

**MINUTES
REGULAR MEETING
HERTFORD COUNTY BOARD OF COMMISSIONERS
MULTI-PURPOSE ROOM -JUDICIAL CENTER
MONDAY, December 16, 2019
7:00 PM**

PRESENT:

Com. Ronald J. Gatling, Chairman
Com. John D. Horton, Vice-Chair
Com. Leroy Douglas
Com. Andre` Lassiter
Absent: Com. William F. Mitchell, Jr.

ALSO PRESENT WITH THE BOARD:

Mr. David Cotton, Interim Asst. County Manager
Dr. Renee Fleetwood, Clerk to the Board
Mr. Charles L Revelle, III, County Attorney

Ms. Maria R. Jones, Attorney ~ Revelle & Lee, LLP

Chairman Ronald J. Gatling called the meeting to order at 7:00 pm. Invocation was provided by, Reverend Roy E. Sharpe, Jr. Pastor St. John Second Baptist Church, Aulander, NC
Chairman Gatling thanked Reverend Sharpe for the Invocation.

CONSENT AGENDA

On a motion by Com. William Mitchel and second by Vice-Chair John Horton, the Board unanimously approved the Consent Agenda as follows:

1. Request Approval Dec. 2, 2019, Minutes
2. Request Approval of November 2019 Tax Levy Releases

**RELEASES FOR MONTH ENDING
November 2019**

		LEVY	VALUE	TAX
AHOSKIE TOWNSHIP	NAME	YEAR	RELEASED	RELEASED
Acct#51722 Bill# 19A51722.10.1 Release due to listing was keyed on account in error, should have been on acct#51772	Spicer, Matthew E.	2019	5,000	G01-252.00 C01-238.00
MURFREESBORO TOWNSHIP				
WINTON TOWNSHIP				
Acct:45891 Bill#19A6916516049	Hoggard, Evelyn B.	2019		W01-\$90.00 W02-\$90.00

Release due to Property is not habitable or is unoccupied with no electrical service during the period of July 1 through June 30 th of the taxable year.				
Acct#42030 Bill#19A6926133031 Release due to Property is not habitable or is unoccupied with no electrical service during the period of July 1 through June 30 th of the taxable year.	Taylor, Alice C.	2019		W01-\$90.00 W02-\$90.00
Acct#41356.60 Bill#19A41356.60 Release due to Property is not habitable or is unoccupied with no electrical service during the period of July 1 through June 30 th of the taxable year.	Taylor, Alice C.	2019		W01-\$90.00 W02-\$90.00
Acct#23136 Bill#19A5995766005 Release due to Property is not habitable or is unoccupied with no electrical service during the period of July 1 through June 30 th of the taxable year.	Cherry, Hattie E	2019		W01-\$90.00 W02-\$90.00
MANEY'S NECK TOWNSHIP				
ST. JOHN TOWNSHIP				
HARRELLSVILLE TOWNSHIP				

TOTAL VALUE APPROVED THIS REPORT (2019 LEVY)	<u>\$ 5,000.00</u>
TOTAL TAX RELEASED THIS REPORT (2019 LEVY)	<u>\$ 580.00</u>
TOTAL VALUE APPROVED THIS REPORT (PRIOR LEVY)	\$
TOTAL TAX RELEASED THIS REPORT (PRIOR LEVY)	\$
TOTAL TAX RELEASED THIS REPORT (W01 COLL/RECYCLE SITE 2019)	\$ 360.00
TOTAL TAX RELEASED THIS REPORT (W02 LANDFILL OPERATON 2019)	<u>\$ 360.00</u>

TOTAL TAX RELEASED THIS REPORT (W01 COLL/RECYCLE SITE 2018)	\$
TOTAL TAX RELEASED THIS REPORT (W02 LANDFILL OPERATION 2018)	\$

Respectfully submitted, Tammy H. Eason, Tax Collector

Request Approval of Board Appointments

The Board approved the following Board Appointments:

On a motion by Com. Lassiter and second by Com. Douglas, the Board unanimously approved the Recommendation for Reappointment of Lynn Johnson to the **Choanoke Area Development Association, Inc.** for a two-year term to expire on December 30, 2021.

On a motion by Com. Mitchell and second by Vice-Chair Horton, the Board unanimously approved the reappointment of George Holley to the **Choanoke Public Transportation Authority** for a two-year term to expire December 30, 2021.

On a motion by Com. Mitchell and second by Vice-Chair Horton, the Board unanimously approved the reappointment of Chairman Gatling and Com. Leroy Douglas to the **Hertford County Economic Development Commission** to expire December 30, 2022 for indefinite terms.

On a motion by Com. Lassiter and second by Com. Mitchell, the Board unanimously approved the reappointment of Mark Jones to the **Hertford County Planning Board** for a three-year term to expire on December 30, 2022.

On a motion by Com. Mitchell and second by Com. Douglas, the Board unanimously approved the reappointment of Mark Jones to the **Hertford County Zoning Board of Adjustment** for a three-year term to expire on December 30, 2022.

On a motion by Com. Mitchell and second by Vice-Chair Horton, the Board unanimously approved the reappointment of Patrise Godwin to the **Joint Community Advisory Committee** for a three-year term to expire December 30, 2022.

On a motion by Com. Mitchell and second by Com. Lassiter, the Board unanimously approved the reappointment of Robert Castello, Jr. (Citizen at Large) to the **Medical Services Transportation Advisory Council** for a one-year term to expire on December 30, 2020.

On a motion by Com. Mitchell and second by Com. Douglas, the Board unanimously approved the reappointment of Com. John D. Horton (Minority-at-Large) to the **Mid-East Board** to expire June 30, 2021 for an indefinite term.

On a motion by Com. Lassiter and second by Com. Douglas, the Board unanimously approved the reappointment of Edward Holley to the **Murfreesboro Planning Board of Adjustment ETJ** for a three-year term to expire on December 30, 2022.

On a motion by Com. Mitchell and second by Vice-Chair Horton, the Board unanimously approved the reappointment of Com. Leroy Douglas, to the **Tri-County Airport Authority** to expired on December 30, 2022 for an indefinite number of terms.

**REQUEST APPROVAL OF RESOLUTION CALLING FOR A PUBLIC HEARING
IN CONNECTION WITH THE FINANCING OF THE ACQUISITION,
CONSTRUCTION AND EQUIPPING OF A NEW AHOSKIE ELEMENTARY SCHOOL
PURSUANT TO SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH
CAROLINA**

On a motion by Com. Mitchell and second by Com. Lassiter, the Board unanimously approved the Resolution Calling for A Public Hearing on Monday, January 6, 2020, at 9:15 a.m. in Connection with The Financing of The

Acquisition, Construction and Equipping of a New Ahoskie Elementary School
Pursuant to Section 160a-20 of the General Statutes Of North Carolina.

**REQUEST APPROVAL OF AMENDMENT #1 – AHOSKIE
ELEMENTARY SCHOOL CAPITAL PROJECT ORDINANCE**

On a motion by Com. Mitchell and second by Com. Lassiter the Board unanimously approved the Ahoskie Elementary School Capital Project Ordinance Amendment #1 totaling \$20,000.000.00 as noted.

AMENDMENT #1

**HERTFORD COUNTY
CAPITAL PROJECT ORDINANCE
AHOSKIE ELEMENTARY SCHOOL PROJECT**

BE IT ORDAINED by the Governing Board of the County of Hertford, North Carolina that the following amendment be made to the Capital Project Ordinance for the Ahoskie Elementary School Project:

Section 3. The following revenues are anticipated to be available to complete the Project:

Needs Based Public School Capital Fund	\$ 15,000,000
Installment Financing Debt Proceeds	<u>5,000,000</u>
Total Revenues	<u>\$ 20,000,000</u>

Section 4. The following amounts and appropriated for the project:

Site Development	\$ 800,000
Construction Cost	15,521,375
Architectural Fees	922,000
Administrative Costs (Financial Advisor/Closing/Legal)	255,000
Fixtures, Furniture, Equipment, Technology	1,120,000
Testing & Geographical Surveying	276,000
Miscellaneous (Advertising, Printing, Reimbursables, etc.)	5,625
Contingency (7%)	<u>1,100,000</u>
Total Appropriations	<u>\$ 20,000,000</u>

Adopted this 16th day of December 2019.

HERTFORD COUNTY BOARD OF COMMISSIONERS

Ronald J. Gatling, Chairman

ATTEST

Renee Fleetwood, Clerk to the Board

PUBLIC COMMENT

Mr. Keith Rivers addressed the Board to introduce himself and his transparency as a candidate for District 5 House of Representative.

Chairman Gatling thanked Mr. Rivers for his public comment.

REQUEST FOR OATH OF OFFICE OF INTERIM COUNTY MANAGER

On a motion by Com. Lassiter and second by Com. Douglas the Board unanimously approved the request for the Oath of Office of Interim Asst. County Manager, Mr. David Cotton, as Interim County Manager commencing on January 1, 2020.

The Oath of Office was administered by Dr. Renee Fleetwood, Clerk to the Board.

On a motion by Com. Mitchell. and second by Com. Lassiter, the Board unanimously agreed to leave Regular Session to convene to the Board of Equalization and Review.

(CONVENING AS THE BOARD OF EQUALIZATION & REVIEW)
REQUEST APPROVAL OF DECEMBER 2, 2019 BOARD OF EQUALIZATION & REVIEW MINUTES

On a motion by Com. Mitchell. and second by Com. Douglas, the Board unanimously approved the December 2, 2019 minutes of the Board of Equalization and Review as attached.

Minutes
Hertford County Board of Equalization and Review Meeting
December 2, 2019

The Hertford County Board of Equalization and Review met on December 2, 2019 at 10:20 A.M., in the Multipurpose Room of the Courthouse (2nd floor); 119 Justice Drive, Winton, North Carolina.

Members present were	Ronald J. Gatling, Chairman John D. Horton, Vice-Chairman Leroy Douglas, II Andre M. Lassiter William F. Mitchell, Jr. Sandy Brock-Justice, Clerk
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Charles L. Revelle, III, Attorney for Hertford County, was also present.

The meeting was called to order by Chairman Gatling.

County Attorney, Charles Revelle, III stated that the appeal before the Board of Equalization & Review is an initial 1/1/19 revaluation appraisal of \$59,953,741 for the property identified as the Rivers Correctional Facility at 145 Parkers Fishery Rd, currently owned by Wackenhut Corrections Corporation, a subsidiary of The GEO Group, Inc., Parcel Identification Number 5997-92-6741. Mr. Revelle stated the Board had received packets from both DMA and Pearson's Appraisal Service for review prior to today's meeting. DuCharme, McMillen & Associates (DMA) made an informal appearance before the Board on May 6, 2019, to give notice of an appeal of the initial revaluation, and to challenge the original Pearson Appraisal work. Pearson Appraisal, who conducted the entire county revaluation work, did conduct another appraisal over the summer and fall of 2019, and the results were provided to the Board, along with DMA's written material, last week. Bob Pearson of Pearson Appraisal was also in attendance. Mr. Revelle explained that Mr. Thomas Berry of DuCharme, McMillen & Associates (DMA) is here on behalf of their client, The GEO Group, Inc. who operates Rivers Correctional. Mr. Revelle also noted that DMA is recognized as The GEO Group's authorized Power of Attorney tax representative.

Mr. Revelle reminded the Board of the overall duties in being presented with an appeal, among these duties, the Board may review all documents and ask questions of both parties. Mr. Revelle outlined that DMA could make any presentation it desired, in addition to its written material, and be subject to questions from the Board, Pearson, or the Tax Assessor. Pearson could then make any presentation it desired, in addition to its written material, and be subject to questions from the Board, DMA, or the Tax Assessor. The Tax Assessor would then make her recommendation. The Board could then consider all of the evidence presented, and the Board could make a decision today, or could defer a decision. Mr. Revelle advised that all discussion and deliberation about the evidence and appeal is to be done in Open Session, with the parties and any citizens allowed to be present. He stated the burden is on the taxpayer to persuade the Board, by the greater weight of the evidence, that the decision/recommendation of the Tax Assessor is incorrect.

Chairman Gatling called Mr. Berry before the Board to present any additional information on behalf of their client, The GEO Group, Inc. Mr. Berry stated that since this was an ongoing appeal from earlier this year and he had appeared before, he was not certain what different information the Board would want to hear. Mr. Berry explained that DMA had submitted reports and

documentation to support the argument that the tax assessment for the property was high. Mr. Berry stated that Rivers Correctional is a private prison low security facility that houses federal male inmates. The contract for renewal is up again in March 2021.

Commissioner Douglas asked Mr. Berry of the contract distinction and if there was more than one. Mr. Berry verified that there is only one and that is to house federal inmates.

Mr. Berry shared with the Board that there are only two groups that operate private prisons – The GEO Group and Core Civic. Mr. Berry explained that many variables make this property a “risky investment” that effects the market value. Mr. Berry explained that during the Obama Administration, private prisons were being shut down, but this decision was reversed as the Trump Administration began. Mr. Berry cited that banks are not lending money for private prisons as they consider these property types as a financial risk.

Vice-Chairman Horton commented that he had personal knowledge given his association with the prison and stated that staff was generally excited in 2011 with the contract renewal.

Mr. Berry stated that their report utilized three approaches to value – Cost, Income, Sales and also included the findings of Discounted Cash Flow that was more appropriate to determining the assessment of the property than that of using a Direct Cap Rate method. Mr. Berry explained the Discounted Cash represents a yield rate rather than a Direct Cap that has a yearly snapshot of data.

Mr. Berry stated that all forms of depreciation must be recognized – physical, functional, external/economic and the assessment as it currently does have any external depreciation applied.

Mr. Berry presented to the Board that the situation in California with the prison closings is supporting evidence that the anticipated renewal of the contract effects value and that if the contract is renewed it is projected to be around \$50 to \$55 per inmate per day.

Commissioner Douglas asked if the values for all prisons owned by The GEO Group were provided in DMA’s report. Mr. Berry stated that only nine were included in the report.

Chairman Gatling asked Mr. Berry what his ultimate goal in terms of assessment of the property was.

Mr. Berry responded that after further discussions with The GEO Group and their initial proposal of a valuation of a little over \$34,000,000 (\$34,416,667), The GEO Group would be willing to settle at \$49,500,000 to avoid going to the Property Tax Commission.

Chairman Gatling read a sentence from the 2018 Annual Report of The GEO Group, Inc., which was a statement by GEO’s CEO and Chairman in a Letter to Shareholders, as follows: “2018 was a very active and successful year for the GEO Group with respect to contract renewals and extensions.” He asked Mr. Berry if he had any comment about the GEO Chairman’s statement. Mr. Berry stated that he would only be making assumptions and that he is not employed with The GEO Group.

Having no other questions for Mr. Berry, Chairman Gatling called Mr. Pearson – President of Pearson’s Appraisal Service before the Board.

Mr. Pearson stated that the initial appeal of assessment was \$59,953,741 and the assessment notice was mailed in March 2019. Mr. Pearson stated the prison is a unique property to assess as it has security and administrative procedures that must be adhered. Mr. Pearson conveyed that DMA has been cooperative in every way in going through this process with the exception of one. Mr. Pearson explained that income and expense statements from 2016, 2017, and 2018 were requested from DMA (for their client) in emails dated March 28, 2019, October 10, 2019, and October 15, 2019 in which that information was never received. According to Mr. Pearson, DMA does claim to use 2018 information in their review of the Hertford County 2019 assessment.

Mr. Pearson stated that in light of this we utilized what we were provided from DMA to develop an income statement – that income model initially came in at \$66 million based on the prison capacity of 1,450. Following an onsite walk through visit and gaining knowledge from the warden that the actual prisoner census was 1330, Mr. Pearson said that the income model was revised and now reflects a valuation of approximately \$53.0 million, while the cost approach with reasonable depreciation is a little over \$52.2 million.

Mr. Pearson stated that the cost of building the prison in 2000 was \$66 million and at that time, the initial rate per inmate per day was \$59.06 according to the contract rates shared by DMA. In referencing DMA’s report, Mr. Pearson also stated that when the contract was renegotiated in 2011, the rate went to \$70.08 per inmate per day, and was currently at \$77.62. This trend of rate increase is likely to continue for 2019, 2020 and up until the anticipated renewal in March of 2021.

Commissioner Douglas asked if Pearson’s Appraisal initially appraised the prison. Mr. Pearson stated that when the prison was built, then Tax Assessor, Judy Vinson and Assistant Tax Assessor, Sylvia Anderson were assisted by the North Carolina

Department of Revenue Staff in listing the property. Mr. Pearson stated that he had completed two walk through tours – approximately three years ago and the most recent October 28, 2019 visit.

Mr. Pearson stated that all aspects of the record has been gone through and corrected. The sprinklers, the wall height, the quality grade and condition, factors, the square footage, the market condition codes all are compared to Marshall & Swift Valuation guides and assessed accordingly. Mr. Pearson stated that the replacement cost new to build the prison today would be around \$70 to \$80 million.

Mr. Pearson said that the cost approach best supports the assessment of the property, that according to what we have been provided and the data we have gathered, we feel comfortable with the assessment of \$52,219,088.

Chairman Gatling then asked Sandy Brock-Justice, Tax Assessor for her recommendation of assessment. Ms. Brock-Justice stated in reviewing what Mr. Pearson has presented, her recommendation for assessment is \$52,129,088 effective for January 1, 2019. Ms. Brock-Justice further stated that no additional external obsolescence was observed for the property as it relates to the appeal date. Ms. Brock-Justice explained to the Board that if the conditions change for the property, then the property could be reassessed at that time.

Following a brief discussion by the Board, the motion was made by Commissioner Lassiter that based on the evidence and reports presented by DMA and Pearson, and the recommendation of the Tax Assessor, the Board of Equalization and Review finds and orders that the fair market value of PIN# 5997-92-6741, Wackenhut Corrections Corporation, as of January 1, 2019, is \$52,219,088 ; Commissioner Horton seconded and it was unanimously approved.

With no further appeals scheduled before the Board, the Hertford County Board of Equalization & Review adjourned, except for the purpose of approving minutes of this meeting.

Sandy Brock-Justice
Clerk to Board of Equalization and Review

On a motion by Com. Mitchell and second by Com. Douglas the Board unanimously agreed to adjourn the Board of Equalization and Review for FY 2019.

On a motion by Com. Lassiter and second by Com. Douglas, the Board unanimously agreed to return to Regular Session.

REQUEST APPROVAL OF HERTFORD COUNTY JCPC NC DPS – COMMUNITY PROGRAMS COUNTY FUNDING PLAN

On a motion by Com. Lassiter and second by Com. Mitchell, the Board unanimously approved the Hertford County JCPC NC DPS – Community Programs County Funding Plan totaling \$131,766.00.

REQUEST APPROVAL OF RESOLUTIONS FOR TRUST & BANK ACCOUNT SIGNATURES

On a motion by Com. Douglas and second by Com. Lassiter, the Board unanimously approved the Southern Bank Corporate Resolutions for authorized signatures on the Hertford County Central Depository, Hertford County Social Services Trust Account, Hertford County Inmate Trust Fund and the Hertford County General Fund.

REQUEST APPROVAL OF AMENDMENT TO HERTFORD COUNTY BUDGET ORDINANCE FISCAL YEAR 2019-2020 - AMENDMENT #10

On a motion by Com. Douglas and second by Com. Lassiter, the Board unanimously approved the Amendment to Hertford County Budget Ordinance Fiscal Year 2019-2020 - Amendment #10 as attached.

AMENDMENT TO HERTFORD COUNTY BUDGET ORDINANCE FISCAL YEAR 2019-2020

BE IT ORDAINED by the Governing Board of the County of Hertford, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2020:

REVENUE:

Department	Account Number	Account Description	Amount Increase	Amount Decrease
Revenues	100063-418701	Low Energy Assistance	\$ 63,168.00	
Total Changes in Revenue			\$63,168.00	\$ -

Net Change in Revenue	\$63,168.00
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EXPENDITURE:

Department	Account Number	Account Description	Amount Increase	Amount Decrease
DSS	104440-563001	Low Energy Assistance Program	\$ 63,168.00	
Total Changes in Expenditures			\$ 63,168.00	

Net Change in Expenditures	\$63,168.00
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Explanation:

To budget additional state funding

Amendment # 10

Approved:

Posted:

Interim Finance Director

Date

COUNTY MANAGER'S COMMENTS

Interim Asst. County Manager Cotton thanked the Board for the confidence in his selection as Interim Manager and stated that Manager Williams had done a tremendous job in the transition and the administrative staff have been welcoming to his interim leadership.

Chairman Gatling congratulated Interim Asst. County Manager Cotton for accepting the assignment as Interim County Manager and reminded him that the Finance Director vacant position needed to be filled.

COMMISSIONERS' COMMENTS

Com. Douglas thanked those in attendance for coming to the meeting.

Com. Mitchell wished everyone a Happy Holiday.

Com. Lassiter wished everyone a Merry Christmas and a Happy New Year.

Vice-Chair Horton welcomed Mr. Cotton and shared that he was available to assist him if needed as he transitions into the assignment.

Chairman Gatling shared that Clerk Fleetwood will send a holiday letter to all employees from the Board and thanked everyone for attending the meeting.

CLOSED SESSION

On a motion by Com. Mitchell and a second by Com. Lassiter, the Board unanimously approved to move to Closed Session as allowed under G.S. 143-318.11 (a) (3) to consult with the County Attorney.

Minutes of Closed Session are on file in the Office of the Clerk to the Board.

On a motion by Com. Mitchell, and a second by Vice-Chair Horton, the Board voted unanimously to return to Regular Session.

The Board directed Interim Asst. County Manager Cotton to find out when the Board of Education and AES Project Architect can schedule a joint meeting with the Board to discuss the AES New School Project.

On a motion by Com. Lassiter and second by Com. Douglas, the Board voted unanimously to adjourn the meeting.