

May 31, 2016

At the special meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Tuesday, the 31st day of May, 2016, at 7:00 p.m., there were present:

Pattie Cooper-Jones

Calvin L. Gray

Robert M. Jones

Odessa H. Pride

Howard F. Simpson

C. Robert Timmons, Jr.

Jerry R. Townsend

Jim R. Wilck

Also present: Wade Bartlett, County Administrator.

Chairman Simpson called the meeting to order. Supervisor Townsend offered the invocation and led the Pledge of Allegiance.

In Re: Review FY17 Budget Contributions to Outside Agencies

Chairman Simpson stated the Board would begin a review of the list of outside agencies and the donations.

Supervisor Timmons questioned the intent of the review.

Chairman Simpson stated several organizations have questioned the funding cuts to their organizations; in reviewing these, several may be funded.

Supervisor Timmons made a motion, seconded by Supervisor Wilck, to table this review to allow the Board to complete the initiative that was agreed upon whereby the Board will identify and define what the government's role is in the contributions and what criteria each organization should meet prior to receiving funding from the County, and to establish accountability criteria to allow an understanding of where the money is going, and to complete this task within the next 30 days to allow any adjustments to be made prior to the new fiscal year.

Chairman Simpson stated he wished to review those organizations that were cut.

Supervisor Townsend asked that once the criteria are established, if the organization meets the criteria, will the Board make a contribution or wait until the next fiscal year. Supervisor Timmons stated the Board needs to set the policy and then determine if the organization meets the criteria, how much the County wishes to contribute. If the organization does not meet the criteria, leave funding in place this year but if the organization does not meet the criteria, then it would not be funded next year.

Supervisor Jones asked how will this affect the budget. Mr. Bartlett stated the Board can approve a budget amendment; he said there are a few that may be adjusted depending on the amount.

Chairman Simpson stated Mr. Bartlett had reported there was money coming in that would cover the expenses if the Board went back and put it in. Mr. Bartlett said there are a few that could be adjusted; it would depend on the amount. Mr. Bartlett asked the Board to remember they already adjusted the budget over \$300,000 for the schools which doesn't allow much leeway without using the County's reserves. He said it would also provide time to see how revenues come in throughout the end of the year. He said that while it is near the end of the year, some of these revenues are moved back because of County procedures; funds are received through August.

Chairman Simpson stated Mr. Bartlett told him two hours prior to the meeting that \$37,805 could be put back in that was cut out of the donations. He said the last time it was worked on, there were three different items that were coming in with money that amounted to approximately \$40,000, and Mr. Bartlett had said the Board could take the \$37,800 out of that with no problems.

Supervisor Timmons stated the donations that were cut add up to approximately \$61,000.

Chairman Simpson said he has stuff added in. He then asked Supervisor Timmons if he has been on the Board for three years working on the budget, and asked why he hadn't questioned all of this before now.

Supervisor Timmons stated that he has been trying to establish a policy on the Board's giving for the past three budgets that he's worked on. He said this past time in the retreat and work session that the Board participated in, the entire Board unanimously agreed that the contributions be defined. He added he tried to get that accomplished before this budget; it didn't happen but the Board did discuss that immediately

following the budget, this discussion would take place. Supervisor Timmons challenged the Board to complete this in the next 30 days. Discussion followed.

Supervisor Pride stated the process will add merit to the Board. She explained she received many calls from citizens and has received information that will help her make better decisions.

Supervisor Timmons called for the question.

Chairman Simpson repeated Supervisor Timmons' motion, seconded by Supervisor Wilck, to table this review to allow the Board to complete the initiative that was agreed upon whereby the Board will identify and define what the government's role is in the contributions and what criteria each organization should meet prior to receiving any funding from the County, and to establish accountability criteria to allow an understanding of where the money is going, and to complete this task within the next 30 days to allow any adjustments to be made prior to the new fiscal year; the motion carried:

Aye:	Pattie Cooper-Jones	Nay:	Howard F. Simpson
	Calvin L. Gray		
	Robert M. Jones		
	Odessa H. Pride		
	C. Robert Timmons, Jr.		
	Jerry R. Townsend		
	Jim R. Wilck		

After some discussion, a meeting to discuss the criteria was scheduled for Thursday, June 9, 2016 at 6:00 p.m. in the Board of Supervisors Room.

In Re: Request from Ferrum College

Mr. Bartlett stated he received correspondence from the Vice President for Business and Finance for Ferrum College and their financial advisors requesting assistance in the issuance of \$9,900,000 of Bank Qualified Bonds for the College. The College's host County (Franklin) and a neighboring County (Floyd) usually assist the College in such endeavors but are unable to do so this year due to their own bond requirements; 501(c)(3) organizations are required to issue bonds through a governmental entity in order to borrow in a tax-exempt basis. This is a common practice in Virginia. Typically, that is accomplished through an IDA, like the one in Prince Edward County. In addition, Section 265(b) of the Internal Revenue Code,

often referred to as bank-qualified or “BQ” designation of bonds, is used to provide a lower interest rate to the borrower. Under this exemption, the County / IDA, not the 501(c)(3) beneficiary, could issue on behalf of a not-for-profit and designate up to \$10 million aggregate principal amount of its governmental obligations allocation for 501(c)(3) organizations as BQ bonds each calendar year.

Prince Edward County has allowed our annual BQ Bond allotment to be used by other entities in the past. Most recently, Prince Edward County allowed Hampden-Sydney to use the allotment to build their Library. The IDA charges Hampden-Sydney \$1,000 each year for the administration of the Bond. The IDA does not receive any notices of payment nor have any other Bond management activities except for an annual Bond affidavit. The IDA is permitted to charge Ferrum an annual fee of up to one-eighth of one percent of the outstanding principal balance of the bond (\$12,375 for \$9.9M).

To cover a locality’s lack of liability for bonds that an IDA might issue for Ferrum or any other not-for-profit, Section 15.2-4909 of the Industrial Development and Revenue Bond Act of the *Code of Virginia* provides that any bond issued by an IDA must specifically state that neither the Commonwealth nor any political subdivision thereof (Prince Edward County) nor the IDA shall be obligated to pay the bond except from revenues pledged therefor (in this case, debt service payments specifically to be made by Ferrum). That section likewise provides that the directors of the IDA won’t be personally liable on the bond. This language is put into the *Code of Virginia* to make it clear that a local government and IDA that assists a 501(c)(3) has no legal responsibility on the debt, thus there would be no risk or obligation for either the IDA or the County.

After some discussion, the Board concurred and presented no objections to the Prince Edward County IDA’s assistance in the issue of \$9,900,000 of Bank Qualified Bonds for Ferrum College.

On motion of Supervisor Cooper-Jones, seconded by Supervisor Townsend, and adopted by the following vote:

Aye:	Pattie Cooper-Jones	Nay: None
	Calvin L. Gray	
	Robert M. Jones	
	Odessa H. Pride	
	Howard F. Simpson	
	C. Robert Timmons, Jr.	
	Jerry R. Townsend	
	Jim R. Wilck	

the meeting was recessed at 7:25 p.m. until Wednesday, June 8, 2016 at 6:00 p.m. for a Joint Public Hearing with Town Council in the Farmville Town Council Chambers.