

The Smithfield Town Council held its regular meeting on Tuesday, July 5th, 2016. The meeting was called to order at 7:30 p.m. Members present were Mr. T. Carter Williams, Mayor; Mr. Andrew Gregory, Vice Mayor; Ms. Connie Chapman, Dr. Milton Cook, Mr. Michael Smith, Mrs. Denise Tynes, and Mr. Randy Pack. Staff members present were Mr. Peter M. Stephenson, Town Manager; Mrs. Lesley King, Town Clerk; Ms. Ellen Minga, Town Treasurer; Ms. Amy Musick, Smithfield Center Director; Lt. Matt Rogers, Smithfield Police Department; Sgt. Bryan Miller, Smithfield Police Department; Mr. Kurt Beach, Smithfield Police Department; Mr. William H. Riddick, III, Town Attorney; and Ms. Judy Winslow, Director of Tourism. There were approximately five (5) citizens present. The media was represented by Mr. Matt Leonard of The Smithfield Times and Ms. Reema Amin of The Daily Press.

Mayor Williams – Good evening ladies and gentlemen. Welcome to the Smithfield Town Council meeting of July 5th, 2016. It is now 7:30 p.m. Thank you all for coming out tonight. We certainly do appreciate it. We will start the night off with the Pledge.

All present stood and recited the Pledge of Allegiance to the Flag.

Mayor Williams – The first order of business tonight is the swearing-in of the re-elected Town Council members and a new picture will be taken of the Town Council. With us tonight is Ms. Sharon Jones of the Isle of Circuit Court to do the swearing-in.

Ms. Sharon Jones – Good evening. Would Mr. Randy Pack, Mr. Michael Smith and Mrs. Denise Tynes join me out front here? Although you were re-elected you must be sworn-in again to continue doing the great job that you are doing. Please raise your right hand and repeat after me: 'I do solemnly swear that I will support the Constitution of the United States and the Constitution of the Commonwealth of Virginia and I will faithfully and impartially discharge all duties incumbent upon me as a member of the Smithfield Town Council for the term beginning July 1st, 2016 according to the best of my abilities, so help me God.' Congratulations.

Mayor Williams – I would like to welcome tonight Mr. Bill Davidson who is our Planning Commission Chairman and Mr. Rick Bodson who is an important part of us. He checks up on us and gives his opinion to us all the time. We appreciate you, Mr. Bodson. Thank you all for coming out tonight. We will start our meeting tonight with the Informational Section with the Election of Mayor and Vice Mayor Positions. I will turn the meeting over to the Town Attorney, Mr. William H. Riddick, III.

Town Attorney – Members of Town Council, it is a new Town Council so it is appropriate to elect a new Mayor and Vice Mayor. The floor is open for nominations for Mayor of the Town of Smithfield.

Councilwoman Tynes – Attorney Riddick, I would like to nominate Mr. Carter Williams.

Town Attorney – Mr. Carter Williams has been nominated. Are there any other nominations? Hearing none, the nominations are closed. All those in favor of electing Mr. Carter Williams as the Mayor of the Town of Smithfield say aye. All opposed say nay.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Vice Mayor Gregory voted aye, Mayor Williams abstained, Councilman Pack voted aye, Councilwoman Tynes voted aye, Councilwoman Chapman voted aye, and Councilman Smith voted aye. There was one abstention. The motion passed.

Town Attorney - Mr. Williams, you have been re-elected as Mayor. The floor is now open for nominations of Vice Mayor.

Councilwoman Tynes – Attorney Riddick, I would like to nominate Mr. Andrew Gregory for Vice Mayor.

Town Attorney – Mr. Andrew Gregory has been nominated. Are there any other nominations? Hearing none, the floor is closed. All those in favor of electing Mr. Andrew Gregory as Vice Mayor say aye. All opposed say nay.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Vice Mayor Gregory abstained, Mayor Williams voted aye, Councilman Pack voted aye, Councilwoman Tynes voted aye, Councilwoman Chapman voted aye, and Councilman Smith voted aye. There was one abstention. The motion passed.

Town Attorney - Mr. Andrew Gregory, you have been re-elected as Vice Mayor. Mayor Williams, the meeting is yours again.

Mayor Williams – Thank you very much, sir. I would like to thank you all for your support. We have had a rough year with a lot of controversy but we got through it. I want to thank everybody again for all of the support you have given me. I will continue to do as good as I can do for the next two years. Thank you very much. We will now move on to the Manager's Report. We will have the June Activity Report from our Town Manager, Mr. Peter Stephenson.

Town Manager – Thank you, Your Honor. I am going to keep it brief because we do have a presentation and a proclamation coming up here shortly. Just a note for the month ahead, we have a Pinewood Heights Management Team meeting next Tuesday at 4:00 p.m. here at the Smithfield Center followed by a Planning Commission Meeting at 6:30 p.m. on July 12th. We will have the Board of Historic and Architectural Review meeting on July 19th. We do not have a Board of Zoning Appeals meeting this month. The Town Council Committee meetings will be on July 25th and 26th beginning at 4:00 p.m., each day, here at the Smithfield Center. Thank you to everyone that was involved in the successful fireworks display on behalf of the town and county. It was a great evening and thankfully went well despite the weather we had all weekend. It was very nice. That is all, Your Honor.

Mayor Williams – Thank you very much. Are there any questions for Mr. Stephenson from Council? Hearing none, we now move to Public Comments. The public is invited to speak on anything that they would like to tonight. Remember, you have five minutes at the podium if you come forward. We have no sign ups; but would anybody else like to come forward even if you have not signed up. You are certainly welcome to come up. Seeing none, we will close the public comments and move to a Briefing by Board of Supervisor Representative, Mr. Richard Grice. He is not here tonight so we will move on to item B. It is a Proclamation Supporting National Night Out with Ms. Connie Chapman.

Councilwoman Chapman – Thank you, Mayor. We have a proclamation for the Smithfield Police Department supporting National Night Out 2016.

WHEREAS, the National Association of Town Watch (NATW) is sponsoring a unique, nationwide crime, drug and violence prevention program on Tuesday, August 2nd, 2016 called “National Night Out”; and

WHEREAS, the “33rd Annual National Night Out” provides a unique opportunity for Smithfield, Virginia to join forces with thousands of other communities across the country in promoting cooperative, police-community crime prevention efforts; and

WHEREAS, Smithfield Community Crime Prevention (S.C.C.P) Team and the Business and Neighborhood Watch programs play vital roles in assisting the Smithfield Police Department through joint crime, drug and violence prevention efforts in Smithfield and is supporting “National Night Out 2016” locally; and

WHEREAS, it is essential that all citizens of Smithfield, Virginia be aware of the importance of crime prevention programs and the impact that their participation can have on reducing crime, drugs and violence in Smithfield; and

WHEREAS, police-community partnerships, neighborhood safety, awareness and cooperation are important themes of the “National Night Out” program;

NOW, THEREFORE WE, THE SMITHFIELD TOWN COUNCIL MEMBERS, do hereby call upon the citizens of Smithfield to join the Smithfield Police Department, the S.C.C.P. Team, in supporting the “33rd Annual National Night Out” as “NATIONAL NIGHT OUT” in Smithfield, Virginia.

Mayor Williams – Thank you, Ms. Chapman. We now move to item C, which is a Presentation by Isle of Wight TRIAD and S.A.L.T. Council. We have with us Mr. Kurt Beach.

Mr. Beach – Good evening. First, I would like to thank the Mayor, members of the Smithfield Town Council, Town Manager Stephenson, and the Smithfield Center Director, Amy Musick. I appreciate this opportunity to recognize the faithfulness of the Town of Smithfield and the Smithfield Center for their support of the Isle of Wight County TRIAD Senior Crime Prevention Program. I am presently the secretary for the S.A.L.T. Council which is an acronym for Seniors and Law Enforcement Working Together. I am representing the S.A.L.T. Council and we are pleased to come here tonight to recognize the town. I would like to share some history and a short tribute about the Isle of Wight County TRIAD organization. TRIAD was the first official Senior Crime Prevention Program established in Isle of Wight County through a cooperative agreement drawn by the Attorney General of Virginia; who at that time, was the Honorable Mark Early and in unity entered into by Isle of Wight County and both the Towns of Smithfield and Windsor. The ceremony was conducted on March 18th, 1998, at the newly constructed Covenant Place Senior Community Apartments located on Cedar Street. Former Mayor, James B. Chapman, signed the preamble and statement of agreement representing the interest of the senior citizens of Smithfield. Since that time, the Town of Smithfield’s support and provisions of the TRIAD program has been steadfast even through the hard times. That is over eighteen (18) years. We are thankful. Because of the town’s unwavering commitment, the Isle of Wight County TRIAD is established as one of the Commonwealth’s finest TRIAD Charters; meeting

the needs of hundreds of seniors in this community each year with up-to-date quality crime prevention programming. Our most effective and significant event takes place right here at the Smithfield Center. Annually, hundreds of seniors converge at the Smithfield Center for the most anticipated and popular Annual TRIAD Conference. Without the generosity of this Town Council and the amazing management and hardworking staff of the Smithfield Center, this would not be possible. Therefore, tonight the members of the Isle of Wight TRIAD S.A.L.T. Council would like to humbly acknowledge the excellence of both the Town Council of Smithfield and the management and staff of the Smithfield Center by presenting you with the Marvin Hoffler Certificate of Excellence; in memory of the excellent spirit that was so graciously exhibited by our dearly departed friend and colleague, Marvin Hoffler. He passed away on March 18, 2016 exactly eighteen (18) years from the date TRIAD was founded in Isle of Wight County. Mr. Mayor and Ms. Musick, would you join me here at the podium. First, I would like to recognize the Town of Smithfield with the Marvin Hoffler Certificate of Excellence. Since March 18th, 1998 the Isle of Wight S.A.L.T. Council does hereby recognize the many contributions, services, and physical support that the Town of Smithfield has made on behalf of the senior citizens of Smithfield and Isle of Wight County. Thank you Mr. Mayor.

Mayor Williams – Thank you.

Mr. Beach – Also, we would like to recognize the Smithfield Center. Since May of 2000, the Isle of Wight County S.A.L.T. Council does hereby recognize the many contributions and professional services made on behalf of the senior citizens of Smithfield and Isle of Wight County, Virginia. Thank you, Ms. Musick.

Ms. Musick – Thank you.

Mr. Beach – I appreciate this opportunity, Mr. Mayor, Town Council, Town Manager Stephenson, and Ms. Musick. Thank you so much. I appreciate it very much. We will continue to work very hard for the seniors of this community and do the best we can. Thank you.

Mayor Williams – Mr. Beach, we want to thank you for all your hard work through the years. We know that you put a lot into it. It does not happen in just a week or two weeks. It is all year long. It is a lot to put together and we recognize that fact and you do a wonderful job. Thank you.

Mr. Beach – Thank you.

Mayor Williams – Our next item is Council Comments. Does any Council member have any comments?

Councilwoman Tynes – I have a couple of comments tonight. Today, I had a couple of citizens, tell me that they were proud of the Smithfield Police Department. They actually told me why they said that. One of them had someone that they were close to that was involved with law enforcement, not with the Smithfield Police Department, and it did not work out so well as far as confidentiality. They knew that they had also had some dealings with the Town of Smithfield officers and those things that were supposed to be left confidential were left confidential. I am just telling you what they said. They said that the Smithfield Police Department is doing a good job and they are very proud of them. I just wanted to let everyone know and thank you very much. The citizens can go out and you are doing what you are supposed to be doing. If things are supposed to be confidential then they are supposed to be confidential. You are not even supposed to tell your wife or your mama. Thank you very much. The next thing I wanted to say, last month on June 22nd, I attended the regional supper sponsored by Virginia Municipal League (VML) in Suffolk that we were all invited to attend. In the regional meeting, they discussed several things and I just wanted to tell you one of the major things that were discussed was funding for local and regional transportation projects. They had Mr. Kevin B. Page, Executive Director of Hampton Roads Transportation Accountability Commission; Mr. Robert Crum, Executive Director of Hampton Roads Planning District Commission; and Mr. Brain Solis, Transportation and Transit Planning Manager for the City of Virginia Beach. All of these gentlemen spoke and gave everyone a package. I will sum up what was discussed. The state has allotted about seven hundred million (\$700,000,000.00) dollars for the Hampton Roads regional connections. These are the projects that are going forward: I-64 Peninsula widening, segment 3, \$145,000,000.00 was pledged; I-64 Peninsula widening, segment 1, fully funded, under construction, \$44,000,000.00; US Route 460/58/13 connector, engineering phase, \$5,000,000.00; I-64 Southside widening, high rise bridge, phase 1, six lane option, fully funded, \$600,000,000.00; I-64 Peninsula widening, segment 2, fully funded, contract awarded January 2016, \$213,000,000.00; Hampton Roads Crossing Study is ongoing at \$5,000,000.00; I-64/I-264 interchange improvements, phase I fully

funded, phase 2 right-of-way, \$207,000,000.00. So when you are traveling around Hampton Roads sometimes, you think you are right here in this little Town of Smithfield. If you ever get an opportunity to get near I-64 or, as I call them, the little babies on the side sometimes it can be bottled up. This time of year you should always check to find out what is going on the James River Bridge because it is just as important in Isle of Wight County. If the Monitor Merrimac is shut down that means that it is going to impact Isle of Wight County because traffic is coming Route 17 across the James River Bridge. The state of Virginia is trying very hard to alleviate a lot of traffic problems that we are having. It looks like, sometimes, they are slow but the money is going there. This is why I like attending these regional meetings because I learn about these things. Just because we are the little Town of Smithfield, we need to know these things because we are a part of Hampton Roads. The last thing that I want to share with you from the regional supper is that the Institute for Local Officials will be held July 22nd and 23rd, 2016 at the Hilton Richmond Downtown, 501 East Broad Street. Topics of discussion will be fundamentals of serving as a Council member, making the most of meetings, budgeting, Freedom of Information Act, Conflicts of Interest Act, interacting with constituents, basic law making, Dylan rule, and public officials liability. I know that sometimes we will say that we already did those but we do not have new members coming on tonight. Normally, for new members, it is mandatory that they attend these meetings; but sometimes you may want a refresher course. A lot of things changed, especially with the Freedom of Information Act. If you want to go for a refresher course she does not think the Town Clerk will have a problem registering you if you would like to attend one of these sessions. That is all I would like to say. Thank you, Mayor.

Mayor Williams – Thank you Mrs. Tynes. We appreciate you. Do any other Council members have any comments? Hearing none, we now move to the consent agenda items. We have eight (8) items on the consent agenda tonight. Would any Council member like to pull any of these items for further discussion? I would like to pull C8. Are there any others? Hearing none, we will start with consent agenda items. First, we have Finance Committee Chairman, Mr. Randy Pack.

Councilman Pack – Finance Committee Summary. Thank you, Mr. Mayor. I will take the first four items tonight. The first item is invoices over \$10,000.00 requiring Council authorization of which we have three. The first is to Blair Brothers, Inc. for

\$136,669.00. This covers the re-paving of Goose Hill Way and Red Point Drive. Both have been completed and are recommended for approval this evening. The second invoice is to Kimley-Horn Associates for \$23,976.74. This is for various invoices over the last billing cycle. The final invoice is from J and B Hartigan for \$23,116.08. This is the final on the new Police Evidence Storage building. We did get to tour the building and it is looking very nice. There will be just another small bill for the replacement door motors. This will complete the Police Evidence Storage building at least from a capital prospective. The second item that we have this evening is a motion to adopt an appropriation resolution to carry forward funds and restricted funds that were appropriated in FY 2015/2016. This is tab number two (2) in your agenda packet. Specifically, money from the Pinewood Heights Relocation project, ballfield professional fees, and police vehicle and police motorcycles which is \$411,027.00 combined and, secondly, the Water Fund for Lumar Road Water Line Repair. We are recommending that these items be moved forward to the 2016/2017 budget that we passed at our continued Town Council meeting on June 27th. Item C3 is a motion to adopt appropriation resolution for funds for FY 2016/2017, effective July 1st, 2016. Again, this is tab three (3) in your packet. There is quite a few in here and rather than going through them the grand total is for \$16,337,916.00 for various projects that we need to appropriate this evening. Item C4 is a motion to amend the town's Pay and Classification Plan. This is also presented as tab four (4) in your agenda packet. We do recommend that all of these to be approved this evening. Thank you.

Mayor Williams – Thank you, Mr. Pack. We now move to C5, Parks and Recreation Committee Chair, Ms. Connie Chapman.

Councilwoman Chapman – Parks and Recreation Committee Summary. Thank you, Mayor. Tonight we have, item C5, a motion to approve the rate increases for the Smithfield Center venue. Ms. Musick did a recent rate study on local venues that offer like services. We found out that we are not only lower, we are considerably lower. So we propose that the standard rates be increased for Friday, Saturday, and Sunday events from \$1,800 to \$2,800. Weekdays will be increased from \$600 to \$800. The resident rate, which would apply to groups or individuals who have an address within the Smithfield/Isle of Wight area, would go from \$1,400 to \$2,000 for Friday, Saturday, or Sunday event. There would be no increase to the residential rate for weekdays,

Monday thru Thursday. As far as weddings go, the bride or groom must reside in Isle of Wight County to get the local resident rate. It cannot be a cousin, neighbor, friend, grandparent or anything. Ms. Musick explained that annual events on the books as of July 1st, 2016 will continue to be priced at the 2014 fee structure through 2018. Starting in 2019 anything that is an annual event will take on the new rate. We send this to Council for consideration to adopt the new rates.

Mayor Williams – Thank you, Ms. Chapman. We now move on to Public Buildings and Welfare Committee Chairman, Dr. Milton Cook.

Councilman Dr. Cook – Public Buildings and Welfare Committee Summary. Thank you, Mr. Mayor. Tonight, we have two (2) items on the agenda from the Public Buildings and Welfare Committee. The first item is a motion to authorize the Town Manager to advertise a Request for Proposals (RFP) for the relocation of the Wombwell house. We are enlisting offers for someone to buy the Wombwell house for a great price and to move it, at their expense, to a place of their choosing. The RFP is included in our packets. Also, we have a motion to accept the deeds for 110 and 111 Carver Avenue from Phase II of the Pinewood Heights Relocation Project and 38 Jamestown Avenue of Phase III of the Pinewood Heights Relocation Project. So this month, we are getting three (3) properties off the table for the Pinewood Heights Relocation Project.

Mayor Williams – Thank you, Dr. Cook. We have items C1 thru C7, do I hear a motion?

Councilman Dr. Cook – Mr. Mayor, I make a motion that we approve the consent agenda items C1 thru C7.

C1. Invoices Over \$10,000.00 Requiring Council Authorization:

a. Blair Brothers, Inc.	\$136,669.00
b. Kimley Horn Associates	\$ 23,976.74
c. J and B Hartigan	\$ 23,116.08

C2. Motion to Adopt Appropriation Resolution to Carry Forward Funds and Restricted Funds Appropriated in Fiscal Year 2015/2016

C3. Motion to Adopt Appropriation Resolution for Funds for Fiscal Year 2016/2017, Effective July 1st, 2016

C4. Motion to Amend the Town's Pay and Classification Plan

C5. Motion to Approve the Rate Increase for the Smithfield Center Venue

C6. Motion to Authorize the Town Manager to Advertise a Request for Proposals (RFP) for the Relocation of the Wombwell House.

C7. Motion to Accept Deeds for 110 and 111 Carver Avenue as part of Phase II of the Pinewood Heights Project and 38 Jamestown Avenue as part of Phase III of the Pinewood Heights Relocation Projects

Vice Mayor Gregory – Second.

Mayor Williams – A motion has been made and properly seconded. Roll call vote.

On call for the vote, seven members were present. Councilman Smith voted aye, Councilman Dr. Cook voted aye, Councilman Pack voted aye, Councilwoman Chapman voted aye, Vice Mayor Gregory voted aye, Councilwoman Tynes voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – We now move to item C8 that I pulled from the consent agenda. This is a Motion to Approve the Amendment to the Town Manager's Annual Employment Contract. Did you all get this? It came out this morning. I do not know if all of you read it or not but I will go over the highlights. This is the sixteenth amendment to that certain agreement dated June 6, 2000 for our Town Manager. The town agrees to pay the Town Manager \$113,378.69. The town agrees to grant the Town Manager vacation leave, sick leave and holidays in accordance with personnel policies that we already have in place for all the personnel throughout the town. The town also agrees to budget for and pay the travel expenses for the Annual Conference of the International City Management Association, the State League of Municipalities and other national, regional, state and local government groups and committees. Meetings and occasions outside the Commonwealth of Virginia shall be subject to prior approval by the Finance Committee of the Town Council. The Town Council does hereby approve the payment of travel for the International City Management Association (ICMA) Annual Conference in Kansas City, MO and the American Planning Association National Planning Conference in New York, NY. The effective date of these changes to the agreement shall be, three days ago, July 1st, 2016. Is there any further discussion? Are there any comments from Council?

Vice Mayor Gregory – Mr. Mayor, I make a motion that Item C8 be approved.

Councilwoman Tynes – Second.

Mayor Williams – A motion has been made and properly seconded. Is there any further discussion? Hearing none, roll call vote.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Councilman Pack voted aye, Councilwoman Tynes voted aye, Vice Mayor Gregory voted aye, Councilwoman Chapman voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – We now move to the Action Section. We move to Mr. Pack followed by the Town Treasurer, Ms. Ellen Minga, with a Motion to Authorize the Town Treasurer to Obtain Loan Financing.

Councilman Pack – Very good. Thank you, Mr. Mayor. As this Council is well aware, and hopefully most of the public, the town is seeking financing for five million (\$5,000,000.00) dollars for various projects throughout the town which we have documented and shown a need for. We have a relationship with two (2) banks. We have a relationship with Farmers Bank and we have a relationship with TowneBank; both of which have bid on this. We talked about this quite a bit during our Finance Committee. Since committee, a week ago, we have received revised rates, in our favor, to look at today. The Town Treasurer provided you with what you have before you which are some revised rates. The good news is when we left committee we had, in theory, recommended approval for a Farmers Bank non-revolving line of credit for five million (\$5,000,000.00) dollars with a ten (10) year fixed, fifteen (15) year amortization with an interest rate of two (2%) percent and a fee of twelve thousand, five hundred (\$12,500.00) dollars. We asked the Town Treasurer if she could work on that a little bit for us; more specifically the removal of the fee. Farmers Bank came back with that same option and dropped the interest rate to 1.9% and removed the fee, which brought us to an annual payment of three hundred, eighty-six (\$386,000.00) dollars from three hundred, eighty-nine thousand (\$389,000.00) dollars. It will save us roughly thirty-six thousand (\$36,000.00) dollars a month with no fees. The fee was for twelve thousand, five hundred (\$12,500.00) dollars. That is a nice fifty thousand (\$50,000.00) dollar savings, give or take, in the first year and then thirty-six thousand (\$36,000.00) dollars each year after that. TowneBank also has revised, and has since revised again, since this document was prepared. TowneBank is offering up to five million, five hundred thousand (\$5,500,000.00) dollars; but for all intense and purposes, the Town Treasurer

calculated all of this on five million (\$5,000,000.00) dollars so we are comparing apples to apples. TowneBank has offered to match Farmers Bank and you are looking at a ten (10) year fixed, fifteen (15) year amortization with an interest rate of 1.9%, but there are two things to consider with TowneBank. First, they are trying to increase their business with the town. What they would like to do is split this loan with Farmers Bank at two million, five hundred thousand (\$2,500,000.00) dollars per bank. We have not discussed that with Farmers Bank and do not know if Farmers Bank would be okay with that or not. In doing so, TowneBank would also like to get to that rate of another one million (\$1,000,000.00) dollars of our funds. I have talked with the Town Treasurer and that is not super easy to do. If Council is willing to do that or wants to do that then I will let the Town Treasurer speak on that; but that is what they are kind of looking to do. One other thing that we really need to look at when we are looking at this is that TowneBank is a General Obligation Bond so there is quite of bit of closing costs involved. The Town Treasurer could probably speak on the number. Whereas, Farmers Bank is a non-revolving line of credit that is, essentially, unsecured which is quicker and easier to close and less cost. Our job, as a Finance Committee, is to look and see what is the best deal for the town. If you are looking strictly at the cost and ease of this loan; Farmers Bank is the one, hands down. They are the first one out here with an offer. They gave us a great deal from the get-go. What we were kind of thinking as a committee was that a ten (10) year fixed with a fifteen (15) year amortization was a good way to go. That is probably our cheapest and easiest route to go and that may be what we ultimately decide. I am not here to persuade a whole lot tonight at all. The benefit of splitting this loan with TowneBank is that it does balance our relationship a little bit with TowneBank. We have roughly nine million (\$9,000,000.00) dollars in deposits of which two million (\$2,000,000.00) dollars are at TowneBank and seven million (\$7,000,000.00) dollars are with Farmers Bank. One thing that TowneBank wanted to make sure that we were aware of is that most of the accounts at TowneBank are Money Market accounts which they have kept artificially high at .03% interest. I thanked them for that; but I still have a little bit of a struggle saying artificially high at .03%. Artificially high or not, it is still not a whole lot. So I will let the Town Treasurer speak a little bit to this. It is our job with this information to go back and hash it around. We have a lot of options here on the table. There are two (2) new options from Farmers

Bank and then there are additional options here from TowneBank. There are three (3) options from TowneBank depending on how we want to do this. A lot of these are dependent on whether we have additional deposit relationships with TowneBank or not. I will tell you that TowneBank is looking for additional deposit relationships with everyone that they are doing business with. I do not know the reasons behind that but they are looking to have more deposit money. I am sure to cross their bottom line some way or another. Ms. Minga, would you like to speak on this?

Town Treasurer – Well, when I first got the revised offers, I was not expecting TowneBank to ask for the additional deposit relationship because they did not indicate that in their original offer. As I told Councilman Pack earlier today, it kind of took me back a little bit because I was not expecting it. Looking at that, I did the same thing that you did and looked at what our cash balances are. As of the end of May, we had twelve million, one hundred thousand, four hundred ninety (\$12,100,490.00) dollars, basically, in all of our cash accounts. Of that amount, nine million, eight hundred-twenty thousand, nine hundred and seven (\$9,820,907.00) dollars was in Farmers Bank or roughly eighty-one (81%) percent. One of the reasons for that is because years ago we started out with Farmers Bank. We also had a relationship with what was the Bank of Isle of Bank which eventually closed. We have done banking RFP's. Most of our accounts that we have with TowneBank tend to be our Escrow Accounts. They are accounts where we do not move money around a lot, like the Water Capital Escrow, the Water Treatment Plant Escrow, Water Deposit, and Water Development accounts. All are types of Escrow Accounts. One of the main reasons is because they are not in the town limits. If it is an account that has a lot of activity or we need to make deposits frequently or move money around it was just easier to do it with Farmers Bank. One of the areas too though, we have CD's. We have five hundred twenty-six thousand, four hundred thirty-two (\$526,432.00) dollars in General CD's and thirty-six thousand, eight hundred and forty (\$36,840.00) dollars for a Police CD. When these come up for renewal, I always get quotes from both banks. Historically, Farmers Bank's rates have been a little bit higher and a little bit better for those CD's than what I have gotten from TowneBank. They are always very competitive, both of them. They are both great to work with. I am not really sure how I feel about splitting the loan. The option from Farmers Bank, if they are going to have exactly the same interest rate, is obviously a lot easier because when you have

a General Obligation Bond you have to have a closing attorney and you have to go through all that. There is lots of paperwork, lots of signatures. It is not an immediate thing, whereas the other one is fairly quick. We can start drawing the money within days. So, I guess, it is really your decision as far as how you want to pursue that. Like Mr. Pack said, we have lots of options on the table. Obviously, both banks really want our business. I am pleased to work with both of them. I find them both to be very accommodating and very anxious and willing to help us. I am not sure if there are any questions you have for me.

Councilman Pack – Probably lots of them.

Councilwoman Tynes – I just want to make sure that I heard you correctly. Farmers Bank, going through the procedure process, would be easier.

Town Treasurer – Yes, it is an unsecured loan, basically.

Councilwoman Tynes – Okay. I have said this before, year's back, when TowneBank came to us and we had Farmers Bank. Farmers Bank, again, is a local bank. It is here in the county. My concern is, I have always felt like, we should do business with our own. We have businesses here in the county and we always say to do business in town, do business in the county, or do business here with the businesses that we have here. I told someone that worked with TowneBank that I do not mind doing business with TowneBank. I do not mind doing business with any of those banks out there. I remember a few years back we asked the Town Treasurer to go out and check with some others because I actually brought up a credit union. Mrs. Minga brought back the reasons why and I understood that too. I said well, you know, TowneBank is not here. They are opening up branches all over Hampton Roads; but why not here. We have a lot of financial branches that have come into our county. TowneBank wants to do business with us but they do not want to come into our county. I have a concern with that. They came back with an answer that they are looking for some property or looking for a building. We have property all over the place. We have empty buildings too if you want to find one. So I think we should do business with the individuals that have been here for us. They are here with us. That is it, thank you.

Mayor Williams – Thank you, Mrs. Tynes.

Councilman Pack - Dr. Cook, did you have a comment?

Councilman Dr. Cook – Yes, about the cost for the closing.

Town Treasurer – That is just an estimate.

Councilman Dr. Cook – My question is, if we do the fully amortized over fifteen (15) years with a ten (10) year term, do you have to pay for another closing after that ten (10) year point. Say you go ten years and you want to extend it another five would you have to refinance it?

Town Treasurer – Right, if it is a General Obligation Bond then there probably would be additional fees. Yes.

Councilman Dr. Cook – The estimate of twenty-five thousand (\$25,000.00) dollars would probably be double that.

Councilman Pack – Yes.

Councilman Dr. Cook – So we are looking at estimates, of course this is today's dollar, who knows what it will be ten (10) years from now. It could be fifty thousand (\$50,000.00) dollars plus to do the General Obligation Bond.

Town Treasurer – Right.

Councilman Pack – If you are looking at a pure number standpoint, there is no question and maybe that is the best way to look at this. Option One (1), Farmers Bank non-revolving line of credit that is very smooth, very clean. Ten (10) years from now it does come to a balloon so you refinance or you pay it off. The balance at year eleven (11) would be \$1.8 million. The only reason we would want to consider TowneBank is if we are looking for an additional relationship. If we are looking for an additional relationship it looks like we are going to pay for it, a little bit, because we are going to pay at least twenty-five thousand (\$25,000.00) dollars at closing. Mrs. Tynes your point is well taken. I agree with you wholeheartedly. Banking is just a little bit different when you are trying to make sure you are able to get the best rate and you are dealing with two banks. No matter what decision comes out of this day, from where we were at committee, the real winner here is the Town of Smithfield because these two (2) banks are fighting for our business.

Town Treasurer – I will say this, when we did the RFP several years ago, these banks were definitely our top two (2) choices. TowneBank has always been very interested in, like you said, expanding their relationship with the Town of Smithfield. They have never made any secret of the fact that they would like it to be more of a fifty-fifty (50/50) split between what our deposits are with their bank compared to Farmers

Bank. Like I said, some of that is based on history, the types of accounts we had. We did have some Escrow Accounts with them for South Church Street and Windsor Castle and those projects are now gone. So the money has been disbursed. Also, as I mentioned about those escrow accounts, as development stopped; we still had to spend some money on some capital improvements and a lot of their escrow funds that we had really diminished. So the split has become more skewed than it was in the past. It was a lot closer to fifty-fifty (50/50) in the past. I do not think that it has ever been quite fifty-fifty (50/50), but it was at least sixty-forty (60/40) at one point in time. It is not that way anymore. I do want to say that they are both really, really good to work with. The only way I see, at this point, that we could give them another million (\$1,000,000.00) in banking relationship is to take money out of Farmers Bank and move it to TowneBank. I do not know how you all feel about doing that. There is nowhere else that we are going to pull a million (1,000,000.00) dollars to satisfy that requirement.

Councilman Dr. Cook – Mr. Pack is talking about developing another relationship with TowneBank and splitting the loan in half and give another million (\$1,000,000.00) dollar deposit to get the same rate. My question, with these rates and terms that we are seeing from these two banks, is this unique to those banks or could we have gone to a another financial institution and received rates similar to this? Are these rates so astronomically low because we have working relationships with them?

Town Treasurer – I think they are pretty good. I do not think we are going to get much better.

Councilman Dr. Cook – Is the relationship that we have with these banks the reason we are getting this low of rate of 1.9%?

Town Treasurer – The relationship helps. I have not looked at other banks for the simple fact that we did kind of concentrate our relationship here. We tend to look at either the local banks or those that are specific like VML/VACo; that we did the refinancing with. In this particular case when we are talking a lower level of money, it sometimes helps to be able to close it quickly and not have to have a General Obligation Bond.

Councilman Pack – Regardless how we go at it, a 1.9% rate is a government rate and they do not have to pay taxes on it; but it is about equivalent to a 3.95% home loan if you or I were to go out and get a home loan. That is a really strong loan rate today.

What really floors me is that on a 1.9% loan, the first year they have to hold 1% back as a loss reserve. The bank is only making .9% on the loan which in the business world to make .9% on anything is just ridiculous to me. To answer your question, I think these rates are fantastic.

Councilman Dr. Cook – I understand that. I am not looking to shop around.

Councilman Pack – Can we get it somewhere else that low?

Councilman Dr. Cook - Are the rates that we are looking at because we have a working relationship with these banks or is this just what is out there? It would be an argument toward wanting to keep a good relationship with these banks to keep getting these good rates or are these rates banks are giving now?

Town Treasurer – I would say the rates are good out there; but I think the relationship definitely plays into it.

Town Attorney – But there is no way to know.

Councilman Pack – There is no way to know.

Town Treasurer – I would say that it has definitely made a difference.

Councilman Pack – Also, the fact that they both want our business. The Town of Smithfield should be pretty happy with this because we are an attractive borrower to these banks. They believe our credit is strong and that we are going to repay these. Farmers Bank is offering a non-revolving line of credit and we are giving them no collateral. That is quite a vote of confidence. Of course, I do not know what a bank would take collateral in other than roads or whatever. It is a little different. We are able to borrow better as a town than otherwise.

Mayor Williams – So, Ms. Minga, you would really rather not split this? So if we were to split it, would we still have to pay Towne Bank the upfront money for the closing cost?

Town Treasurer – Unless they have another option which they have not relayed to me. Yes, we would still have those bond closing cost.

Mayor Williams – That would be two reasons for me to say that we should go with Farmers Bank. One, you would feel more comfortable with one bank. Also, we would save the closing cost money. That was a question.

Town Attorney – Whether it is two and a half million (\$2,500,000.00) dollars or five million (5,000,000.00) dollars, the closing costs are going to be the same. It is the same

work. It does not matter. If it escalated in value there would probably be additional cost but a five million (5,000,000.00) dollar bond and a two and a half million (\$2,500,000.00) dollar bond are still going to carry an estimated Bond Council Fee of approximately twenty-five thousand (\$25,000.00) dollars.

Councilman Pack – Correct.

Councilwoman Tynes – So even if we split it half and half, we are going to have to pay each of them.

Councilman Pack – No, just one.

Town Manager – Just one for the General Obligation Bond.

Councilman Pack – It is just one because they are presenting two different ways of financing this. You said it is eighty-one (81%) percent to favor Farmers Bank. What if we moved one million (\$1,000,000.00) dollars? What does that move the ratio back too?

Town Treasurer – It is definitely not going to be fifty-fifty (50/50). I did not actually do that calculation but I would say that it would not be any more than probably seventy-five (75%) percent to twenty-five (25%) percent or so. Take eight million, eight hundred twenty thousand, nine hundred and seven (\$8,820,907.00) dollars and divide that by twelve million, one hundred thousand, four hundred and ninety (\$12,100,490.00) dollars and see what that percentage is.

Councilman Pack – It is about seventy-three (73%) percent.

Town Treasurer – Okay. So it would be seventy-three (73%) percent to twenty-seven (27%) percent. So it would move from nineteen (19%) percent to twenty-seven (27%) percent.

Vice Mayor Gregory – I should know the answer to this but I mainly deal with individuals and businesses. Are there any FDIC concerns with the amounts that we have with one institution verses the other?

Town Treasurer – No.

Vice Mayor Gregory – Is there a FDIC limit for municipalities?

Town Treasurer – Basically, because they are public deposits they just have to put it out there that they are public deposits and they have to make sure that they have funding to cover it. They are FDIC insured; but when they do the public deposits they have to cover it beyond what the FDIC requirements are. This is something that the auditors look at every year too.

Councilman Pack – Mrs. Tynes asked if we have to make the decision tonight. The answer is no we do not but, yes, we should because both of these have a short amount of time that we have to act; probably sixty (60) days.

Town Treasurer – They both made it pretty clear that these are contingent upon the current interest rate climate. So they could vary at any time as Farmers Bank has said.

Councilman Pack – I do not have a strong recommendation one way or the other. I do lean a little bit towards splitting the loan. I do not feel that we should give TowneBank one hundred (100%) percent of the loan. I will say, if we are going to give one hundred (100%) percent of the loan to anybody, it needs to go to Farmers Bank. The only thing that I would consider is splitting the loan between the two banks. I do not know if Farmers Bank would honor our rates.

Mayor Williams – That is the thing, we do not know what their answer is. If you make a decision tonight that is predicated on them going along with that.

Councilman pack – That is correct.

Mayor Williams – That is kind of scary.

Councilman Pack – Honestly, if we make a decision tonight you kind of have to look at Farmers Bank. That is the best deal. It is better than the deal that we had recommended at the Finance Committee meeting.

Councilman Dr. Cook – What is weighing on me is the guarantee it is going to cost us twenty-five thousand (\$25,000.00) to do the TowneBank loan plus an unknown ten (10) years from now. You just do not know. How much are you willing to create a partnership with a bank who might not be a partner with us ten (10) years from now? Banking industries do not know. They could be Wells Fargo in ten (10) years. I do not know if it is worth throwing money at just to create a relationship. I am pretty sure that they will want our business; regardless.

Councilman Pack – If TowneBank were significantly lower it would be a much easier decision to make. With these guys being the same, I do not think that it is much of a decision. In fact, listening to you guys, I would like to make the motion that we authorize our Town Treasurer to enter into a loan not to exceed five million (\$5,000,000.00) dollars with Farmers Bank based on their Option 1 which is a ten (10) year fixed with fifteen (15) year amortization with no fee and an interest rate of 1.9%.

Councilman Smith – Second.

Mayor Williams – A motion has been made and properly seconded.

Town Attorney – Mr. Mayor, just to clarify the motion should be to authorize the Town Treasurer and the Town Manager and the Town Attorney to execute all necessary documents to process that loan.

Mayor Williams – For the record.

Councilman Pack – Very good. Thank you, Mr. Riddick.

Mayor Williams – Thank you. Is there any further discussion? Hearing none, roll call vote.

On call for the vote, seven members were present. Councilman Pack voted aye, Councilman Smith voted aye, Vice Mayor Gregory voted aye, Councilwoman Chapman voted aye, Councilwoman Tynes voted aye, Councilman Dr. Cook voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – Thank you very much Mr. Pack and Ms. Minga for all the hard work that you do. There is a lot that goes into this. Continuing on in the Action Section we will move to a Motion to Approve the Town Council Meeting Minutes of June 7th 2016 and Continued Town Council Minutes of June 27th, 2016. We have our Town Attorney, Mr. William H. Riddick, III.

Town Attorney – Mr. Mayor and members of Council, I have reviewed the minutes and made changes mainly to the June 27th continued meeting as there were some remarks attributed to the wrong people; but I would recommend that the minutes be approved as revised for both the original meeting of June 7th and the continued meeting on June 27th.

Vice Mayor Gregory – So moved.

Councilwoman Chapman – Second.

Mayor Williams – I have a motion and a second, any further discussion? Roll call vote.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Councilwoman Chapman voted aye, Vice Mayor Gregory voted aye, Councilwoman Tynes voted aye, Councilman Pack voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – We now move to New Business. Does any Council member, Town Manager, or Town Attorney have any new business? Hearing none, we now move to Old Business. This is a Follow-up on Budgeted Increases to Meals and Transient Occupancy Taxes. We have our Town Attorney, again, Mr. William H. Riddick, III.

Town Attorney – Mr. Mayor and Members of Council, the adoption of the budget included an increase in the Meals Tax and Transient Occupancy Tax. Those are existing ordinances with established rates. The state code provides that in order to change a levy, which is what a tax is, that you have to have a seven (7) day notice and that was not possible within the time frame of the adoption of the budget and tonight's meeting. We will have to do this at the August meeting unless you want to continue tonight's meeting to another time in July. If not, it would need to be done at your August regular meeting at which time we would have a public hearing on the increase to Meals Tax and Transient Occupancy Tax.

Mayor Williams – August 2nd is the next Town Council meeting.

Town Attorney – Yes sir.

Vice Mayor Gregory – Is there any advantage, Ms. Minga, to doing it after July committees? Is it one of those things the sooner the better? Or is it okay to wait until August 2nd?

Town Treasurer – If we do it in August we cannot notify the businesses until after you all adopt it. So it would push it at least until September before we can start the rate increase. I think we have to do September anyways because, even if we did it at the continued meeting in July, that does not give us very much time to get the notification out. We will have to get the cash registers reprogrammed; so September would be best.

Vice Mayor Gregory – So now my question becomes with a month less of collections, really two months, does that change where the rate has to go in order to make the budget work. Is this throwing us in a budget problem?

Town Treasurer – It does change things. There is no doubt about that. I have not calculated what that differential would be and it is still hard to say until we get the final quarter numbers in to see where we end up. We may end up higher than I originally projected. Until probably July 20th, I really cannot answer that.

Vice Mayor Gregory – Our calculations were based on twelve (12) months with these changes not ten (10) months.

Town Treasurer – Yes, they were.

Mayor Williams – So we need seven days to advertise so that would be the 15th of this month. That would move it up a month and a half.

Councilman Pack – Mr. Mayor, I would recommend that we do this as soon as possible. It would be really nice to start collecting for our budget on August 1st. I do not know if we can have a continued meeting, where we announce the meeting time, or have a special meeting to do this. If you go until September we have just taken a twelve (12) month budgeted revenue to ten (10) months. That can mess with our budget pretty quickly. While I was not in favor of tax increases, if we are going to do them, we still have to balance this budget. We came up with a way to do it.

Mayor Williams – To do that, we would have to have a continued meeting.

Town Attorney – If you are going to advertise in the Smithfield Times, I cannot get the ad in the paper by tomorrow which means the soonest it could go in the paper would be the 13th and the soonest you could have a meeting would be on July 20th. Committees are the 25th and 26th. So there is a difference of five (5) days. I do not really think that continued meetings to raise taxes, in the middle of the month, are a really good way to do business.

Mayor Williams – We would have to have a continued meeting on the 25th and that would be a committee day.

Town Attorney – I think if you are going to raise taxes the appropriate time for a public hearing is at a regular meeting of Town Council. Otherwise, the appearance is that you are doing it at a time where nobody has the option to appear because they do not know. I think it is a bad perception.

Councilman Pack – I understand.

Mayor Williams – I agree.

Councilman Pack – We will have to do it at a regular meeting. I think, perception wise, whether we are legal or not; perception wise is right. We have always tried to do that.

Vice Mayor Gregory – Do we need a motion to table this until the August 2nd meeting?

Town Attorney – No, it is just a direction to hold a public hearing at the August 2nd meeting of Town Council to adopt new ordinances to increase the Meals Tax and Transient Occupancy Tax.

Mayor Williams – Okay. So we will do that. Is there any further discussion on the budgeted increases for Meals Tax and Transient Occupancy Tax? Okay, we now move to a Closed Session. We do have one small item that will not take very long at all which is a disposition of real property.

Town Attorney – Mr. Mayor, we need a motion to go into a closed session for the purpose of the discussion of disposition of publicly held real property.

Councilman Smith – So moved.

Councilwoman Tynes – Second.

Mayor Williams – A motion has been made and properly seconded. All in favor say aye, opposed say nay.

On call for the vote, seven members were present. Councilman Pack voted aye, Councilwoman Chapman voted aye, Councilman Dr. Cook voted aye, Councilwoman Tynes voted aye, Vice Mayor Gregory voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – Thank you ladies and gentlemen for coming out tonight. We appreciate it a whole lot. Have a good evening.

Town Council went into closed session at 8:40 p.m.

Town Council went back into open session at 9:00 p.m.

Town Attorney – Mr. Mayor, we need a motion to go back into open session.

Vice Mayor Gregory – So moved.

Councilwoman Chapman – Second.

Town Attorney – A motion has been made and properly seconded. All those in favor say aye, opposed say nay.

On call for the vote, seven members were present. Councilman Pack voted aye, Councilwoman Chapman voted aye, Councilman Dr. Cook voted aye, Councilwoman Tynes voted aye, Vice Mayor Gregory voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Town Attorney – Mr. Mayor, we need a motion that during the closed session there was only a discussion of the disposition of publicly held real property pursuant to 2.2-3711A3 of the Code of Virginia.

Councilman Smith – So moved.

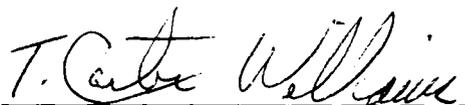
Councilwoman Tynes – Second.

Mayor Williams – A motion has been made and properly seconded. All those in favor say aye, opposed say nay.

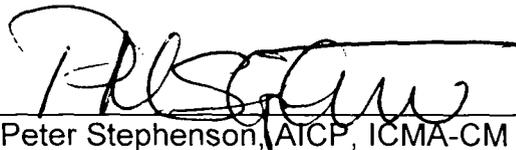
On call for the vote, seven members were present. Councilman Pack voted aye, Councilwoman Chapman voted aye, Councilman Dr. Cook voted aye, Councilwoman Tynes voted aye, Vice Mayor Gregory voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – Is there any further business to come before the Council this evening? Hearing none, we are adjourned.

The meeting adjourned at 9:01 p.m.



Mr. T. Carter Williams
Mayor



Peter Stephenson, AICP, ICMA-CM
Town Manager