

**BOARD OF SUPERVISORS
REGULAR MEETING
JUNE 14, 2016**

At a regular meeting of the Board of Supervisors of Floyd County, Virginia, held on Tuesday, June 14, 2016 at 8:30 a.m. in the Board Room of the County Administrative Building thereof;

PRESENT: Case C. Clinger, Chairman; Joe D. Turman, Vice Chairman; J. Fred Gerald, Linda DeVito Kuchenbuch, Lauren D. Yoder, Board Members; Terri W. Morris, County Administrator; Cynthia Ryan, Assistant County Administrator.

Chairman Case Clinger called the meeting to order at 8:30 a.m. with the reading of the handicapping statement.

The Opening Prayer was led by Supervisor Gerald.

Supervisor Yoder led in the Pledge of Allegiance.

On a motion of Supervisor Turman, seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to approve the minutes of May 10, 2016 and May 24, 2016.

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Clinger – aye

On a motion of Supervisor Yoder, seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to approve the June 2016 monthly disbursements.

Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Gerald – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Agenda Item 7.a. – Subdivision plats as approved by Agent for May 2016 – Ms. Terri Morris explained that Ms. Lydeana Martin is on vacation. It looks like it was a fairly light month for her with only two family divisions and one lot line.

Agenda Item 7.b. – Building Permit Report for May 2016 – Ms. Morris said it had been a busy month for the Building Official.

Chairman Clinger pointed out that fees collected this year are ahead of where they were at this time the previous year. He wondered if it was because of the early break in the weather.

Supervisor Kuchenbuch responded that people probably want to get things done before things go up, especially with the upcoming elections. She has also seen an increase in real estate sales.

Ms. Morris offered that people are likely taking advantage of the low interest rates.

Agenda Item 7.f. – Appointment to the New River/Mount Rogers Workforce Development Board.

Supervisor Kuchenbuch asked if Ms. Morris had received an email from someone interested in the position?

Ms. Morris responded that she had not.

Supervisor Kuchenbuch said that someone approached her and asked if it was still open. The person is a State employee but she is not a business owner. I gave her Ms. Morris' email and she was going to call or email.

Chairman Clinger and Ms. Morris explained that a requirement of this appointment is that the person be in the business community.

Agenda Item 7.g. – Request for transfer of \$2,086.92 in funds for “Four for Life” – Ms. Morris explained that when the budget is prepared it is based on an estimate because we don't know what will receive. We base the estimate on what was received the previous year. These funds come from the sale of state vehicle tags. We received a little extra money than we budgeted on the revenue side. We need to transfer the funds to the expenditure side and give the money to the Rescue Squad.

On a motion of Supervisor Yoder, seconded by Supervisor Turman, and unanimously carried, it was resolved to approve the transfer of \$2,086.92 in funds for “Four for Life.”

Supervisor Yoder – aye
Supervisor Kuchenbuch – aye
Supervisor Gerald – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Agenda Item 7.h. – Request for transfer from contingency fund in the amount of \$9,951.70 to Fire and Rescue fund – Ms. Morris said that she and Ms. Ryan had been looking at the contingency fund to see what might be needed from that fund at the end of the year. Right now we have a balance of \$242,975.00. We have the Homes Plus request, the S&S Paving bill of \$107,540.00 will be coming, and at least three departments that will be over budget. That will leave about \$67,000.00 left if we do the request from Fire and Rescue. I think we are in very good shape.

Ms. Morris added that not all bills are in yet, but we feel that the contingency fund can support this request. Ms. Morris reminded the Board members that several months ago that repairs were made to tanker #22. She asked the Fire Department Treasurer to wait until the end

of the year to see how they came out. Along with other repairs they had to make, they are requesting reimbursement for the repairs to the tanker.

Vice Chairman Turman verified that this request from Fire had been anticipated.

Ms. Morris confirmed that she had hoped it would not be necessary but knew it was a possibility because equipment breaks down and insurance has to be paid.

On a motion of Supervisor Yoder, seconded by Supervisor Gerald, and unanimously carried, it was resolved to approve the transfer of \$9,951.70 in funds from the contingency fund to the Fire and Rescue Fund, Fire Department Operation and Maintenance line item.

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Agenda Item 7.i. – Request for transfer from contingency fund in the amount of \$14,050.00 to Maintenance for Phase II repairs to Administrative Building – Ms. Morris said these repairs included waterproofing the building 3-4 weeks ago. She authorized additional work on the sewer line to fix drainage problems while the pavement was torn up. There were quite a few stoppages.

On a motion of Supervisor Kuchenbuch, seconded by Supervisor Gerald, and unanimously carried, it was resolved to approve the transfer of \$14,050.00 in funds from the contingency fund to General Properties, Repairs and Maintenance line item for Phase II repairs on the Administrative Building.

Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Gerald – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Ms. Morris gave an overview of the current paving project. The upper parking lot is finished. The lower parking lot will probably take one week to finish. The job includes striping. An additional handicapped parking space will be created near DSS.

Agenda Item 7.j. – Changes to the Freedom of Information Act effective July 1, 2016 – appointment of FOIA officer – Ms. Morris explained the General Assembly passed HB 818 which requires all localities to designate a staff person as FOIA officer. The staff person has to be trained when they start and then annually by either the county's legal counsel or by the Virginia Freedom of Information Council. The Council will provide free seminars during the summer. Each Constitutional Officer must designate an officer in their office or they can use whoever you appoint as the County representative. If they want to use the County officer, the only thing that officer will be responsible for will be taking requests and getting the information back out within 5 days. The officer still has to research the information and give it to us.

The Treasurer and Commissioner of Revenue have requested the use of the County officer. The other three have appointed someone within their office already. Ms. Ryan has volunteered to do this for you if you wish. I would also like other folks to have the training too. We all get requests and it gets quite cumbersome sometimes.

Supervisor Kuchenbuch said Franklin County had quite a few requests over the Pipeline issue and it is not something to take lightly as issues can become contentious all of a sudden.

Ms. Morris said requests to the Board come addressed to the County Administrator.

Chairman Clinger said he is not sure of new language but verbal requests used to fall under FOIA.

Ms. Morris said we always ask for verbal requests to be put in writing. Written requests tend to clarify information the requester is seeking.

Chairman Clinger said given the 5 day window it would be good to have Ms. Ryan, a backup and a third person trained.

Ms. Morris said the Building Official Secretary gets a FOIA request every week. She needs to be trained too.

Supervisor Kuchenbuch verified that a FOIA request is a public request so you can go back and see who made the request and what they are requesting.

Chairman Clinger asked that the designated person prepare a monthly report similar to the plat report. The report should include who is asking for it and what is being requested. He asked if EDA and Planning Commission requests also came to the County Administrator?

Ms. Morris confirmed that they did. She clarified that Ms. Rhonda Vaughn would be the officer for the Clerk of Court, Ms. Fran Weddle would be the officer for the Sheriff's Office, and Mr. Ryan Hupp would be the officer for the Commonwealth Attorney. Ms. Morris added that Mr. James Cornwell recommended that a Memorandum of Understanding (MOU) be prepared with those Constitutional Officers who wanted to use the County FOIA Officer. Mr. Cornwell would provide us with a template MOU.

On a motion of Supervisor Yoder, seconded by Supervisor Turman, and unanimously carried, it was resolved to appoint Ms. Ryan as the County FOIA officer and to authorize Ms. Morris to negotiate a Memorandum of Understanding with Constitutional Officers who want to designate the County FOIA officer for their department.

Supervisor Yoder – aye
Supervisor Kuchenbuch – aye
Supervisor Gerald – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Supervisor Kuchenbuch asked that she be told when the trainings would be held as she might be interested in attending.

Agenda Item 7.k. – Request for Contract Modification Agreement with Robinson, Farmer, Cox Associates, one year term extension – Ms. Morris said that the original contract with the audit firm was for three years and ends June 30 of this year. Paragraph 8 in the contract does allow two 1-year extensions if we desire. They provided a contract modification agreement at the same cost that we are paying this year.

Supervisor Kuchenbuch asked if Ms. Morris was pleased with the company.

Ms. Morris replied that she was.

On a motion of Supervisor Kuchenbuch, seconded by Supervisor Gerald, and unanimously carried, it was resolved to approve the request for Contract Modification Agreement with Robinson, Farmer, Cox Associates for one year (Document File Number 870).

Supervisor Kuchenbuch – aye

Supervisor Gerald – aye

Supervisor Yoder – aye

Supervisor Turman – aye

Supervisor Clinger – aye

Agenda Item 9. – Old/New Business.

Supervisor Yoder gave a brief overview of the results of the organizational meeting with the joint subcommittee. He said the next meeting will be tomorrow night. Will Griffin was appointed Chair and Jon Beegle was appointed Vice Chair. We discussed going back to each Board and find out what each group wants us to talk about and bringing it back to them.

Chairman Clinger added we touched a little bit on everything, but it kept coming back to water. Some of the departments did not realize how important water needs are in Floyd. One of the first things we looked at was the PSA and how it impacted future growth. We talked about future expansion of the schools.

Supervisor Yoder asked if the other Board members had specific topics they wanted Chairman Clinger and himself to bring up at the joint subcommittee?

Chairman Clinger said it was a good meeting. There was a lot of free flow of information. It achieved the main point of keeping the dialogue going. We talked about formalizing the joint meeting with a resolution that each board can go through. Each would have two members appointed to the subcommittee. The entire groups would meet annually.

Supervisor Yoder said the subcommittee would meet quarterly at a minimum or more often. For example we are meeting again tomorrow and that is just a month after the organizational meeting.

Supervisor Kuchenbuch asked who represents each Board? Obviously you and Chairman Clinger for us.

Supervisor Yoder replied, Mr. Will Griffin and Mr. Bruce Turner for the Town, Mr. James Ingram and Mr. Gene Bishop for the School Board, and Mr. Jon Beegle and Mr. Kerry Underwood for the Economic Development Authority. Ms. Ryan takes the minutes.

Chairman Clinger said the Chair and Vice Chair have to be from different boards and those positions are rotated each year.

Supervisor Kuchenbuch agreed that water is a major issue.

Supervisor Yoder said a big industry coming in could use up our existing capacity.

Chairman Clinger said a school redistricting that added 500 more students using the water supply would be a big impact. The PSA has been looking at their future needs for a while. The whole idea of hearing from everybody is so better choices can be made. Meetings will be held the middle day of the middle week of the middle month of each quarter.

Supervisor Yoder said a school building plan needs to be led by that Board but we all need to be involved and on the same page.

Agenda Item 6.b. – Chairman Clinger called for the Public Comment Period.

After no comments from the audience, the Chairman declared the Public Comment Period closed.

Agenda Item 6.c. – Mr. David Clarke, Virginia Department of Transportation – Mr. Clarke handed out pictures of ongoing projects. One picture showed bridge work being done on Spanglers Mill Road. The other pictures are in Montgomery County which is a sign project that is a research project with Virginia Tech Transportation Institute. I might be able to get a little more information for you next time. The project is not just how general people drive but also test subjects, volunteers will drive some automated vehicles and test some of the different kinds of warning devices – the ones that are painted on the road, the chevrons that light up and the message boards. You can't vary the message on the boards, it is an actuated thing that will light up and say "slow down." It will be interesting to see over the next few months. I will keep you updated on it.

Supervisor Kuchenbuch said it would have been helpful on Rt. 615 if those message boards could have actuators that could tell fog, ice. If we are really going to be doing something it isn't telling people who have driven those roads for years to "slow down" in an area we know. I'm sure they want you to go around that curve at 25 mph. You know they have those sensors. To make this really worthwhile it would be cool to warn of fog or ice. That is what I would like to see.

Mr. Clarke explained that the funding for the research is based on grants that they write and they were probably only funded for something like this. But I will keep you updated on the project. Asphalt paving is getting ready to start. We will be doing Rt. 8. I don't know the

timing of it through Town. We are going to do Black Ridge Road, Franklin Pike and the northern part of Indian Valley Road from White Rock Road to the Montgomery County line. On Franklin Pike it will be from Rt. 221 to Shooting Creek Road for a little less than 2.5 miles.

Supervisor Kuchenbuch concurred that section takes the worst of the traffic. Although she pointed out that in the summer there is a lot of traffic on Franklin Pike near the Parkway.

Mr. Clarke added that on Black Ridge Road paving will be from the Parkway to Emmanuel Road. He is not sure of the timing on the paving projects, but they know the "hot dates" to avoid for that area. Mr. Clarke said we are machining gravel roads as much as they can. Mowing has also started. Brush cutting has started on Thunderstruck Road and Lick Ridge Road.

Supervisor Kuchenbuch asked if that work was being contracted out?

Mr. Clarke confirmed that it was. He said the bridge on Spanglers Mill Road will probably take another week to 10 days. The signs say through June 30 but they are hoping to be done before then.

Supervisor Gerald said he appreciated the mowing and patching work that has been done.

Mr. Clarke replied that as soon as he gets a schedule on asphalt paving he will let them know. On Rt. 8 through town they have been working with the Town. We did some spot paving on Moles Road and Indian Valley Post Office Road.

Ms. Morris requested that Mr. Clarke send the schedule to her and she will distribute the schedule to everyone.

Supervisor Kuchenbuch said she received a comment about Franklin Pike. It is something to think about for the winter time. Right now things are drying up. Up around Swede McBroom's woodworking place, at the bridge below the lumberyard, there has been a lot of water and icing occurs. You have done some ditching, but folks around there said it was like a bandaid. If you will, please investigate that a little bit more and see if culverts are clogged. It needs more than just ditching. The holes on Dobbins Hollow Road are getting larger and larger. The surface treatment is starting to wear away at the hairpin turn. You might want to get someone up there to patch that. On Franklin Pike as you head to the Parkway it looks like something got dropped and there are gouges as you head down the hill to the Parkway.

Mr. Clarke referred the problem to Mr. Jason Conner from VDOT.

Mr. Conner said he believed the asphalt was sliding.

Mr. Clarke agreed and said it may be an overlay that slid. He knows of a similar situation in Pulaski County.

Vice Chairman Turman said he has received complaints about roads not being machined and dust being bad. On Sugar Tree Road just off Rt. 221 there is a pothole next to David Shimm's place. I've almost got hit there a couple of times when people swerve to miss it.

Mr. Clarke said he believed there was already a work order call in on that one.

Mr. Jason Conner confirmed that pothole is about 2' wide and a couple of layers deep.

Vice Chairman Turman expressed his appreciation for all the work that is done, especially since it is hard to get funds.

Supervisor Yoder said Deer Run Road had potholes that were patched last year, but now it looks like new potholes are growing beside the old ones. It is getting rough in the section between Hummingbird Lane and Bear Ridge Road. I have received a lot of calls about dust.

Supervisor Kuchenbuch said that nice work was done on Starbuck Road.

Supervisor Yoder said a number of people have complimented the machining done on a lot of the dirt roads that had gotten in rough shape over the winter.

Mr. Clarke said he was glad to hear they were getting back in shape.

Supervisor Kuchenbuch asked who they get their stone from – Sisson & Ryan Quarry?

Mr. Clarke said yes, but the Willis area might get their gravel from someplace else.

Supervisor Kuchenbuch said Sisson & Ryan Quarry needs to shake their product and get rid of the dirt. Since you are probably one of their biggest customers you can request cleaner 57. She asked if they would use the local quarry now that Salem Stone was reopening?

Mr. Clarke answered that it is all bid out.

Chairman Clinger said he received another complaint on Moore Road right after you turn off Christiansburg Pike. I brought it up last month. Sams Road off of Franklin Pike needs machine work on that. And there are a lot of small potholes around town.

Mr. Clarke replied they should be able to get to those now. I think they have done most of the patching ahead of the paving schedule, so they should be able to get to some of the others now.

Mr. Clarke brought up that one of the projects on the six-year plan was to do an unpaved road. We had Shawsville Pike on the list. We took some of the guys from the design group out yesterday and we were looking at where an improvement might be able to be made with what we have. [Mr. Clarke handed out an aerial photograph of the area he was discussing. Lines on the photograph showed the existing roadbed and the proposed road course, which was quite a distance away and resulted in much less degree of curve.] Let us know if this is something you want us to keep investigating. This project is already in the six-year plan. You have two types

of money in your six-year plan – unpaved road money and whatever you want to use money. You are not going to get any more unpaved road money.

Supervisor Kuchenbuch said unpaved road would be like Sunny Ridge Road.

Mr. Clarke confirmed her statement. We have some money that is only for unpaved roads. We have some money that can go toward other projects on any secondary road. As we proceed with the Rt. 653 project it is over \$1 million when we start doing stuff like this and the funds don't go very far. We want to make sure we are going to spend it where you think we ought to. This is an idea. We will try to get a more firm estimate. If you have another section I would be glad to go out and take a ride.

Supervisor Yoder said this is the curve where we've had the most wrecks.

Mr. Clarke said that is what we thought. That is why we looked at it.

Chairman Clinger said that is why we looked at the data and picked Alum Ridge Road. We wanted to fix the areas that have the most wrecks.

Mr. Clarke said we are doing Alum Ridge Road hopefully next summer.

Supervisor Yoder said this curve has had a lot of wrecks.

Supervisor Kuchenbuch added plus a fatality.

Mr. Clarke said we will proceed with this. We will try to do whatever we can with whatever we have as far as funds go if you agree that it is the most critical.

Supervisor Kuchenbuch said on that road that curve is the most critical.

Supervisor Yoder estimated that the length of the section is about ¼ of a mile at the most.

Mr. Clarke said VDOT is still working on getting the extension on Buffalo Mountain Road. It is going to take coordinating with DCR at both the local level and in Richmond. With two state agencies involved I wish they could just assign it to us with a stroke of the pen.

Agenda Item 6.d. – Mr. David Rose, Davenport & Company – Mr. David Rose handed out the latest version of the Refinancing Update. He explained that some of the numbers had been updated. He also wanted to refresh everyone with where we are in the process and what is happening. Since I was last here interest rates have either stayed the same or gotten a little better by coming down a little bit. That is a good thing but you may recall we had two options with regard to several of the loans. One option was to go to the Bank of Floyd and the other option was to look at VRA.

The numbers for the Bank of Floyd have not changed. We know that with certainty and it is about \$130,000 plus savings that are there for you if you choose to take it. The difference between where we were then and now with regard with VRA is the savings was estimated at

\$170,000 and now it is about \$177,000. But we are still about 6 weeks away from going through VRA. Interestingly enough while rates have come down in just a few weeks, the way these VRA loans work you have outstanding while you benefit by the interest rate coming down you have in certain instances an escrow. You have to buy enough to have it until the call date on the VML/VACO loan. As a result of that they get hurt on that part of it. The net of it is you are a little bit better off with VRA but you don't get this big windfall from where you were a few weeks ago. I hope I haven't thoroughly confused you. What I am saying is that VRA has hung in there and we don't know what is going to happen over the next six weeks.

Our recommendation for you is to approve the VRA resolution that you have. It doesn't make you go with VRA. Our recommendation second is to really move forward with the Bank of Floyd. But the VRA would be in effect a backstop is the way to think about it.

Chairman Clinger asked if at any point before the closing with Bank of Floyd we could terminate that process.

Mr. Rose confirmed that is the case. If for some reason things happen and that is on one series of the refinancing. On the Branwick Center we recommended Bank of Floyd only and that hasn't changed. It has in here the ability to lock the rate in for longer for a little bit of savings but basically it is taking out the risk. It also provides the ability to get out of it at any time if other conditions occur. I want to make sure that we updated you. We did not get any specific questions from the folks with the Economic Development Authority. Hopefully they are comfortable with it.

I am happy to go over any of this. The Branwick Center is on page 10. You can see there they were only guaranteed another couple of years and now we have it at the same interest rate for the whole time out to 2026. The amount uncertain is a lot smaller.

On page 11-12 we are recommending two of the four loans and the savings are a tad better under VRA, theoretically. One of the things I said before is Bank of Floyd allows us to prepay for whatever reason. If rates really dropped considerably and we find ourselves going to almost a 0% – and I don't know if Bank of Floyd would want to do that but all banks have to consider the money – and it is not inconceivable that 2-4 years from now we are back. That would mean things aren't very good. But the world is not looking very good. Just to give you a sense of everybody we have a 10-year Treasury rate right now at about 1.6%. The German 10-year Treasury rate is at .03%. Our feds would like to raise the rate yet other world economies are literally at 0%. Who knows what is going to happen?

On page 13 what we liked about the Bank of Floyd is we locked in the \$132,000 savings over the next 10-12 years. This is our recommendation.

Supervisor Kuchenbuch said in a nutshell we should do all of the refinancing through the Bank of Floyd.

Mr. Rose clarified that for two of the four outstanding loans that makes sense.

Ms. Ryan asked why the VRA document has the pool listing all four outstanding loans.

Mr. Rose explained that because of credit with VRA all four of them would be candidates to be refinanced. Because of the way the security feature works we would take out all four. VRA would require all four of them. A couple of them would be breakeven and one actually costs us a little bit of money, so the \$177,000 was all of the loans combined. That has to do with structuring. We are really of the mindset that you should give yourself that option but to really move with Bank of Floyd.

Chairman Clinger said we attended a meeting with EDA the other night and the main point of the meeting was the discussion of the loans because they will be the conduit. Their preference is that we go with Bank of Floyd. But they would support us on whichever route we decided to go. Regardless the Branwick Center has to be through the Bank of Floyd. They brought up a question about the tax status on that. Why does this one have to be taxable?

Mr. Rose responded basically because that is the way it was set up because of the nature of the effective use. Federal standards require it be set up that way; it has to do with federal law. The point here is that it can't be tied in with the others which are on a tax exempt basis. We have to make it separate however you go.

Chairman Clinger said one member was thinking if it could be rolled in with the others we might possibly get a better rate.

Mr. Rose said you can't do that. If you could that would have been our first recommendation to you two months ago.

Supervisor Kuchenbuch asked if it could have been done previously?

Mr. Rose replied essentially no, if it had been less than 5% of the total bond size then it is considered a diminitis amount. So if Branwick Center is around \$1 million then your overall for everything else would have to be around \$19 million and that is not the case. The answer for you would be no.

Supervisor Yoder said he had been leaning all along toward going with the Bank of Floyd just because I like the idea of going local and we are not risking that much for the time being.

Supervisor Kuchenbuch affirmed that she felt the same way, but right now they are local but who knows down the road.

Mr. Rose said they clearly would like to have the money stay local. I like the flexibility of Bank of Floyd. We could find ourselves doing capital improvements over time. It is not inconceivable that we turn around and say perhaps we move some of these payments around to free up some space to do other capital. The call provisions are very flexible here. We will be thanking ourselves in a year, two, or three from now. The rate might be comparable, lower, or higher. But the flexibility with prepayment penalty will be slim to none.

Chairman Clinger said if we see the interest rate creeping up at the five year reset we can go ahead and prepay.

Mr. Rose agreed. He said if you think about it banks tend to not want to lock rates in for more than 10-15 years. As we move over the next 1-5 years, maybe some banks might want to go out and fix it even further. That is always a possibility.

Supervisor Yoder pointed out that we are not risking that much. If future Boards are careful with the money they could even pay it off.

Mr. Rose said in an earlier presentation we said how nicely your staff has done to build up your fund balance. We don't recommend paying it off right now because rates are so favorable. But the point is you have that flexibility.

Supervisor Yoder said in 10 years if interest rates are at 15% we can say we will write you a check.

Mr. Rose said he remembers those days but thinks the economy would have to melt down to see something like that again. The natural rates would be short term rates that are now 0-3% would be 2-5%. The historic long term rates are more like 6-7% for 20-30 year loans.

Supervisor Kuchenbuch asked if we are all leaning toward the Bank of Floyd do we even have to entertain the VRA?

Chairman Clinger said right now we are listening to a presentation. After this we will decide which way to go with it. We have the documents for either one. EDA already made the motion to support what we decide.

Ms. Morris said the resolutions need to be adopted today.

Chairman Clinger said we will have our open discussion and then a motion to adopt a resolution.

Ms. Morris questioned one resolution or both?

Ms. Ryan added that EDA will have to meet again because the pre-approval was not sufficient.

Ms. Morris confirmed that EDA also has to adopt the specific resolution.

Mr. Rose said I think we are all on the same mindset, I believe, and that is to go with the Bank of Floyd. I think as a backstop, approving the VRA resolution is not costing us anything and gives us a little wiggle room if you would.

Chairman Clinger asked if someone wanted to move to approve the resolutions for Bank of Floyd and as a contingency for VRA as well? Mr. Rose said we should keep this on the table in case the rates go lower.

Supervisor Yoder replied we won't know the VRA rates until after the closing date with Bank of Floyd.

Supervisor Kuchenbuch concurred.

Mr. Rose said if you want to just do Bank of Floyd then it is over in a good way. We are maybe just trying to be overly conservative.

Ms. Morris asked if we have to accept Bank of Floyd by June 17?

Mr. Rose said they really want to know and I think we should let them know. They are willing to hold it until July 15 but they want to know that we want to go with them. And that is our recommendation to go with them. I don't usually cloud things up this much.

Supervisor Kuchenbuch clarified we give our approval and then EDA has to give theirs?

Ms. Ryan said EDA has to approve the actual resolution and not just give blanket authority beforehand.

On a motion of Supervisor Yoder, seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to approve the Resolution of the Board of Supervisors of The County of Floyd, Virginia Approving Bank Refinancing (Document File Number 871).

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Supervisor Kuchenbuch thanked Mr. Rose and his staff for all their work in assisting the Board with the refinancings.

Mr. Rose said we are not done yet. He said they would notify VRA and say that is it. It happens all the time.

Supervisor Kuchenbuch replied we are lucky to have a local bank we can work with.

Mr. Rose said we will formally notify Bank of Floyd. We will have to find out when the EDA meets again.

Ms. Morris replied that EDA does not meet again until the 4th Tuesday. Ms. Morris thought Mr. Dan Siegel said they could do everything right at closing.

Mr. Rose said in Virginia EDA is technically the conduit. They are not liable. If you were in North Carolina you would not have them involved. You would approve and issue. I will touch base and fill everyone in.

Agenda Item 9. – Old/New Business continued.

Vice Chairman Turman said he has received two phone calls from a person who has a place on Buffalo Mountain Road and complains about the noise caused by a next door neighbor who shoots all day long. I've told him that unless the neighbor is shooting in a reckless manner then there is nothing that we can do. The person wants a noise ordinance. But those only help if it takes place at night and not during the day. I told him I don't know what the solution is. They have a right to shoot on their own property as long as they are not endangering someone else. I told him I would make you all aware of it.

Chairman Clinger said he received requests from town residents about noise ordinances as well because of late night events.

Vice Chairman Turman described a noise ordinance as a slippery slope.

Chairman Clinger said the trouble we had with our old ordinance was that we did not have a decibel gauge that was calibrated. This is a rural, agriculture county and people have to realize when they move here that there will be times when people will be cutting corn late at night.

Ms. Morris asked if they wanted her to bring the noise ordinance back to look at?

There was no consensus to look at a noise ordinance.

Agenda Item 8. – Continuation of Budget Work Session.

Chairman Clinger said we need to get the budget done today and approved. The Sheriff's department, schools, and staff are waiting. The way I look at it we have money in the budget stabilization fund. If we are apprehensive about pulling it from there, we have a fund balance that is at an all time high. It would not affect us to pull it from the fund balance and keep the budget stabilization fund for next year. I don't think our time and staff time is worth going through this again to find \$50 and \$100.

Supervisor Turman said I think we have beat this. Ms. Morris has been doing this for years and usually by the time we get it we can add to it. I don't want to hurt people by cutting any more.

Ms. Morris suggested they take the difference from the fund balance. I know there is some concern about the budget stabilization fund and we could leave that intact.

Chairman Clinger asked if Ms. Morris had ever seen the fund balance that high in her 30 years with the County?

Ms. Morris said we have over \$10 million in cash.

Supervisor Yoder pointed out that this is a little deceiving as it will fluctuate. We just received tax payments.

Ms. Morris agreed, but said we don't usually have that kind of money at this time of year.

Chairman Clinger said the amount we are talking about out of that is only about \$330,000.

Ms. Morris said she had one thing she needed to add which was the Renew the New, which is the regional river cleanup program with Giles. At the last meeting I went to they finally said the amount they wanted from each region was \$2,500. This year we are going to cleanup a site in Radford on the river. Next year they promised they will do a Little River site. We are doing about a 5-mile stretch on the New River.

Supervisor Kuchenbuch asked if the Radford stretch started at Bissett?

Ms. Morris replied that is where one part will start. They have 3 or 4 different sites along the river. Giles has done this so many years they don't even have enough trash to clean up.

Supervisor Kuchenbuch asked if Giles found that people kept it cleaner after doing this for so many years.

Ms. Morris agreed and said they have been doing this for about 10 years and got Celanese and AEP involved. It is amazing to me they don't have enough trash to clean up. They have about 300 volunteers who have been coming. We are expecting 500 volunteers for Radford.

Chairman Clinger said we have enough left in contingency here at the end of the year to take it out of there.

Ms. Morris pointed out that there is a drainage issue at Station #1 that we were going to look at. The estimate at Station #1 is \$8,100.00.

Supervisor Kuchenbuch asked if the concept is for a french drain? Did construction in the area cause this or has it been a long standing problem?

Supervisor Yoder answered that it has been a problem for a long time because the water all flows downhill.

Supervisor Kuchenbuch asked about the status of the septic system at Station #3? Are we going out to bid?

Ms. Morris answered that options are being explored.

Supervisor Yoder said going into this budget we had more money available to us than since when I came on the Board yet we are still \$328,000.00 over budget. My fear is that if we do spend money out of wherever it comes we are setting ourselves up for 1 or 2 things. Either we are looking at a tax increase next year and we just had a large tax increase last year or we are looking at spending down our savings which will impact us if we are looking at infrastructure for

the future. My position is that we should pass a balanced budget. It is one year after one of the largest tax increases that I can remember. We should have enough self control to be able to pass a balanced budget.

Chairman Clinger responded that I am fine with doing that, but we met the last couple of times and only got about \$2,000-\$3,000 down at a time. The floor is open if you can see where we can cut that much.

Supervisor Yoder expressed one other concern he had. I am not necessarily advocating for this but I want to make you aware of it. When our equipment committee met a few years ago we provided a schedule for replacements. Four of us were on the Board at this time. If we pass this budget we are not meeting that schedule. According to that schedule we should be buying an ambulance this year. And it is not in the budget. I am not sure that we need one. I think they could use it but could get by. I think that if we don't buy it we should reconvene the equipment committee and revisit our schedule at least. I don't think we need to have a schedule out there that doesn't match what we are doing with our budget.

Chairman Clinger asked if the fire truck we just got and the one coming up next year, wasn't that before the information Kevin [Sowers] got for us that 80% was run by the EMS and 20% by Rescue?

Supervisor Yoder said I am just saying we need to revisit our schedule.

Chairman Clinger concurred we need to revisit the schedule.

Supervisor Yoder continued there is a schedule out there. I wasn't at the Rescue meeting last night but they appointed new officers. I was asked if the schedule is being followed. I replied that it is not in the budget. We haven't passed the budget. I'll bring it up tomorrow and suggest that we re-meet in July when he takes office. Dan [Campbell] was on the committee the last time around and he has left. Terri [Morris] would be on the committee; we have new management on both the volunteer and paid side of Rescue. Maybe it is time we sit down and rethink the schedule. A schedule out there that we are not following just adds more confusion.

Vice Chairman Turman said when we formed that committee we agreed to meet once a year, or was it once every six months, just to rehash everything and see how it is going. We have failed to do that.

Ms. Morris said we need to meet again. When we met the last time I thought we came away with the impression that we didn't need to buy one, but we needed to rework our schedule.

Supervisor Yoder said yes, but this Board voted to approve that schedule and we haven't voted to change the schedule. I think the equipment committee needs to bring the schedule back and have that change because there is a Board approved schedule out there. When a group looks at the schedule they wonder what is going on here. I think we need to work it out and it is a good time because they have new leadership. It is a good time for us to sit down again and discuss it. Some of you may hear about it too. I just want to make sure we are all on the same page.

Supervisor Kuchenbuch asked about the departments that have gone over budget and asked Ms. Morris to tell about those.

Ms. Morris explained that the largest overage is for Juvenile Court where we pay for juvenile detention. That one is almost impossible to budget because it is like a moving target. The Electoral Board is over right now but they expect a reimbursement from the State for some of the election expenses and we haven't received it yet. If that comes in before the end of the year we will be okay. The assessors went over a little bit, but that was probably bad estimates on our part. Fire was over because of repairs but you just took care of that.

Supervisor Kuchenbuch said I hear what you are saying about a balanced budget.

Supervisor Yoder said he marked some places we could go to. On the revenue side I am not sure we are showing correctly the interest on bank deposits. We are not bringing in nearly what we are budgeting unless we get it all in one lump sum at the end of the year. I think we are way too high on that.

Ms. Morris said I am hoping we collect that based on the amount of cash we have on hand. Several years ago when interest rates were high we would make \$100,000.00 on that line.

Supervisor Yoder pointed out that in Administration for the parking lot, how is that being paid – this year or part next year?

Ms. Morris said the \$30,000.00 was a number put in because we were going to do it in parts. Once we found out we had enough in contingency we decided to use that. I left the \$30,000.00 in so we could seal the Courthouse parking lot. I'm hoping it won't take that much.

Supervisor Kuchenbuch asked if we were going to do the plaster repairs?

Ms. Morris said we need to do that if we can. The judge wants it done.

Supervisor Yoder said the Regional Jail ended up not going up on their per diem charges.

Vice Chairman Turman confirmed that the rates remained the same and they were passed this last Friday.

Ms. Morris said \$462,000.00 was budgeted for FY16. We have spent \$401,000.00 through May and the bill this month is \$30,000.00+.

Supervisor Yoder asked if we can level fund that line?

Chairman Clinger said that wouldn't hurt us.

Supervisor Yoder said at the time we put it in there we thought rates were going up but that ended up not happening. On the Merchants Association contribution which is for the Fourth of July celebration, I talked to Susan [Leonard] the other day. She said with the current amount of money they could probably do another year or so. My suggestion is that we increase that a

little bit. It is easier to increase it a little bit each year rather than pay a bigger chunk all at one time. It won't impact this year's celebrations either way.

Vice Chairman Turman said I think we should increase it some too. It affects the whole County.

Supervisor Yoder said she didn't know what to ask for this year but fireworks went up to about \$3,200.00 She had enough in savings to cover it, but next year it will likely be even more. We are giving \$2,500.00 each year. They aren't charging admission anymore, which is a good thing. It is free. It is one day to celebrate your country.

Chairman Clinger said it is so minor to the budget we could cover it out of contingency if we have to.

Supervisor Yoder said he would love to see us cover the costs because there is a level of uncertainty with planning because of the lack of money. The event happens a week into our new budget year and there are expenditures getting ready for it.

Supervisor Kuchenbuch asked if he was requesting that it be increased to \$3,500.00?

Supervisor Yoder said that is the amount he would like to see. It is important that it is free.

Supervisor Kuchenbuch agreed.

Consensus was to increase Merchants Association to \$3,500.00.

Supervisor Yoder brought up the increase to Recycling, which almost doubled their budget.

Chairman Clinger said spending it on Recycling saves it on the trash end.

Supervisor Yoder said that for him there were two sides to the coin. My biggest hiccup on this is that we are not building more recycling bins to put out there. If we are going to double the amount we are spending on this then we need to have more opportunities to recycle. Either we do it or we don't do it.

Chairman Clinger said you build your infrastructure then you reach out. For what the last one cost when we got Doug's [Thompson] class to do it for under \$2,000.00 and the ones we bought...

Ms. Morris explained those cost us \$7,100.00 for two of them.

Supervisor Yoder said buying two each year it will take forever to get as many as he would like to see... I was trying to find Comprehensive Services and what we are spending there. I thought it wasn't going up as fast as we thought it was going to.

Supervisor Kuchenbuch said they requested \$775,500.00. The County Administrator recommended \$700,000.00 and we approved \$775,500.00.

Supervisor Yoder asked how accurate is this amount?

Chairman Clinger replied that is the one where we met with them to get an understanding of what went into it. We felt more comfortable with the \$775,500.00.

Supervisor Yoder said I am asking about the actual expenses for this year. We have spent 45% of our budget in the last year and then we increased it by \$75,000.00. We have spent \$308,000.00 in FY16 out of \$700,000.00. We have \$391,000.00 still available.

Chairman Clinger said we still have June expenses.

Supervisor Yoder asked if we are going to spend 55% of our budget in one month? I'm confused why we thought we had to raise it.

Chairman Clinger said we went back and looked at state funding. Also if we get one client in here you are talking \$180,000.00 or more for one client for a year. The savings is the diligence in that department.

Supervisor Yoder asked if we are going to double a budget based on that possibility?

Supervisor Kuchenbuch suggested pulling \$75,000.00 out and leaving it at \$700,000.00 or take \$100,000.00 out.

Supervisor Yoder said it is one of the biggest things in here.

Ms. Morris said you could take it out and realize that you might have to take it from contingency if it is needed.

Supervisor Yoder said this money will roll over into fund balance at the end of the year, right? It is not money that is dedicated.

Chairman Clinger said is why I proposed the idea of taking it out of fund balance.

Supervisor Yoder said I would rather have a balanced budget. It just bothers me. I've heard about it in the community. One year after having a 10% tax increase we don't have a balanced budget. We gave the schools everything they asked for. I think we need to do the raises. They also requested \$120,000.00 for positions. That is the part we need to discuss.

Chairman Clinger said it is not up to us to say this position or that position. That is in their court. We approve by category. They might say that position is needed and pull from somewhere else. We can look at each of those 8 categories and is that an adequate number for each of the categories. Whatever reason we find for increasing or decreasing categories does not matter to the School Board. They can spend it how they want within categories. If you believe a

principal for \$100,000.00 is too much, it doesn't matter what we think. It comes down to what the School Board thinks. The only way you can make decisions is by categories.

Ms. Ryan reported that the current budget deficit is \$218,176.00.

Supervisor Yoder said the School Board received a large increase. Some of the increase is from the State. But a large part is from the savings in debt services.

Chairman Clinger agreed and said that is why we said next time all debt paid off goes into the capital fund to keep that from happening in the future.

Supervisor Kuchenbuch said another argument is that we have been underfunding the schools for years.

Supervisor Yoder agreed but added that we have had increases every year for the past five. This goes for a lot of departments. It is controlling increases to what we can afford so we can balance the budget.

Chairman Clinger said you can go back to those people and say you spent more this year because we underfunded in previous years.

Supervisor Yoder said his position would be that if you want to spend the money then taxes need to be raised to do it.

Chairman Clinger said we set up the budget stabilization so we wouldn't have to tax every year. We can take the \$218,176.00 out of that and move forward or we can try to find that amount more to have a balanced budget.

Supervisor Yoder said I've made suggestions.

Chairman Clinger responded we've agreed with your suggestions.

Supervisor Yoder said he would go back and cut the position out of Recycling. I'm not trying to run the show.

Supervisor Kuchenbuch said the other option is that some people in the community say we are not taxed enough and some people say we are taxed too much. But to have a balanced budget and fund our schools and our solid waste and fund what we have to fund, finally we are in a position where we have to look at these long and hard and decide if we go ahead with the contingency like we discussed. Personally I don't buy things I can't afford. I get it.

Supervisor Yoder said we have enough savings to do it. We can afford to do it. But the basis for my complete argument is that if we are really serious about building infrastructure in the next 5 years then that fund balance has to grow.

Supervisor Kuchenbuch agreed.

Chairman Clinger said it has grown every year we have been here.

Supervisor Yoder said but now we are spending money out of it.

Chairman Clinger replied I put the fund balance in because you didn't want to touch the budget stabilization fund. But the whole point of that fund was to take the growth in between years without a tax increase.

Supervisor Yoder said I understand that. If we are over budget this year then we will be over budget next year.

Chairman Clinger asked how are we over budget when the budget stabilization fund has a positive number? We are not taking it all the way down?

Supervisor Yoder said what you do this year sets you up for next year. It is interrelated. If we think there needs to be a tax increase next year that's what we need to do – take it out of the budget stabilization fund. But it will be depleted at some point and then a tax increase will be needed to build it back up. I'm one of five, but I need to voice my opinion. I can vote against it and it won't hurt my feelings.

Chairman Clinger said I want you to have a chance. If we are off tell me where else we can cut.

Supervisor Kuchenbuch said your feeling is that with the Recycling we have that it doesn't justify another position.

Supervisor Yoder said I am a big advocate of Recycling and I would like to see more Recycling bins in the County. But if we are not going to spend more than \$7,000.00 for bins then I don't see the reason for the new position.

Ms. Morris pointed out that it is not just for Recycling.

Supervisor Yoder said every line I bring up is all good things. But it is our responsibility to have a sharp pencil.

Chairman Clinger replied we have been chastised by some departments for having too sharp a pencil. Right now it is hurting schools, sheriff's office and everybody else with contracts. Everything is fair game and we can discuss it. But we need to settle it today.

Agenda Item 7.1. – School Board request to expend an additional \$90,096.04 in Expenditure appropriation authority in various categories – Dr. Kevin Harris said I understand you have some questions and I would be glad to answer any questions you might have.

Supervisor Yoder asked at this point are you asking us to carry that amount over?

Dr. Harris replied yes, it is too late in the game now to start spending FY16 money. If we are looking at the April 14 letter which shows the amount of change based on additional ADM of

\$90,096.00. I think there was a question, if I understood it correctly, as to how we put that money into the categories we put it in. That is not our choice. It is done for us by the State. When that appropriation comes to us it comes in a format that just tells us where that money goes. We don't arbitrarily put that money in place ourselves. The numbers you see there are the numbers given to us by VDOE for that additional ADM. We would have loved to take that money and put it other places but that is dictated to us by VDOE.

Chairman Clinger asked if they send you a letter that says that?

Dr. Harris replied it is in a spreadsheet I believe. At this point in the game we have so many...I see you guys are doing some paving in back...we have so many capital improvement type things, if we could just carry this money over into that capital improvement fund we've talked about establishing, the School Board at that point will then decide how that money can best be spent on capital improvements throughout the division.

Supervisor Yoder asked if he would be bringing a request to the Board for our action?

Dr. Harris said the way I think this will work is at the end of FY 16, I haven't talked to Ms. Morris specifically, we will proffer a letter to you telling you how much carryover we will have. That money will go into a capital improvements account. The School Board will then decide how that money will be spent and we will follow that up with a letter. Any time we take on a capital improvement project we will send you a letter stating what the project is, how much it will cost, for your approval, once you approve it, and then we will begin the project. Is that sort of how we've discussed that playing out?

Ms. Morris confirmed that was the discussion.

Supervisor Kuchenbuch said that makes perfect sense.

Dr. Harris said we can certainly find \$90,000.00 worth of capital improvements if we start on a roof at a time or whatever the School Board decides to do. That is, of course, a decision based on information I will provide them.

Supervisor Kuchenbuch asked if each principal comes to him with capital improvements they would like to see done at their particular school.

Dr. Harris said yes, I actually have one on my desk right now from Dr. Watson wanting to improve the old boys and girls locker rooms. They've gone virtually the history of the school without ever having any improvements so that is one target area. The tennis court we have \$88,600.00 in an account if we could just add a little bit to that we could do a really nice set of tennis courts for the school and community. I have an engineering report saying that we should not put them up top, probably redo them down low. The up top will become a parking lot for softball. That is what we are thinking right now. All of this is approved by my Board. That is what we are thinking right now.

Dr. Harris continued I do appreciate you working as quickly as you can to get a budget ready. We have lost several teachers in the last week. We have created basically, for those of

you familiar with sports, we have created unlimited free agency for our teachers here. They are not under contract. They are looking at opportunities and we've lost some really good teachers in the last week to other school divisions because they are not under contract and they can do what they want until we get them signed.

Supervisor Kuchenbuch asked if they would have been looking?

Chairman Clinger asked do you want someone here who doesn't want to be here?

Dr. Harris replied, "Well, I don't know."

Supervisor Kuchenbuch replied she doesn't either.

Dr. Harris advised that Courtney Hall at Floyd Elementary is leaving after being with us for a good number of years. I think it is where opportunity meets opportunity. She has driven here to Floyd for years and years and she has been a great teacher for us and now she is seven minutes away from her job and she is receiving \$6,000.00 more in compensation. It is just where opportunity meets opportunity.

Supervisor Yoder said if you are under contract then you wouldn't be looking.

Dr. Harris replied if you are under contract I wouldn't have to let you go.

Chairman Clinger said realistically most of the time if you've got a position to fill, I think last year you let one or two go out of contract didn't you?

Dr. Harris said if we can find people to fill the contract then we try to go ahead and do that. You don't want to keep people who don't want to be here. So we try. There are some situations, for example Chemistry, Physics, Math. I can guarantee you now that Montgomery County if a Math teacher from Montgomery County wanted to come here they would say unequivocally, "No." Because they are just too hard to find. We try to work with people. I don't think I've kept anyone against their will. The bottom line is making sure you have teachers for your kids...good teachers for your kids.

Supervisor Yoder asked we don't have to take any action today?

Dr. Harris replied you just need to approve the appropriation. My suggestion would be to go ahead and approve the expenditure request. It will go into categories as it is to balance our budget. And then this will come out as basically a lump sum to the capital improvement fund.

Supervisor Kuchenbuch said in the end this may serve you better.

Dr. Harris said as I hear you talk we are a microcosm of the County. We have so many needs and you are robbing from Peter to pay Paul. Could Instruction have used \$70,000.00. Yes, I could have redone two labs in the CTE building. There are a couple of labs there that really need some work. But we also need some parking lots paved. We would like to finish up the tennis courts. Our track is in need of some resurfacing. We need to begin some sort of

systematic roofing program on our buildings. There are so many needs and not enough dollars to fulfill all those needs.

On a motion of Supervisor Turman, seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to approve an additional \$90,096.04 in Expenditure appropriation authority in various categories in the FY16 School Board budget.

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Supervisor Yoder said he had gotten involved with the Recreational Authority and he appreciates the use of all the fields. Hopefully Recreation and the Schools can start working together.

Dr. Harris replied I don't know if Mr. Hollandsworth has talked to you very much but we have sent labor, materials and supplies out to our fields that probably receive equal use from Parks and Recreation and the Schools. We have purchased some materials, supplies, and supplied some labor. I think that is how we have to do things here, band together to get everything done as best as we can.

Supervisor Yoder responded hopefully we can continue to grow that relationship. I just wanted to say I appreciate it.

Supervisor Kuchenbuch said I would certainly like as we start our new fiscal year to have somebody come and report from the schools, whether it be yourself or one of your staff members, at our meeting at least once a month like we have other officers. I would like to see that again.

Dr. Harris replied, "Okay, just let me know."

Supervisor Kuchenbuch said I am sure Ms. Morris will be in touch.

Dr. Harris thanked the Board for their time.

On a motion of Supervisor Turman and seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to go into closed session under Section 2.2-3711, Paragraph A.1, Discussion, consideration, or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; and under A.7, Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultations or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body.

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – aye

Supervisor Turman – aye
Supervisor Clinger – aye

On a motion of Supervisor Gerald, seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to come out of closed session.

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Clinger – aye

On a motion of Supervisor Gerald, seconded by Supervisor Kuchenbuch, and unanimously carried, it was resolved to adopt the following certification resolution:

**CERTIFICATION RESOLUTION
CLOSED MEETING**

WHEREAS, this Board convened in a closed meeting on this date pursuant to an affirmative recorded vote on the motion to close the meeting to discuss personnel in accordance with Section 2.2-3711, Paragraph A.1 and Paragraph A.7 of the Virginia Freedom of Information Act;

WHEREAS, Section 2.2-3712 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 Board hereby certifies that, to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were heard, discussed or considered in the closed meeting to which this certification applies; and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting to which this certification applies.

Supervisor Kuchenbuch – aye
Supervisor Yoder – aye
Supervisor Gerald – aye
Supervisor Turman – aye
Supervisor Clinger – aye

On a motion of Supervisor Yoder, seconded by Supervisor Turman, and unanimously carried, it was resolved to appoint Ms. Megan McKewan as a member of the Montgomery-Floyd Regional Library Board of Directors for a four year term.

Supervisor Yoder – aye
Supervisor Kuchenbuch – aye
Supervisor Gerald – aye
Supervisor Turman – aye
Supervisor Clinger – aye

Agenda Item 8. – Continuation of Budget Work Session.

Supervisor Kuchenbuch reiterated the idea of spending more than we have is a real concern, but at the same time we have spent less than we should have for a number of years on things and now we are catching up. I really don't know where I would want to take anything out of any of these sections. I certainly wouldn't want to take it out of Technology. And I wouldn't want to touch Food.

Chairman Clinger said we can't touch Food because it has to balance.

Supervisor Kuchenbuch continued Transportation, I mean we are below what was recommended. We are in public session and I don't think it is any news to anybody, but I think sometimes we end up being a little top heavy. But I've been told that if you are not how do you get the kind of people in there to help run this major part of your budget if you are not willing to pay good people.

Supervisor Yoder pointed out that the recommendation is just level funding.

Chairman Clinger said we are \$218,176.00 short.

Supervisor Yoder said that Ms. Morris provided the letter we got from the School Board on some of their additional requests on top of their actual budget. All of these are in our budget now.

Supervisor Kuchenbuch said we went ahead and did it.

Supervisor Yoder replied we put it in there but we haven't voted on it. To me this is where if we do cuts to the school system, this is where...these are new positions.

Chairman Clinger said this is where we think it would be eliminated, but there is no guarantee.

Supervisor Yoder said yes they can take the money and do something else. I'm just going with the information they provided. To me, my personal opinion, I've heard for a long time that the gifted coordinator should be moved to full-time. I've heard that from a lot of people. We've heard about the need for career and technical throughout the whole county. Those two positions to me are important. The other two would be where I think we would look for savings, but that is just me. Other people might have other opinions.

Supervisor Kuchenbuch said the full-time testing position is to support Floyd County High School guidance counselors to do their job. So guidance could do the work of guidance. Instructional Technology Resource Teacher, I don't know. That is a hefty chunk of change. Right there that is \$75,000.00. It still doesn't bring us up to the full \$216,000.00.

Ms. Morris asked if a decision had been made about the new position at Landfill?

Chairman Clinger replied I did not see any consensus to reduce that position.

Supervisor Kuchenbuch said we could reopen discussion on it.

Supervisor Yoder said he was not going to bring it back up because he had said his piece. I think it is needed. But if we are trying to find places to balance the budget then I started at places where we increased it.

Supervisor Kuchenbuch asked if a part-time position would help any?

Ms. Morris replied that we've had a part-time position this year some because we've had folks in and out.

Supervisor Yoder said the salaries are low enough that you either do it full-time or not at all.

Ms. Morris said the part-time gentleman was really hoping to get a full-time position.

Vice Chairman asked isn't the Career and Technical Education classes something we really wanted? I would hate to see those cut.

Supervisor Yoder said \$12,000.00 is a heck of a good thing for your buck. But if we give them money it doesn't mean it will go for that.

Chairman Clinger said if we decide to cut the full-time assistant for support of testing, they might say we need it more than we need the career and technical and not do that. We are just telling categories.

Ms. Ryan explained that there used to be three full-time people in Guidance at the high school and it got cut back. Testing has actually increased instead of decreasing. There was an expectation that going from paper to online would be less work and therefore fewer people would be needed. But now they are testing almost year round. Online takes as much time to set up and monitor as the old paper tests.

Supervisor Kuchenbuch asked why did they get rid of the position?

Ms. Ryan replied I think there was an expectation the workload would decrease and they wouldn't need as many people. And they have found out that didn't happen.

Ms. Morris reminded everyone they could only appropriate by categories. You can't tell them how to spend it.

Supervisor Yoder said we can take the information they give us and say if they need extra money...

Supervisor Kuchenbuch added ...and find the money for them.

Chairman Clinger continued which we have done by finding for them the \$218,176.00 money we are short and we have a funding source for it which is the budget stabilization fund. To me using it is not a bad thing. The fact that we had that someone could say we raised taxes too much last year. If we were going for a balanced budget why didn't we put that in there last year. It is to keep us from having to raise taxes every year, to handle the ups and downs.

Ms. Morris pointed out most of your tax increase last year went to pay debt service on all the equipment.

Supervisor Yoder said we will be paying on that for a few years.

Supervisor Kuchenbuch said I just don't think we have funded schools enough as it is. As a Board member I would like to see us work closer, as we've said, with the School Board to have them understand our wishes and the direction we would like to see things go in.

Chairman Clinger said this Board has been pro schools. Every time they've come forward and stepped up and said they needed money...the year they needed a 2nd grade teacher by the third day of the school year we had the money for them. They wrecked a driver's education car, before insurance came in, we backed them. We've done that every time. As far as a better relationship we have members who go to their Board meetings diligently. It would be nice if they had Board members come here so they could see what we are doing. Maybe next year instead of us going through all of this, we could form a budget committee with Ms. Morris and somebody from the schools and approve whatever comes through. That might be quicker next year. That would solve everybody's problems. But for this year we are short \$218,176.00. Is there anywhere else we can find to take it from? If we take it from the budget stabilization fund, we have a balanced budget, correct?

Supervisor Kuchenbuch asked how much that would leave in the budget stabilization fund?

Ms. Morris replied \$206,321.00.

Supervisor Yoder said so we are spending just over half of what is in the budget stabilization fund.

Chairman Clinger said that was the intent of the fund, not to keep building it. Like I said, everything is fair game right now.

Supervisor Kuchenbuch said we are all in agreement that nothing can come out of E911, right?

Ms. Morris replied there are some big expenses coming up. We are going to have to replace the microwave tower up on Will's Ridge. That is coming up. All the battery backup at dispatch will have to be replaced. Those are coming up. Kevin [Sowers] is hoping he will have enough to carry over to pay for those, but we don't know at this point. The microwave will be about \$15,000.00.

Ms. Ryan proposed reducing debt service by the amount of the savings on the refinancing.

Chairman Clinger clarified using the refinancing savings we will recapture to offset.

Supervisor Yoder said that is over a 10-year period.

Ms. Ryan said she meant just the savings for FY17, which is about \$10,000.00 or \$11,000.00. That would at least mean we would only need to use half the amount of the budget stabilization fund and not over half.

Supervisor Yoder replied that he didn't mind using it if we could get it down to the 20%-30% range because then it is a longer time before we raise taxes again. I feel like we had a really big tax increase and I just want to try to hold out as long as we can before another one, keeping in mind there is the possibility of some large capital outlay in the next 5 years. I think growing our fund balance and our budget stabilization should be a priority right now.

Ms. Morris said any money left at the end of this year you can earmark it to go into the budget stabilization fund instead of the fund balance.

Supervisor Yoder said we really do have some good department heads.

Ms. Morris concurred that everyone is very conscientious.

Supervisor Yoder said our constitutional officers, we have a really good group right now, very dedicated to public county work. It is not just about them. We are certainly blessed.

On a motion of Supervisor Turman, seconded by Supervisor Gerald, and carried, it was resolved to approve the FY17 budget as presented in the amount of \$33,988,970.00; tax rates to be set at \$0.55/\$100 for real estate, personal property tax at \$2.95/\$100, machinery/tools at \$1.55/\$100, public service corporation at \$0.55/\$100, merchants capital at \$3.50/\$100, and mobile homes at \$0.55/\$100.

Supervisor Gerald – aye
Supervisor Kuchenbuch – aye
Supervisor Yoder – no
Supervisor Turman – aye
Supervisor Clinger – aye

Chairman Clinger asked Ms. Morris to inform departments that the budget has been passed and contracts can be issued.

Ms. Morris replied that she would do so. She reminded the Board that they would need to appropriate the budget at the July Board meeting. She asked how they wanted to do the appropriation? She reminded them they had been doing the appropriation on a six-month basis.

Ms. Ryan explained the effect of the six-month appropriation on the school system. It is difficult to administer and does not provide additional control. Most employees are on a 10-

month contract that starts September 1. There is never any problem of running out of expenditure authority in the first six months in any category at the school system except Technology. Most of their staff is on a 12-month contract and they are trying to buy all software and the equipment before school starts. So the only category that has an issue is Technology and for other categories it is no problem at all. With the school system accounting package each line of the budget has to be entered individually so a six month appropriation means this has to be done twice a year. Here at the County you enter all the information once and then enter a percent and it does it again for the second six months. At the school system a lot of time is spent on something that does not provide additional control.

Ms. Morris added that salaries are already set. Anything else they are buying above their authority has to come to the Board of Supervisors anyway.

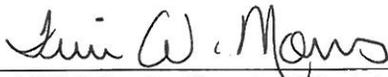
Chairman Clinger reminded everyone that there is a difference between a budget and an appropriation. A budget is a planning document that can go up or down. Once it is appropriated you can't change any of those categories. As long as you understand that once it is appropriated you can't control it any more for that year, except for increased revenue or expenditure requests.

Supervisor Yoder said he was of the opinion that it should be discussed in the budget process rather than after the budget. In the two years we have done the six months, we never discussed it again anyway. I would be in favor of a 12 month appropriation.

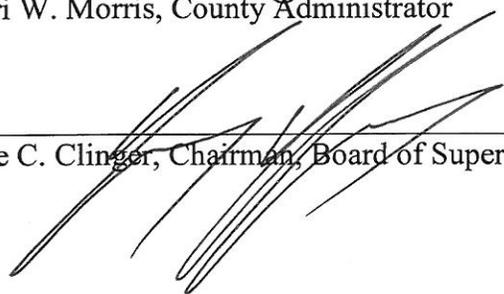
Ms. Morris said she would bring that resolution to the Board in July.

Chairman Clinger said there is a consensus to go with a 12 month appropriation.

On a motion of Supervisor Kuchenbuch, seconded by Supervisor Gerald, and carried, it was resolved to adjourn to Tuesday, June 28, 2016 for a regular meeting at 7:00 p.m.



Terri W. Morris, County Administrator



Case C. Clinger, Chairman, Board of Supervisors