

At a regular meeting of the Southampton County Board of Supervisors held in the Board Room of the Southampton County Office Center, 26022 Administration Center Drive, Courtland, Virginia on January 25, 2016 at 6:00 PM.

SUPERVISORS PRESENT

Dallas O. Jones, Chairman (Drewryville)
Ronald M. West, Vice Chairman (Berlin-Ivor)
Dr. Alan W. Edwards (Jerusalem)
R. Randolph Cook (Newsoms)
Carl J. Faison (Boykins-Branchville)
Barry T. Porter (Franklin)
S. Bruce Phillips (Capron)

SUPERVISORS ABSENT

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)
Lynette C. Lowe, Deputy County Administrator/Chief Financial Officer
Beth Lewis, Community Development Deputy Director
Julien W. Johnson, Jr. Public Utilities Director
Richard E. Railey, Jr., County Attorney
Amanda N. Smith, Administrative Assistant

OTHERS ABSENT

Chairman Jones called the meeting to order.

After the Pledge of Allegiance, Supervisor Faison gave the invocation.

Chairman Jones stated that the first item on the agenda is a closed session.

Mr. Michael Johnson stated it is necessary for this Board to now conduct a closed meeting in accordance with the provisions set out in the Code of Virginia, 1950, as amended, for the following purpose:

- 1) In accordance with Section 2.2-3711 (A) (19), Discussion of plans related to the security of the Southampton Courthouse; and
- 2) In accordance with Section 2.2-3711 (A) (5), Discussion with the staff from FSEDI concerning prospective businesses or industries or the expansion of existing businesses or industries where no previous announcement has been made of the business' or industry's' interest in locating or expanding its facilities in the community; and
- 3) In accordance with Section 2.2-3711 (A) (7), Consultation with legal counsel employed or retained by the public body regarding specific legal matters associated with an Agreement with David J. Fowler, dated April 16, 2015; and
- 4) In accordance with Section 2.2-3711 (A) (7), Consultation with legal counsel employed or retained by the public body regarding specific legal matters associated with removal of construction and demolition debris from the former H.P. Beale Packing Plant.

A motion is required to convene a closed meeting for the purposes described above.

Chairman Jones asked if he could get a motion to go into closed session.

Supervisor West made a motion to go into closed session.

Supervisor Edwards seconded the motion which carried unanimously.

Chairman Jones called the meeting back to order and stated at this time we will have the certification resolution.

Supervisor West read the certification resolution to go back into open session.

RESOLUTION OF CLOSED MEETING

WHEREAS, the Southampton County Board of Supervisors had convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 (D) of the Code of Virginia requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED that the Southampton County Board of Supervisors hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public matters as were identified in the motion convening the closed meeting were heard, discussed and considered by the Southampton County Board of Supervisors.

Supervisor West made a motion to adopt the certification resolution.

Supervisor Edwards seconded the motion which carried unanimously.

Chairman Jones states there was no action taken in the closed session. We only did what was on the agenda. Good evening everyone and Happy New Year to you. We do have a new member on our board; Mr. Randolph Cook from the Newsoms District. We welcome him to our board. At this time we will have citizens comment period.

Mr. Ash Cutchin addressed the board. Thank you Mr. Chairman. I am Ash Cutchin from the Jerusalem District. I have two brief items tonight. One, I am holding yesterday's Tidewater News that I received even during the snow. It says, to the editor, must the Southampton County Sheriff's Department call at 4:00 p.m., 10:20 p.m., 3:45 a.m., and 9:45 a.m. to tell about a severe weather advisory when everyone has known about it for approximately four days. The 4:00 p.m. and 9:45 a.m. are not so bad but come on, 3:45 a.m. Friday morning when people are sleeping. I felt there was an emergency in the family. I haven't been back to sleep since that 3:45 phone call; enough is enough. We all know the weather is going to be bad; signed Judy Reese from Wakefield. I agree, when that 3:45 phone rang I felt somebody in my family either had an accident or died or something and I just see no reason for that particular phone call. One more thing; mostly everyone knows we have a long history and heritage here in the county of being hunters and gun owners. It is hard to pick up a local paper or magazine without some article about deer hunting, dogs, or gun ownership or something. I got my first gun from Santa Claus when I was seven. It was a bb-gun. I got my first shot gun when I was nine so I have been a gun owner for nearly seventy years. About a couple of years ago in the country of Australia collected the guns of its private citizens and destroyed them. Not long ago a reporter, and I read this in two different magazines, asked former Secretary of State Hillary Clinton what she thought about that and she replied and I quote, I think it is an idea worth considering, end quote. I just thought I would share that with you all; thank you.

Chairman Jones states thank you; anyone else?

Mr. Glenn Updike addressed the board. I am Glenn Updike, 33335 Statesville Road Newsoms

Virginia. I have two requests tonight. I have a very long list but I am going to only mention two. The first one is I would like you all to send to Virginia voter registration authority to appeal the Republican's request for registration declaring you are going to support the party. This is worse than a poll tax. With a poll tax, when you pay the poll tax, you are allowed to vote. We are paying; the citizens in the county are paying for this primary. I can't stand here and say I am a republican, I am a democrat. I came from the old school. Gerald Ford, we backed him 100% in our area for many years. I backed Ronald Reagan. I loved Mr. Forbes and Mr. Francis who is the most diehard democrat that I know. I voted for him because he has a good job. I vote for people with the same principles and morals that I have and to tell me I can't vote as part of my responsibility to select the best person for the President of the United States is such an obscene rule and regulation. I can't see it. I would like for this board to send a letter. It might not mean anything; of course it is in the courts and I hope they over rule it. But, stand up and say we do not endorse such practices. To me, I am not going to the polls and sign anything or give them my word that I am going to vote one way or another for either candidate. So, I am asking you all; people that have principles have no ties to have the right to vote. We have fought many battles for the right to vote in this country and this is denying all the citizens the privilege and the responsibility to vote for who they prefer to run this country; I don't see it. I wish you all would pass a resolution and send it to them requesting to do away with it. The second thing is; we have discussed it and it has been on the agenda for approximately six months and I hope tonight you all will go ahead and pass a resolution requesting the courts to refund the money back to the people after the sale of a condemned property. They paid their taxes and they paid their fees. If it comes back more than the assessment they have to go through advertising for \$500 to get their money back. I don't see how any legislators or anybody suggest that we keep their money. Just because a person is down and out there is no use in kicking him or her. And the excuse, we can't find them; the first case that came up was a case where she was a county employee and you couldn't find her to return the money cost her advertisement fees and attorney fees to get her money back. It is just plain out simply wrong. This is not a law; just a request to follow through. I would also like to request that the newspaper as a public service to bring out at the sale to state if there is any excess money available in their account. Those are the two request and I hope you give both of them consideration and I hope you take action on both of them.

Chairman Jones states thank you Mr. Updike. Anyone else?

Mr. Gary Cross addressed the board. Mr. Chairman and board; employees it is good to see everybody this evening. My name is Gary Cross and I reside in the Berlin/Ivor District. I will try not to get to talking too fast. You will have to listen fast if I talk too fast. Tonight, Mr. Chairman I am going to hash up a little old subject we have been trying to get started for a while. No, it's not in the agriculture and forestry district yet but we are still going to talk about that in the future. You are exactly right; one night I came in here and said we need some type of advisory committee to service issues that would keep Southampton County looking a rural place and a scenic type county that we want to remain as. You are exactly right when you say if you start having a committee who is going to serve on these committees. That is just more volunteers that we can't seem to find. I am a member of an organization that fights 24 hours a day for farmers all over this country, in the state, and in the county and I am yet to be able to get the farmers in this county to step up and volunteer. When they do, some of them won't even show up for a meeting. Of course I can't hold that to Mr. Phillips because he has been real good for us on the Farm Bureau Board. I know what volunteers are and I think forming another committee will probably be the wrong road to go down. So, when you said it that night that meant a lot to me. Who are we going to get on this board and you are exactly right. We currently have a very fine board here in front of us as well as the Planning Commission. We are very lucky to have someone like Mrs. Lewis working with the Planning Commission and I have talked to her this evening. So, in your retreats and in your meetings, and seeing people on the street day to day sharing their concerns and grievances I don't think we can do everything at one time but I think it should be a constant and ongoing effort with the Planning Commission, Mrs. Lewis, and this board to solve some zoning issues or concerns of citizens that will keep this county looking like we want it to look and avoid some of the problems that we see on the television nearby weekly and monthly. So, having given you what I think can solve these issues, I would like to bring up an issue. I don't have any personal vendetta against any one person. I am not aiming this at any one person and I don't want to cause problems for those people who are responsible, but we are going to have a serious equine issue of horses in this county and we already do. There is nothing that keeps somebody from building a house beside Mr. Johnson other than he owns the land; there is nothing to keep someone from putting up a house on

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an acre, fencing it in, and letting a horse run around it. I just do not think this is a good practice. It is being done as we speak. It is done all over the county. I see people get out of their car, open the gate, and the whole front yard is fenced in. The only thing keeping the horse from going in the back door with them is a piece of hot electrical tape. This is not the kind of animal owners we want in the county. The county next to us, Isle of Wight, you have to have your house sitting on an acre and you have to have an acre for the horses to sit on and nothing else; it is as simple as that. So, tonight I posed a simple problem. It may be simple. You all may not know you have a problem until Michael calls you on the phone and say you all need to watch Channel 10 news tonight; Andy Fox is over there in Drewryville and found three dead horses in a man's backyard. We don't want that to happen. The equine issue is something that is the tip of the iceberg. I think there are lots of things that we need to look to our neighbors, see the problems they have had, and address them before they become a problem. Michael, you told me years ago when we started zoning property and how many homes you could have on a farm, this, that, and the other; we were ten years late getting something going and I agreed with him. Our land values haven't gone down. We have put in place the steps to keep this county looking like those from here want it to remain, and those people moving here appreciate it; that is why they came. Currently, there is nothing keeping people from fencing in their yard and getting their daughter a horse. I don't want to be against anybody and I think everybody should have what they want in this world within reason. We have three horses fenced in but I have plenty of land for them to roam on though. I wouldn't want us to have to do anything that would harm the therapeutic riding place in Ivor. So, a lot could be talked about. A lot of issues could be brought to the table and I think we can work out a reasonable zoning solution for this. We already have a Planning commission and I am not saying you have to tell them to do it and they do it next month. I am talking about long research and careful consideration of those involved. You are already going to have people jumping out the woodworks saying I should be grandfathered because now I don't have anywhere to keep my horse. We have already let it go too far gentlemen. I brought the equine issue to the table but I think there are other things that we need to have in your retreats and in your daily business saying okay, Beth maybe for the next six months we should work on dogs barking in Ivor. She just laughed with me as we shared some ideas in the hallway there. Gentlemen, those are my comments for this evening. I appreciate what you all do and starting off a new year let's start off doing something different because if you continue to do the same things you have always done you will continue to get the same things you have always got. That is about all I think I can come up with. Does anybody have any questions? Oh, I do have one thing to let you know of. There is an owner of a property in the community right now whose sole purpose is to have a horse rescue. Now, are these people qualified to rescue horses and how many do they want to put on this farm they just bought? A lot of stuff needs to be handled now and not after it is too late; Mr. Phillips.

Supervisor Phillips states thank you for your comments. I am somewhat remiss in responding to your phone call. I have all the codes that deal with horses at my home and I will have them at the board meeting tomorrow night.

Mr. Gary Cross states very well; thank you sir.

Chairman Jones states thank you again gentleman. Anyone else?

Supervisor Edwards states I wonder Mr. Chairman if we can direct Mr. Johnson to make sure this subject comes up at our retreat or an appropriate time.

Chairman Jones states alright; we will file the comments like we have done in the past. Anyone else?

There was no response and the comment period was closed.

Chairman Jones states Mr. Johnson you can take over now, please sir.

Mr. Michael Johnson states item five Mr. Chairman is consideration of Election of Officers. State statutes require each local governing body to resolve certain organizational matters at its first meeting each year. The first order of business is election of the chairman and vice-chairman. If the board fails to designate the term of office, it is presumed, by law, that each is elected for a one-year term or until a successor of each has been elected. Chairmen and vice-chairmen may succeed themselves in office. Each of you have a copy of the enabling legislation Section 15.2-1422 of the

Code of Virginia included in your agenda packages. At this time I will open up the floor for nominations for Chairman.

Supervisor Edwards states I don't know if it is legal or not; you said it was at the Planning Commission. I make a motion to combine everything; we keep the same slate of officers that we had last year.

Supervisor Faison second the motion.

Mr. Michael Johnson states I really don't need a motion. I just need a nomination so your nomination is for Mr. Jones...

Supervisor Porter states I nominate Mr. Jones for Chairman.

Mr. Michael Johnson states okay; are there any other nominations? Going once, going twice.

Supervisor Edwards made a motion to close nominations.

Mr. Michael Johnson states we have a motion to close nominations. Is there a second?

Supervisor Porter seconded the motion.

Mr. Michael Johnson states is there any discussion?

Mr. Michael Johnson called for a vote to close nominations which carried unanimously.

Mr. Michael Johnson called for a vote for Mr. Dallas Jones as Chairman of the Board of Supervisors which carried unanimously.

Mr. Michael Johnson states with that Mr. Chairman, I will turn it back over to you for the election of the Vice-Chairman.

Chairman Jones states thank you gentlemen. I will try to live up to your expectations. Alright, it is now time to nominate a Vice-Chairman.

Supervisor Edwards states Mr. Chairman I would like to nominate Mr. West for Vice-Chairman.

Supervisor Phillips seconded the nomination.

Chairman Jones states Mr. West has been nominated; are there any other nominations. If not, I need a motion.

Supervisor Faison made a motion to close the nominations.

Supervisor Porter seconded the motion which carried unanimously.

Chairman Jones states Mr. West is your Vice-Chairman. At this time we will establish the time and dates of our meetings.

Mr. Michael Johnson states included in your agenda packages is a resolution which establishes the days and times for regular monthly board meetings. The resolution is consistent with the past policy of the board which is to establish the fourth Monday of each month except for the month of December where that meeting is moved to the third Monday to avoid a conflict with Christmas. The resolution establishes 6:00 p.m. as the starting time for all regular meetings.

Chairman Jones states alright gentlemen; are there any questions on that?

Supervisor Porter made a motion to adopt the resolution establishing the 2016 meeting schedule as presented.

Supervisor Edwards seconded the motion which carried unanimously.

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Chairman Jones states now we will go to establishing our holidays.

Mr. Michael Johnson states it is also necessary for the board to establish the holiday schedule for county employees. You have a resolution included in your agenda packages which is consistent with the past policies of the board as well as that for the Commonwealth of Virginia employees.

Chairman Jones states everyone has a copy of this; are there any questions?

Supervisor Porter made a motion to adopt the attached resolution establishing the 2016 holiday schedule as presented.

Supervisor Phillips seconded the motion which carried unanimously.

Chairman Jones states we will go to number six, approval of the minutes. Does anyone have any problems with the minutes? If not, the minutes will stand approved. Let's go to number seven, highway matters.

Mr. Michael Johnson states there are just a couple of updates Mr. Chairman. First of all, I think you all have seen the Route 616 Ivor Road Bridge project is now under construction. The detours are in place. The road was closed to traffic on January 20th and is expected to remain closed for up to six weeks. Also, I wanted to make you aware there is a public hearing planned for the replacement of the Route 671 bridges. That public hearing is scheduled for Wednesday, February 17th from 5:30 to 7:00 p.m. That is right here in this room. That particular project would replace the two bridges on Route 671 which is General Thomas Highway over the Nottoway River. Construction would replace the 26' wide bridges with new 42' wide spans. It is tentatively scheduled for the summer of 2019. VDOT is planning to close that section of 671 while the bridges are replaced. Their value engineering analysis indicates that the project could be completed nine months sooner and \$1.7 million cheaper than trying to build those bridges while maintaining traffic. So, again they will have a public hearing in this room Wednesday, February 17th from 5:30 to 7:00 p.m. Also, I sent out late last week that the Commonwealth Transportation Board has awarded the contract for the Courtland Interchange. Curtis Contracting was the successful bidder, so that project has been awarded. I don't have a schedule yet but I expect that to get started in the next few months. We also received notice that our project for the General Thomas Highway signalization was submitted under the house bill to competition. It scored very well; it scored tenth statewide out of all the projects submitted. So, we are fairly confident that project will be included in the CTB six year plan that they will approve in June.

Chairman Jones states that is good; thank you Mr. Johnson. Now, monthly concerns.

Chairman Jones called on Supervisor West.

Supervisor West states none. I have been in touch with Mr. Bryant; everything is well.

Chairman Jones called on Supervisor Faison.

Supervisor Faison states none.

Chairman Jones called on Supervisor Edwards.

Supervisor Edwards states none.

Chairman Jones called on Supervisor Phillips.

Supervisor Phillips states no sir.

Chairman Jones called on Supervisor Porter.

Supervisor Porter states none.

Chairman Jones called on Supervisor Cook.

Supervisor Cook states no, I have already talked to the Superintendent.

Chairman Jones states okay, we will move right along to number eight, appointments.

Mr. Michael Johnson states a couple of appointments Mr. Chairman; over the past three years, in lieu of large group meetings between the full membership of the School Board and the Board of Supervisors while preparing the school budget, we've utilized smaller committee meetings between representatives of the two bodies. I'm seeking your consideration tonight in reappointing Supervisors Edwards and Faison to again serve as liaisons between the School Board budget committee and this board. That committee has initially scheduled its first meeting for Tuesday, February 9, 2016 at 5:30 p.m.

Chairman Jones states can I get a motion on that.

Supervisor West made a motion to reappoint Supervisors Edwards and Faison to serve as budget liaisons.

Supervisor Phillips seconded the motion which carried unanimously.

Chairman Jones states we will go to B.

Mr. Michael Johnson states item B is the Planning Commission appointment. The Planning Commission's bylaws provide that one member shall be a member of the governing body. Section 15.2-2212 of the Code of Virginia further provides that the term of the appointee representing the governing body shall be coextensive with his term of office, unless the governing body at its first regular meeting each year appoints another. Dr. Edwards has represented the Board of Supervisors on the Planning Commission since his election to the Board in 2012. He previously represented the Jerusalem District on the Planning Commission for 20+ years.

Supervisor Edwards states 28 years going on 29.

Chairman Jones states alright, I need a motion.

Supervisor West states I spoke with Dr. Edwards and he is willing to be reappointed.

Supervisor West made a motion to reappoint Dr. Edwards to represent the Board of Supervisors on the Planning Commission, coexistent with his term of office.

Supervisor Porter seconded the motion which carried unanimously.

Chairman Jones states okay we will go to number nine reports; Financial Report, Sheriff's Office, Animal Control, Litter Control, Treasurer's Report, Building Permits, Cooperative Extension, Solid Waste Quantities, Blackwater Regional Library, Personnel.

Mr. Michael Johnson states there are no personnel changes this month.

Chairman Jones states no changes; that is very good; Shared Service Committee.

Supervisor Porter states we haven't met since the last meeting. We meet Wednesday night week after next.

Supervisor West states I want to go back to Sherriff's Office and I thank the Sherriff for his zealously with notifying us of the storm, but the 3:45 a.m. call did exactly what Mr. Cutchin said. I thought I had a family emergency and it is not real easy to see the phone or get to the phone and find out the same thing is being repeated. Thank you, thank you, thank you, but not at that time of night.

Chairman Jones states Shared Utility Services, Mr. Phillips.

Supervisor Phillips states yes Mr. Chairman and I would like to comment on one further thing. The Cooperative Extension Agent resigned as of the end of December or the first of January I

believe. So, we will have to find another one.

Chairman Jones states alright.

Supervisor Phillips states moving towards the Shared Utility Services Committee report. Sometime during mid-February we expect to schedule a roll out for the findings of the study that the Timmons Group has reported to the committee. That meeting will be at the Workforce Center with the elected officials from both the City and the County; it is also open to the public. It is similar to the meeting that took place when we first got the grant to do the study. We look forward to making everybody aware of the findings.

Chairman Jones states it will be at the Workforce Center?

Supervisor Phillips states yes sir.

Supervisor West states and open to the public.

Supervisor Phillips states absolutely.

Supervisor West states please know that and please come. It is at the Workforce Center with big space; it is a wonderful meeting space.

Chairman Jones states we can find out what we are doing as far as sharing our utilities.

Supervisor Phillips states we are beginning a long process. This is just the beginning. It is going to take several years probably to flush this out. The committee has done its work and we will turn it over to the respective bodies.

Chairman Jones states okay; we will go to number ten, financial matters.

Mr. Michael Johnson states item A Mr. Chairman is presentation of the Fiscal Year 2015 Comprehensive Annual Financial Report. An electronic copy of this report was forwarded out to each of you all last week. There is a hard copy at your places tonight. It was prepared by the firm Creedle, Jones and Alga, P.C. Certified Public Accountants. Mrs. Robin Jones who is one of the principles with the firm is here tonight to present that report. I always caution you to keep in mind that the audit is only a snapshot of your financial position on June 30, 2015 and there are changes that have already occurred and will occur during the current fiscal year that would change things. There are several major items to note and I will go through them fairly quickly; the bullet points:

- In the general fund, overall, we collected \$159,756 more revenue than budgeted – (pages 66 - 68).
- In the General Fund, actual spending was \$733,444 less than budgeted (pages 68 - 70). The largest expenditure savings was in Courthouse Security, due to the fact that the Courthouse Security Project continues to take additional time for planning and design. The deferred savings connected with this delay was \$245,057. Department savings greater than \$25,000 each was also achieved by Law Enforcement, Detention, Building Inspections, Refuse Collection, Buildings & Grounds, and Planning.
- The school board underspent its local budget by \$29,654 (page 69).
- The end of year general fund balance increased by \$857,684 and is currently at \$4,701,416 (page 15). This unappropriated fund balance is equivalent to roughly 15% of your overall General Fund budget, including transfers.
- Your FY 2016 budget provided for \$244,000 to come from the unappropriated general fund reserve (carryover money for Courthouse Security).

With that I will turn it over to Mrs. Jones to provide the report.

Mrs. Robin Jones addressed the board. This information I am passing out is also in your bound copy; out of 102 pages this is all I made a copy of. Thank you for letting me come tonight and I want to say Happy New Year too. I hope everybody enjoyed the snow. We had 8 inches at home. Everything Michael said was good; he was right on target with all of the reports he mentioned. I will get straight to my handout right here. The first thing I want to note is the report that we issue to you all is called the Independent Auditor's Report. I have highlighted different pieces of it that I want you to understand. First of all, management is responsible for these financial statements. Lynette's department, Michael's department, the School Board Office, and Social Services; they are management and it is their numbers. We just audit their numbers. We audit the numbers based on different standards and I have highlighted the standards; auditing standards accepted in the United States. We have a set of government auditing standards that the United States issues. We have audit standards that the Auditor of Public Accounts in Richmond issues. So, we have three different sets of auditing standards that we have to follow and then we have accounting principles that the United States issues that tells us how to calculate the numbers. So, we have accounting principles, auditing standards, and other standards we have to follow when we conduct an audit. Again, management gives us the data to audit and it is their responsibility. I also highlighted things in here like the word material misstatement several times over the few pages you have seen there. We do everything based on materiality unless we suspect something in the course of our audit, but most things are stated in a material level. Our opinion says these financial statements are presented fairly in all material respects. So, we don't look at every transaction; we would be here the whole year if we had to look at every transaction, but we are required to put that in our auditor's report that things are presented on a material basis. Before I go over the other pages, I want to go to the very back page on this handout. The Single Audit Act requires us to produce this Schedule of Findings and Questioned Costs. It is on page 101 in your bound copy. I do want to note that you all got an unmodified opinion. That is the first thing I highlighted and that means that it is a clean opinion. Everything was okay. We found no deficiencies. We found no instances of noncompliance. We found no deficiencies in the federal award programs. That is for your federal money that you receive. Again, we have another unmodified opinion on the federal programs. So, basically there were no audit findings and you all are what we call a low-risk auditee. That means at least in the last three years you have had no findings. That is what a low-risk auditee means. If you want to call this your report card that is kind of what it is. It shows as a clean opinion with no findings. That is at the very back of your report. I did want to go over that part. The report was basically the same as last year except for one fairly big change. I highlighted on exhibit one on page 11. If you notice there are a lot of numbers highlighted that say pension liability. This has to do with the Virginia Retirement System (VRS) issuing what they call that GASB68 which is a Government Accounting Standard Board principle that they issued this year. It went into effect for this audit. We have talked about it in the past two years that it was coming so here it is. If you look on the next to the bottom line that I highlighted and the last line I highlighted, you will see what effect it had on the school board. That was your biggest number. You can see it was a \$16 million deficit in the school board; that has to do with the retirement for your teachers. What that GASB68 did was say local governments has to share this retirement liability for teachers. That is a nationwide thing all over the United States. So, we had to implement that this year. VRS gives us that number. We don't come up with it. That is what that negative number is right there. The county has a fairly big number too but it didn't throw the net position of the county into any deficit type of position. If you look at the two numbers on the first column under governmental activities \$4,141,421 and \$1,593,236; together those two numbers total \$5,734,657 which is the county's portion of the Virginia Retirement System liability. That is what all of those numbers that I highlighted on Exhibit 1 are; your share of VRS. That is totally new this year. It was not there last year and it is not going away. It is kind of a big number they are making us put on your books. The next page, page 13, I want to go over your fund balance. This does not include the VRS. This is on a fund basis or more of a cash basis. You will see that your fund balance for the General Fund is close to \$4.7 million if you don't have to take into account that VRS liability and some other things; I did want to show you that. The next page, Michael has already gone over the money that you all have made this year; for the General Fund it is \$857,684. The next page is Exhibit 5 that I highlighted; page 17. We had to allocate the VRS between the Water and Sewer Fund and the General Fund so you will see it again under the Water and Sewer Fund. We based it on salaries and allocated a portion of the VRS liability to the Water and Sewer Fund. So, that is what that is. On page 18 Exhibit 6, the Water and Sewer Fund showed a loss of \$706,322 but you will note the depreciation was \$1,307,829. That is not really a cash outlay but we do have to book the depreciation over the use of life of the infrastructure; the water and sewer plant. That is what that is for. The next two pages I copied 47 and 61 to show you; in between those 14 pages that is all

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VRS pension plan notes. If you look in your big binder this one right here is close to 15/16 pages because it is a few other schedules related to VRS. It is all made up of VRS notes. So, 1/5 of your booklet is VRS material. They provide us with all of that verbiage in there between those two pages. I wanted to tell you that. I think that it is.

Chairman Jones states does anyone have any questions for Mrs. Jones.

Supervisor West states VRS handed us this situation how many years ago?

Mrs. Robin Jones states it wasn't VRS that handed it to you. Actually, it was the accounting standards that issued it and then VRS had to follow suit. They have to follow the accounting standards and pass it down to you all.

Supervisor Edwards states it has been close to five years now.

Mrs. Robin Jones states it has been coming.

Supervisor Porter states you are talking about what we have to do to fund it.

Mrs. Robin Jones states you all are paying the rates they tell you to pay.

Supervisor Porter states this is just if everything had to be liquidated today this is the liability that you have.

Mrs. Robin Jones states you are not alone.

Supervisor West states I suppose my point is that people in Richmond chose to add an extra liability on us that we had no choice in other than adopt that. Do we have to pay any additional monies?

Supervisor Porter states it wasn't the people in Richmond.

Supervisor West states okay; who was it.

Mrs. Robin Jones states it was the Accounting Standards Board that said our governments have to book their pension liability, but the state had to decide how much to allocate to you all and if VRS wants to follow accounting standards then they came up with the thought that it is not their entire liability; it belongs to all governments who participate in VRS.

Supervisor West states and what Mr. Porter just said; if today everyone retired this is what would happen. Obviously, it is not going to happen and certainly hope not tomorrow.

Mrs. Robin Jones states any other questions?

Chairman Jones states any other questions? If not, thank you Mrs. Jones.

Mrs. Robin Jones states thank you all.

Chairman Jones states at this time I need a motion to receive and accept the FY 2015 Comprehensive Annual Financial Report.

Supervisor Porter made a motion to receive and accept the report.

Supervisor Edwards seconded the motion which carried unanimously.

Chairman Jones states we will now go to item B.

Mr. Michael Johnson states item B is the FY 2017 Budget Calendar and Call for Estimates on pages 117-118 of agenda item number nine. You will find the budget calendar and Call for Estimates for FY 2017. The calendar is very similar to years past. I will be glad to answer any questions but you all can see when the budget workshops are scheduled and so on. We would plan

to go ahead and transmit our Call for Estimates out to the department and agency heads on or before February 5th. Those funding request will be due back to us by the end of the month. Then, we will plan to deliver the first draft of the FY 2017 budget to you all in a workshop that first week of April.

Chairman Jones states alright, any questions. If not, I need a motion.

Supervisor Porter made a motion to approve the budget calendar and the Call for Estimates.

Supervisor Phillips seconded the motion which carried unanimously.

Chairman Jones states we will go to C now; pay the bills.

Supervisor West made a motion to authorize payment of the monthly bills.

Supervisor Edwards seconded the motion to pay the bills in the amount of \$1,786,672.92 to be paid by check numbers 145313 through 145959. The motion carried unanimously.

Chairman Jones states we will go to number eleven, public hearing.

Mr. Michael Johnson states the first public hearing tonight Mr. Chairman is held pursuant to Section(s) 15.2-1427 and 15.2-2204 of the Code of Virginia, 1950, as amended to consider a request by Frederick Womble, SBA Communications Corporation on behalf of Verizon Wireless, applicant, on behalf of Jeremy and Jessica Edsall, owners, for a Conditional Use Permit to install a 199' monopole tower on property known as Tax Parcel 47-10, located on the east side of Johnsons Mill Road (SR 641) approximately 0.67 miles south of its intersection with Vicksville Road (SR 645), with a property address of 17437 Johnsons Mill Road. The property is in the Jerusalem Voting and Magisterial Districts. The notice of public hearing was published in the Tidewater News on January 10 and January 17, 2016 and all adjacent property owners were notified as required by law. Following its public hearing on December 10, 2015, the Southampton County Planning Commission voted unanimously to recommend approval of the conditional use permit. After conclusion of tonight's public hearing, the Board of Supervisors will consider the comments offered this evening and will proceed to approve, deny or defer action on the request. Mrs. Beth Lewis, Secretary to the Planning Commission, will provide introductory remarks after which all interested parties are invited to come forward and express their views.

Mrs. Beth Lewis addressed the board. Good evening; before I start this afternoon between 3:30 and 4:00 p.m. I received communication from SBA, the people who plan to install the tower that they would not be able to be here tonight. So, they would ask that your decision would be continued until next month. But, this is a public hearing and we will hold the public hearing if that is your choice and then you can decide what you would like to do. Again, this is for a monopole on Johnson Mill Road for 199'; five feet of that is a lightning rod and 194' is the tower. This is the third Verizon tower in a two year period that has been requested in the center part of the county. The county's consultant, Mr. Condyles's theory is once they get all three conditional use permits approved in this area they will likely go towards instructions. He said it is less expensive per tower when you build them as a group. Mr. Condyles has 22 inches of snow in his driveway so he will not be here tonight either, but he has recommended approval of this. You have his staff report and it shows the propagation maps; the colored maps, red, green and yellow that shows the areas that are covered by the current poles and the proposed poles. It shows how those areas in the north central part of the county are starting to come together. As it was explained at one of the Planning Commission meetings, much of the improvement will be in the transmission of data rather than voice. Voice signals are sketchy in areas throughout the county but data transmission is even less reliable. So, with these additional towers, the theory is the transmission of data will be more efficient, more widespread, and clearer when you get that information. At the Planning Commission meeting there were no speakers that spoke in opposition to this at both this meeting and the meeting for the tower on Plank Road. There were people in the county that are requesting this and more communication towers to extend the voice and data service throughout the county. The Planning Commission made a recommendation of approval for this and they wanted the Board of Supervisors to know that it is likely that each tower that comes to them, unless there is opposition from the community, they will continue to recommend approval of these request to improve service to the citizens and users of those facilities in Southampton County. I will be glad

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to answer any questions.

Chairman Jones states does anyone have any questions for Mrs. Lewis. Alright, thank you Mrs. Lewis.

Supervisor West states can we have the public hearing?

Mr. Michael Johnson states yes the public hearing has been advertised.

Chairman Jones states alright, this is a public hearing. Is there anyone for or against this application?

Mr. Ash Cutchin addressed the board. Good evening, my name is Ash Cutchin. I have a question. What is the height? I didn't get the height.

Mr. Michael Johnson states 199'.

Mr. Ash Cutchin states okay 199'; is it such it requires a light?

Supervisor Edwards states there is no light.

Mr. Ash Cutchin states okay and I have a comment. I have said this before and I will say it again. If approved, once the tower is installed and they need to put any gravel in order to be able to service the tower on the right-of-way or the area right around the tower, and we ever adopt stormwater management fees, those fees are applied to the owner of the tower rather than the landowner. Otherwise, I recommend approval.

Chairman Jones states thank you; anyone else?

Mr. Glenn Updike addressed the board. I am Glenn Updike and we 1000 percent encourage you all to vote for this tower. I wish that you all would do everything in your human power to encourage them to try to service all of the county like the southside where we do not have basically any communication or connection at all. So, please encourage them to not only build those, but to come on down to the Newsoms, Sands, Statesville, Monroe Road area. We need them and we need them bad. We can't make them come but please encourage them to provide services to the whole county. Go ahead and approve it and tell them to come on. We will give them land just to get some communication down in our area.

Chairman Jones states thank you; anyone else?

Mr. Michael Johnson states Mr. Chairman before you close the hearing you have a couple of options here. If the board is prepared to move on the application, even though the applicant has requested that you continue it, you certainly can do that and close the public hearing. But, if you wish to honor the request of the applicant, you need to continue this public hearing tonight; defer action until next month in which it would have to be re-advertised and public comment opened again. That is the prerogative of the board.

Chairman Jones states alright gentlemen you heard Mr. Johnson. We had this scheduled...

Supervisor Edwards states can we hear from the applicant? I would like to know why they wanted it continued.

Supervisor Phillips states they said they couldn't be here; probably due to the weather.

Supervisor Faison states I am prepared to vote tonight.

Supervisor Edwards states I thought the applicant was sitting right there...

Mr. Joe Vick addressed the board. May I speak? Is the public hearing still opened?

Chairman Jones states sure.

Mr. Joe Vick states I am Joe Vick from the Capron District. I don't think SBA would object to you approving it tonight. You can ask Ms. Lewis; she is the one that contacted them. I don't think they would object anybody approving it tonight. There is no need to hold off another month on this when everybody wants it; nobody is opposed to it.

Supervisor West states then there is a re-advertising fee.

Mr. Joe Vick states you advertised it; you have had the public hearing, let's go ahead and vote on it tonight. You can confirm with her but...

Supervisor Edwards states I agree. I think it would be foolish not to consider it. There is no reason not to consider it.

Mrs. Beth Lewis states and the applicant represents Verizon who is here tonight is Ms. Edsall who is the property owner; the property where the tower would be constructed. Since a conditional use permit is tied to a tax parcel, she is the property owner. It is her property that is being affected.

Mr. Michael Johnson states so you can close the hearing tonight.

Chairman Jones states is there anyone else to speak before I close the hearing?

There was no response and the public hearing was closed.

Chairman Jones states the Verizon people could not be here due to the weather. They want to do this and we need it.

Supervisor Edwards made a motion to accept the Planning Commission recommendation and approve the conditional use permit.

Supervisor Cook seconded the motion.

Supervisor Porter states before we vote I have to make a disclosure. I have been advised based on the new ethics rulings; even though I don't think it has very much impact I am a stockholder in Verizon. I know mine is so small it wouldn't have any impact on this decision, but I have been advised that I need to make that disclosure.

Chairman Jones states thank you for that.

Chairman Jones called for a vote which passed unanimously.

Chairman Jones states we have one more public hearing.

Mr. Michael Johnson states item B Mr. Chairman is a second public hearing. It is held pursuant to Section 58.1-3967 of the Code of Virginia, 1950, as amended, to consider an ordinance granting relief to Chandler Glover, Power of Attorney for Dennis K. Holt, by paying to him the surplus proceeds received by the County of Southampton from the Circuit Court of Southampton County from the delinquent real estate tax sale of Tax Parcel 111A-1-44. This property was auctioned on June 26, 2013 and the sale was subsequently confirmed by Court Order on July 30, 2013. Following payment of the delinquent taxes and all associated expenses from the sale proceeds, \$6,281.11 remained in surplus and was held for 2 years by the Circuit Court of Southampton County in accordance with § 58.1-3967 of the Code of Virginia, 1950, as amended. Mr. Holt failed to file a lawful petition for the surplus proceeds with the Court within the prescribed 2-year time frame. Following the two year period, in accordance with the statute, a pro-rata share of the surplus proceeds, \$4,333.97, was paid by the Clerk of Court to the County Treasurer with the balance of surplus proceeds going to the Town of Branchville as prescribed by statute. The notice of tonight's public hearing was published in the Tidewater News on January 10 and January 17, 2016 as required by law. After conclusion of this public hearing, the Board of Supervisors will consider the comments offered this evening and will proceed to adopt, amend or defer action on the proposed ordinance.

Mr. Chandler Glover addressed the board. Good evening; I am here to make Mr. Holt whole. He

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actually is in Sweetwater, Tennessee right now. I am acting as his power attorney. I was pretty straight forward at the beginning. Any questions you may have, I welcome them so I may answer them.

Chairman Jones states does anyone have any questions. This is the third one we have had; first one this year but we had two last year. This is what Mr. Updike is talking about.

Supervisor West states you said Mr. Holt is in Tennessee tonight; by his choice or he couldn't...

Mr. Chandler Glover states actually that is where he stays. He stays on a farm in Sweetwater, Tennessee. Most of the clients I represent are either fourth generation and have no idea or they are out of state.

Chairman Jones states alright, thank you sir. I will open the public hearing now. This is a public hearing; is there anyone here for or against this application?

Mr. Ash Cutchin addressed the board. My name is Ash Cutchin and I hate to sound really dumb, but I don't understand. Is this property that was sold for more than it was owed in back taxes and other fees?

Mr. Michael Johnson states yes.

Mr. Ash Cutchin states so there was a profit in the sale?

Mr. Michael Johnson states yes.

Mr. Ash Cutchin states and why is it that the profit doesn't automatically go to the landowner? Is there some state law?

Mr. Michael Johnson states yes.

Mr. Ash Cutchin states so if we give it to the landowner we will be violating state law?

Mr. Michael Johnson states the state law provides that after the two year period, the governing body may at its discretion, release those funds back to the landowner.

Mr. Ash Cutchin states but if the county decides to go ahead and keep the money isn't that kind of like stealing? Really, when you get down to it. Well, I recommend that you give the man the money.

Chairman Jones states anyone else?

Mr. Glenn Updike addressed the board. I am Glenn Updike and I am sure that all of you know exactly where I stand. I think it is a disgrace on the county; or any jurisdiction as far as that is concerned. When a person is down and to kick them is just beyond my raising, my comprehension, my standards, morals, and anything else that any community would do this. This is their money. Like I mentioned before, I would like for you tonight to not only approve his but to send a resolution to the court strongly recommending soon as the sale is over, any excess funds immediately be returned to the citizens. The excuses to keep the money; oh, we can't find them. The first case that came before you was an employee of the county. She was a school bus driver. To say, we don't have to do it; I think our morals and the expectation of our leaders should do what is right for all citizens. Even from here on out, you should do it. Even now, you should go back and make restitution to the ones that we have kept the funds from. I still believe that we have to do what is right. I don't think any laws in the country would deny us the privilege to do the right thing regardless of the county and state codes. We can do it. We should do it. I hope you all not only do it for this gentleman; I applaud him for coming forth and serving as an attorney for him. Why make them go through hiring an attorney, advertisement fees, and everything else. You are taking funds from the needy so please consider doing both tonight.

Chairman Jones states thank you; anyone else?

There was no response and the public hearing was closed.

Chairman Jones states what do you say board.

Supervisor West states I want to make a comment. Did any of you recently read a decision in the City of Norfolk where a lady died and owned two vehicles that had some back taxes on it? The City of Norfolk sold the two cars for around \$4800. The daughter of the lady desired to buy the vehicles for the taxes owed and they said no deal, no way, bye. They kept the money and put her out; no cars, no home. That being said, I am just stating it is a general practice. I do agree with Mr. Updike. My only objection has been the procedure where we have gone through this to determine. I am seeing in the resolution here \$4,008.76 is the actual amount that will be disbursed by the county to the owner. You have a process where you go through record books and I understand this. But, you go through record books and review the records and now you are in the process of reviewing Southampton County records.

Mr. Chandler Glover states I have very limited cases. I am not looking through all of your records. I only have three that I am doing. I did want to speak in general on it because Mr. Francis and I are working to propose an easier solution so that the simple and typical cases will be easier for people to claim their own money. But, from a liability standpoint of the City and the County, all cases will not be able to fit into a one sheet waiver type deal. Some of these cases are four generations down. They don't understand interest, percentage, and other things or if there is a will involved. It just won't be a one size fits all, but we are working on a solution where some of these that have one heir or a married couple will be able to present something showing positive identification and that they owned it and will be able to get it disbursed from the city level at that point.

Supervisor Edwards states didn't you state the last time you were here that your fee is 50%?

Mr. Chandler Glover states when it gets to the county, it is 50% because I have tried at the city. Generally it is 30%.

Supervisor West states and you work for Discovery Funds sir?

Mr. Chandler Glover states yes I do, but my net is not 50%.

Chairman Jones states okay, thank you. What do you say board?

Supervisor Porter made a motion to adopt the attached ordinance.

Supervisor Faison seconded the motion.

Supervisor Edwards states I would like to ask Mr. Railey if he sees any problem with us doing that first.

Mr. Richard Railey states problems with adopting this ordinance tonight? Well, you have done that and I have told you before that is your authority and you can do so. Problems with a solution as suggested by Mr. Updike, I have multiple problems with that because you would be in contravention of state law. What happens just to outline the procedure...

Supervisor Porter states let's do this and then talk about that afterwards.

Mr. Richard Railey states okay, that is fine.

Supervisor West states wait a minute; it isn't an ordinance is it?

Supervisor Porter states it is a statute.

Mr. Michael Johnson states it is an ordinance.

Supervisor West states okay it is.

Chairman Jones called for a vote which passed unanimously.

Chairman Jones states you can continue with your comments.

Supervisor Porter states I agree with what you are saying on this.

Mr. Richard Railey states but if you had a blanket solution as pragmatically appealing as that is, you must remember that Virginia is a Dillon state. That means that Mr. Judge Dillon rule continues to apply. That means that you only have the authority to do things that are consistent or authorized by the state law; not in contravention of state law. The state law on this is plain. The county is given the authority to pursue delinquent taxes. A transfer suit is filed. A special commissioner examines the title and shows what taxes are owed and shows what creditors exist against the land and who owns the land. Then, after that is done the court confirms the report, authorizes the sale, and then there is another hearing for the court to look at what is taken in. Then, the owners or the creditors have a right for a period of two years to petition; come back in and get the money or satisfy their liens. If nobody does it then it is turned over. There is still a safe guard and that is the authority of this board when so inclined to pass an ordinance and refund the money. Now, you wouldn't have the authority to say we don't like Virginia laws so in every case instead of handing it to the courts just turn it back over to the owner. Think about it; in many cases there would be creditors and that is the very reason the law protects that. Now, Mr. Francis has suggested and I think very reasonably some safeguards to go a few steps further and contact those that may have a claim against the money. I think that is reasonable. As much as I would like to agree with Mr. Updike, you don't have the authority to pass something that is contravention of state law.

Supervisor Porter states I agree with everything you said. The only thing we can do is petition our legislatives to change the law which I don't think will have any affect. So, the only thing we can encourage is what Mr. Francis has recommended, and that is to make sure the people are informed of their rights. That is where we need to take a proactive approach; make sure they are informed of their rights so they can act within the reasonable time.

Mr. Richard Railey states and it might even be a step further; this is completely hypothetical, but in a perfect world if the General Assembly said what happens at the end of a sale it is paid to everybody automatically. We have determined that the Federal Land Bank has a first lien and it is all turned over to them and you could do that as a step. Virginia is a property right state and our property laws really hadn't been changed a whole lot since we came over here from England.

Supervisor West states I want to ask you in regards to the Dillon rule and how it applies to smaller counties but what about the City of Norfolk. I know I read this and they were not planning on giving back any money whatsoever and there was no recourse.

Supervisor Porter states that doesn't have anything to do with it because we don't have to give it back either legally. We give it back because we think it is the right thing to do.

Supervisor West states right, but I am talking about the Dillon rule.

Supervisor Porter states that doesn't affect the Dillon rule. The Dillon rule says we can give it back if we think we should.

Mr. Richard Railey states that is right and you have done it the last three times and I certainly applaud you for being consistent. I think everybody should drink out of the same straw.

Supervisor Porter states the problem, and I think Mr. Updike has the same feeling I do, is to have to go through this painful procedure to make it right. I think if we can encourage Mr. Francis to advise people of their rights before we get to this point, it would make an easier process for everybody.

Mr. Richard Railey states and he volunteered to do that and I think Mr. Francis to his creditors is very accommodating. He is a dedicated public servant and he is dedicated to the people he represents.

Supervisor Porter states the point is I want Mr. Updike to understand that we are doing what we can within the law to reflect what you are asking us to do.

Mr. Glenn Updike states I didn't say to change the law. I said to make a request to the courts.

Supervisor Porter states it is not the courts it is to the legislators and having gotten to know many members of the General Assembly and some of the request that have been sent to get done, I don't think we have much hope of getting that law changed; but what we can do is try to streamline the procedure so that we don't have to go through the process that we currently have to go through.

Supervisor Phillips states Mr. Chairman I had a little side conversation with our attorney while Mr. Porter was speaking. There is another option or alternative possibly; that would be to file a motion with the courts to recover the residue at the end of the two year period. That way it would preclude it coming to us if I am correct.

Mr. Richard Railey states at any time during the two year period.

Supervisor Phillips states before the two years expire you file a motion to recover, and then that will go to the court before it would come to us. If there were no other creditors, then it would be disbursed.

Supervisor Porter states that is replacing one legal process with another one.

Mr. Michael Johnson states that is the current process.

Supervisor Porter states okay that is the current process.

Mr. Richard Railey states the only thing different is...

Supervisor Phillips states they wouldn't have to pay for the advertising and some other things.

Supervisor Porter states what I am saying is the smoothest lowest cost process is to make sure people are aware of their rights and the deadlines they have to enforce them, and I think that is what Mr. Francis is working on. That is the proper way to do it. Basically, you would get this letter saying you have this money, but you have to do these things to get it in time. I would think that if someone was interested in getting their money back they would act quickly.

Supervisor Phillips states right, but that motion would be required to be filed from the time of the sale and two years. So, it is a matter of record that they are entitled to that residue.

Supervisor Porter states absolutely.

Mr. Richard Railey states you can certainly educate. Now, of course you can put warnings on a pack of cigarettes and people ignore it and keep on smoking.

Mr. Glenn Updike states can I make a comment?

Chairman Jones states go ahead Mr. Updike.

Mr. Glenn Updike states when you send out a foreclosure notice on a piece of property, this is the time this information can be revealed to the property owner; after the sale you have this much time and this is the process you need to do. Take a proactive stand on informing the citizens. Only a few people in the county know of this regulation. I have talked to lawyers and they didn't know about it until they got involved in it. People need to be informed when the property is in foreclosure.

Mr. Richard Railey states and that is exactly what Mr. Francis is working on.

Supervisor Porter states that is what he is doing.

Chairman Jones states that is what we are working on right now.

Mr. Chandler Glover states you are on the right track. Just like he was saying, they need to be notified. Just make it look different because anything steaming from this activity looks like an act

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to collect, and most people under financial distress don't want anything to do with it at that point. So, if we can find some way to educate the citizens and then not make it look like a bill collector, people will be more prone to it; most of the time it will stay there if it has anything to do with that situation.

Mr. Richard Railey states you are exactly correct about that.

Mr. Ash Cutchin states Mr. Chairman can I ask a question, briefly?

Chairman Jones states yes sir.

Mr. Ash Cutchin states if the sale is less than what was owed, is the landowner liable for the difference?

Mr. Richard Railey states theoretically they are liable because they are liable for it by a matter of law and the selling of the land is just one way to collect it. You can still reduce it to judgement. It would be a worthless judgement perhaps.

Mr. Ash Cutchin states I don't get it.

Mr. Richard Railey states it is just like if you repossessed my car and you sell it and I owe you \$10,000 and you get \$5,000; you still have the right to come after me for a deficiency judgement. Now it might certainly be a waste of time but you have that right.

Chairman Jones states if they are not going to pay the taxes on it, you know they are not going to pay that.

Mr. Ash Cutchin states I understand that; thank you.

Chairman Jones states alright, we will go to number twelve.

Mr. Michael Johnson states item number twelve, Mr. Chairman, is a housekeeping matter that has been brought to my attention from Mr. Britt, your Treasurer, and Mrs. Carr, your Commissioner of the Revenue. Mrs. Carr notified Mr. Britt in 2014 of two erroneous assessments that she already had administratively corrected. The first was related to Tax Parcel 63-45 and she determined that parcel had been consolidated with an adjacent parcel back in 1955. The second one was Tax Parcel 72-14B and she was able to determine that parcel had become part and parcel of Tax Parcel 72-19. Mr. Britt is now seeking your cooperation in abating the associated delinquent taxes from the tax roll. The accrued sum of these assessed real estate taxes on these two parcels. The first one was \$498.20 and the second parcel was \$2,210.28. Mr. Britt notes the actual taxes for these parcels were included in the assessments of the larger parcels and were collected.

Chairman Jones states alright, any questions on this?

Supervisor Porter states this is a classic case of double taxation and it is exactly what happened to a property that we dealt with a couple of months ago. So, this would prevent that from occurring again.

Chairman Jones states right.

Supervisor Porter made a motion to authorize Mr. Britt to abate these erroneous charges, remove them from the tax roll, and provide him credit for the collection of delinquencies as authorized by Section 58.1-3924, Code of Virginia.

Supervisor Phillips seconded the motion which carried unanimously.

Chairman Jones states let's go to number thirteen.

Mr. Michael Johnson states Mr. Chairman item thirteen. In their capacity as our financial advisors, Davenport & Company continuously monitors the County's debt portfolio for possible refunding opportunities that might produce annual debt service savings. We have with us tonight Mr. David

Rose from Davenport & Company. They have identified one potential opportunity that he would like to talk to you all about.

Mr. David Rose addressed the board. Good evening; Mr. Chairman, I am going to pass out our presentation if I can.

Chairman Jones states that will be fine.

Mr. David Rose states thank you again Mr. Johnson. I appreciate the opportunity to be here. First, I want to congratulate you on your appointment and reappointments; second on the excellent 2015 audit. That comes because really you have an excellent staff. Having worked with your county for over 20 years I can say first hand, there really is no better staff then there is here in Southampton County. With all of that, that goes well with what we would like to talk about this evening. That is on page one; as Mr. Johnson indicated, as your financial advisor we continuously monitor the County's debt portfolio for savings opportunity. When we see a potential refinancing for savings to achieve anything at or above what we call a 3% net present value that is when we bring it to the attention of your staff. So, we have been working and talking with your staff for about a month or so. The opportunity that we have identified is an issue that we worked with you on back in 2006. The original size of that issue is a little over \$21 million. There is now slightly under \$16 million because you have paid a fair amount of that off. The interest rates are in the range of 4-5%. They are all fixed but different years have different interest rates. The final maturity on this is 2028. So, let me start by saying we are not talking about extending any of your maturities. We are simply talking about exchanging current interest rates and maturity for lower interest rates and maturity. I want to make that very clear. In today's market, we are looking at something north of \$1 million of what we will call net savings. What I mean by that is after you pay underwriters, which we are not, legal fees, ourselves, etc. we are talking about having close to \$100,000 a year of savings per year. So, again we are north of \$1 million in this environment right now. So, with that being said, if you turn to page two we wanted to give you why we see that happening. This may come as somewhat curious but as all of you know back this past December the Federal Reserve decided to raise short-term interest rates but you will notice on the right hand side no sooner than they do that interest rates went down and they have been going down. I think that is because if you look right now, a very unstable world economy; the things that are going on particularly the fears of China slowing down, the Middle East consumption, what have you. In spite of the Federal Reserve raising rates, interest rates have been moving downwards. So, we are here talking to you tonight about trying to position ourselves to take advantage of those rates. As you can see, they are hovering in and around historic lows if you look at the left graph. Then again, on the right-hand side we are looking at something very favorable. So, how to do that is on page three. We have talked with staff about what we call a dual track approach. That simply means we will ask for your blessing this evening and start talking to some of the direct banks that are there regionally, locally, and nationally; put them into competition and ask them to provide us with a known interest rate, loan terms, and conditions. We may or may not get something that we like so that is part one. The second part of that dual track is what we call the public markets; the stand alone bond issue. What that means is we would talk with the rating agencies, look to refresh if you would the County's ratings that we did a number of years ago, and we believe we would get very solid credit ratings. If so, we talk about going into the public markets. Now, you may ask why are we talking about doing both. Number one, is it going to cost us more money? Is it going to be more cumbersome? The answer to both of those is no. What we would approach is the following on page four. Again, with your blessing we are prepared to move as quickly as tomorrow and start to send out a request for proposals on a competitive basis. The beauty of that is within a few weeks, you will see a schedule in a moment, and we would get back hopefully some absolute results that the banks would hold about 30 days. We would be able to come back to you and say this is the level of savings and the terms and conditions. That is the positive. The negative is we get some results that we don't like and we still may come back to you and say we don't recommend that; instead we think we should either go through the stand alone process or if interest rates go against us very quickly we may ask to hold off altogether. Now, one of the advantages of this direct bank loan process is if we do that and we (we meaning this board) do not like the results it will not have cost the board any funds. Be it to legal counsel, be it to ourselves, be it to the bank or banks that respond to you. So, in effect you get an opportunity to see exactly what the banking institutions may provide you but you are under no obligation to move forward. That being said, we know with certainty and we see ourselves doing that hopefully within a month or so. Then on page five, if we don't like or don't feel as if that bank loan process is strong enough, the results, we always have that stand alone

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approach. As I indicated, that is a little different because the stand alone approach we would be required to put together an offering perspective and prepare a Credit Rating Package. Then, the bonds are sold as a series of bonds to the public, and the interest rates are fixed for the entire term. I wanted to give you a sense of what the next approach would be if we don't like the direct bank approach. So, we can do that Mr. Chairman and members of the board. This is the schedule on page six. We have started off tonight asking you to allow us to move forward. I don't think it needs a formal approval; it is more of an informal approval just so all of you know that we have started the talk and sent out requests to some of the local and regional banks in case one of you gets a call or email from some of the people you will be aware of the fact that we are looking and indeed trying to refinance. That is it. We are ready to go as early as tomorrow. One of the advantages again we think is because you have such a good audit; you have such good results based on what Robin Jones of Creedle, Jones, and Alga talked about as well as the County Administrator talked about. We are hoping to get some good results. One of the reasons I say hopeful is because of the size of the issue. Anything around \$15 million to \$16 million is kind of border line. It may be too large size wise to entice the banks and it may have to become a public sale. Sometimes it is not just how desirable it is, but sometimes it is the size of the issue. It does go out through 2028 which is about twelve years roughly. That is something we think they would like so again we will see what we get. Having said that, in respect to all of this, we will need to ask the School Board to adopt a resolution. That will occur on February 8, 2016. The reason for that is we are talking about having security on this existing bond issue. It will be the same security you have now. We will not be extending anything, but formally we will ask the School Board to take that action. One of us will be there; either myself or Courtney Rogers who has been my partner for 25 years now, will be there to explain to them along with your staff that this is merely keeping with the best possible funding results. We are hoping that the week of the 16th of February, between snow storms and all of that stuff, we can get back some results. We will evaluate those results if they can be evaluated, and then we would like to be here on the 22nd of February. I cannot promise you we will have the information several days in advance just the way the timing looks. I hope we will get your blessing again with a shorter time frame of getting something to you. Depending upon what you see, we would then ask you on that day to take legal action. If that is the case, we will also need the Industrial Development Authority because they are technically, like they were the last time, the conduit issuer in Virginia. That is just the way it operates. It is different in North Carolina; it is different in other states. They are not obligated, they are not really responsible. That is the way it works; that is the way it has worked unless legislation changes. If all goes well, we will know with certainty on the 22nd. We could close on that sometime in early March. That is the first option. If it does not go well or you do not like that option for whatever reasons we will talk to you about the stand alone and provide some updates. With that I can answer any questions. Thank you for the opportunity. Again, we are clearly trying to save some money here and not extend the maturity.

DAVENPORT & COMPANY



Southampton County, Virginia

Potential Refunding Opportunity



January 25, 2016

Member NYSE | FINRA | SIPC

Overview



- Davenport, in our capacity as financial advisor, continuously monitors the County's Debt Portfolio for possible refunding (i.e. debt service savings) opportunities.
- Typically, a refinancing that produces in excess of 3% on a Net Present Value basis is deemed a reasonable refunding candidate.
- At this time, the Series 2006A Bonds have been preliminarily identified as a potential refunding candidate.

Series 2006A Bonds

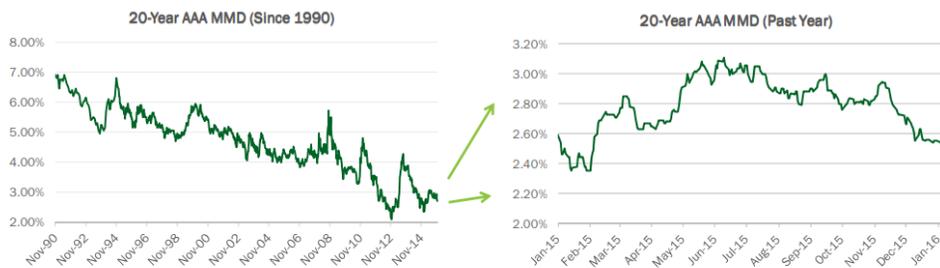
– Original Issue Size:	\$21,300,000
– Current Amount Outstanding:	\$15,855,000
– Existing Interest Rate Range:	4.00 - 5.00%
– Call Date:	April 1, 2016
– Final Maturity:	April 1, 2028

- Based upon the estimated current market rates, the County could potentially save north of \$1 million over the life of the loan.
- Note: Any refunding opportunity done by the County will take into account both immediate and long term capital needs.

Recent Interest Rate Trends



- Tax-exempt interest rates remain near all-time lows and have been volatile since the beginning of 2015.
- It is unclear how long rates will remain at their current levels.



Dual Track Approach



- Davenport recommends the County follow a “**Dual Track Approach**” in pursuing the potential refunding opportunity.
- The Dual Track Strategy means that Davenport, working on the County’s behalf, would:
 1. First, solicit financing proposals from local, regional, and national lenders for the Refinancing Opportunities via a competitive Request for Proposals process (the “**Direct Bank Loan**” approach). Then, **if necessary**:
 2. Enter the public credit markets through a Stand Alone Bond Issuance.
- Davenport would work as the County’s Financial Advisor to pursue the most favorable possible result, and, as such, would be unbiased as to which approach (Direct Bank Loan or Stand Alone Bond Issuance) would eventually be chosen.
- Additionally, Davenport would agree to work **at risk** to pursue the Refinancing Opportunity for the County, i.e., would only be entitled to compensation upon a successful closing of a transaction.
- The various nuances of each approach would continue to be discussed as the potential Refinancing process evolved, and as a recommendation and eventual financing provider is selected.
- The “Key Features” of each approach is summarized on the following page, with the potential Next Steps following.

Direct Bank Loan Process



- The key characteristics of a Direct Bank Loan financing can be summarized as follows:
 - Davenport, on the County’s behalf, distributes a Request for Proposals (RFP) to solicit competitive interest rate proposals from local, regional, and national lenders;
 - Note: Sending out the RFP in no way obligates the County to move forward, nor does it cost anything to send out the RFP.
 - The RFP can specify several different loan term and/or structure options for bidders to provide in their proposals;
 - The repayment structure can be tailored to meet the County’s cash-flow needs;
 - The entire process could be completed in approximately 45-60 days;
 - **The County has the benefit of knowing the terms and conditions before deciding whether or not to move forward;**
 - Direct Bank Loans often allow for the ability to prepay loan at any time in whole or in part, and sometimes without penalty.

Stand Alone Public Market Issuance



- The key characteristics of a Stand Alone financing can be summarized as follows:
 - Davenport, in consultation with County staff, would prepare a Credit Rating Package for the National Credit Rating Agencies;
 - The Bonds would be sold based upon the County’s underlying credit rating(s);
 - A public offering document is prepared by the County;
 - The Bonds are sold as a series of bonds to the investing public at prevailing interest rates;
 - Interest rates are fixed for the entire term of the loan;
 - **As such, the interest rate and eventual cost of the funds to the County would not be determined until the day the bonds are sold in the Primary Market;**
 - The repayment structure can be tailored to meet the County’s cash-flow needs;
 - The Bonds cannot be currently called (i.e. paid off or redeemed prior to maturity) during the first ten years of the loan. Bonds maturing after the first ten years can be paid off or redeemed beginning in the 10th year. This is an industry standard prepayment provision for municipal bonds issued in the public markets.

Timetable/Next Steps



Date	Action
January 25, 2016	County Board of Supervisors Meeting: Davenport to Present Proposed Plan of Finance and refunding opportunity to the County Board of Supervisors
January 26, 2016	Davenport distributed Request for Proposal to Local, Regional and National Lending Institutions.
February 8, 2016	School Board Meeting: School Board adopts Authorizing Resolution, as necessary.
February 16, 2016	Request for Proposal responses due back to Davenport.
Balance of Week	Davenport, County Staff, and Bond Counsel review and evaluate responses and negotiate with potential bidders as necessary.
February 22, 2016	County Board of Supervisors Meeting: Davenport, in consultation with County Staff, to present Request for Proposal results and recommendation(s) on how to proceed. County Board of Supervisors to take action on legal financing documents, as necessary.
Week of February 22/29	Industrial Development Authority meeting to take action on legal financing documents, as necessary.
Early March	Close on Series 2016 Bonds.



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Chairman Jones called on Supervisor Porter.

Supervisor Porter states I am not as adverse with extending the maturity but I wonder about this because of the market we are looking at. The banks usually like 12 years better than 15-20 years.

Mr. David Rose states no it is just this; it is sort of a multi-generational thing. You set that issue up back in 2006 with the idea it would be paid for in about 20 years. That way when you have your next series of bonds, for a number of purposes, you will have paid this debt off as quickly as possible in a reasonable time frame. That way when you bring on new debt you are not unfairly saddling the next generation. So, you kind of have to think about that. If you look at the Federal government, they don't ever pay off the debt, they just keep building it.

Supervisor Porter states I understand that but with historic low interest rates and knowing that we are going to have another significant debt requirement because of the courthouse issue coming up very soon. When I look at the whole package together, I am not sure I need to just not consider the extension. When I look at the whole package and look at the cost of debt, and that particular funding down the road, I don't know if that is the best decision for the whole package.

Mr. David Rose states fair enough. Electively we could ask for a 15 year. I think 15 year is sort of the breaking point for the banks.

Supervisor Porter states could you ask for a 12 year and a 15 year.

Mr. David Rose states yes and we can find out and compare them. See if the interest rates are different or what have you and we can provide you with the results. Again, we are not averse to doing that. We can ask for those two things because they don't charge us anymore dollars and it certainly wouldn't hurt.

Supervisor West states we are appreciative of your alertness at looking at this with the benefit of saving \$100,000 a year.

Mr. David Rose states I think the key here Mr. West is I may come back to you and say based upon the cash flow it is \$50,000 a year. Now, having said that, there is a present value level that we would not recommend going forward.

Supervisor West states right, we understand.

Mr. David Rose states so it has to be the kind of thing where we are not just turning a transaction and we lay that out for you. You know I am purposely not trying to put in an estimate here because I don't want to foretell the bankers out there that are looking to put in some responses. I don't want to tell them this is our subconscious number. I am just letting them know, if we got results in today, it should be north of a million dollars easily. It may not be that way in three to four weeks so I purposely for everybody's benefit left out the numbers that we may think are the right numbers.

Supervisor West states are you ready for a motion.

Chairman Jones states yes sir.

Supervisor West made a motion to authorize Davenport & Company to prepare and distribute, at no cost to the County, a Request for Proposals to solicit competitive interest rate proposals from local, regional and national lenders and present their recommendations to the Board next month.

Supervisor Edwards seconded the motion which carried unanimously.

Chairman Jones states thank you very much. Alright, we will go to number fourteen miscellaneous.

Mr. Michael Johnson states there are a couple of items from the Virginia Association of Counties. Mr. Chairman, first of all they are updating their membership records and have asked us to review the contact information for each of you. There is a copy of it in your agenda package. Please look at it and make sure all of your contact information, phone numbers and emails are correct. Secondly, they also wanted to know your preference for delivery of their monthly newsletter. They can send it electronically or they can send it hard copy. I think right now all of you are signed up for the hard copy delivery. If there is any interest in changing that please let me know. Second item also relates to the Association of Counties. They want to make you aware that there is currently a vacancy on the VACo Board for Region I which is our region. Anybody that might be interested in serving on that VACo Board please let me know and I will be glad to submit your name into nomination. There is a map which shows Region I, but that generally includes Prince George, Sussex, Surry, Southampton, Isle of Wight, and then the two counties on the Eastern Shore, Accomack and Northampton. Item B, you all have a copy of the latest service bulletin from the Western Tidewater Community Service Board. Item C is a number of environmental notices and foreclosure notices that you are required to receive by statute. Item D are items of correspondence included for your reference. Item E is some newspaper articles of interest. I will be glad to answer any questions about those if you have them.

Chairman Jones states does anyone have any questions? Any late arriving matters?

Mr. Michael Johnson states we have one late arriving matter Mr. Chairman. It is at your places

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tonight. Very quickly, Mr. Hart Council brought to my attention that we have one solid waste roll-off container, property item JQB 43, has exceeded the end of its useful life. It is no longer serviceable. You have a picture of it at your places tonight. The container is more than 25 years old. The sidewalls and floor has rusted almost entirely away. It is my understanding that Mr. Leonard Baggett from Baggett Metal Products has inquired about purchasing the container for a sum that is equivalent to what we might receive if the container was sold for salvage. We did some checking and the container actually weighs 7,980 pounds. Today's rate at Franklin Disposal and Recycling is \$2 per 100 pounds. Accordingly, the salvage rate is approximately \$160.00. At your places tonight is a resolution declaring that particular container surplus; authorizing us to sell it to Baggett Metal Products for \$160.00 and if for some reason Mr. Baggett decides he is not really interested, the resolution provides we will salvage it for scrap at Franklin Disposal and Recycling.

Chairman Jones states alright gentlemen; do you have any questions on this? I need a motion.

Supervisor Edwards made a motion to adopt the attached resolution.

Supervisor West seconded the motion which carried unanimously.

Chairman Jones states is there anything else to come before us?

Supervisor West made a motion to adjourn.

Supervisor Edwards seconded the motion which passed unanimously.

There being no further business for tonight the meeting adjourned at 9:01 p.m.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk