



## TOWN COUNCIL

### Special Meeting

Town Hall  
May 24, 2012  
6:00 PM

At 6:00 p.m., Mayor Dora Sullivan, having established a quorum, called to order the Special Meeting of Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Bennett, Evans and Sullivan and Councilwoman Natali. Councilman Veber was not in attendance. Also present were Councilmen-Elect Clarke and Godwin and Town Manager Heather Arcos and Town Clerk Libby Hume. There was one (1) member of the public in attendance.

Mayor Sullivan announced the business for the evening would be as follows:

- A) Appointment of a local town attorney.
- B) Authorization of a line of credit with Shore Bank.
- C) Cape Charles Volunteer Fire Company request.

A. *Local Town Attorney:*

Heather Arcos stated that the Town advertised a Request for Proposals for a Local Town Attorney in January and three (3) proposals were submitted prior to the deadline. After review of the proposals, staff recommended award of the contract to Cowan Gates, P.C. of Richmond. Messrs. Frank F. Rennie, IV and Ernest "Rusty" Gates, Jr. were partners in the firm and Mr. Gates had a home in Cape Charles. Cowan Gates, P.C. was a law firm of 30 attorneys and support staff with specialty in local government law, civil litigation, property rights, land use and eminent domain at all levels of state and federal court. Mr. Rennie also served as the attorney for Lunenburg County, Virginia. Mr. Rennie was also a member of the Local Government Attorneys of Virginia as requested by the Town Council. The fee for services provided by the partners was \$225 per hour and \$150 per hour for associates. It was determined that much of the routine legal work could be done by associates at the lesser rate. Heather Arcos went on to state that Messrs. Rennie and Gates wanted to attend a Council meeting in June to introduce themselves and meet the members of Council.

There was some discussion regarding their previous experience with government entities and Councilman Bennett suggested the meeting with Cowan Gates, P.C. be scheduled for July after the new Councilmen took office.

Councilwoman Natali suggested an addition to the contract allowing for an option to renew for an additional two (2) years if the Council and staff were satisfied with their performance.

**Motion made by Councilman Bennett, seconded by Vice Mayor Bannon, to appoint Cowan Gates, P.C. as the Local Town Attorney and authorize the Town Manager to execute the two-year contract as outlined in the Request for Proposal, with an option to renew for an additional two years. The motion was unanimously approved.**

B. *Shore Bank Credit Line:*

Heather Arcos stated that in the past, the Town maintained credit lines with the Bank of America and PNC Bank which served as a safety net for the Town. With the recent change in financial institutions, the Town's credit lines have been closed. The Town established a financial relationship with Shore Bank after receiving notification from the Bank of America of its intent to close the Cape Charles branch. Shore Bank offered the Town an unsecured line of

credit in the amount of \$500K and was waiving the \$250 origination fee. The interest rate was a variable rate at prime plus .5. Currently prime was 3.25% so the initial rate would be 3.75%. The line of credit must be paid in full annually by the anniversary date and maintain a zero balance for at least 30 consecutive days within the year. A resolution was required to authorize establishment of the line of credit with Shore Bank.

**Motion made by Councilman Evans, seconded by Councilwoman Natali to adopt Resolution #20120524 Authorizing a Line of Credit with Shore Bank in the amount of \$500K. Mayor Sullivan moved to adopt Resolution #20120524 – Authorizing a Line of Credit with Shore Bank as noticed and forewent reading of the Resolution. Resolution #20120524 was adopted by unanimous vote. Roll call vote: Bannon, yes; Bennett, yes; Evans, yes; Natali, yes; Sullivan, yes.**

*C. Cape Charles Volunteer Fire Company Request:*

Mayor Sullivan stated that the Cape Charles Volunteer Fire Company (CCVFC) requested \$30K to be allocated in the FY 2011/2012 budget to pay for insurance and an annual equipment loan payment. The fire company had a shortfall due to equipment and vehicle repairs. After holding a work session with the CCVFC Board on April 20, 2011, the Town Council budgeted \$30K in a contingency fund to be approved by the Town Council for disbursement of funds.

Heather Arcos added that the Town Council had approved and paid \$8,191 to date towards insurance and \$14,567.56 for the annual equipment loan for a total of \$22,758.56. On April 30, 2012, the CCVFC Treasurer, Hollye Carpenter, submitted a request for reimbursement for the final insurance payment in the amount of \$7,241.44. With this payment, the total amount contributed by the Town to the CCVFC would be \$30K.

Heather Arcos stated that she had spoken with Hollye Carpenter who had informed her that the CCVFC was having difficulty in obtaining an accountant to complete the 2011 financial audit at an affordable cost. Ms. Carpenter had stated that Accomack and Northampton Counties did not require financial audits from the volunteer fire companies but accepted copies of the annual tax returns and quarterly financial reports. There was much discussion regarding the audit requirement. Vice Mayor Bannon stated that he felt an audit was a good thing and Councilman Evans expressed his agreement with Vice Mayor Bannon especially in light of the CCVFC's financial difficulties. Mayor Sullivan added that she felt the Town should provide the \$7,241.44 reimbursement to the CCVFC and try to help them find an accountant to perform the financial audit for 2011. Councilwoman Natali also added that in the meantime, the Town should request copies of the annual tax returns to circulate amongst the Council for review.

**Motion made by Councilman Evans, seconded by Councilman Sullivan, to authorize the Town Manager to reimburse \$7,241.44 to the Cape Charles Volunteer Fire Company for the final insurance payment. The motion was approved by unanimous consent.**

**Motion made by Vice Mayor Bannon, seconded by Councilman Bennett, to adjourn the Town Council Special Meeting. The motion was approved by unanimous consent.**

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Mayor Sullivan

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Town Clerk