

At a meeting of the Giles County Board of Supervisors held jointly with the Giles County School Board on Tuesday, April 8, 2008, at 3:30 PM in the Giles County Administration Building, 315 North Main Street, Pearisburg, the following were present:

Supervisors:	Eric Gentry	Chairman (Eastern District)
	Barbara Hobbs	Vice Chairman (Central District)
	Howard Spencer	Western District
	Paul W. "Chappy" Baker	At-Large Member
	Richard McCoy	At-Large Member
School Board	J. B. Buckland	Chairman (At-Large)
	Ron Whitehead	Eastern District
	Joe Gollehon	Central District
	Drema McMahan	At-Large
	Terry Arbogast	School Superintendent
	Scott Meade	Assistant School Superintendent
	Chris McKlarney	County Administrator
	Kevin Belcher	Assistant County Administrator

CALL TO ORDER

Mr. Spencer and Mr. Buckland called the meeting to order. Mr. Gentry read a waiver allowing the Board of Supervisors to meet for the purpose of discussing the proposed school board budget and a request for a moral obligation note from the Homeless Shelter Board. It was approved with the signature of all supervisors.

SCHOOL BUDGET PROPOSAL

Dr. Arbogast presented copies of an adjusted budget for 2008-09. The bottom line is \$480,036 less in county money for operating than for the 2007-08 school year. The difference in the total budget is \$6,820,075. Mr. Gentry asked what the loss of county funds would come out of – was there less need. Dr. Arbogast said there is not less need, but they are getting an increase in funding from the state. One reason is the composite index is lower and they are re-benchmarking. Another reason is health insurance, VRS, retiree health insurance and group life also decreased. There is about a \$745,000 increase in funding from the state. This is based on 2,531.76 students – the total at the end of March, 2008. The number at the end of March, 2007 was 2,582 – a decrease of about 50 students. That amounts to about \$191,000 short of what was budgeted in basic aid.

Ms. Hobbs asked what the amount for raises was in the proposed budget. Dr. Arbogast said it was 5% for everyone and teachers average 5.01%. Those raises will begin July 1, 2008. Ms. Hobbs asked what the state recommended for raises. Dr. Arbogast said state did not budget for any raises in 08-09. They did include 2% for 09-10. Ms. Hobbs asked if the school board intends to also go with the state increase of 2% in 09-10. Dr. Arbogast said he would have to have that 2% in there for 09-10 regardless of how much increase is given in 08-09. That 2% is also as of July 1, 2009 – usually it is in December.

Ms. Hobbs asked for clarification of exactly which positions are included under the category of "Administrators" listed under the Personnel Costs heading. Dr. Arbogast said that included principals, assistant principals and four positions at the central office. Ms. Hobbs asked if there were any new positions at the central office. Dr. Arbogast said all of the "administrator" positions are current ones. There was also one position vacated that was not filled this year due to combining services with the county. There was also a position at the maintenance garage that was not filled. Mr. Gentry asked if there were any new positions in these personnel costs. Dr. Arbogast said there is an additional full-time art teacher at Giles High School. They have also proposed to increase nursing hours by one-half hour each day at each school. They have added an additional RN position in the budget to help out at Giles High. Mr. Gentry asked how many hours the nurses are working now. Dr. Arbogast said some work six hours – some six and one-half, so this will increase them to six and one-half or seven hours. The number of students at Giles High also indicates there needs to be another nurse at that school. That would be the additional RN position and this person would also back up other schools when they

need it. Dr. Arbogast said the average pay for nurses in the school system is very low. Ms. McMahan said it was very low and she did not know why nurses would work at that level. He said in 05-06 there were over 5,000 student visits to the school nurse at Giles High School; there were over 4,800 in 06-07. Those are just the numbers for one school.

Mr. Hobbs asked how many teacher assistants were in this budget. There is almost \$1 million in there for teacher assistants. Dr. Arbogast said he did not know how many were included in that. The average pay for a teacher assistant is probably about equal with that of an LPN. Some of those positions were required due to IEPs.

Mr. McCoy asked who was included in the Support Staff II category. Dr. Arbogast said the two technology positions that travel between secondary and elementary schools, school psychologist, GED teacher, and the superintendent. There are no new positions in there. Those are in the teaching and nurse personnel lines. Support Staff II is the bus drivers, truancy officer, part-time teachers. Mr. Buckland said the school is picking up the total salary for resource officers this year in this line. Dr. Arbogast said the first positions he listed as Support Staff II are actually Support Staff I. Mr. Baker asked where the salaries for coaches not in the school system were reflected. Dr. Arbogast said that was under the category for Athletics, MACC, and Sponsorships. There was \$118,896 between the two high schools, but he did not know how many positions. This covers all coaches and assistant coaches whether they are already working in the school system or not. In that budget, they have proposed a 20% increase. Dr. Arbogast said that was based on looking at information provided that showed Giles County was very near the bottom of what those positions are being paid. Next year, \$142,000 will be split between the two high schools and it is up to the schools to determine what the coaches are being paid.

Mr. Spencer asked if the school health insurance premium is less than the county's. Dr. Arbogast said it was -- \$427 per month. Ms. Hobbs asked for a guess on how many teacher assistants were in the school system. Dr. Arbogast said last year there were about 75. He estimated about between 80 and 100 this year. Mr. Baker asked if some of those positions were cut last year. Dr. Arbogast said no – the only cuts were the positions at the central office and the maintenance garage. Those were not filled when vacated. Some of the other increases in the line item for teachers include elementary librarian contracts being increased from 10 to 11 months. This is to allow them time to get everything recorded and inventoried after the school year ends. There are also two teaching positions that are new. One is due to the possibility of a larger kindergarten class size at Narrows. They will not know this until after the kindergarten registration is complete next week. They will not hire anyone unless the numbers are there. There is also a new position at Macy to try to decrease the student to teacher ratio there. They are a little higher than the other schools. Ms. Hobbs asked if the classes moving up or 7th graders moving to high school would provide any relief. Dr. Arbogast said it would not.

Dr. Arbogast said the state has changed the title under which they show lottery funds. The name is now "Additional Support for School Construction and Operating Costs". Mr. McCoy asked if that was an estimated increase. Mr. Buckland said it was an estimate – based on a formula similar to the sales tax revenue.

Mr. Spencer noted that Capital Projects has \$500,000 in there – what specifically is that for. Dr. Arbogast said that was flow through – if it does not come through, it will not be spent. Ms. Hobbs asked if the flow through money is re-budgeted at the end of the fiscal year or is it just extra money. Dr. Arbogast said some of it does not go into the general fund. It stays in that line item carried over year after year, until it is spent. Mr. McCoy asked if decreases in some of the programs that are true flow through are just a reflection of where they ended up this year. Dr. Arbogast said those are based on numbers from the state. It is determined from a state spreadsheet.

Dr. Arbogast reported that there is no more Title 5 program. Mr. McCoy noted that the remedial summer school is showing quite an increase in funding; what is that based on. Dr. Arbogast said that is also based on figures received from the state spreadsheet.

Mr. Baker asked about the Partnership Support Funds that show as \$7,500. Dr. Arbogast said those were funds moved back into the school budget to provide to the Partnership this year. That money has not been provided to the Partnership in 07-08. Ms. Hobbs asked what the Virginia Medical Assistance Program was. Dr. Arbogast said that is for students eligible for Medicaid, occupational therapy, etc. One of the school nurses takes care of

that. Dr. Arbogast noted there is also a position in the budget for a speech therapist. It is not a new position, but they were not able to find a fully certified person for that job this year. They do have someone in the position on a work agreement who is currently working to obtain that certification, but the position itself is not new. Mr. Spencer asked if the cafeteria employees still have the retirement plan that was set up several years ago. Mr. Buckland said that is still being offered.

Mr. Belcher asked if they could give the board a total change in the number of employees between 07-08 and 08-09. Also, he asked if people in work agreements are included in those numbers or are they separate. Dr. Arbogast said the majority of people in work agreements are employees doing work after school, such as remediation. He said some of the coaching contracts are not current employees and those would be on work agreements. Mr. Belcher asked if that was different from a part-time person without benefits – they could be someone with 40 hours and benefits and then they have a work agreement to do after school remediation. Dr. Arbogast said that was correct. It could be a teacher who works from 8 in the morning until 3:30 and then after 3:30 they have a work agreement to do after school remediation. Mr. Gentry asked what the total number of employees was. Dr. Arbogast said he did not think they had increased that much but he did not know a specific number. Mr. Gentry said he counted there are 5 new positions in 08-09 – art, speech, 2 elementary teachers, and an RN. Dr. Arbogast said speech is really not a new position – it was in the budget in 07-08. Mr. Gentry asked what the total number of employees in the school system was. Dr. Arbogast said he would guess about 402. Mr. Buckland said they lost two employees – central office and maintenance garage.

Mr. Spencer asked where they stood on fuel costs. Dr. Arbogast said he has increased the fuel cost line about \$30,000 for next year – that is about a 35% increase. There is a \$100,000 increase in the amount budgeted for buses. Ms. Hobbs asked if the debt service line reflects only the current debt service of \$1.6 million. Mr. Buckland said it dropped \$30,000 for next year – it drops about that amount each year. Mr. Gentry asked how these numbers include the school projects. Mr. McKlarney said the \$500,000 in Capital Projects (flow-through) is there if they decide to move forward. It would be used for architectural fees. They could borrow money from literary funds, but none of that would be received during the 08-09 fiscal year. Mr. McCoy asked if the current state budget has affected the literary fund loan capability. Dr. Arbogast said he had not heard anything about that. Mr. McCoy said it may not be popular to say but he felt they could do the projects, but it requires less of a raise than 5% -- maybe 2% is more in line with other areas. Every percent raise is about \$150,000. Ms. Hobbs said if they are going to take on this project and have another \$1 million in debt service and raise 5% this year and another 2% on top of that next year, then the 5% this year will cost even more next year after you add an additional 2% to the bottom line. In order for this project to go through, she felt they have to see the school board is making plans to be able to fund this into the future and not just for the first year or two. With the current economic situation, there is no additional money out there except maybe for education. Mr. McCoy said with the way the state budget works, it is hard to say what you have this year is a guarantee what you get next year. Ms. Hobbs said that is true, but looking back through the years she cannot see where the state has ever reduced educational funding.

Mr. Buckland said he did not think there was another county in southwest Virginia who has held the line on spending like Giles has in the last several years. Three years ago, the supervisors took \$600,000 reduction from the schools. The school got \$400,000 of that back last year. Other counties are talking about tax increases all the time. He said if there has been a tax increase in Giles County over the last six years, it has not been the responsibility of Giles County schools. It has been other things. Mr. Buckland said he felt they had done well. They have kicked these projects around and he talked to everyone back in the summer about the assurance that if they reduce their spending by \$300,000 they could get these projects moving. July is coming up and they are no closer to getting them going than they were. Every day it is put off will cost more money. Ms. Hobbs said she did not think so – interest rates are not going to be higher in the near future.

Mr. McKlarney said financing on an \$18 million project will bring a debt service of between \$900,000 and \$1.1 million – depending on the interest rate. They already know that \$3 million of the total project cost will have to be financed through some conventional means. Ms. Hobbs said it seems they are spending a lot of money for no more than they are getting out of the projects. The same architect who put up the berm at Eastern is now re-designing to take them out. She asked if they have confidence that this will be any better the second time around. Mr. McCoy said the berm and windows at Eastern were the thing at the time. At that time everything was about energy savings. They were designing something that was state of the art for that period. In the past

26 years that has not proven to be the case. That is not the fault of the architect as much as changing times. Mr. Gentry said he did not have an issue with the architectural firm – they have designed a lot of projects like this all over the state.

Mr. McKlarney said the school board asked some time ago to figure out how they can do those projects. Everyone wants to do them, but no one wants a 12¢ tax increase – and that will never happen. He said he understood that the county has great teachers and they can never do enough for them. However, they have an opportunity here unlike any in the recent past. The state has come forward with additional dollars at a time when the county needs the money to make capital improvements to the schools. They have looked at teacher salaries in Giles compared to others in the New River Valley, and Giles ranks right in the middle all across the board. When you consider Giles County's benefits, only Montgomery County offers as much. In 2004 the schools got \$750,000 in new funds and all of that went into teacher raises. This puts Giles County in the position of being in decent shape on pay scales. Everyone wants more money, but there is no way without going back to the tax payers. If they roll back to 2% -- the 3% out of this budget would put them really close to doing the school projects by picking up the increase for debt service and not doing a tax increase. There is \$1.2 million in new state money this year for schools. Mr. McKlarney said in his 14 years with local government, he has yet to see a decrease in state funds to the schools. If they can capture this revenue surplus one time – this year – it will fund this debt service. If it is captured now, that money will be there in perpetuity unless there is a reduction in state funding sometime in the future. The state could cut funding and if that happens and the county commits to the projects, they would have to come back and find money.

Mr. Gentry said with the projects at Eastern and some of the things at the Tech Center – those projects have to be done sooner or later. They know this is coming at some point. Mr. McKlarney said he sees this as an opportunity to capture the revenue and start the school projects that need to be done. If they capture this revenue stream this one time, the money will be there. If you can build these projects and not have to go back to the tax payers and still give a 2% pay increase, it would be a good position. Ms. McMahan said there are teachers now in one-income families who have children qualifying for free lunches. This is a professional who is supporting a family and that does not speak very well of pay scales. Mr. McKlarney said that is a nation-wide problem. Mr. Buckland said it has been that way since he has been on the board.

Mr. Buckland said he felt he spoke for the entire board when he said they would love to see these projects started. They understand there will be no debt service on these projects this year; what are they going to do with that money this year. Mr. McKlarney said they would put it back. Mr. Buckland said they have \$250,000 they put back for the architect several years ago. He said they need money to work with sometimes too. Mr. Gentry said they seem to find it for everything they need. Mr. Baker said the board usually comes across too. Mr. McKlarney said in talking with Mr. Mills and Mr. Houck, they are concerned there is no "rainy day" fund when a serious problem comes up – HVAC, electrical, etc. Those unexpected things can cost \$100,000 or more at a time and there is no money set aside for that. Mr. Buckland said they have tried to do that a number of years ago. It was said by some of the members of the Board of Supervisors that the school board has all kinds of money down there. Dr. Arbogast and Dr. McCracken have done excellent jobs. It is good to pick up the paper and see the problems elsewhere and be proud that we don't have those here. Mr. McKlarney agreed these two boards have a unique relationship. It is no different on this budget. He and Dr. Arbogast do not always agree but they share information openly and he appreciates that. They have been given the task of getting the school projects done and he did not think things would have to change as a result of these talks.

Ms. Hobbs said if the schools received \$1.2 million in additional money and it is all budgeted in expenditures, how are they going to do capital projects with debt service next year with the same amount of money and still have \$1 million left over for debt service. Mr. McKlarney said if the funding stays at the level it is at now, they would have that. In simple terms, if they get \$10 million from the state this year and only spend \$9 million. Ms. Hobbs said that all of that \$10 million is budgeted to be spent. Mr. McKlarney said they have budgeted to reduce local funding this year by \$480,000. Mr. McCoy said now they are talking about a roll back of a percentage of the raise to get the funding for the projects. Ms. Hobbs said the local funding is not a given from year to year anyway. Mr. Buckland said that it has never been reduced, like the state. The school system lost it but there was no reduction in local revenue – it was just used somewhere else.

Mr. Spencer asked if they were talking about capturing the \$1.2 million and from now on that money stays there for debt service. Mr. McKlarney said that is correct – it would not be \$1.2 million – more like \$850,000 to \$900,000. That will get you close to where the debt service is this year and once that amount is captured, don't spend it. There will be increases – there is a 2% pay increase from the state in there already for the next year. Mr. McKlarney explained if they reduce local funding this year by \$850,000 – and the school has already proposed a \$480,000 reduction – by reducing the pay increase, this will get them to \$850,000. If you go that route, it would accomplish the goal. Mr. McKlarney said the teacher pay issue is a larger issue than just Giles County. This group is not going to solve that. This proposal though will enable them to capture a revenue stream that will allow the projects to move forward and not hit the tax payers to fund it.

There is a project that has to be dealt with – renovation work – HVAC, electrical, structural issues all need attention. There is no way to predict what the interest rates will do in the next year. If they get a green light on the projects today, they would still be one to one and one-half years away from securing financing. If the school board offers a 2% pay increase and captures the remainder as revenue, it will get very close to the amount needed and not have to increase taxes to do these projects. Mr. Buckland said with the interest rate where it is and downturn in the economy, they may be better off to look at interim financing on this project. Mr. McKlarney said every day they wait will cost money. Material and fuel costs continue to increase. Mr. McCoy said one thing different on this project than others they have done is that the interim financing could be almost as cheap as the rate you will get at the end. Mr. Buckland said if they can come to some type of agreement, they need to move on.

Ms. Hobbs asked if the school board intended to build a three-sided shed and a “two-sided” green house at the architect's outrageous prices that were included in the overall project. It would be cheaper to bid those separately. Mr. Gentry agreed that the shed was extremely over-priced. Mr. McKlarney said this is not a complete set of plans. It is an overall square foot estimate for the project. He felt there were several things that could be bid locally with local contractors – the shed and green house are just two examples. Those things could result in cost savings overall. Mr. Baker asked about the bleachers. Mr. Buckland said if they come up with the money, those can be done this year. Ms. Hobbs said they need to come up with a better plan than she has seen so far.

Mr. Gentry asked what the school board could do as far as raises. Mr. Buckland said he felt they need to do whatever is necessary to get these projects underway. There may not be another opportunity like this. Mr. McCoy said these projects are long term and need to be done. As they work through the funding in future years, that could be put toward teacher pay. Mr. Buckland said he felt everyone here knows the tax rate cannot stay where it is. Eventually, it will have to increase. Mr. Gentry said that may be true, but it will not increase this year. Mr. McCoy noted that the county cannot fund school projects solely on tax increases either. Ms. Hobbs said it is difficult to tell people who have some of the worst roads in southwest Virginia and do not have Blacksburg services that you are going to raise their taxes. That is what they would have to pay – Blacksburg taxes. Mr. Baker said Giles County is basically a retirement community. There are a lot of old people in this county who can hardly afford to buy medicine. The board cannot keep raising taxes.

Mr. Gentry asked what the board would like to do. Mr. Spencer said he would like to think about it. Mr. McCoy said the school board knows their budget much better than this board does. He can sit back from a financial standpoint and say they are much more able to do these projects with less of an increase in salaries. The school board, however, may look at that and say the inability to increase the teacher salaries cripples the school system and they cannot do it. That is something the school board has to look at and decide. From the money side alone and from the point that these projects truly need to be done – deal now or deal with worse problems later. This decision has to be from the school board's aspect of what they feel is best for the school system. Ms. Hobbs asked if there was any commitment from the school board at all that if they receive the same amount of money from the state, they are going to hold the operational budget so they can fund the debt service in years to come. Mr. Buckland said he did not think the supervisors needed a commitment from the school board. Ms. Hobbs said she felt they did. If this project moves ahead and next year or so the projects get built and the debt service starts, then the budget goes out of sight and the school cannot pay the debt service. That leaves the tax payers having to pay for it. She asked if the school board was willing to commit to holding the budget down. Mr. Buckland said they were committed to doing their best for citizens and students in the system. To do that, they have to maintain quality instruction. He would hate to see them get to the bottom of the scale. They would

like to maintain where they are – somewhere in the middle. Ms. Hobbs said she would truly like the same thing. However, money is not going to buy expertise. Many young teachers – who you fought to give a better starting salary -- come in and work for a couple years while their spouses are at Tech and then they move on. The older teachers are here for the long-term and get lost in the system. Ms. McMahan said the older teachers were also the ones asking the school board to increase those beginning salaries. Mr. Gentry said that is true in a lot of businesses today – there is a lot of movement. Ms. McMahan acknowledge a lot of teachers do start because their husbands are across the mountain in school, but that does not mean they did not do a great job the few years they were here. Ms. Hobbs said it also shows that money does not buy stability. Ms. McMahan said a lack of could contribute to instability. Mr. Buckland said he would put the quality of instruction in Giles County up against any county. Ms. Hobbs agreed, but she said she did not think money always buys quality and teachers in Giles County have not had such a shabby deal either. Mr. Buckland agreed.

Mr. Spencer asked if the salary increase of 5% was reduced to 2% in order to do the projects, is there any way to look at pulling money out of somewhere else and pumping up that 2% from those funds. Mr. Buckland said he hated to see them give less than 3%. Mr. Gentry said 2% gives the schools a good match on the debt service. Ms. McMahan said 3% sounds better to offer teachers. Ms. Hobbs said that 3% would not sound better if they have to pay 12¢ more on taxes. Mr. Buckland said they were not talking about a tax increase. Ms. Hobbs said they have to start to save money before the project starts or it will not be there when the project does start. Mr. Buckland asked if a 3% raise gets them \$800,000. Mr. McKlarney said it does as opposed to \$900,000 at 2%. There is also \$250,000 set aside for the architect. Mr. Gentry said they cannot cut it so close – 2% increase and getting new schools is not a bad deal. Ms. Hobbs said they have to factor in that whatever this year's increase is, there will be another 2% added onto that the next year.

Mr. McKlarney noted that they need to look at the capital needs for the schools – they are always going to have them. Every 15 to 20 years you have to do something to the schools. He said he did not foresee any huge capital needs for the next 10 years. Dr. Arbogast said he would hope not after they do these projects. They do need to keep in mind that there are HVAC units on buildings with \$3,500 motors in them. It could run \$15,000 to \$20,000 for one unit. Mr. McCoy said that it would probably be wise to create a true maintenance reserve. If they are renovating buildings, the maintenance for those could be placed into reserve for the future. Mr. Buckland said they would love to do that, but by state law they cannot carry funds over. If they turn it back over, the county would have to establish the reserve fund.

Short recess; reconvene.

Mr. Spencer asked if the school board was willing to take 2% and go back and look inside their budget in other places to increase that if they want. Mr. Buckland said that is \$900,000 below what they proposed. Dr. Arbogast said that is \$900,000 less in county money. Mr. McCoy said he would like to see them be able to give 3% if they can do it within their budget. Dr. Arbogast said they could take the money out of the school bus line. Mr. Buckland said they will look at 3% -- not to exceed 3%. Mr. McCoy said the school board knows better than the supervisors what can be done within their budget. It was mentioned that there is a lot of money in the line for teacher assistants. Dr. Arbogast said the supervisors said last year they should not touch teacher assistants. Mr. Buckland said Mr. Gentry and Mr. Baker said that a few years ago. He said it may become necessary to consider. Ms. Hobbs said it was hard to imagine having that many. Mr. Buckland said many of them are one-on-one with students. Mr. Baker said they have to go through a lot in those positions.

Mr. McCoy said he felt this was a good way to end the meeting with a 2% proposed increase and \$900,000 to go toward the projects. Mr. McKlarney said based on the budget presented today, there is \$6,400,111 in local money for the schools and that still allows a \$900,000 reduction to fund debt service. Ms. Hobbs asked if the teachers were going to be told this was necessary to get the school projects underway or that the supervisors would not give them the money. Mr. Buckland said he did not intend to lay blame anywhere. Mr. Baker said maybe not, but it has come back before even if they haven't meant for it to. Mr. Buckland said it was not meant to be. He stated it to the press and it was not printed. He said the school board appreciates what the supervisors do. They do an excellent job for Giles County Schools. It shows up in the test results. Giles County is one of the few in southwest Virginia that is fully accredited.

Ms. Hobbs asked if they needed to meet again with the school board to discuss the projects. That should probably be a separate work session. Mr. McKlarney said that they have given the school board a number of \$6.4 million and Dr. Arbogast needs time to work on his budget to reflect that. Mr. Gentry said they probably need to notify the architects and bring them back in sometime for a work session on the projects. Ms. Hobbs said she hoped they would consider doing some of this work locally.

The school board adjourned their meeting.

HOMELESS SHELTER – MORAL OBLIGATION NOTE

Mr. Gentry said this was an item carried forward from the April 3rd meeting. The Giles County Homeless Shelter Board requested the board of supervisors sign a moral obligation note on their loan of \$60,000 for the homeless shelter. The annual payment on this loan would be about \$6,500. Mr. Spencer said they sold the original shelter at a lower than appraised value because it was in a very isolated area, there was no handicap parking or access, and it had recently been vandalized. Ms. Hobbs asked who determined to move forward on a project for which the shelter board did not have adequate funding. Mr. Spencer said the board provided a letter of support for the homeless shelter. Mr. Gentry said that was correct, but there was no promise of funding included in that. This board provided a letter of support for the project concept only and they paid some utility bills at the existing shelter. Mr. McCoy agreed that the letter of support was just that – only support without any obligation for money.

Mr. Spencer said it is the bank asking for the moral obligation and the homeless shelter board was surprised that they were requiring it. They felt the property should stand for itself; however, all three banks they contacted required it. The Homeless Shelter Board is a non-profit corporation, so there is no specific person responsible for the loan. The bank wants someone to take the responsibility. Mr. Gentry said he understood that. The board also has reservations after looking at the records for the homeless shelter; there is no way they can pay the loan on their current revenue. Unless they have a very active board in pursuing grants and other funds, they cannot pay the mortgage on it. Mr. Spencer said they are in the process of asking for tax abatement from the county and town. Mr. Baker said he did not like commit tax payers to this. Ms. Hobbs said she did not like that either, but the county does need a homeless shelter. Mr. Gentry said that Ms. Boggs, who is very capable, is an active member of the homeless shelter board. He felt she would work hard to see that the shelter remains solvent. Mr. Spencer said Mark Haynie was also there – he is paid a salary of \$230 month to oversee the shelter. He is on call with the Sheriff's Department at any time; he places the people in there and also checks on them. Most referrals do come through the Sheriff's Department with the next largest group being referred by Social Services.

Mr. Belcher suggested that the shelter board consider renting out part of the duplex in the shelter and use that as income to pay the loan off. That would allow a regular cash flow. Mr. Spencer said the board would have to discuss that, but it defeats the purpose of having something open for people. Mr. Belcher said they would still have one unit and the other could provide cash flow to pay for it. Mr. McKlarney said the worst case is the board of supervisors would have to make the payments of \$6,471 annually. If they had to rent motel rooms for 270 days of use, it could run \$10,000 or more.

Mr. Spencer noted that many people who use the shelter are the working poor. They make \$6-7 per hour and when a disaster hits, they have no cushion – no safety net. Mr. Gentry said Ms. Boggs has indicated that she will continue to work on this and he has a lot of respect for her effort. There is a need for the shelter and he would hate to see the county not have one. Mr. Spencer said the board knew how he felt, but he would not influence their decision either way. Ms. Hobbs agreed that the county does need a homeless shelter, but she thinks tax payers are tired of mandatory charity in which they have no voice. There is no public hearing and no public input – it is sort of being rammed down their throat. This seems to be a small amount, but it could become larger. Mr. Spencer said he would commit to seeing that the debt is paid off. Ms. Hobbs said they may allow operations costs to be in arrears also. Mr. Spencer said he would have to watch to prevent that. Mr. McKlarney pointed out that the homeless shelter board now has about 30 active members as opposed to only 7 last year. They have more members and those people are more active in soliciting funding for the shelter.

Sheriff Millirons stated that the homeless shelter is a real need. He has seen people stand on the side of the road and watch their home burn and not have anywhere to go. The last thing he would want to do is ask the board for more money, but he felt this was a much needed facility. Mr. Spencer said the shelter board would not be running to the county for payment if they missed a single payment.

Mr. McKlarney said another thought is that if the county does not support this now with a letter, then the only option the shelter board may have is to sell the house. Then they still have to help the homeless and the county would have to deal with it. Ms. Hobbs said signing a moral obligation bond is the same as going to borrow money without holding a public hearing. Mr. McKlarney said a moral obligation only says they are morally obligated to pay. It is not legally binding. Ms. Hobbs asked if they could obligate for the length of the loan – 10 or 15 years. Mr. McKlarney said they could on a moral note, but not otherwise.

Mr. Spencer said this is a real need. They found a man sleeping under the bridge at Narrows. There was another living in a tent above the Glen Lyn Park. People may not see it, but the problem is there. There are 10.5% of the people in Giles County living below the poverty level. Many live in houses that should probably be condemned.

Mr. McCoy moved to authorize the county to sign a moral obligation bond on behalf of the Giles County Homeless Shelter. Second by Mr. Spencer. Approved unanimously (5-0). Voting YES: Mr. McCoy, Mr. Spencer, Mr. Gentry, Mr. Baker, Ms. Hobbs.

Ms. Hobbs said she understood the problem, but she hated to obligate the tax payers. Mr. Spencer said he would pledge to see the loan paid off quickly.

No further business was introduced. Mr. Gentry adjourned the meeting until the recess meeting scheduled for Thursday, April 17, 2008, at 6:30 PM in the County Administration Building.

APPROVED:

Chairperson

ATTEST:

Clerk