

VIRGINIA: County of Lee, to-wit:

At the Special Called Meeting of the Lee County Board of Supervisors in the Conference Room of the Lee County Courthouse on August 8, 2017 at 5:00 p.m. thereof.

MEMBERS PRESENT: D. D. Leonard, Chairman
Nathan Cope
Charles Slemp, Jr.
Robert Smith

MEMBERS ABSENT: Larry Mosley

OTHERS PRESENT: Dane Poe, County Administrator
Jeny Hughes, Administrative Assistant
Stacy Estep Munsey, County Attorney

OTHERS ABSENT: None

MEETING CALLED TO ORDER

The meeting was called to order at 5:09 p.m.

BOND ISSUE FOR SCHOOL FACILITIES CONSTRUCTION

Mr. Poe reported he has ran some numbers on the potential cost of servicing a bond in the requested amount of \$65,773,500.

The County's total 2015 – 2016 taxable real estate assessed value was \$894,666,051. A 93 % collection rate has been used based on a 10-year average. Based on these figures, a 1¢ increase in the real estate tax rate would yield \$83,204. The current real estate tax rate is \$.6187 per \$100 of assessed value.

For the debt service cost, Mr. Poe assumed a 30 year term for both a 2 ½% and 3 ½% interest rate. The actual rate would be determined by the County's bond rating and the market at the time of issue. The debt service costs and tax increases needed to fund it would be as follows:

Bond Issue	Term	Interest Rate	Annual Debt Service	Tax Rate Increase	% of Increase
\$65,773,500	30 yr.	2.50%	\$3,118,618.08	\$.3748	60.58%
\$65,773,500	30 yr.	3.50%	\$3,544,228.92	\$.4260	68.85%

This example was built on a real estate tax increase only. If personal property and machinery and tools tax rates were increased, the increase in real estate could be reduced. A 1¢ increase in the personal property and machinery and tools tax rate would yield approximately \$17,600.

This also assumes there will be no other funds available to service this debt. The School Board has indicated they should be able to obtain considerable operating savings with fewer buildings to operate and maintain. The actual amount of savings has not been projected.

He added that there is also potential Corp of Engineer funds available since there are two schools in flood plains. A letter has been drafted to see if the County would qualify for any funding but that would not be taken up until the new Federal Budget Year, which begins in October.

Mr. Cope stated that he has looked over these figures and at the 2.5% interest rate the total loan payback would be roughly \$94,000,000 and the 3.5% interest rate would be roughly \$106,000,000. He recommends seeing what funding would be available through the Corp of Engineers before making a decision that would increase taxes.

Mr. Slemph asked what the tax rate is now.

Mr. Poe state that it is .6187 and added that there is an 81-day waiting period for a bond referendum to be added to the ballot so the deadline to get it on the upcoming general election would be August 18, otherwise it would have to be a special election. If this does go to ballot and does pass, it does not obligate the Board to issue the bond.

Mr. Slemph asked if the vote could prevent the Board from getting the bond.

Mr. Poe stated that if the vote does not pass the Board could not issue the bond.

Mr. Cope stated that there would be \$40,000,000 in interest charges and having to increase taxes so much would also affect local businesses.

Mr. Poe stated it could be two or three years down the road before knowing if the Corp of Engineers would fund anything.

Mr. Smith stated that his concern is the public not knowing what they are voting on, they just know they are voting for the schools.

Brian Austin, School Superintendent, stated that if the County were to wait the two or three years before getting an answer from the Corp of Engineers, that would put building the facilities five to six years out. Some of the buildings may not last that long. He added that the School Board would make sure the community will know the details prior to the election and if the Board of Supervisors votes no on this, the School Board will have to go back and start all over with the plans.

Mr. Slemph stated that the people should be given a chance to vote on this.

Mr. Austin stated that the School system is locally funded at the minimum amount and the School Board has submitted a request to the State that would allow some state and federal funds to be used for debt service.

Mr. Cope stated that some schools are way behind on upgrades, but it is hard to take 80 years of neglect and do it all at once. If the County has to increase taxes, Lee County would have the highest tax rate this side of Martinsville which could keep new business from coming in.

Mr. Smith stated that only 29% of Lee County citizens own real estate and those people would be the ones hit with a tax increase.

Mr. Austin stated that all of the school buildings are in need of repair.

Mr. Smith stated that something does need to be done, and he is for getting it on the ballot to let the public decide, but that is a high tax increase for only 29% of the County.

Mr. Leonard stated that the people would let the Board know if they can afford it.

Mr. Smith asked that the people see the figures prior to the election.

Mr. Poe gave the Board a copy of a letter drafted to the Corp of Engineers requesting a flood plain study.

It was moved by Mr. Cope, seconded by Mr. Leonard, to submit the letter to the Corp of Engineer. Upon the question being put the vote was as follows.

VOTING AYE: Mr. Cope, Mr. Leonard, Mr. Slemp, Mr. Smith

SOLID WASTE DEPARTMENT PERSONNEL MATTER

Mr. Poe stated that the employee hired on July 19 did not show for work and has failed to return any of his phone calls. Mr. Poe has contacted the second choice and the individual is no longer interested in the job. Mr. Poe is requesting permission from the Board to go to the next person on the list.

HIRING OF GENERAL LABORER

It was moved by Mr. Cope, seconded by Mr. Leonard, to hire Leslie Langley as General Laborer at the Transfer Station at the annual salary of \$22,280.00. If Mr. Langley does not accept, Mr. Poe can go to the next person on the list. Upon the question being put the vote was as follows.

VOTING AYE: Mr. Cope, Mr. Leonard, Mr. Mosley, Mr. Slemp, Mr. Smith

SURPLUS PROPERTY BIDS

Mr. Poe stated that this was not one of the reasons for the Special Called Meeting, and since all five members are not present this item cannot be taken up at this time.

It was moved by Mr. Cope, seconded by Mr. Leonard, to adjourn. Upon the question being put the vote was as follows.

VOTING AYE: Mr. Cope, Mr. Leonard, Mr. Slemph, Mr. Smith

CHAIRMAN OF THE BOARD

CLERK OF THE BOARD