLD BY PROJECT PIPE'S ATTORNEY THEY ARE VERY MUCH COMMITTED TO THIS PROJECT; WITH THAT BEING SAID, THEY HAVE SITE PLANS, PERMITS, PROJECT PIPE ENGAGING QUITE A BIT AND HE THINKS COMMISSIONER HOWELL WOULD AGREE, THEY HAVE ACCOMPLISHED MORE WITH THIS PROJECT IN THE LAST EIGHT MONTHS THAN THEY PROBABLY HAVE PRIOR TO THAT. HE FEELS PROJECT PIPE IS COMMITTED; THEY HAVE A LOT OF MONEY, NOT ONLY LEGAL FEES, BUT ENGINEERING FEES FOR THAT SITE OUT THERE. HE THINKS IT IS TIME TO GO TO THE GOVERNOR'S OFFICE AND BRING THE COUNTY ATTORNEY WITH THEM. THE GOVERNOR'S OFFICE NEEDS TO FULLY UNDERSTAND WHERE THE COUNTY IS AND THE COUNTY'S POSITION AND THEY ALSO NEED TO HEAR FROM OTTED. THIS PROJECT HAS BEEN WATCHED CLOSELY BY THE GOVERNOR'S OFFICE; WE ALL WANT IT TO SUCCEED AND HAVE GIVEN ALL THE FACTS TO OTTED TO

CONTINUE WITH THIS PROJECT. HE CAN UNEQUIVALENTLY STATE THEY HAVE BEEN KEPT IN THE LOOP FROM HIM AS WELL AS THE BOARD THE LAST FIVE YEARS. HE THINKS IT IS NOW TIME TO MOVE FORWARD AND THE CRUX OF THIS WHOLE MEETING TODAY IS TO BE ABLE TO PROVIDE THE FUNDS TO CSX SO THEY CAN MOVE FORWARD WITH ORDERING THE MATERIAL, GETTING THEIR WORK CREW STARTED ON THEIR PART OF THE RAIL SPUR. THE \$700,000 IS REIMBURSABLE FROM THE OTTED GRANT. THE BOARD HAD A LETTER STATING IF THAT VERTICAL CONSTRUCTION DOES NOT OCCUR ACCORDING TO OTTED'S STANDARDS AND GUIDELINES, THE COMPANY IS RESPONSIBLE FOR THE MONEY. HE FEELS VERY COMFORTABLE WITH THAT AGREEMENT; IT IS A LEGAL DOCUMENT. IT WAS SIGNED BY THE CHAIRMAN OF THE COUNTY COMMISSION AS WELL AS THE OWNER OF THE COMPANY HIMSELF. HE AGREED TO SET UP THE APPOINTMENT WITH THE GOVERNOR AS SOON AS HE GETS BACK TO THE OFFICE AND TO INFORM THE ATTORNEY, MR. DANIEL NUN OF THE BOARD'S DECISION.

MR. HAGAN, AS IT RELATES TO THE LETTER, SAID THIS CAME ABOUT AS DID THIS MEETING IN THE LAST 48 HOURS BECAUSE OF SOME THINGS THAT DID NOT HAPPEN THEY THOUGHT WERE TAKEN CARE OF AS MUCH AS TWO WEEKS AGO. THEY HAVEN'T HAD THE STAFF MEETING THAT REVIEWS BUDGETS; THAT IS ACTUALLY SCHEDULED FOR IN THE MORNING. YESTERDAY, IN THE MORNING, AFTER MR. EVERETT CALLED HIM IN THE EVENING ON THE DAY BEFORE ABOUT SETTING THIS MEETING, HE ASKED STACY TO BRING HIM UP TO SPEED. HE WANTED TO POINT OUT TWO OR THREE THINGS; THE BOTTOM PARAGRAPH ON PAGE 1 AND THE FIRST PARAGRAPH ON PAGE 2 CAUGHT HIS INTEREST. THAT IS WHY HE WANTED THE BOARD TO SEE IT. IT GOES EXACTLY WITH WHAT MR. EVERETT SAID. NEW GOVERNOR, ECONOMIC TIMES, THE WHOLE THING; IF THIS IS OUR LAST BULLET, THEY NEED TO MAKE SURE EVERYTHING IS AS FINAL AS THEY POSSIBLY CAN FROM HERE. THEY HAVE WORKED TOO LONG AND NEED THOSE JOBS TOO BAD NOT TO HAVE THIS COME TO FRUITION.

COMMISSIONER HOWELL SAID THAT IS WHERE HE IS COMING FROM; HE DOESN'T THINK THE GOVERNOR IS GOING TO LET THAT HAPPEN. HE IS ALL ABOUT CREATING PRIVATE JOBS. HE THINKS THE GOVERNOR WILL SUPPORT THE BOARD ON THIS.

COMMISSIONER PATE ADDRESSED IT BEING THE BOARD'S JOB TO MAKE THE GOVERNOR AWARE OF IT. THAT WAS ONE OF THE CONCERNS HE HAD; HE DIDN'T WANT US TO GET OUT THERE AND GET HUNG OUT.

ROGER TOLD THE BOARD STACY HAD PREPARED THE LETTER DURING THE DAY YESTERDAY AND HE GOT IT JUST BEFORE THE OFFICE CLOSED YESTERDAY. THAT IS THE REASON FOR THE TARDINESS OF IT BEING IN THE BOARD'S HANDS.

TED SAID HE WOULD BE CONTACTING REPRESENTATIVE BRAD DRAKE, AS HE IS OUR REPRESENTATIVE, TO HELP US TO FACILITATE THE APPOINTMENT WITH THE GOVERNOR.

COMMISSIONER PATE ASKED IF THERE WERE ANY MORE QUESTIONS. THERE WAS NO RESPONSE.

COMMISSIONER HOWELL OFFERED A MOTION TO MOVE FORWARD WITH THE LOAN WITH CAPITAL CITY BANK BECAUSE OF THE INTEREST RATE. COMMISSIONER ABBOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

TED THANKED THE BOARD AND ATTORNEY GOODMAN FOR THEIR EFFORTS.

DEPUTY CLERK GLASGOW ASKED IF THE MOTION WOULD BE TO APPROVE THE RESOLUTION AND MOVE FORWARD WITH THE LOAN WITH CAPITAL CITY BANK. COMMISSIONER HOWELL SAID YES.

COMMISSIONER PATE SAID HE WAS GLAD TO SEE HOMETOWN BANKS TRYING TO HELP THE COUNTY AND COMMUNITY OUT. THAT IS THE ONLY WAY THIS COUNTY IS GOING TO GROW. HE EXPRESSED HIS APPRECIATION FOR THEIR EFFORTS.

COMMISSIONER HOWELL OFFERED A MOTION, SECONDED BY COMMISSIONER STRICKLAND AND CARRIED TO ADJOURN.

ATTEST:

DEPUTY CLERK

CHAIRMAN