REPORT ON THE
TOWN OF CLARKSVILLE – COUNTY OF MECKLENBURG
VOLUNTARY SETTLEMENT AGREEMENT

Commission on Local Government
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REPORT ON THE TOWN OF CLARKSVILLE – COUNTY OF MECKLENBURG VOLUNTARY SETTLEMENT AGREEMENT

PROCEEDINGS OF THE COMMISSION

On March 9, 2012, the Town of Clarksville filed notice with the Commission on Local Government, pursuant to the provisions of Section 15.2-2907 of the Code of Virginia, of its intention to petition the court for the annexation of approximately 6.0 square miles of territory in Mecklenburg County. Consistent with the regulations promulgated by the Commission, the Town's notice was accompanied by data supporting the annexation action.[1] Further, in accordance with statutory requirements, the Town concurrently gave notice of its proposed annexation to the County and 21 other localities with which it is contiguous or with which it shares functions, revenues, or tax sources.[2] [3] In conjunction with its initiation of the annexation issue, the Town Council indicated that it "desires to attempt to negotiate an agreement with the County" to effect a settlement with respect to the proposed annexation.[4]

On March 19, 2012, at the Commission's regularly scheduled meeting, preliminary arrangements were adopted for its formal review of the Town's annexation action and for offering mediation assistance to the parties in an endeavor to effect a negotiated settlement. At that meeting, the Commission established a schedule which called for the submission of the County's material in response to the annexation action by June 18, 2012; for oral presentations and a public hearing on the issue in mid-July 2012; and for submission of the Commission's report in September 2012. At that meeting, the Commission delegated authority to the Chairman to appoint an independent mediator to assist the parties in negotiations relative to the annexation action should the parties agree to and jointly request mediation.

Subsequent to that meeting, the County and Town indicated that they would agree to mediation and jointly requested that the Commission Chairman appoint an independent mediator. Dr. Roger Richman was designated by the Commission's Chairman as the independent mediator in this matter, and mediation followed beginning in July 2012.[5]

As a result of the negotiations between the Town and County, aided by the Commission's designated mediator, an interlocal agreement was reached by the jurisdictions and presented to the Commission on

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[1] Town of Clarksville, Notice by the Town of Clarksville of its Intent to Petition For Annexation of Territory in Mecklenburg County (hereinafter cited as Town Annexation Notice), March 9, 2012.
[2] Sec. 15.2-2907(A), Code of Virginia.
[3] Town Annexation Notice, Tab 4.
[4] See the resolution adopted by the Town Council to initiate the annexation proceedings, in Town Annexation Notice, Tab 2.
[5] Gregory J. Haley, Special Counsel for Mecklenburg County, letter to Commission Chairman Cole Hendrix, May 1, 2012; Andrew McRoberts, Special Counsel for the Town of Clarksville, letter to Commission Chairman Cole Hendrix, May 3, 2012; Susan B. Williams, Esq., letter to Dr. Richman, May 18, 2012.

December 12, 2012.[6] This proposed agreement contained provisions which would provide for: (1) the annexation to the Town of Clarksville of approximately 722.5 acres of territory located in Mecklenburg County; (2) sharing by the Town and the County of certain tax revenue generated and which will be generated from areas located adjacent to the new Town boundaries that are planned for commercial and/or industrial projects; (3) certain utility issues; (4) waiver of future annexation rights by the Town for a period of 10 years; and (5) for other matters.[7] Later, the Commission received an additional filing from Mecklenburg County, dated December 21, 2012, that disputed some of the facts and conclusions contained in the Town's December 12th filing; however, that filing indicated that the County continues to support the proposed voluntary settlement agreement.[8]

The Commission convened in Clarksville on January 28, 2013 to tour the Town and relevant areas in Mecklenburg County, to receive oral testimony from local officials regarding the agreement, and to conduct a public hearing for the purpose of receiving citizen comment.[9] The public hearing, which was advertised in accordance with Section 15.2-2907(B) of the Code of Virginia, was attended by approximately 48 persons and produced testimony from 12 individuals. In order to permit receipt of additional public comment, the Commission agreed to keep open its record for written submissions through February 11, 2013. The Commission received written comments from 15 individuals.

SCOPE OF REVIEW

The Commission on Local Government is directed by law to review proposed annexations and other local boundary change issues, as well as negotiated agreements settling such matters, prior to their presentation to the courts for ultimate disposition. Upon receipt of notice of such a proposed action, the Commission is directed to "hold hearings, make investigations, analyze local needs" and to submit a report containing findings of fact and recommendations to the affected local governments.[10] With respect to a proposed agreement negotiated under the authority of Section 15.2-3400 of the Code of Virginia, the Commission is required to determine in its review "whether the proposed settlement is in the best interest of the Commonwealth."

As we have noted in previous reports, it is evident that the General Assembly encourages local governments to attempt to negotiate settlements of their interlocal concerns. One of the statutory responsibilities of this Commission is to assist local governments in such efforts. In view of this

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[6] McRoberts, letter to staff of Commission on Local Government, December 12, 2012. This letter transmitted the Voluntary Settlement Agreement, and supporting materials, contained in two volumes, hereinafter cited as VSA Supporting Materials; however, these materials did not include a notice to the Commission as required by § 15.2-2907(A). Subsequently, the Commission received the Amended Notice by the Town of Clarksville and the County of Mecklenburg of a Voluntary Settlement Agreement, on December 19, 2012.

[7] Voluntary Settlement of Annexation and Related Issues Between the Town of Clarksville and Mecklenburg County (hereinafter cited as Settlement Agreement). The 722.5 acres to be annexed includes 12.75 acres of open water; therefore, in other parts of this report reference may be made to 709.79 acres of land.

[8] Mecklenburg County, Notice by the County of Mecklenburg of a Voluntary Annexation Settlement Agreement with the Town of Clarksville.

[9] Commission Member Wanda C. Wingo's term on the Commission expired on December 31, 2012; however, pursuant to Va. Code § 15.2-2902, Ms. Wingo continued to serve as a temporary member of the Commission for the limited purpose of participating in the final report on the Commission's review of this agreement.

legislative intent, the Commission believes that proposed interlocal agreements, such as the one negotiated by the Town of Clarksville and Mecklenburg County, should be approached with respect and a presumption of their compatibility with applicable statutory standards. The Commission notes that the General Assembly has determined that interlocal agreements negotiated under the authority of Section 15.2-3400 of the Code of Virginia shall be reviewed by this body prior to their final adoption by the local governing bodies. We are obliged to conclude, therefore, that while interlocal agreements are due respect and should be approached with a presumption of their consistency with statutory standards, such respect and presumption cannot be permitted to render our review a *pro forma* endorsement of any proposed settlement. Our responsibility to the Commonwealth and to the affected localities requires more.

GENERAL CHARACTERISTICS OF THE TOWN, THE COUNTY, AND THE AREAS PROPOSED FOR ANNEXATION

Town of Clarksville

The Town of Clarksville was founded in 1818 along the Roanoke River, just downstream from the junction of the Staunton and Dan Rivers. In 1952, the John H. Kerr Dam, which formed Kerr Reservoir (also known as Buggs Island Lake), was completed, inundating areas of the Town, but also providing the Town and region with a major recreational asset.[11] Located in southwestern Mecklenburg County, Clarksville is a retail trade and service center for the areas around the Lake. The Town, whose last major boundary expansion occurred in 1990, lost population during the previous decade, experiencing a decrease in population of 14.3% between 2000 and 2010. As of 2010, the Town had a population of 1,139 persons and an area of 1.96 square miles, giving the municipality a population density of 581 persons per square mile.[12] [13]

The population of the Town is considerably older and less affluent than that of the state as a whole. As of 2010, the median age of Clarksville's residents was 51.5 years, a statistic well above that for the State overall (37.5 years). Further, the percentage of the 2010 population that was age 65 and over was 27.2%, significantly in excess of the comparable figure for the State generally (12.2%).[14] Regarding personal earnings, the 2007-2011 American Community Survey estimated the median household income in Clarksville was $36,094 or only 57.0% of the statistic for all of Virginia ($63,302).[15]

With respect to the Town's present physical development, 2012 land use data reveal that 43.0% of Clarksville's total area is devoted to residential development, 8.1% to commercial enterprise, 3.0% to industrial uses, 3.7% to public or semi-public uses and 3.2% to transportation and utility purposes, with

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[10] Sec. 15.2-2907(A), Code of Va.
[11] VSA Supporting Materials, Tab 3, Comprehensive Plan, Town of Clarksville, pp. 6-8.
[12] Commission on Local Government, Municipal Boundary Change Actions in Virginia since 1990: Grouped by Gaining Municipality, accessed April 2, 2013, http://www.dhcd.virginia.gov/images/clg/Municipal-Boundary-Change-Actions-since-1990-bymunicipality.pdf.
[13] U.S. Department of Commerce, Bureau of the Census, Census 2000, Summary File 1; Census 2010, Summary File 1.
[14] Ibid.
[15] U.S. Department of Commerce, Bureau of the Census, 2007-2011 American Community Survey.

39.0% (465.86 acres) remaining undeveloped. Of this undeveloped land, however, 111.19 acres are constrained by wetlands or floodplains. Consequently, the Town of Clarksville retains approximately 354.67 acres, or 29.7% of its total land area, vacant and suitable for development.[16]

County of Mecklenburg

Mecklenburg County was established in 1764 from territory formerly part of Lunenburg County.[17] The 2010 Census revealed that the County's population was 32,727, an increase of 1.1% from the 2000 figure (32,380). On the basis of its 2010 population and a land area of 625.49 square miles, Mecklenburg County has an overall population density of 52.3 persons per square mile.[18]

The County's population is also older and less affluent than that of the state as a whole. Census data shows that, as of 2010, the median age of residents in Mecklenburg County was 45.8 years, which is notably higher than the figure for the State as a whole (37.5 years). In addition, as of 2010, approximately 20.7% of the County's population was age 65 or older, which is lower than that of Clarksville, but also reflects an elderly component greater than the State generally (12.2%).[19] With respect to income, the 2007-2011 American Community survey estimated the median household income in the County was $36,069, which is comparable to the Town's figure but only 57.0% of the comparable figure for the Commonwealth overall ($63,302).[20]

Mecklenburg County's economy experienced a 16.8% loss of employment positions between 2000 and 2010, many of which were the result of a 67.0% loss in the manufacturing sector.[21] Agriculture remains an important component to the local economy, as 2007 statistics show that the County was the second leading locality in the Commonwealth in terms of the market value of tobacco and ranked 24th in total value of all agricultural products. Further, in the same year, there were 580 farms in the County, occupying a total of 157,317 acres (39.3% of the County's total land area).[22] In terms of forested property, 2007 data indicate that 69.3% of the county is considered to be forest land.[23]

Areas Proposed for Annexation

Areas Proposed for Immediate Annexation

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[16] VSA Supporting Materials, Tab 8.
[17] Salmon, Emily J. and Edward D.C. Campbell, Jr., The Hornbook of Virginia History, 4th ed. (Richmond: Library of Virginia, 1994), p. 167.
[18] U.S. Department of Commerce, Bureau of the Census, Census 2000, Summary File 1; Census 2010, Summary File 1.
[19] Ibid.
[20] U.S. Department of Commerce, Bureau of the Census, 2007-2011 American Community Survey.
[21] Virginia Employment Commission, Quarterly Census of Employment and Wages; 2000 and 2010 (Online database), https://www.vawc.virginia.gov. In 2000, the total employment in all industries in Mecklenburg County was 14,752, which had decreased to 12,267 in 2010. Manufacturing employment decreased from 3,787 in 2000 to 1,250 in 2010.
[22] U.S. Department of Agriculture, 2007 Census of Agriculture, County Profile: Mecklenburg County, Virginia.
[23] Rose, Anita K., Virginia's Forests, 2007, Resource Bulletin SRS-159, (Asheviille, N.C.: U.S. Department of Agriculture Forest Service, Southern Research Station, 2009), p. 70. According to the publication, there are 293,826 forested acres in Mecklenburg County, and 130,228 non-forested acres. The total area of the County in this statistic differs from the U.S. Census figure of 625.49 square miles (about 400,313 acres). In addition, some of the forested acres may also have been counted in agricultural acres.

The areas proposed for immediate incorporation into the Town of Clarksville consist of four tracts: Annexation Area A, located west of Clarksville's present corporate limits at the western end of the U.S. 58 bypass; Areas B1 and B2, located south of the Town, surrounding the U.S. 15-58 bypass/U.S. 15 interchange; and Area C, located east of Town, along Kerr Reservoir.[24] Those parcels collectively include approximately 1.11 square miles of land area, containing an estimated 2012 population of 136 persons and FY 2011 assessed real property values of $38.0 million.[25] [26] Based on those figures, the area proposed for annexation encompasses 0.18% of Mecklenburg County's total land area, 0.42% of its total 2010 population, and 0.95% of its 2011 total assessed real estate.[27] Based on its area and population estimate, the area proposed for annexation has a population density of 122.52 persons per square mile, which is more than double than that of Mecklenburg County as a whole (52.3 persons per square mile).

In terms of current development, Annexation Area A includes established residential and commercial areas, along with vacant properties that are appropriate for residential and commercial use. Areas B1 and B2 consist of three large vacant tracts with highway frontage. Area C consists of several residential neighborhoods with available vacant property, as well as the abandoned Burlington Industries facility, which is currently being demolished and will be available for development.[28] According to recent land use data, 22.0% of the area is devoted to residential development, 4.3% to commercial enterprise, 0.2% to industrial activity and 9.7% to transportation and utilities, with 63.9% (453.52 acres) of the area remaining vacant or engaged in agricultural production. Of the vacant land in the area proposed for annexation, 66.99 acres are located on property constrained by wetlands or floodplains. Thus, the net vacant land suitable for development in the proposed immediate annexation areas consists of approximately 386.53 acres (54.5% of the total area).[29]

Potential Future Annexation Area on the North Side of Kerr Reservoir

The proposed agreement would also allow the Town of Clarksville to annex additional territory in Mecklenburg County on the opposite side of Kerr Reservoir from the majority of the Town, in lieu of a revenue sharing arrangement established by the proposed agreement on a portion of that land that is currently owned by the Town's Economic Development Authority (EDA). In addition to the EDA-owned parcel, the area subject to potential future annexation includes a portion of the land in Occoneechee State Park and the right-of-way of U.S. Route 58 between the State Park and the existing town limits, as needed to establish contiguity with the existing town limits.[30] Because the proposed agreement does not provide finite boundaries for the proposed future annexation area, an accurate size of the proposed area for annexation is not available. The EDA Property consists of approximately 367.99 acres and is currently vacant, lacks public road frontage, and is the only part of this potential annexation area that

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[24] Settlement Agreement, Exhibit 1.
[25] VSA Supporting Materials, Tab 8., Table 10. This value is for assessed real property, including public service corporations.
[26] Ibid., Tab 11, Tables 10 & 11; and J. Charles Lee, Clarksville Interim Town Manager, letter to Commission staff, February 1, 2013.
[27] Ibid., Tab 34. In FY 2011, the County reported $3,984 million in real estate values, including those of public service corporations.
[28] Ibid., Tab 3, Comprehensive Plan, Map 9; and Tab 8.
[29] VSA Supporting Materials, Tab 8.
[30] Settlement Agreement, Section 3 and Exhibit 3.

could potentially be developed due to the public ownership of the other lands.[31] There are only three residents in this area, all of whom reside within the State Park.[32]

STANDARDS FOR REVIEW

As a previous section of this report has noted, the Commission on Local Government is charged with reviewing proposed interlocal settlements negotiated under the authority of Section 15.2-3400 of the Code of Virginia to determine whether such settlements are "in the best interest of the Commonwealth." In our judgment, the Commonwealth's interest in this and other interlocal agreements is fundamentally the preservation and promotion of the general viability of the affected localities. In this instance, the Commission is required to review an interlocal agreement which provides for: (1) the annexation to the Town of Clarksville of approximately 722.5 acres of territory located in Mecklenburg County; (2) sharing by the Town and the County of certain tax revenue generated and which will be generated from areas located adjacent to the new Town boundaries that are planned for commercial and/or industrial projects; (3) certain utility issues; (4) waiver of future annexation rights by the Town for a period of 10 years; and (5) for other matters. A proper analysis of the proposed Clarksville – Mecklenburg County Voluntary Settlement Agreement, as mandated by statute, requires consideration of the ramifications of these provisions with respect to the current and future viability of the two jurisdictions.

Interests of the Town of Clarksville

Land for Development. As indicated previously, the Town of Clarksville currently has within its boundaries approximately 465.86 acres of undeveloped land or 39.0% of the Town's total area. Of this vacant land, approximately 111.19 acres are potentially constrained by floodplains or wetlands, leaving approximately 354.67 acres, or 29.7% of the Town's land area, vacant and amenable to development. The proposed agreement will permit the Town to annex an area containing approximately 386.53 acres of vacant land generally suitable for development, including the former Burlington Industries site in Area C, which is currently being demolished and made available for development.

Currently, the only vacant, developable land zoned for industrial use within the Town limits lies within the Lake Country Business Park, which is owned by the Clarksville Economic Development Authority.[33] The park consists of approximately 32 acres; however, about 15 acres have been sold to the regional Community Services Board and, thus, does not produce revenue for the Town. The remaining acreage is divided into two smaller tracts by a roadway, severely limiting the available industrial land within the Town.[34]

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[31] Mecklenburg County, Virginia GIS (Online database), http://mecklenburg.gis.edsi.com, Property records 5084 and 5089.
[32] Personal communication with Scott Shanklin, Occoneechee State Park Manager, March 29, 2013.
[33] Town Annexation Notice, Tab 3, Comprehensive Plan, Map 9; and VSA Supporting Materials, Tab 8. A review of the existing zoning map, compared to recent aerial photography reveals that there is little remaining industrially-zoned land.
[34] Mecklenburg County, Virginia GIS (Online database), http://mecklenburg.gis.edsi.com, Property records 29161, 35299, and 37354.

Fiscal Assets and Public Service Liabilities

Fiscal Assets. The Town of Clarksville, which is a focal point of development on Kerr Reservoir in western Mecklenburg County, has not experienced growth in its property values comparable to Mecklenburg County as a whole. Taxable real estate values (exclusive of those of public service corporations) increased in the town from $75.0 million in 2002 to $148.0 million in FY 2012 or by 97.45%.[35] During the same span of years, such values in Mecklenburg County overall grew from $1,518.7 million to $3,739.1 million or by 146.20%.[36]

The Town and the County are relatively similar in terms of growth of local source revenues. From FY 2002 to FY 2011, local source revenues in the Town increased from $781,917 to $1,100,964, which equates to a 40.8% increase.[37] Meanwhile, County revenues increased from $19,183,526 in FY 2002[38] to $26,559,860 in FY 2011,[39] an increase of 38.5%. The data indicates that growth of local source revenues for the Town is slightly superior to that of the County over the defined ten-year period.

The Town has maintained a relatively low real estate tax rate. In FY 2002, the rate was $0.26 per $100 of assessed value but that has decreased to $0.24 in FY 2011.[40] Their rate is the lowest in Mecklenburg County as of FY 2011.[41] In FY 2011, real estate taxes from real property, public service corporations, and mobile homes represented 32.7% of local source revenues.

As a result, the Town has to rely on commercial activity to fund a significant percentage of its general fund expenditures. The Town levies taxes on business licenses, meals, lodging, and sales. In FY 2011, the Town collected $625,399 in revenues associated with these taxes.[42] These collections represented 56.8% of their local source revenues. It is important to note that meals and lodging taxes have trended downward in recent years. From FY 2007 through FY 2009, meals and lodging taxes represented approximately 31.5% of local taxes. By FY 2011, these taxes comprised only 28.5% of local revenues. An increased focus on tourism could raise these revenues back to historical levels.

The proposed agreement would permit the Town to annex an area containing an estimated $38.0 million in 2011 assessed property values, constituting an increase in Clarksville's total of such values by 24.96%.[43] Based on 2011 data, the area proposed for annexation is expected to generate a total of

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[35] VSA Supporting Materials, Tab 5, p. 3. Both the County and Town transitioned from calendar year to fiscal year assessments beginning on July 1, 2006, the beginning of FY 2007.
[36] Ibid., Tab 34.
[37] Ibid., Tab 11, Table 1. The table indicates that local tax revenues for the Town were $862,465 for FY 2002; however, that figure includes personal property tax relief, which should have been classified as categorical state aid. The APA indicated that personal property tax relief payments from the Commonwealth to the Town in FY 2002 were $80,548.
[38] Ibid., Tab 11, Table 5.
[39] County of Mecklenburg, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011, p. 46.
[40] Ibid.
[41] County of Mecklenburg, Response to Annexation Action by the Town of Clarksville dated July, 11, 2012, Tab 21.
[42] VSA Supporting Materials, Tab 11, Table 1.
[43] Ibid., Tab 19 provides the Town values. In FY 2011, the value of real property, mobile homes, and public service property within the current Town boundaries equaled $152.2 million.

approximately $179,468 annually in additional local source revenue and state aid for the Town's general fund.[44]

Revenue-sharing provisions in the agreement would provide the Town with a portion of the future revenues from two undeveloped properties – the Kinderton Technology Park and those owned by the Clarksville EDA on the north side of Kerr Reservoir – for a period of 20 years for each phase of development that occurs. This arrangement will provide the Town of Clarksville with additional revenues for a limited duration, and its impact is solely dependent upon future development.

Public Service Liabilities. While the proposed annexation will provide the Town of Clarksville with additional revenue and the potential for future economic growth, it will concurrently present the municipality with increased public service responsibilities. The proposed agreement will require the Town to extend its general governmental services to the citizens in the areas annexed at the same level as currently provided to those within the municipality. In order to provide these services to the annexation areas, the Town estimates that it will be required to spend an additional $59,838 from its general fund.[45] Given that the Town expects general fund revenues to increase by $179,468, the Town should be able to meet the operating costs to serve the new annexation areas. The effect to the general fund will be an estimated gain of $119,630.[46]

The proposed annexations present a different set of circumstances for the Town's water and sewer fund. Under the terms of the agreement, out-of-town water and sewer customers within the annexation areas will pay lower in-town rates for utilities. It is estimated that the resulting decrease in revenues to the enterprise fund will be $45,700 per year, due to the annexation of Areas A, B and C.[47] It should be noted that the Town's enterprise fund has been receiving transfers from the Town's general fund in order to help pay for operating expenses. This transfer equaled $60,000 in FY 2011.[48] Therefore, the annexation of these areas will further magnify a problem within the Town's enterprise fund. While an increase of support from the general fund to the water and sewer fund seems likely, the Town has not indicated how it will address this issue. It has been the position of the Commission that reliance on transfers from general fund reserves offers only an interim solution to the problem. The Town needs to address this concern with a long-term solution.

The proposed future annexation of lands within Occoneechee State Park and the Clarksville EDA-owned property would decrease revenues to the Town's enterprise fund substantially further, as the park is a large utility customer that would transition to in-town utility rates. The Town should be cautious not to exercise its annexation rights to these properties until such time that this revenue reduction can be absorbed.

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[44] Ibid., Tab 11, Tables 11 and 13. The Town has estimated the annexation would result in $151,642 in additional tax revenues, $3,796 in additional state funding, and $24,030 in additional solid waste collection fees.
[45] Ibid., Tab 11, Table 13. The additional expenses indicated in the table included the gains in solid waste collection fees, rather than Table 11, which shows other anticipated revenues.
[46] Ibid.
[47] Ibid., Tab 11, Table 13.
[48] Town of Clarksville, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011, p. 16.

With respect to water and sewer service, the terms of the settlement agreement may require additional resources from Clarksville, depending on circumstances that are outside of the Town's control. First, the Town has proffered in the agreement to waive water and sewer connection fees to existing residential and commercial structures located adjacent to existing water and sewer lines. The Town has estimated that, if every eligible property took advantage of this offer (which is possible but unlikely), the cost to the Town would total about $51,800 in materials, equipment and labor.[49] Under normal circumstances, these fees offset some of the Town's costs associated with adding new connections to the system.

In addition to the waiver of connection fees, the Town has offered to extend water and sewer lines, at its expense, to structures that were in existence on the effective date of the annexation and have demonstrated that their individual well or septic system has failed and cannot be replaced in a cost effective manner. Should extending these utilities within one year of the failure be deemed impractical, the agreement permits the Town to provide temporary alternative arrangements to the affected property owner(s), such as pump-and-haul sewer service or an alternative potable water supply.[50] According to engineering studies initiated by the Town, extending water and sewer lines to these unserved properties would cost the Town approximately $1,055,238 for Area C and approximately $473,643 for Area A. While the likelihood of the Town being required to make these expenditures immediately following the execution of the agreement may be unlikely, this obligation still leaves the Town at risk for an indefinite period of time should these privately-owned septic tanks and wells fail. Further, the Town has not indicated to the Commission how it intends to fund these extensions or the existing $2.9 million in identified improvements needed to the existing system. Without a funding plan, it is possible that the Town is committing itself to a financial burden that it is ill equipped to handle.

Solid waste collection services would also be extended to the annexation areas. Extending this service to most of the annexation areas would not be a hardship for the town, except in the northern section of Area C where approximately fifteen residences are served by two unpaved roads. The Town has conceded that standard refuse collection trucks would not be able to traverse these roadways. Instead, the Town proposes to use a pickup truck to collect the garbage in this area. The Commission has concerns that the Town may find this method of waste collection to be an inefficient use of resources.

Interests of the Areas Proposed For Immediate Annexation

Community of Interest

One of the factors appropriate for consideration in the analysis of proposed voluntary settlement agreements is the strength of the community of interest that joins the area proposed for annexation to the adjacent municipality. In this instance, the evidence suggests that there exists a significant degree of interdependence between the areas subject to annexation and the adjacent municipality.

Regarding the areas proposed for annexation, the Town is the source of certain fundamental public services to its residents and businesses. Clarksville currently provides water and sewer services to a

[49] Lee, letter to Commission staff, February 1, 2013.
[50] Settlement Agreement, Section 7.

significant portion of the annexation areas.[51] In addition, the Town's police department frequently responds to calls within the annexation areas on behalf of the County sheriff's office due to the proximity of available officers.[52] Therefore, the properties adjacent to Clarksville currently benefit directly or indirectly from public services provided by the Town. Further, the presence in the Town of numerous public, semi-public, and other facilities serving the general area increases the community of interest between Clarksville and the land immediately surrounding the Town. Such facilities include an elementary school, a library, the regional community services board offices, several churches, and various offices for professional services and healthcare.[53]

With respect to the strength and general nature of the community of interest between the Town of Clarksville and its adjacent areas, several additional points should be noted. First, the Town is a major focal point of commercial activity on the shores of Kerr Reservoir for the western half of Mecklenburg County, and the business establishments located in the area proposed for annexation are sustained, in part, by the patronage of Town residents. Second, the Business Routes for U.S. 15 and 58 intersect the U.S. 15 and 58 bypass route in Annexation Areas A, B1, and B2. These intersections serve as "gateways" to the Town. The quality and nature of development in these areas is of considerable significance to the municipality and the future development of those areas will affect the Town's viability. Third, the area proposed for annexation has an urban character and service needs which more closely parallel those of the Town than the outlying portions of Mecklenburg County. Finally, with respect to the nature of the areas proposed for annexation, a number of developments along corridors radiating from the Town are, in our judgment, essentially extensions of development patterns originating within the Town.

It should be noted that Annexation Area C does not enjoy some of the physical characteristics described above that are shared by Areas A, B1, and B2 relative to its community of interest with Clarksville. While Area C does contain more densely developed lands than surrounding unincorporated areas and is physically contiguous with the Town of Clarksville, several barriers exist between the Town and Area C, specifically Blue Creek (part of Kerr Reservoir) and the U.S 15 and 58 bypass. In order to travel via public roads between Area C and the Town, one must travel one and one-quarter miles within unincorporated Mecklenburg County. Despite this separation from Clarksville, Area C still shares a community of interest with the Town, as its residents benefit from the convenience of businesses located in the Town, along with utilities that have been extended to serve a significant portion of Area C.

Need for Urban Services

The 1.11 square miles (709.79 acres) of territory which are immediately subject to annexation by the Town of Clarksville under the terms of the agreement are estimated to contain a population of 136 persons, giving the area a population density of about 122.52 persons per square mile. While approximately 63.9% of the area proposed for immediate annexation is currently vacant or in agricultural use, there are several residential developments and commercial areas. With respect to its

[51] VSA Supporting Materials, Tab 3, Comprehensive Plan, Town of Clarksville, p. 58.
[52] Ibid., Tab 4, p. 1.
[53] Ibid., Tab 3, Comprehensive Plan, Map 2 and pp. 38-39; and Commission tour of annexation areas, January 28, 2013.

prospective future development, Mecklenburg County is not experiencing significant growth pressure; however, its comprehensive plan suggests that economic development activity be concentrated around existing towns to utilize the existing infrastructure and services.[54] As such, the areas subject to annexation may be expected to experience development at some point in the future and will increasingly need urban services that can best be provided by Clarksville.

Water and Sewer. The Town of Clarksville is the sole provider of water and sewer service in the immediate area.[55] Raw water for the Town is withdrawn from Kerr Reservoir and then treated at the Town's plant, which has a capacity of 1 million gallons per day (MGD). Because the Town's water distribution system requires approximately 240,000 gallons per day, the system currently has a reserve of 760,000 gallons per day or 76% of its capacity.[56]

Regarding the Town's water distribution and storage facilities, Clarksville owns and maintains approximately 30.45 miles of water lines, 9.64 miles of which are outside of the Town limits. Of the water lines that are outside of the corporate limits, 4.76 miles of lines are within the proposed annexation areas.[57] Supporting this water system are three storage facilities, which can collectively hold 2.6 million gallons of treated water – over a ten-day supply of water.[58] These facilities serve 689 connections within the town limits and another 67 outside of the existing town limits, of which 49 are located in the areas proposed for annexation.[59]

The Town's sewage treatment plant has a rated capacity of 550,000 gallons per day and treats an average of 285,000 gallons daily, leaving an excess capacity of 265,000 gallons per day or 48.2% of its permitted capacity.[60] The Town's wastewater collection system consists of approximately 20.74 miles of gravity sewer lines, of which 3.77 miles are beyond the corporate limits. Of those sewer lines that are located out-of-town, 1.84 miles are within the areas proposed for annexation. The Town's system currently serves 679 connections within the town limits and 72 outside the town limits, of which 47 are located within the areas proposed for annexation.[61]

The impact of the proposed agreement on water and sewer service in the annexation areas will vary, depending on whether an occupant is an existing utility customer and proximity to existing utility lines. First, annexation will have the effect of terminating the out-of-town surcharge on water and sewer rates, thereby reducing the cost for existing utility customers in the annexation areas. Second, as an incentive for newly-annexed property owners to connect to the Town's utility system, the proposed agreement requires the Town to waive water and sewer connection fees for one year to existing residential and commercial structures located adjacent to existing water and sewer lines. Third, for those properties in the annexation areas that do not have water or sewer lines available, the proposed

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[54] Information Requested from Mecklenburg County by the Commission on Local Government's Letter of April 4, 2012 (hereinafter cited as County Response to April 4, 2012 letter), Tab 1F, Mecklenburg 2035 Long-Range Plan, pp. 90-92.
[55] Ibid., Tab 5, p. 15.
[56] Ibid., Tab 9.
[57] Lee, letter to Commission staff, February 1, 2013.
[58] VSA Supporting Materials, Tab 9.
[59] Lee, letter to Commission staff, February 1, 2013.
[60] VSA Supporting Materials, Tab 9.

settlement would require the Town, at its expense, to extend utilities within one year to properties that were in existence on the effective date of the annexation and have demonstrated that their individual well or septic system has failed and cannot be replaced in a cost effective manner. Should extending utilities to these properties within one year be deemed impractical, the agreement permits the Town to provide temporary alternative arrangements to the affected property owner, such as pump-and-haul sewer service or an alternative potable water supply. Lastly, the agreement provides that the Town may collect a fee from property owners who choose not to connect to such newly-extended lines, if required by the Town's terms of financing the extension.[62]

The agreement also requires the Town to amend its Code to clarify that existing properties are not required to connect to the Town's utility system unless significant alterations occur on the property that would require existing wells or septic facilities to be modified or replaced, the existing facilities are found to be hazardous, or if the Town is required to mandate connections as a condition of financing for system expansion or improvement.[63]

Residents and businesses in the proposed annexation area that are not currently connected to Town utilities should benefit from the agreement's provisions that temporarily waive connection fees and promise utility line extensions in the event of well or septic failure. Despite these benefits, the agreement retains the Town's ability to charge "non-connect" fees for property owners who choose not to connect to the utility system, if required as a condition of the Town's financing for utility expansions.[64]

In sum, the public utility aspects of the settlement agreement provide a reduction in fees to existing and future users and the promise of service extensions, if warranted. It should be noted that, elsewhere in this report, concerns have been raised regarding the Town's fiscal ability to fulfill the water and sewer extension obligations contained within the agreement.

Solid Waste Collection and Disposal. The Town of Clarksville provides its residents and businesses with solid waste collection services on a fee basis, and participation in the program is mandatory. The cost for residential collection service is $7.50 per month for weekly service, while the fee for businesses is based on the type of business and frequency of collection. Also, the Town provides programs to pick up leaves and brush and provides space on Town property for County-operated recycling drop-off facilities.[65]

Mecklenburg County does not provide solid waste collection services for its residents, though it does offer such service to commercial establishments for a fee. County residents can deposit refuse at any of

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[61] Lee, letter to Commission staff, February 1, 2013.
[62] Settlement Agreement, Section 7.
[63] Ibid.
[64] Ibid.
[65] Ibid., Tab 5, pp. 21-22, and Tab 9; and Lee, letter to Commission staff, February 1, 2013.

180 drop-off sites located throughout the County or at the regional landfill near Boydton, which is operated by the Southside Regional Public Service Authority.[66]

Upon annexation, the Town will extend its solid waste collection and disposal services to the annexed areas. Residents and businesses should benefit from the Town's solid waste collection service. The extension of this service to newly-annexed areas will provide a convenience for residents who currently haul their refuse to a County drop-off center. Additionally, the general availability of solid waste collection services promotes the use of that service, reduces the incidence of illegal disposal and has a beneficial effect on a community.

It should be noted that, elsewhere in this report, concerns have been raised regarding the Town's plan to provide alternate arrangements for garbage collection for residents of Annexation Area C who reside along unimproved private roads.

Planning, Zoning, and Subdivision Regulation. The Town of Clarksville conducts its planning efforts with the assistance of a planning commission and a comprehensive plan that was adopted in 2009.[67] The Town has not adopted a capital improvements plan to assist in the fiscal planning and implementation of facilities contemplated by its comprehensive plan.[68] With respect to development controls, the Town has zoning and subdivision ordinances to assist in the management of its physical development, which are administered as part of the town manager's duties, who also serves as the Town's zoning administrator.[69] [70] Clarksville's subdivision ordinance mandates connection to Town utilities where such are available.[71] The ordinance does not require the use of public streets in subdivisions, permitting developers to create private street subdivisions where street maintenance is the responsibility of its residents.[72]

Mecklenburg County also has a planning commission, and the County has a recently rewritten comprehensive plan to guide its development.[73] [74] Similar to the Town, the County has not adopted a capital improvement plan to coordinate financial planning and execution of projects suggested within its comprehensive plan.[75] The County utilizes zoning and subdivision ordinances for the regulation of development activity, the latter of which prohibit the use of private streets and require adherence to VDOT standards.[76]

Mecklenburg is one of five counties in Virginia in which its towns can exercise subdivision regulations up to two miles beyond their jurisdictional boundaries; therefore, the Town's subdivision ordinance already

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[66] Ibid., Tab 31.
[67] Ibid., Tab 3, Comprehensive Plan.
[68] Ibid., Tab 5, p. 2.
[69] Ibid., Tab 5, p. 28. .
[70] Responses of the Town of Clarksville to April 4, 2012 Questions and Requests for Additional Data, Information, and Documents Regarding Proposed Town of Clarksville – Mecklenburg County Annexation Action, Tab 16.
[71] Code of the Town of Clarksville, Sections 151.074 and 151.075.
[72] James E. Cornwell, Jr., Special Counsel for the Town of Clarksville, letter to Commission staff, March 19, 2013.
[73] Mecklenburg County Zoning Ordinance, Section 1-22.
[74] Haley, letter to Commission staff, February 8, 2013.
[75] Haley, letter to Commission staff, March 15, 2013.
[76] County Response to April 4, 2012 letter, Tab 1F.

applies to the properties within the proposed annexation areas. Both the County's and Town's subdivision ordinances are applicable in the annexation areas, and, when regulations conflict, both jurisdictions' ordinances recognize that the more restrictive of the two is applicable.[77] As a result of the annexation, the County's subdivision ordinance would no longer be applicable, thereby streamlining the review process, as the County's review of subdivision proposals would be eliminated.

With regard to the Town's comprehensive plan, the Commission notes that it does not contain a future land use map.[78] While state law does not explicitly require such, the text of the Town's plan makes multiple references to a future land use map that was not incorporated into the adopted document.[79] Generalized geographic descriptions of the Town's future intended uses of land are necessary in order to evaluate land use proposals, not only for the existing town but for the residents proposed to be annexed so that they can be informed as to the potential uses of their land. Textual descriptions provided in the Town's comprehensive plan for future land uses are not adequate, creating a negative impact for landowners in the annexation areas because the County's plan document clearly delineates the intended purpose of lands.[80] [81]

The Town of Clarksville's zoning ordinance states that properties annexed into the town, "shall, immediately upon such annexation, be automatically classified as the district it abutts [sic], until a zoning map for said area has been adopted by Town Council."[82] This is not typical of how most town zoning ordinances approach this issue, as many other towns provide for an automatic zoning classification to the least dense residential zoning category upon annexation, soon followed by adoption of an appropriate zoning classification for each property. The Town's existing language is ambiguous, as it is not clear what zoning classification would be considered to be abutting annexed property. Further, the zoning classification that is eventually determined by the Town Council to be appropriate could constitute a "downzoning" of property should a more intense zone be applied immediately upon annexation, only to be rezoned later to a lesser intensity upon individual parcel evaluation.[83]

While the Town and County's basic development requirements are fairly similar, the Town's policies are geared more toward an urbanizing area, primarily by mandating utility connections and permitting additional density with requirements in place to minimize land use conflicts.[84] One point to the contrary of this is that the Town permits private streets within subdivisions, whereas the County does not.[85] Because the County's ordinance is more restrictive in that respect, private streets are not permitted within the proposed annexation areas; however, upon annexation, private streets would be permissible.

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[77] Code of Virginia, Sections 15.2-2248 et seq.; Code of the Town of Clarksville, Section 151.050; Mecklenburg County Subdivision Ordinance, Article V.
[78] James E. Cornwell, Jr., Special Counsel for the Town of Clarksville, letter to Commission staff, March 19, 2013.
[79] VSA Supporting Materials, Tab 3, Comprehensive Plan, Town of Clarksville, pp. 3, 48-50, and 57-60.
[80] County Response to April 4, 2012 letter, Tab 1D, Mecklenburg 2035 Long-Range Plan, Future Land Use map.
[81] VSA Supporting Materials, Tab 3, Comprehensive Plan, Town of Clarksville, pp. 57-60.
[82] Town of Clarksville Zoning Ordinance, Section 2-6.
[83] "Downzoning" is not an illegal practice, however its application is controversial, and could be challenged in courts as a "taking."
[84] Town of Clarksville Zoning Ordinance, Article 4; and Mecklenburg County Subdivision Ordinance. The Town's zoning ordinance includes Article 4, which contains several special provisions that are appropriate for urban or suburban areas, for example: additional screening and setback requirements where commercial uses abut residential uses, and screening requirements for non-residential trash collection areas. Mecklenburg County's ordinance is more directed toward rural areas, with special provisions included for certain agricultural operations.
[85] Lee, letter to Commission staff, February 1, 2013; and Haley, letter to Commission staff, February 8, 2013.

Overall, the Town's development policies are geared more toward more densely developed areas; however, the application of its current land use plan and zoning ordinance in the annexation areas could create questionable circumstances for property owners.

Crime Prevention and Detection. Because the law enforcement activities of Virginia towns supplement those provided by a county's sheriff's office, the proposed annexation by the Town of Clarksville will have the effect of providing additional and more intensive law enforcement services in the areas annexed. The Town's police department is staffed by seven full-time officers, of whom five are dedicated to patrol duty with shifts staggered so as to provide 24-hour coverage.[86] This staffing level is sufficient to give the Town one dedicated patrol officer for every 228 residents or one officer for every 0.39 square miles. In FY 2011, 1,229 calls for service were received or 245.8 calls per patrol officer. Of those calls, 187 (15.2%) were calls located outside the Town's corporate limits to assist the County's response. With the level of staffing and incidence of activity requiring police response, the police department has an average response time of about three to five minutes.[87] Due to the volume of calls that the Town already responds to that are outside the Town limits, Clarksville does not currently anticipate the need for any additional law enforcement resources as a result of the annexation.[88]

The Mecklenburg County Sheriff's Office, which is headquartered in Boydton, has the primary law enforcement responsibility for unincorporated areas of the County. The Office has 50 officers, including the Sheriff, 24 of whom are dedicated to patrol responsibility. Therefore, the County (including its constituent towns) has one patrol deputy for every 1,364 residents or one for every 52.32 square miles. In FY 2011, the Sheriff's Office responded to 12,078 calls for service or 503.25 per patrol deputy.[89]

The Commission has no knowledge of any extraordinary law enforcement problems in the proposed annexation areas, and the incorporation of those areas is not anticipated to add substantially to the law enforcement burden of the Town of Clarksville. The extension of the Town's law enforcement services to the areas subject to annexation on a regular and routine basis should benefit the residents and businesses of those areas.

Public Works. The proposed annexations will result in the application of the Town's policies and procedures for the construction and maintenance of various public works in the annexed areas. In two respects, Clarksville's policies and procedures should be increasingly beneficial to the annexed areas and their residents.

First, the Town currently requires the installation of curbs, gutters, and sidewalks in new developments only if required by VDOT standards.[90] The same applies to development in Mecklenburg County.[91] For existing streets without these amenities, the Town has a program for property owners to share in the

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[86] VSA Supporting Materials, Tab 5, pp. 18-19; and Tab 9, p. 2.
[87] Ibid., Tab 5, pp 19-20.
[88] Ibid., Tab 11 p. 12.
[89] Haley, letter to Commission staff, February 8, 2013.
[90] Lee, letter to Commission staff, February 1, 2013.
[91] Haley, letter to Commission staff, February 8, 2013.

cost of the installation of curbs, gutters, and sidewalks, which could be valuable as the needs of the annexed areas change in the future.[92]

Second, the Town of Clarksville provides street lighting through an arrangement with the local electricity provider, along with some ornamental lighting in the central business district that is owned and maintained by the Town.[93] The Town has not yet evaluated the need for additional street lighting in the annexation area; however, upon request, the Town Council can approve the funding and placement of additional street lights within the Town.[94] Currently, Mecklenburg County does not provide any street lighting.[95] These facilities contribute to public safety and can be a factor in crime prevention. In our judgment, the areas proposed for annexation could benefit from the availability of street lighting through the Town's process.

Other Service Considerations. With respect to three other principal public concerns – street maintenance, recreation and fire protection – residents of the area proposed for annexation will not experience any immediate change in service level as a result of their incorporation into the Town of Clarksville. With respect to street maintenance, all public roads in Clarksville and the proposed annexation areas are maintained by VDOT, with the exception of approximately two lane-miles within the existing corporate limits that are maintained by the Town because they do not meet VDOT minimum standards for acceptance in the state system.[96] Since the annexation would not result in VDOT ceding maintenance responsibilities to the Town, no changes are anticipated to street maintenance as a result of the annexation.

In terms of public recreation, the County does not own or operate any park facilities but does provide financial contributions to specific programs and facilities.[97] The Town owns Robbins Park, a community center, and a boat dock, while recreational programs and additional facilities are provided in the area through various civic groups.[98] While the proposed annexation will not directly affect the level of recreational amenities in the areas annexed, the Town's increased fiscal ability resulting from the proposed annexation should benefit the annexation areas and its residents.

Regarding fire protection, the Town and Mecklenburg County jointly support the Clarksville Volunteer Fire Department. The organization serves the Town and adjacent territory, including the area proposed for annexation.[99] Based on the fire suppression capabilities of the department, along with the Town's water system, properties located in the areas proposed for annexation that are within 1,000 feet of a fire hydrant are classified 5 by the Insurance Services Office (ISO) in terms of their exposure to fire loss. Other properties in the annexation areas that are more distant from fire hydrants have an ISO rating of

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[92] Code of the Town of Clarksville, Section 91.004.
[93] Lee, letter to Commission staff, February 1, 2013.
[94] VSA Supporting Materials, Tab 5, p. 24.
[95] Haley, letter to Commission staff, February 8, 2013.
[96] VSA Supporting Materials, Tab 5, p. 23.
[97] County Response to April 4, 2012 letter, Tab 1F, Mecklenburg 2035 Long-Range Plan, p 49.
[98] VSA Supporting Materials, Tab 3, Comprehensive Plan, Town of Clarksville, pp. 39-42.
[99] Ibid., Tab 3, p. 37; and Mecklenburg County, Notice by the County of Mecklenburg of a Voluntary Annexation Settlement Agreement with the Town of Clarksville, Tab C, p. 27.

8A.[100] While residents will not see changes in fire protection immediately following the annexation, as utilities are extended, it is likely that additional fire hydrants closer to many of these properties will improve their ISO classification.

Summary of Service Considerations

In the preceding sections of this report, the Commission has endeavored to examine the existing and prospective urban service needs of the areas proposed for annexation as well as the ability of the Town of Clarksville to meet those needs. The Town is capable, in our judgment, of meeting the future needs of those areas as they develop; however, the Town's fiscal ability to provide utility extensions to annexed residents, if required by the agreement, has not been demonstrated. In addition, the Town should fully address the other concerns raised by the Commission regarding land use planning, zoning, and solid waste collection prior to the Special Court's consideration of the agreement. Should these concerns be addressed by the Town, most of the annexation areas would benefit from the extension of certain Town services and policies.

Interests of the Areas Proposed For Potential Future Annexation

The areas on the north side of Kerr Lake that could be subject to annexation in the future enjoy a similar community of interest with the Town of Clarksville as the areas proposed for immediate annexation that were discussed previously. While this annexation area is largely undeveloped, any development that occurs in the future is likely to utilize the public and private sector amenities that originate from the Town of Clarksville. The Town provides water and sewer service to the immediate area, making the town the logical provider of utility service for any future development in this annexation area.[101] The EDA property is the only part of this annexation area that can develop in the future. It is physically disconnected from the existing town by Occoneechee State Park, and the majority of the Town is across Kerr Lake. Although this physical separation exists, any development that occurs in this area will have a greater need for urban services than the surrounding rural areas, reinforcing its connection with the Town of Clarksville. With respect to these additional service needs, the Town should be able to absorb the impact of providing additional services to the area as the area develops.

As noted previously, the annexation of the land within the state park would result in lower water and sewer rates for the Virginia Department of Conservation and Recreation (DCR), the operator of the state park. This state agency has provided the Commission with a letter outlining all of its areas of concern with the Voluntary Settlement Agreement, which is attached as Appendix E. Specifically, the Commission notes that the ownership of the state park property is incorrectly reflected in the agreement, as the land is owned by the US Army Corps of Engineers, and is leased to DCR. The settlement agreement also discusses alternatives for providing road access to the Clarksville EDA property, which cannot be granted through the state park, due to federal restrictions on the property.

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[100] Haley, letter to Commission staff, March 15, 2013.
[101] Settlement Agreement, Exhibits 4 & 5.

Interests of the County of Mecklenburg

While the annexation proposed in the agreement will result in a slight restriction of County revenues, it can still have long-term benefits for the County. Although the proposed annexation will not affect the County's property tax receipts, it will modestly reduce the County's collections from some of its secondary revenue sources.[102] Estimates developed by the Town indicate that the proposed agreement will result in the County's loss during the first year after annexation of approximately $18,690 in general fund revenues.[103] That estimated revenue loss constitutes an amount equal to only 0.05% of the County's total general fund revenues during FY 2012.[104] The annexation will also result in a reduction in public service responsibilities for certain government functions, though the savings that would be realized by the County are anticipated to be minimal.

Aside from the proposed annexation, there are other elements of the proposed agreement which affect the interests of Mecklenburg County. First, the agreement resolves the adversarial annexation action instituted by the Town, thereby avoiding the costs associated with litigation. Second, the County will be able to market in-town water and sewer rates for the Kinderton Technology Park.[105] The County has also made significant investments in three particular economic development programs: Kinderton Technology Park, Lakeside Commerce Park, and the HP/EDS facility. The proposed agreement will keep these areas in the unincorporated area of the County. Further, the County has agreed to a revenue-sharing arrangement by which it will forego a portion of revenue, for a limited duration, to the Town that is generated by the future development of the Kinderton Technology Park and the Clarksville EDA property. Because these revenues are based on prospective future development, determining the impact of this revenue-sharing arrangement is not possible; however, these revenues have not yet been realized by the County because these properties have not yet developed.

A fiscally stable Town can also be a benefit for the County. While the proposed agreement seems to be beneficial for the Town's general fund, that does not appear to be the case for the Town's enterprise fund. The water and sewer fund, which is currently being supported by transfers from the Town's general fund, stands to lose revenue under the proposed agreement. In addition to those decreases in revenue, water and sewer lines may need to be extended in some of the annexation areas under specified circumstances. If further fiscal hardship were to come to the Town after annexation, it is also detrimental to the County.

Interests of the Commonwealth

The Commission notes that this proposed agreement between the Town of Clarksville and Mecklenburg County is the product of negotiations conducted under a State-established process, which encourages the settlement of interlocal issues. By the establishment of this negotiation process, the State has expressed its desire for local governments to effect a resolution of their interlocal concerns within the

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[102] VSA Supporting Materials, Tab 11, Table 12.
[103] Ibid.
[104] County of Mecklenburg, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012, p.13. The County had $37.8 million in general fund revenues in FY 2012.
[105] VSA Supporting Materials, Tab 1, p. 9.

parameters established by law. This agreement, which constitutes a locally effected reconciliation of the needs and interests of the Town and County, is consistent with the interest of the Commonwealth in the promotion of negotiated settlements.

The principal interest of the State in the resolution of this and all interlocal issues subject to the Commission's review is the preservation and promotion of the viability of the affected local governments. As previous sections of this report have indicated, the provisions in the proposed settlement agreement will afford Clarksville with an opportunity to extend its boundaries, increase its fiscal resources, and provide municipal services to that larger area. The increased viability of the Town of Clarksville, which has historically played a significant role in western Mecklenburg County in providing urban services, will enhance its capacity to serve the general area. In sum, the Commission finds that the proposed agreement, negotiated by the governing bodies of the Town and County, is consistent with the interest of the Commonwealth in the promotion and preservation of the viability of Virginia's local governments.

PUBLIC FINANCE PROFILES

Town of Clarksville

The Town of Clarksville's 2012 Comprehensive Annual Financial Report was not available at the time this report was written. Therefore, the Commission was obliged to use FY 2011 data for its analysis.

In the proposed settlement agreement, the Town will extend its boundaries in three areas. This will add approximately 722.54 acres to the Town.[106] The immediate financial impact to the Town will be increases in revenues to the general fund (mainly in the form of property taxes), increases in service expenditures to the general fund, and decreases in service fees to the enterprise fund (because lower in-town water and sewer rates will be charged to residents of the annexation areas). The effects of the proposed agreement to the Town's enterprise fund are the most concerning to the Commission.

Short Term Financing. Two methods to analyze a locality's short-term financial health are their current ratio and their cash ratio. While the current ratio for the Town has fluctuated over time, it has increased from 1.76 in FY 2007 to 2.29 in FY 2011.[107] A primary driver of these fluctuations has been the current portion of long term debt, which was as low as $227,259 and as high as $503,871 between FY 2007-2011.[108] Meanwhile, after a decline from FY 2007 to FY 2008, the Town's cash ratio has improved every year through FY 2011.[109] The Town's cash and equivalents currently represent 82.9% of current

[106] VSA Supporting Materials, Tab 1, page 3.
[107] The current ratio is computed as current assets divided by current liabilities. It is a measure of short-term liquidity. See also Appendix B, Table 7.
[108] The current portion of long term debt is due within one year of the end of the most recently completed fiscal year. See also Appendix B, Table 1.
[109] The cash ratio is computed as cash and cash equivalents divided by current assets. It shows the percentage of "near-cash" assets among all short-term assets. See also Appendix B, Table 7.

assets.[110] These ratios indicate that the Town's ability to meet its short-term needs has improved since FY 2007.

The Town's annual report does not indicate a policy regarding a fund balance target for the general fund. The unassigned fund balance of the general fund was 19.8% of general fund expenditures in FY 2007 and grew to 32.4% by FY 2010.[111] That percentage retreated to 29.0% in FY 2011 because of the purchase of a new fire truck, which was recorded as a public safety expense.[112] This illustrates that the Town's ability to handle financial adversity within the general fund is improving.

Since FY 2007, the Town's general fund has generally operated with a surplus.[113] The degree of surplus has been diminished by annual transfers from the general fund to the enterprise fund. In FY 2007, this transfer was $366,000.[114] By FY 2011, the transfer was down to $60,000.[115] A self-sufficient enterprise fund would reduce future burdens on the general fund.

While the enterprise fund has technically operated at a surplus every year between FY 2007-2011, after accounting for interest expenses on long-term debt, the Town has actually experienced a loss every year in its enterprise fund since FY 2008.[116] If not for grant income, it would have also experienced a loss in FY 2007.[117] The Town has been using transfers from the general fund and unrestricted net assets to offset these losses. This practice cannot be sustained over the long term. Additionally, lower in-town water and sewer rates will be charged to residents of the annexation areas; therefore, charges for services will decline. The Town estimates that these losses will equal $45,700 annually.[118] If the Town has to issue debt in order to connect new users to their water and sewer systems, it will become increasingly difficult for the enterprise fund to be self-sustaining. These issues could prove stressful to the general fund if annual transfers to the enterprise fund need to increase after the effective date of annexation.

Capital Structure. Total liabilities of the Town have decreased nominally and as a percentage of total assets in every year since FY 2007. They totaled $6.3 million in FY 2007 (47.7% of total assets) and dropped to $5.6 million by FY 2011 (41.5% of total assets).[119] The primary reason for the decreases has been the reduction in long-term debt. Long-term debt totaled $5.7 million in FY 2007 but was reduced to $5.1 million by FY 2011.[120]

According to Clarksville's Comprehensive Annual Financial Report (CAFR) for FY 2011, the enterprise fund is responsible for the majority of general obligation bonds issued by the Town. By the end of FY

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[110] Appendix B, Table 7.
[111] Ibid.
[112] Ibid. See also Appendix B, Table 3.
[113] Appendix B, Table 3.
[114] Ibid.
[115] Ibid.
[116] Appendix B, Table 5. Interest expenses are not considered a part of operations.
[117] Ibid.
[118] VSA Supporting Materials, Tab 11, Table 13.
[119] Appendix B, Table 1.
[120] Ibid.

2011, the balance of general obligation bonds remaining was $5.5 million.[121] The enterprise fund was responsible for $4.7 million of that debt, or 86.5% of general obligation bonds of the Town.[122]

Nominal net assets of the Town have increased from $6.9 million in FY 2007 to $7.9 million in FY 2011.[123] This gain can be attributed to gains in both capital assets and the unrestricted portion of net assets. Unrestricted net assets, which are a measure of a locality's ability to meet its expenditures in poor economic times, increased from $0.9 million in FY 2007 to $1.1 million in FY 2011.[124]

It should be noted that, as of the end of FY 2011, the Town's capital assets were more than 50% depreciated.[125] Therefore, the possibility exists for capital improvement needs in the near future, which could lead to new debt issues. According to the Town's FY 2011 CAFR, these purchases will likely be for furniture, equipment, and vehicles. A capital improvement plan could help the Town plan for these expenditures.

County of Mecklenburg

The provisions of the proposed settlement agreement do not greatly impact the financial status of the County. The County stands to lose some revenues in the annexation areas in the forms of local sales taxes, lodging taxes, and utility taxes. Those revenue losses are expected to be $18,690 per year.[126] Meanwhile, the agreement protects the County's investments in the Kinderton Technology Park, as well as other properties.

Short Term Financing. Analysis of the County's financial statements over the last six years indicates a stable financial situation. The County's current ratio has improved from 9.38 in FY 2007 to 10.18 in FY 2012.[127] Their cash ratio has also improved slightly: from 87.3% in FY 2007 to 87.9% in FY 2012.[128] These changes indicate an ability to satisfy short-term needs at a slightly increasing rate.

The County does not have a minimum requirement for its fund balance. In FY 2007, the unassigned fund balance of the general fund represented 5.6% of general fund expenditures.[129] By FY 2012, that percentage improved to 9.5%.[130] The increase is partly attributed to a reduction in general fund expenditures over the period. The progress shown by the County further illustrates its financial stability.

The County has also maintained a surplus in the general fund over the last six fiscal years. In FY 2007, the County experienced an operating gain in the general fund of $2.8 million.[131] In FY 2012, they

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[121] FY 2011 Town of Clarksville Comprehensive Annual Financial Report, page 32.
[122] Ibid.
[123] Appendix B, Table 1.
[124] Ibid.
[125] FY 2011 Town of Clarksville Comprehensive Annual Financial Report, page 29.
[126] VSA Supporting Materials, Tab 11, Table 12
[127] The current ratio is computed as current assets divided by current liabilities. It is a measure of short-term liquidity. See also Appendix C, Table 4.
[128] The cash ratio is computed as cash and cash equivalents divided by current assets. It shows the percentage of "near-cash" assets among all short-term assets. See also Appendix C, Table 4.
[129] Appendix C, Table 4.
[130] Ibid.
[131] Appendix C, Table 3.

improved their operating gains to $7.1 million.[132] This change represents a 154.8% increase in operating gains over the last six years. The primary drivers of these gains have been the County's local tax receipts. In FY 2007, local tax collections were $23.7 million.[133] Those collections increased to $29.4 million in FY 2012.[134] This change represented an increase of 23.9% over the period. This increase has occurred without significant changes to its tax rates.[135]

Capital Structure. The County's long-term-debt-to-assets ratio has decreased every year since FY 2007. In FY 2007, long-term-debt represented 33.0% of total assets.[136] By FY 2012, that percentage dropped to 15.3%.[137] Additionally, total debt of the County as a percentage of total assets has decreased from 37.6% in FY 2007 to 19.0% in FY 2012.[138]

Net assets have increased nominally since FY 2007 and also as a percentage of total assets. Net assets in FY 2007 equaled $25.3 million, which represented 62.4% of total assets.[139] In FY 2012, net assets grew to $54.6 million, which represents 81.0% of total assets.[140] The primary reason for this increase was the renovation of the County's courthouse. In addition, unrestricted net assets as a percentage of total assets have also increased. In FY 2007, unrestricted net assets represented 30.7% of total assets.[141] By FY 2012, that percentage had improved to 32.5%.[142]

FINDINGS AND RECOMMENDATIONS

In the preceding sections of this report, the Commission has reviewed a proposed voluntary settlement agreement negotiated by the Town of Clarksville and Mecklenburg County addressing the interests of the two jurisdictions. Based upon that review, we find that the agreement promotes the viability of both local governments and is consistent with the best interests of the Commonwealth. Accordingly, we recommend the court's approval of the agreement. While finding the agreement to be in the best interest of the Commonwealth, there are several issues which we are obliged to address.

Fiscal Management

As stated previously within this report, the Commission has found that the Town's existing wastewater system in Clarksville has about $3 million in needs. This is in addition to the existing $4.7 million in debt that is currently assigned to the water and sewer fund. Provisions within the agreement could incur an

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[132] Ibid.
[133] Ibid. Local tax receipts can be computed as the sum of "general property taxes" and "other local taxes."
[134] Ibid.
[135] VSA Supporting Materials, Tab 36. Real estate and mobile home tax rates decreased from $0.36 per $100 of assessed value to $0.34 in FY 2009, but returned to $0.36 in FY 2012.
[136] Appendix C, Table 4.
[137] Ibid.
[138] Ibid.
[139] Appendix C, Table 1.
[140] Ibid.
[141] Appendix C, Table 4.
[142] Ibid.

additional $1.5 million in water and sewer line extensions to serve Areas A and C, depending upon circumstances beyond the Town's control. Current enterprise account revenues will decrease after the annexation due to out-of-town customers transitioning to in-town rates, and the fund is not self-sustaining, as it relies on an annual subsidy from the Town's general fund.

In order to plan for these fiscal needs, the Commission strongly recommends that the Town adopt and annually revise a capital improvements program as authorized by Section 15.2-2239 of the Code of Virginia, and an associated capital improvements fund that is maintained separately from any operating funds. This will provide the Town with the necessary fiscal tools to prioritize facility needs during its annual budgeting process and to plan for such needs several years into the future.

While Mecklenburg County already uses a capital fund to prepare for its infrastructure needs, the Commission recommends that it also adopt and annually revise a capital improvements program, in order to ensure that adequate fiscal planning and prioritization occurs on an annual basis.

Boundaries of the Areas Proposed for Annexation

By oral testimony received at the public hearing on January 28, 2013 and by a number of written submissions, the Commission was urged to recommend the exclusion of certain parcels of land from the area proposed for annexation.[143] Most of these citizens based their request upon claims that their properties have no need for municipal services. After extensive consideration of these concerns, the Commission found that these claims are not sufficient on their own to justify the exclusion of these properties from the annexation area. However, the Commission has determined that justification may exist for excluding certain properties within the northern part of Area C for a different reason.

Annexation of the northern part of Area C, specifically those properties that do not front on a publicly maintained road or have access to public water or sewer lines, should not occur at the present time, and the Commission recommends that the parties consider revising the boundary of Area C to exclude these properties, generally as shown on the map attached as Appendix F. The Town's obligation, as set forth in the proposed agreement, to extend water and sewer lines to these properties would be triggered by well and septic system failures of individual property owners, and no funding stream to fulfill such an obligation has been identified. The Commission is also concerned that the Town's plan to provide refuse collection using a pickup truck, since these private roads cannot handle heavy trucks, will not be an efficient use of Town resources. In lieu of including these properties within Area C at this time, we also recommend that the parties consider revising the agreement to permit Clarksville to annex these properties at such time that the Town can demonstrate that it can financially support utility extensions to the area and resolve the solid waste collection issue.

While the Commission normally does not recommend excluding properties, especially when it would result in a pocket of unincorporated territory that is virtually surrounded by incorporated town lands, in this instance, the Commission had to balance the importance of permitting the Town to expand to

[143] Almost all of the residents requesting exclusion from the area proposed for annexation resided in the northern portion of Area C, which is not served by public water or sewer and is accessed by private, unimproved roads.

incorporate a prime vacant industrial site, (the Burlington Industries property) with the Town's ability to provide services to all of Area C. Given the need for economic growth in the Town, the fact that the Town already provides water and sewer services to most of the remaining tracts in Area C, and the financial difficulties that the Town would incur in providing services to the northern part of Area C, we believe that it would be appropriate in this instance for these specific properties to be excluded from the annexation area until the Town is in a better fiscal position to serve these properties.

Future Land Use Plan

As noted previously in this report, the Town's comprehensive plan does not include a land use plan map, although it is referenced within the text of the plan. Such a plan should be incorporated into the document to provide existing in-town and annexation area property owners an indication of the Town's intent for how those properties are to develop. This map is also necessary in order for the Town to evaluate the proper zoning of property, a process which the Town will need to embark upon shortly after the effective date of the annexation.

Proposed Future Boundary Adjustment Area

The agreement provides the Town with the option to annex lands within Occoneechee State Park and the Clarksville EDA-owned property in lieu of a revenue sharing arrangement with the County. If the Town were to exercise this annexation option, which it could do immediately following the approval of the agreement by the Special Court, it would decrease revenues to the Town's enterprise fund even further than caused by the immediate annexation areas, as the park is a large utility customer that would transition to in-town utility rates. The Town should be cautious not to exercise the annexation rights to these properties until such time that this revenue reduction can be easily absorbed.

Respectfully submitted,

/s/
John G. Kines, Jr., Chairman

/s/
John T. Stirrup, Jr., Vice-Chairman

/s/
Harold H. Bannister, Jr.

/s/
Wanda C. Wingo

Appendix A: Voluntary Settlement Agreement

VOLUNTARY SETTLEMENT OF ANNEXATION AND RELATED ISSUES BETWEEN THE TOWN OF CLARKSVILLE AND MECKLENBURG COUNTY

This Agreement (the "Agreement") is made this ___ day of November, 2012, by and between the Town of Clarksville, Virginia (the "Town"), by and through the Town Council for the Town of Clarksville (the "Town Council"), and the County of Mecklenburg County, Virginia (the "County"), by and through the Mecklenburg County Board of Supervisors (the "Board of Supervisors") (together, the "Parties"), pursuant to Title 15.2, Chapter 34 (§ 15.2-3400 et seq.) of the Code of Virginia (1950), as amended (the "Code").

RECITALS

The Town has filed with the Commission of Local Government (the "Commission") a Notice of Intention for Annexation of territory in the County pursuant to § 15.2- 2907 of the Code of Virginia, 1950, as amended. As permitted by that statute the parties entered into mediation to attempt to resolve their differences. As a result of such mediation the Town and the County agree to resolve the notice of annexation by the Town now pending before the Commission. Specifically, the Parties wish to make provision for the (i) incorporation of certain areas into the Town; (ii) sharing by the Town and the County of certain tax revenue generated and which will be generated from areas located adjacent to the new Town boundaries which are planned for commercial and/or industrial projects; (iii) certain utility issues; and (iv) waiver of certain annexation rights.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties agree as follows:

Section 1. Definitions. The Parties agree that the following words, terms and abbreviations as used in this Agreement shall have the following defined meanings:

1.1 "Commission" shall mean the Virginia Commission on Local Government.

1.2 "Special Court" shall mean the special three-judge court appointed by the Supreme Court of Virginia pursuant to Title 15.2, Chapter 30, § 15.2-3000 of the Code, or any successor provisions.

1.3 "New Tax Revenues" shall mean local tax revenue after the date of this Agreement actually received by the County, including all real estate taxes, personal property taxes, business, professional and/or occupational licenses taxes, taxes on machinery and tools, taxes on inventory and any and all other local tax revenue from any owner, renter, user, occupier or any other, from any property or project located in the areas as provided by this Agreement. In the event that the County receives payments in lieu of taxation, pursuant to Va. Code Ann. § 15.2-3400, *et seq.* or successor statutes, from a State or federal facility located on property subject to the growth sharing provisions of this Agreement, then the County shall treat such payments in lieu of taxation that are actually received as New Tax Revenues. In the event the County receives payments from a private industry or property owner when such payments are intended to and actually replace local tax revenues from property subject to the growth sharing provisions of this Agreement that would otherwise be

paid by such private industry or property owner, then such payments replacing local taxes not collected shall be treated as New Tax Revenues.

1.4 "New Net Tax Revenues" shall mean the New Tax Revenues as herein defined actually received by the County after deducting from such revenue all payments required under incentive, performance, infrastructure support or cost sharing, or similar economic development agreements related to the property located in the areas as provided by this Agreement. In the event that site and/or infrastructure improvements for property or projects located within the property are funded using grants or other programs, and the County is required to reimburse these grants, the actual reimbursement amounts, when paid, will be treated like payments under incentive and performance agreements.

1.5 "Section" refers to parts of this Agreement unless the context indicates that the reference is to parts of the Virginia Code.

Section 2. Settlement of Annexation Action

2.1 **Annexation.** The corporate boundaries of the Town shall be modified and adjusted by the annexation to the Town of certain unincorporated territory in the County lying to the west and to the south and east of the Town and containing approximately 722.54 acres (the "Annexation Areas"). The Annexation Areas are depicted on the map attached as **Exhibit 1** and are described by metes and bounds on the attached **Exhibit 2**.

2.2 **Effective Date of Annexation.** Unless otherwise agreed to by the Town and the County, the annexation provided for in Section 2.1 of this Agreement, shall be effective

as of midnight on June 30 following the Special Court's entry of its order affirming, validating, and giving full force and effect to this Agreement.

2.3 **Survey of Annexation Areas.** The Town shall have a survey plat prepared depicting the Annexation Areas which, upon review and approval by the County shall be submitted to the Special Court for inclusion in the order affirming, validating, and giving full force and effect to this Agreement.

2.4 **Extension of Municipal Services.** Following the effective date of the annexation provided by Section 2.1 of this Agreement, the Town shall extend its then-existing governmental services (including, for example, police protection, solid waste collection, and zoning controls) to the Annexation Areas on the same basis and at the same level as such services now are or hereafter may be provided to areas within the Town's current corporate limits where like conditions exist.

Section 3. Town of Clarksville EDA Property

3.1 **Property owned by Town of Clarksville Economic Development Authority.** The Economic Development Authority of the Town of Clarksville owns a parcel of land adjacent to the Occoneechee State Park and the Lakeside Commence Park (EDA Property), which parcel is located as shown upon **Exhibit 3.** The parties agree that it is in the best interests of each to promote and develop the EDA Property.

3.2 **Access Road.** Upon the Town's request, the County will cooperate with the Town with arrangements for a deeded right-of-way or easement for a road across the Lakeside Commerce Park property, or other property, able to be constructed to VDOT's

standards, to be granted to the Town or the Town's assignee along a mutually agreeable route from Route 58 to the EDA property, provided that any new access road must not adversely affect the marketability of Lakeside Commerce Park or its future development and operation.

The existing access road for Lakeside Commerce Park shall not be the new access road for the EDA property if the EDA property is to be used for residential purposes or other purposes incompatible with the uses existing in the Lakeside Commerce Park. The existing Lakeside Commerce Park access road may be used to access the EDA property along a mutually agreeable route if the uses proposed for the EDA property are compatible and consistent with the uses allowed for the Lakeside Commerce Park property.

The route of any future access road must not interfere with the development of the south portion of the Lakeside Commerce Park property and the use of the existing Lakeside Commerce Park road or other route must not be adverse to the marketing and future operations of Lakeside Commerce Park.

The parties recognize and acknowledge that VDOT will have to approve the location and design of any new access road entrance onto Route 58 and that the grant of a deed of right-of-way or easement across the Lakeside Commerce Park property will have to be approved by the Mecklenburg County IDA, the Town of Clarksville EDA, and the Town of Chase City IDA and must comply with applicable subdivision requirements. The County will cooperate in obtaining these approvals. The parties recognize and

acknowledge that the Town may have to arrange for deeds of right-of-way or easements from third-party property owners for the proposed new access road.

3.3 **Joint Marketing.** The County and the Town will cooperate in the joint marketing of the Town EDA property by the Mecklenburg IDA, the Town EDA, and the Town and the County. The County will consider incentives for any proposed purchaser.

3.4 **Growth Sharing/Future New Net Tax Revenues.** The County will share with the Town 25% of New Net Tax Revenues as defined in Section 1.4 from the Town EDA Property. Payment to the Town from the County of such amounts due hereunder shall be paid in two installments, one installment due June 30 and the other on January 1 of each year hereafter. The County shall provide, with each installment paid, supporting documentation itemizing the source and amount of the installment. The Town shall be entitled, upon written request, the right to review the records of the County to ensure proper payment hereunder. The County agrees that it will cooperate with the Town to address and resolve any questions the Town may have with respect to the accuracy of the calculation of the growth sharing payment pursuant to this section. The Town shall have the right, at its own expense, to audit the County's calculation. The County shall cooperate in any such audit.

3.5 **Duration.** The growth sharing provision shall commence on the date the County issues a temporary Certificate of Occupancy for a Primary Structure on the Town EDA property and shall remain in effect until twenty (20) years following the issuance of the temporary Certificate of Occupancy for such a Primary Structure.

For purposes of this section, the term "Primary Structure" shall mean a structure designed, intended and constructed as a facility for the primary intended use of the property, such as the primary industrial or commercial structure on the property. The term "Primary Structure" shall not include secondary support, or temporary structures.

If there are multiple phases of development or development on property divided from the EDA property, the growth sharing period shall commence on the date of the temporary Certificate of Occupancy for the Primary Structure in each phase of development or each parcel divided from the EDA property as to that phase or parcel. If there are multiple phases of development or development on property divided from the Town EDA property, as described in this paragraph, then the growth sharing provision shall remain in effect until twenty (20) years following the issuance of a temporary Certificate of Occupancy for the Primary Structure in each phase of development or on each parcel divided from the Town EDA property as to that phase or parcel.

3.6 **Future Boundary Adjustment Option.** At any time prior to the twentieth anniversary of the effective date of the annexation provided for in Section 2.1, the Town shall have the option to take the Town EDA property into the Town by a future voluntary boundary adjustment. The area subject to the future boundary adjustment may include the Town EDA property, all or part of the State Park, and a portion of the Route 58 right-of-way as is necessary to create a contiguous boundary.

The areas eligible for future boundary adjustments are depicted generally on the map attached as **Exhibit 3**. Any areas incorporated into the Town's boundaries pursuant

to this Section in the future shall be designated by survey plat and legal description at the time the area is incorporated into the Town's boundaries.

Such future voluntary boundary adjustment shall be effective upon adoption by the Town Council of the Town of Clarksville of an ordinance after thirty (30) days written notice to the County and approval by the County, in writing, of the boundary of the area which is the subject of the voluntary boundary Adjustment, without further proceedings.

In the alternative, the voluntary boundary adjustment may be accomplished by the Town delivering to the County a Boundary Change Agreement and an implementing Order conforming to the requirements of Chapter 31 of Title 15.2 of the Code of Virginia or any successor statute. Upon receipt of such documents, the county shall forthwith approve the requested boundary adjustment and shall cooperate with the Town to seek Court approval of the boundary adjustment as set forth in Chapter 31 of Title 15.2 or any successor statute.

After the twentieth anniversary of the effective date of the annexation, the County shall have no duty to approve a boundary adjustment initiated by the Town but shall give due consideration to each such proposal.

3.7 **Termination of Growth Sharing Upon Future Boundary Adjustment.** If the Town takes all or any part of the Town EDA property into the Town boundary, the growth sharing provisions of this Section 3 shall terminate upon the effective date of the boundary adjustment.

Section 4. Kinderton Technology Park

4.1 **In-Town Rates, Fees and Charges.** In return for the growth sharing provisions below, the Town shall provide water and sewer services for users located in the Kinderton Technology Park at in-town rates, fees, and charges.

If the Town's utility financing agreements prohibit the Town from providing water and sewer services to users located in the Kinderton Technology Park at in-town rates, fees, and charges, then the Town may satisfy its obligation under this Section by implementing a grant program using the Town's EDA as a conduit. Under any such grant program, the Town shall appropriate to the Town's EDA, and the Town's EDA shall make grants to the users, on a periodic basis consistent with the Town's billing cycle, in the amounts necessary to ensure that the users incur only the net cost equivalent to in-town rates, fees and charges for water and sewer services. The users of water and sewer services eligible for grants under any such grant program shall not be subject to any fees or other costs or charges for participating in any such grant program.

In the event a court determines that the provisions for in-town rates in this Section violate legal requirements, the Town may satisfy its obligations under this Section by implementing a grant program as provided in this Section.

In the event the Town implements such a grant program, the Town shall make, or cause to be made, the grant payments to the users without the necessity of any application or documentation from the user. The intent of this provision is to insure that the users

receive the benefit of the equivalent of in-town rates, fees and charges with a minimum of procedural or other requirements.

This program shall remain in effect as long as the County is making any growth sharing payments to the Town under this Section.

4.2 **Water and Sewer Lines.** The Town shall provide water and sewer lines to the property boundary of Kinderton Technology Park in conformity with the existing provisions of the "Contract between Mecklenburg County, Virginia and Town of Clarksville, Virginia Re: Construction of Clarksville Sewer Facilities and Provision of Water Service and Sewer Service by Clarksville," dated December 20, 2011 (the "December 20, 2011 Contract"). A copy of the December 20, 2011 Contract is attached as **Exhibit 6** to this Agreement.

For ease of reference only, Section 16 of the existing December 20, 2011 Contract is set forth below. Section 16 of the existing December 20, 2011 Contract provides:

> The Town shall provide water and sewer facilities which extend to the property line for KTP, and which are of such size and design to serve the needs of customers within KTP. Users within KTP shall bear all costs incurred in connecting to the water and sewer lines of the Town at the point of intersection with the KTP boundary line.

When Kinderton Technology Park is developed, the Town shall, if requested by the County, accept ownership and maintenance of the water and sewer lines and pump stations on the Kinderton Technology Park property.

4.3 **Growth Sharing/Future Net New Tax Revenues**. The County will share with the Town 30% of New Net Tax Revenues as defined in Section 1.4 from the Kinderton Technology Park property. The County agrees that it will cooperate with the Town to address and resolve any questions the Town may have with respect to the accuracy of the calculation of the growth-sharing payment pursuant to this section. The Town shall have the right, at its own expense, to audit the County's calculation. The County shall cooperate in any such audit.

4.4 **Duration**. The growth sharing provision shall commence on the date the County issues a temporary Certificate of Occupancy for a Primary Structure on the Kinderton Technology Park property and shall remain in effect until twenty (20) years following the issuance of the temporary Certificate of Occupancy.

For purposes of this section, the term "Primary Structure" shall mean a structure designed, intended and constructed as a facility for the primary intended use of the property, such as the primary industrial or commercial structure on the property. The term "Primary Structure" shall not include secondary support, or temporary structures.

If there are multiple phases of development or development on property divided from the Kinderton Technology Park property, the growth sharing period shall commence on the date of the temporary Certificate of Occupancy for the Primary Structure in each phase of development or each parcel divided from the Kinderton Technology Park property as to that phase or parcel. If there are multiple phases of development or development on property divided from the Kinderton Technology Park property as

described in this paragraph, then the growth sharing provision shall remain in effect until twenty (20) years following the issuance of a temporary Certificate of Occupancy for the Primary Structure in each phase of development or on each parcel divided from the Kinderton Technology Park property as to that phase or parcel.

4.5 **Designation of Kinderton Technology Park Property.** For the purposes of this Section of the Agreement, the Kinderton Technology Park property shall be that property comprising 121.713 acres, as conveyed by Deed dated January 15, 2010, Instrument Number 100000184, by Kerr Lake Associates, Grantor, to the Industrial Development Authority of Mecklenburg County, Virginia, Grantee, and designated as Tax Map Number 147000-A-00-010.

Section 5. Town Revitalization

5.1 **Town Planning Process.** In the 2013-2014 budget, or soon thereafter, the Town will employ or contract with a person or private entity with appropriate credentials to develop and implement a revitalization plan for the Town, including the assessment and identification of properties and projects in the Town for improvement, change of use, etc. and changes in the Town's ordinances to promote this endeavor.

5.2 **County and PDC Assistance.** The Town will request the County and the PDC to provide assistance and input in this effort and for consistency with the tourism component of the County's Comprehensive Plan.

5.3 **Request for Future Assistance.** Upon identification and approval by the Town Council of specific projects under this plan, the Town may request assistance by

the County for matching funds or other financial assistance, in order to implement these projects. The County will consider, in good faith, financial assistance to the Town in this endeavor. The parties recognize and acknowledge that this commitment to consider financial assistance does not create an obligation of the County to appropriate funds in future years.

The factors considered by the County in determining whether to provide financial assistance for future projects may include, although not exclusively: the characteristics of the proposed project; the relative level of financial participation proposed for the Town and the County; the County's financial condition; the Town's financial condition; and the extent to which the County has made or may make similar assistance available to other towns in the County.

Section 6. County Tourism Director and Marketing Plan

6.1 **Tourism Development Coordinator.** In its budget of 2013-2014, the County will implement Objective 1.5 of the Mecklenburg County Tourism Strategic Plan by employment of a Tourism Development Coordinator with the appropriate funding for such program and position, as determined by the Board of Supervisors. The County commits to continue to provide that program and funding for that position for a minimum of five years. The County will work with the existing County-wide Tourism Committee, which includes representatives of the Town of Clarksville, to work with the County Economic Development Director to develop the Tourism Program and with the Tourism Coordinator to implement the Tourism Program.

6.2 **County Tourism Strategic Plan.** As part of Goal 4 of the Mecklenburg County Tourism Strategic Plan, the County will create and fund a County Tourism Marketing Program commencing in the 2013-2014 County budget, or soon thereafter, and continue funding of this program for a minimum of five years thereafter. The County will work with the existing County-wide Tourism Committee, the Tourism Director, and representatives of the Town of Clarksville and other communities in the County. The County-wide Tourism Committee shall prepare and implement a marketing program to promote tourism in Mecklenburg County, including the Lakeside areas. A substantial reference in this initial program will be to the Town of Clarksville as a town located on a lake. The parties will cooperate in good faith on this program, including the amount of County funding for the marketing program and contributions by the Town and other localities toward funding. The parties recognize and acknowledge that this cooperation does not create an obligation of the County or Town to appropriate funds in future years.

Section 7. Terms and Conditions/Access to Utilities

7.1 **Utilities Access and Connections.** The location and a description of water and sewer improvements available to serve the Annexation Areas are shown in the map documents showing existing water and sewer lines in **Exhibits 4 and 5.**

The Town shall make water and sewer service accessible within a reasonable time from a showing of demonstrated need to structures existing as of the date of annexation in the areas annexed not already served, including access on the appropriate side of roads and taking into account other obstacles. The Town may not require property owners to

pay the cost of bringing those utility lines to the property lines of parcels in existence as of the date of annexation and where structures existing as of the date of annexation are located but may require connection charges to those structures and/or a monthly minimum charge for those not connecting to the new lines if required by the Town's lending agency.

For purposes of this Section, a "showing of demonstrated need" shall mean that a property owner can show that a private well or septic system has failed or is failing and that the failing system cannot be replaced on the same property in a cost effective manner.

For purposes of this section, a "reasonable time" shall mean within one year of when a property owner has made a showing of demonstrated need for Town water or sewer service.

In the event it is impractical to make water and sewer service accessible to structures existing as of the date of annexation in areas annexed not already served within a reasonable time, the Town may satisfy its obligations under this Section, on a temporary basis, by providing an alternative to Town water and sewer service (such as pump and haul service for sewer or an alternative potable water supply for water) until permanent Town water and sewer facilities can be installed.

Property owners developing their property or subdividing their property after the date of annexation may be required to pay the cost of extension of utility lines to the

property being subdivided or developed, including any infrastructure improvements which may be necessitated because of such development or subdivision.

7.2 **Waiver of Connection Fees for Existing Structures.** The Town will waive connection fees for one (1) year from the date of annexation for any owner of a structure in existence as of the date of annexation and which structure and property is located adjacent to utility lines in existence as of the date of annexation.

Prior to the effective date of the annexation, the Town shall amend its Code to provide that any residential or commercial property which is serviced by a well or a septic system on the effective date of the annexation is not required to connect to the Town water supply or sewer systems:

(1) unless continued use or any expected use of the property requires that the existing well or septic system be replaced, modified, or altered; or

(2) unless the Town, or the County Department of Health, following notice to the property owner and an opportunity to be heard, declares that the existing water supply or septic system serving such real estate adversely affects the health, safety and welfare of persons residing on or occupying said real estate. If the well or septic system is declared to be a health hazard, the owners shall be required to connect to the Town water or sewer system; or

(3) unless the Town must require connection to its utility systems as a condition of financing for improvement or expansion of its system.

All service charges and applicable connection fees shall be based on in-town rates.

Section 8. Waiver of Annexation Rights

8.1 **Waiver of Annexation Rights.** During the 10-year period following the effective date of the annexation as provided in Section 2.1, the Town shall not, either directly or indirectly, file any annexation notice with the Commission or institute any court action for annexation against the County, pursuant to Title 15.2, Chapter 32, Article 1, of the Code, or any successor provisions, seeking to annex any area of the County outside the Boundary Adjustment Areas. This waiver of annexation rights shall not bar the Town from annexing any other area of the County or adjusting the Town boundary, with the County's consent.

Section 9. Commission and Court Approval

9.1 **Commission Review.** The Town and the County promptly shall initiate the steps required by Title 15.2, Chapter 34 of the Virginia Code to obtain review of this Agreement by the Commission. The Parties shall cooperate in providing all information and documents required by the rules of the Commission.

9.2 **Court Approval.** Following issuance of the report of findings and recommendations by the Commission, the Town and the County shall initiate a proceeding to obtain court affirmation and approval of this Agreement, as required by Title 15.2, Chapter 34, of the Virginia Code.

9.3 **Termination for Court Failure to Approve.** If the Special Court fails to approve and give full force and effect to this Agreement without modification, it shall terminate immediately, unless the Parties waive termination by mutually agreeing to the

modifications requested by the Special Court in a written document, duly executed by the Parties' authorized representatives.

Section 10. Miscellaneous Provisions

10.1 **Binding Effect.** This Agreement shall be binding upon, and shall inure to the benefit of the Parties, and each of their future governing bodies, and any successor(s) thereto upon its approval by the Special Court.

10.2 **Entire Agreement.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original. This Agreement constitutes the entire understanding between the Parties. Except as to the provisions of Section 2 (Annexation) and section 3 (Waiver of Annexation), this Agreement may be amended, modified or supplemented, either in whole or in part, by a written document executed by duly authorized representatives of the Parties, without further court approval. The Parties have each received their own independent legal advice regarding this Agreement and enter into it on a voluntary and fully informed basis, without reliance on any provisions of law, representations, or statements not memorialized in this Agreement.

10.3 **Court Enforcement.** The terms and conditions of this Agreement shall be enforceable by the Special Court affirming and giving full force and effect to its provisions, or any successor court appointed pursuant to Title 15.2, Chapter 30 of the Code. The Court shall not be dissolved after affirming this Agreement but shall remain in existence for a period of ten years from the effective date of the Annexation. Vacancies occurring in the Court during such ten-year period shall be filled as provided in Va. Code § 15.2-3004. The Court may be reconvened at any time during the ten-year period on the

motion of the governing body of the County or of the Town, or on the petition of any person aggrieved by the failure of the County or the Town to perform their obligations pursuant to this Agreement. The Court shall have the power and it shall be its duty at any time during such period to enforce the performance of the terms and conditions under which the annexation was granted or other obligations established by this Agreement and to issue appropriate process to compel such performance.

10.4 **Additional Remedies.** In the event either the County or the Town fails to perform or observe any covenant under this Agreement and such failure is not cured within thirty (30) days after receipt of written notice from the other party, either the County or the Town may sue in the Circuit Court for Mecklenburg County for specific performance and pursue other legal remedies or rights available to it under the laws of the Commonwealth of Virginia.

10.5 **Attorneys' Fees.** The Parties agree that the Town and the County shall each be responsible for paying their own attorneys' fees and other costs associated with the preparation of this Agreement and the submission of the Agreement to the Commission and the Special Court.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by the following duly authorized representatives.

SETTLEMENT AGREEMENT
AS OF 11/2/12

TOWN OF CLARKSVILLE,
VIRGINIA

By: Kevin S. Allgood
Mayor

Attest: Dara Murphy
Clerk

Date: 11/5/2012

COUNTY OF MECKLENBURG
VIRGINIA

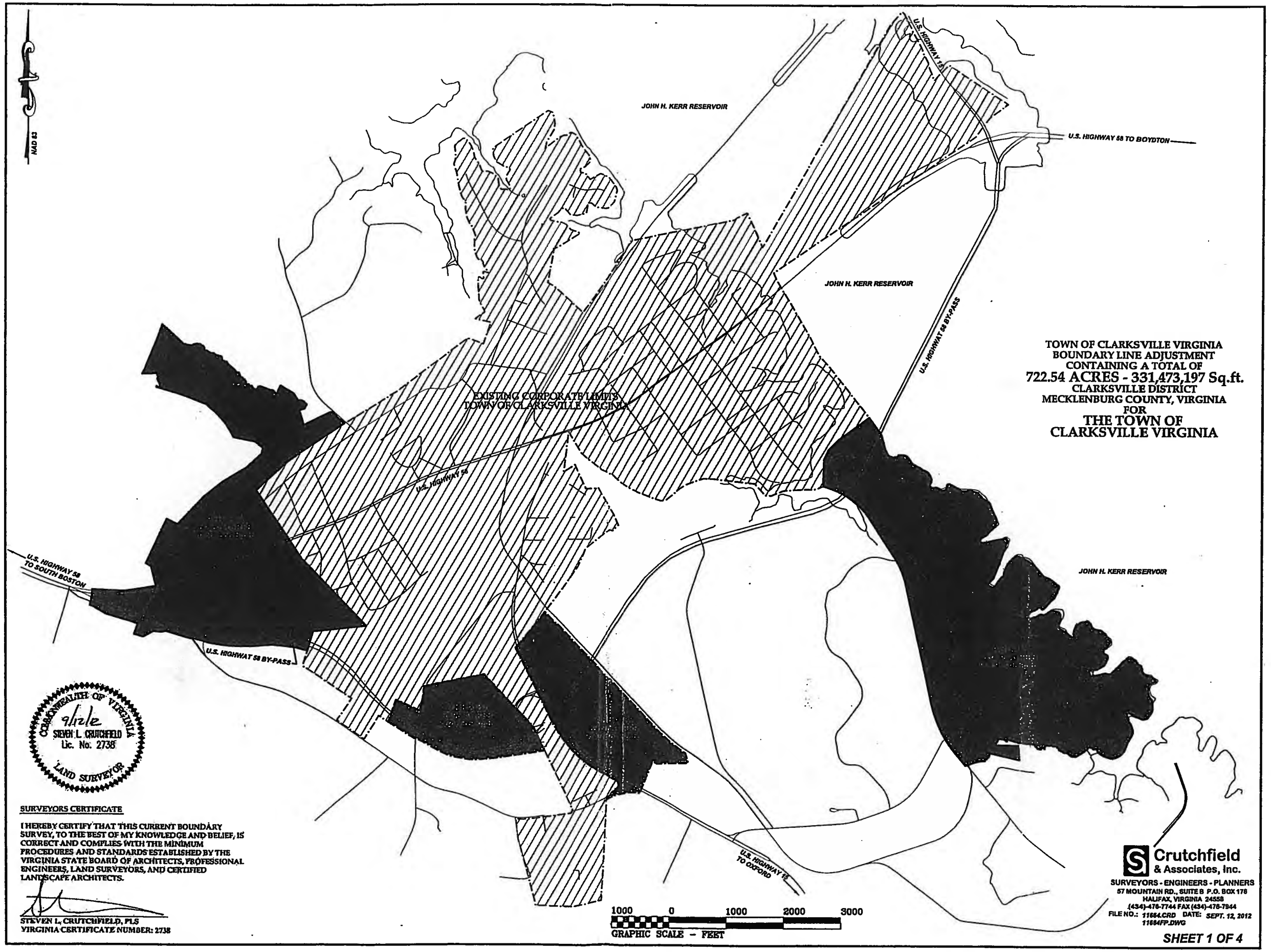
By: [illegible]
Chair, Board of Supervisors

Attest: [illegible]
Clerk

Date: November 14, 2012

Exhibit 1 to Voluntary Settlement

[Map depicting Annexation Areas]



TOWN OF CLARKSVILLE VIRGINIA
BOUNDARY LINE ADJUSTMENT
CONTAINING A TOTAL OF
722.54 ACRES - 331,473,197 Sq.ft.
CLARKSVILLE DISTRICT
MECKLENBURG COUNTY, VIRGINIA
FOR
THE TOWN OF
CLARKSVILLE VIRGINIA

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT THIS CURRENT BOUNDARY SURVEY, TO THE BEST OF MY KNOWLEDGE AND BELIEF, IS CORRECT AND COMPLIES WITH THE MINIMUM PROCEDURES AND STANDARDS ESTABLISHED BY THE VIRGINIA STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, LAND SURVEYORS, AND CERTIFIED LANDSCAPE ARCHITECTS.

STEVEN L. CRUTCHFIELD, PLS
VIRGINIA CERTIFICATE NUMBER: 2738

Crutchfield
& Associates, Inc.
SURVEYORS - ENGINEERS - PLANNERS
57 MOUNTAIN RD., SUITE B P.O. BOX 176
HALIFAX, VIRGINIA 24558
(434)-476-7744 FAX (434)-476-7944
FILE NO.: 11664.CRD DATE: SEPT. 12, 2012
11664FP.DWG

SHEET 1 OF 4

A - R. KEVIN BLANKS & MARY C. BLANKS IN. 110003817 PLAT - D.B. 264, PG. 99 T.P. 146-2-4

B - R. HARRISON BLANKS, JR. & WINNIE S. BLANKS D.B. 264, PG. 100 PLAT - D.B. 264, PG. 99 T.P. 146-2-3

C - RYAN ELLIOTT BROWN IN. 110001995 PLAT - D.B. 264, PG. 99 T.P. 146-2-6

D - R. HARRISON BLANKS, JR. & WINNIE S. BLANKS D.B. 264, PG. 100 PLAT - D.B. 264, PG. 99 T.P. 146-2-7

E - R. HARRISON BLANKS, JR. & WINNIE S. BLANKS D.B. 147, PG. 488 PLAT - D.B. 264, PG. 99 T.P. 146-2-1

F - W. LEE HOWELL, JR. & ANGELIA D. HOWELL D.B. 576, PG. 541 PC. 1, SLIDE 379, PG. 5 T.P. 146-A-46A

G - BETSY R. LOFTIS IN. 040005639 PC 1, SLIDE 359, PG. 7 T.P. 146-A-39

H - MICHAEL J. LEJDA & LAURIE A. LEJDA IN. 060001942 PC. 1, SLIDE 348, PG. 1 T.P. 146-A-40

I - R. KEVIN BLANKS & WILLIAM H JONES D.B. 341, PG. 851 PLAT - D.B. 341, PG. 853 T.P. 146-3-1

J - CHRISTOPHER A. WILLIAMSON & CHARLENE WILLIAMSON IN. 070003841 PLAT - D.B. 341, PG. 853 T.P. 146-3-2

K - GUPTON INSULATION CO., INC. IN. 050001148 PLAT - D.B. 306, PG. 315 T.P. 146-A-43

L - PATRICK H. NEWTON & JUDY T. NEWTON IN. 070003822 PLAT - IN. 110002430 T.P. 146-A-62

M - BOBBY G. WEST & JULIA A. WEST D.B. 323, PG. 477 N.P.B. 3, PG. 159 T.P. 167-3-A

N - EDWIN H. HARRIS, JR. & EILEEN C. HARRIS D.B. 264, PG. 802 PLAT - D.B. 201, PG. 468 T.P. 147A10-4-7

O - JO C. OWEN IN. 010004376 PLAT - D.B. 201, PG. 468 T.P. 147A10-4-3

P - MARVIN E. JENNINGS IN. 050005799 PLAT - D.B. 201, PG. 468 T.P. 147A10-4-1

Q - W. RUSSELL ELLIOTT & MILDRED L. ELLIOTT D.B. 524, PG. 783 PLAT - D.B. 147, PG. 585 T.P. 147A10-3-91

R - MARY ANN R. HUTCHESON D.B. 273, PG. 51 W.B. 49, PG. 687 PLAT-D.B. 147, PG. 585 T.P. 147A10-3-240

S - MARY ANN R. HUTCHESON D.B. 273, PG. 51 W.B. 49, PG. 687 PLAT-D.B. 147, PG. 585 T.P. 147A10-3-240

T - CAROL J. HENDERSON I.N. 020002757 PLAT-I.N. 020002757 T.P. 147A10-3-234

U - DOUGLAS O., JR. & KELLY A. GOLDER I.N. 030007555 PLAT-D.B. 518, PG. 48 T.P. 147A10-3-195

V - C. GORDON & EMILY R. WESTENHAVER D.B. 494, PG. 391 PLAT-D.B. 147, PG. 585 T.P. 147A10-3-198

W - JAMES NORRIS I.N. 090003941 PLAT-D.B. 147, PG. 585 T.P. 147A10-3-161

X - ARCHIE L., JR. & SUSAN E. SILER I.N. 100001225 PLAT-D.B. 147, PG. 585 T.P. 147A10-3-155

Y - ARCHIE L., JR. & SUSAN E. SILER I.N. 100001225 PLAT-D.B. 147, PG. 585 T.P. 147A10-3-155

Z - LARRY TYSINGER D.B. 589, PG. 392 P.B. 13, PG. 36 T.P. 147A10-2-79

AA - BEVERLY C. & SHANNON F. SKIPWITH D.B. 133, PG. 383 T.P. 146B-A-10

BB - BEVERLY C. & SHANNON F. SKIPWITH D.B. 169, PG. 516 T.P. 146B-A-11

CC - H. ALLEN & LANNIE B. WHITE D.B. 555, PG. 756 PLAT-D.B. 174, PG. 570 T.P. 146B-A-12

DD - BENCHMARK PROPERTIES OF VIRGINIA I.N. 080002216 T.P. 147A10-2-1

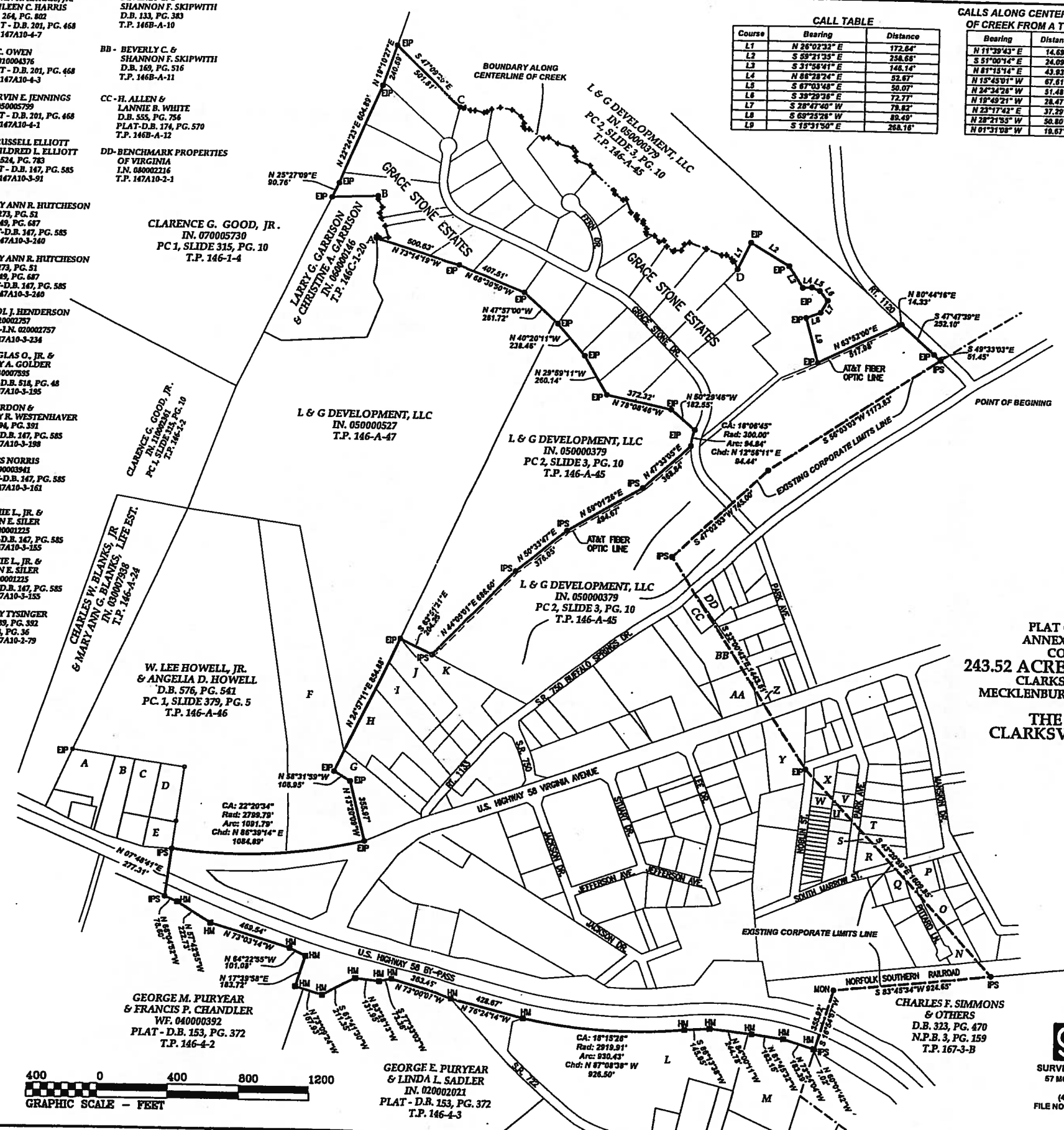
LEGEND:
IPS — IRON PIN SET
EIP — IRON PIN SET
N.P.B. — NEW PLAT BOOK
P.C. — PLAT CABINET
D.B. — DEED BOOK
PG. — PAGE
TOT. — TOTAL
HM — HIGHWAY MONUMENT
IN. — INSTRUMENT NUMBER

COMMONWEALTH OF VIRGINIA
9/12/12
STEVEN L. CRUTCHFIELD
Lic. No. 2738
LAND SURVEYOR

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT THIS CURRENT BOUNDARY SURVEY, TO THE BEST OF MY KNOWLEDGE AND BELIEF, IS CORRECT AND COMPLIES WITH THE MINIMUM PROCEDURES AND STANDARDS ESTABLISHED BY THE VIRGINIA STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, LAND SURVEYORS, AND CERTIFIED LANDSCAPE ARCHITECTS:

STEVEN L. CRUTCHFIELD, PLS
VIRGINIA CERTIFICATE NUMBER: 2738



CALL TABLE

Course	Bearing	Distance
L1	N 26°02'32" E	172.64'
L2	S 59°21'35" E	258.66'
L3	S 31°56'41" E	146.14'
L4	N 88°28'24" E	52.67'
L5	S 67°03'48" E	50.07'
L6	S 39°29'36" E	72.77'
L7	S 28°47'40" W	79.82'
L8	S 69°25'28" W	89.49'
L9	S 15°31'50" E	268.16'

CALLS ALONG CENTERLINE OF CREEK FROM A TO B

Bearing	Distance
N 11°39'43" E	14.69'
S 51°00'14" E	24.09'
N 81°15'14" E	43.93'
N 15°45'01" W	67.61'
N 34°34'26" W	51.48'
N 19°49'21" W	28.47'
N 23°17'42" E	37.29'
N 39°31'55" W	50.80'
N 01°31'08" W	19.67'

CALLS ALONG CENTERLINE OF CREEK FROM C TO D

Bearing	Distance
S 67°58'04" E	19.76'
N 72°16'30" E	13.13'
S 68°12'08" E	34.18'
N 89°34'20" E	25.52'
S 77°11'09" E	50.58'
N 73°05'45" E	17.04'
N 61°06'14" E	31.12'
N 77°01'03" E	53.51'
S 80°41'53" E	69.73'
S 54°50'05" E	54.22'
S 25°04'38" E	40.06'
S 18°28'54" W	19.49'
S 39°28'31" E	19.05'
S 85°18'30" E	24.05'
S 58°12'43" E	96.41'
N 76°41'53" E	30.34'
S 56°20'33" E	62.88'
S 75°07'53" E	98.82'
S 38°49'31" E	27.15'
S 08°14'28" W	25.51'
S 24°43'06" E	29.20'
S 71°09'35" E	80.13'
S 27°55'45" E	41.53'
S 46°44'12" E	154.16'
S 22°52'46" E	23.87'
S 55°05'58" E	65.90'
N 76°04'42" E	18.14'
S 20°34'11" E	79.85'
S 66°44'18" E	33.75'
S 19°52'16" W	10.55'
S 26°31'14" E	14.89'
S 73°49'53" E	34.61'
S 01°04'55" E	14.89'
S 33°37'38" E	35.09'
S 10°00'39" W	19.39'
S 16°31'25" E	13.89'
S 79°47'20" E	44.91'
S 38°15'15" E	44.45'
N 69°43'56" E	27.47'
S 26°30'07" E	38.64'
S 52°37'40" E	48.09'
N 61°44'21" E	10.83'
N 65°31'46" E	38.43'
N 26°28'13" E	33.89'
N 71°12'05" E	32.20'
S 71°10'49" E	102.63'
S 67°49'37" E	94.78'
N 86°56'06" E	25.83'
S 55°53'31" E	39.20'
S 22°47'40" E	16.46'
N 70°56'07" E	8.15'
S 24°17'02" E	61.30'

PLAT OF SURVEY OF ANNEXATION AREA A CONTAINING 243.52 ACRES - 10,607,553 Sq.ft. CLARKSVILLE DISTRICT MECKLENBURG COUNTY, VIRGINIA FOR THE TOWN OF CLARKSVILLE VIRGINIA

Crutchfield & Associates, Inc.
SURVEYORS - ENGINEERS - PLANNERS
57 MOUNTAIN RD., SUITE B P.O. BOX 178
HALIFAX, VIRGINIA 24558
(434)-476-7744 FAX (434)-476-7944

FILE NO.: 11664.CRD DATE: SEPT. 12, 2012
11664FP.DWG

A - LAKE COUNTRY BAPTIST CHURCH
D.B. 459, PG. 467
PLAT - D.B. 459, PG. 483
T.P. 147A14-A-1B

B - GOSPEL LIGHT CHAPEL
D.B. 441, PG. 504
PLAT - D.B. 411, PG. 506
T.P. 147A14-A-1A

C - CHERYL S. CARTER
& EDNA A. HOWERTON
D.B. 397, PG. 163
N.P.B. 3, PG. 159
T.P. 167-3-6

D - LAWRENCE H. KERSEY
& ANNIE H. KERSEY
D.B. 378, PG. 376
N.P.B. 3, PG. 159
T.P. 167-3-7

E - JOYCE S. GARRETT
WF. 050000045
N.P.B. 3, PG. 159
T.P. 167-3-8

F - DEBBIE A. CHRISTY
& SARAH J. DICKEY
D.B. 550, PG. 150
N.P.B. 3, PG. 159
T.P. 167-3-9

G - JAMES J. GLASSCOCK
WF. 110000136
PLAT - D.B. 166, PG. 150
T.P. 167-A-1C

H - DOROTHY G. MATHERLY LIFE EST.
IN 010004700
PLAT - D.B. 166, PG. 150
T.P. 167-4-1

I - BERNICE F. DAILEY
D.B. 370, PG. 597
N.P.B. 3, PG. 159
T.P. 167-3-11

J - ROSEMARIE B. MARROW
D.B. 433, PG. 267
N.P.B. 3, PG. 159
T.P. 167-3-12

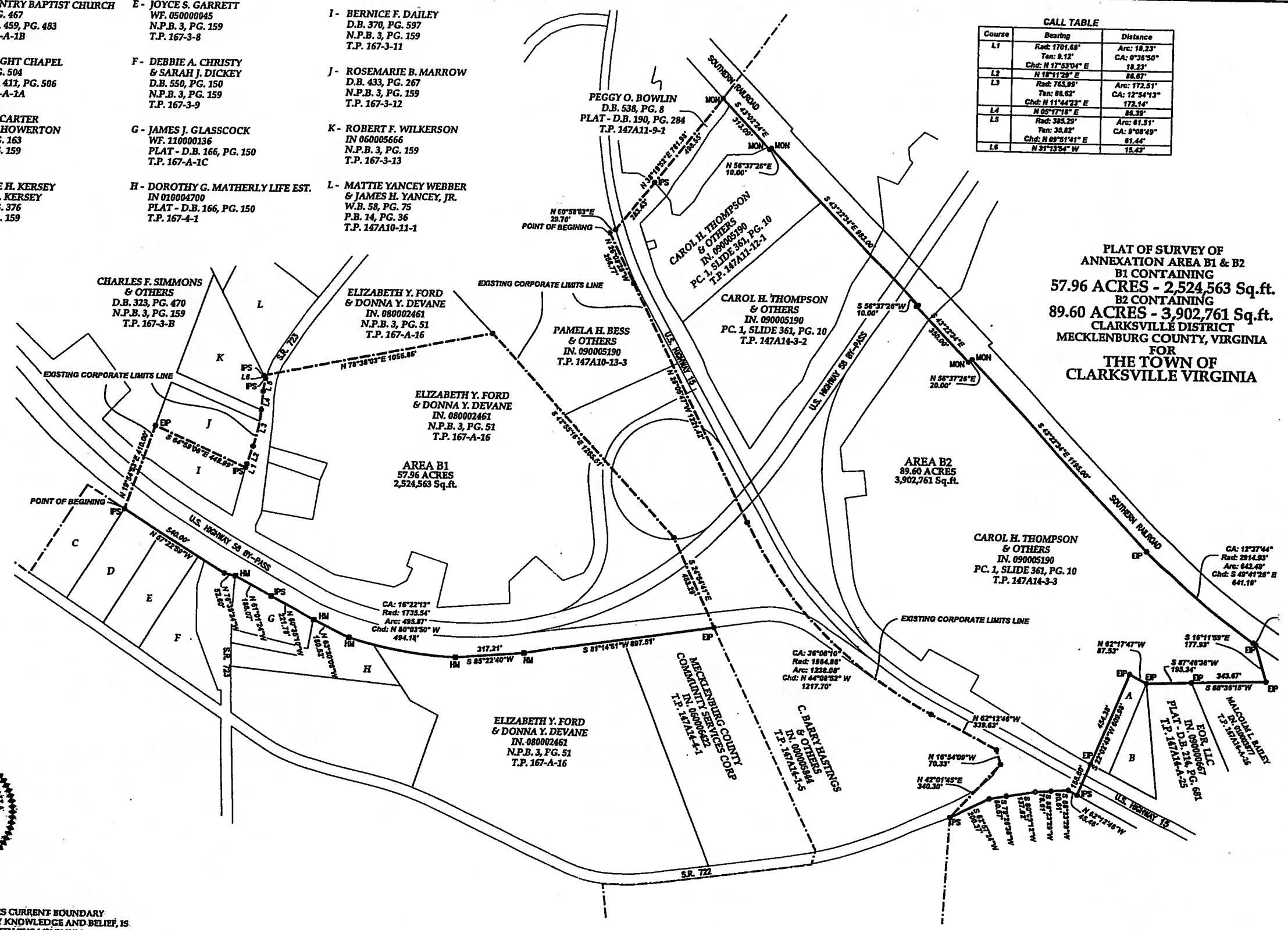
K - ROBERT F. WILKERSON
IN 060005666
N.P.B. 3, PG. 159
T.P. 167-3-13

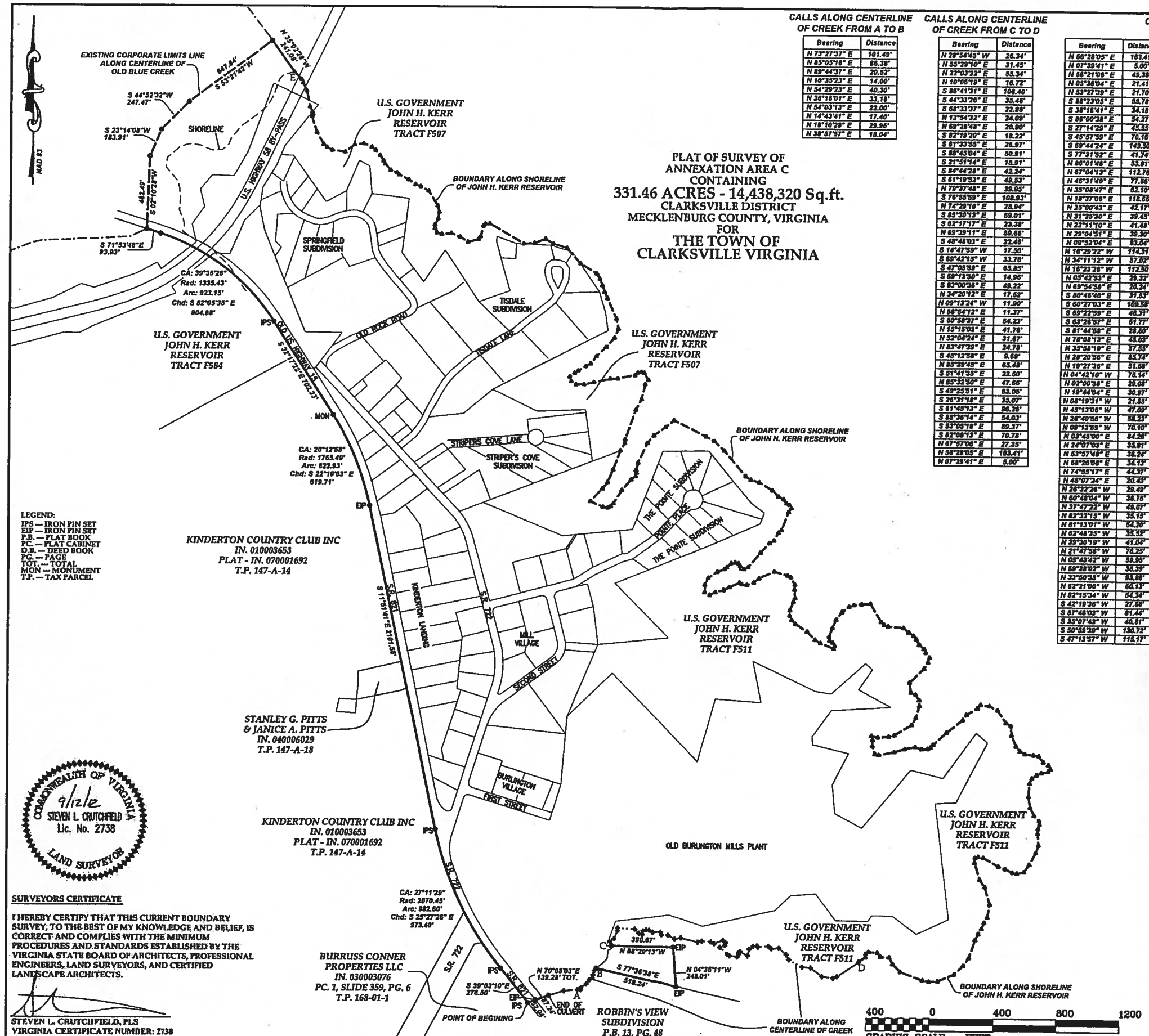
L - MATTIE YANCEY WEBBER
& JAMES H. YANCEY, JR.
W.B. 58, PG. 75
P.B. 14, PG. 36
T.P. 147A10-11-1

NAD 83

CALL TABLE

Course	Bearing	Distance
L1	Rad: 1701.69' Tan: 9.12' Chd: N 17°53'04" E	Arc: 18.23' CA: 0°36'50" 18.23'
L2	N 18°11'29" E	86.67'
L3	Rad: 765.99' Tan: 88.62' Chd: N 11°44'23" E	Arc: 172.51' CA: 12°54'13" 172.14'
L4	N 05°17'16" E	86.39'
L5	Rad: 385.29' Tan: 30.82' Chd: N 09°51'41" E	Arc: 61.51' CA: 9°08'49" 61.44'
L6	N 31°13'54" W	15.43'


PEGGY O. BOWLIN
D.B. 538, PG. 8
PLAT - D.B. 190, PG. 284
T.P. 147A11-9-1
CAROL H. THOMPSON & OTHERS IN. 090005190 PC. 1, SLIDE 361, PG. 10 T.P. 147A11-12-1
CAROL H. THOMPSON & OTHERS IN. 090005190 PC. 1, SLIDE 361, PG. 10 T.P. 147A14-3-2
CAROL H. THOMPSON & OTHERS IN. 090005190 PC. 1, SLIDE 361, PG. 10 T.P. 147A14-3-3
CHARLES F. SIMMONS & OTHERS D.B. 323, PG. 470 N.P.B. 3, PG. 159 T.P. 167-3-B
ELIZABETH Y. FORD & DONNA Y. DEVANE IN. 080002461 N.P.B. 3, PG. 51 T.P. 167-A-16
PAMELA H. BESS & OTHERS IN. 090005190 T.P. 147A10-13-3
ELIZABETH Y. FORD & DONNA Y. DEVANE IN. 080002461 N.P.B. 3, PG. 51 T.P. 167-A-16
ELIZABETH Y. FORD & DONNA Y. DEVANE IN. 080002461 N.P.B. 3, PG. 51 T.P. 167-A-16
MECKLENBURG COUNTY COMMUNITY SERVICES CORP IN. 060006422 T.P. 147A14-4-1
C. BARRY HASTINGS & OTHERS IN. 000005944 T.P. 147A14-1-5
EOR, LLC IN. 090000667 PLAT - D.B. 214, PG. 661 T.P. 147A14-A-25
MALCOLM L. BAILEY IN. 080000371 T.P. 147A14-A-26
EXISTING CORPORATE LIMITS LINE
POINT OF BEGINING
AREA B1 57.96 ACRES 2,524,563 Sq.ft.
AREA B2 89.60 ACRES 3,902,761 Sq.ft.
U.S. HIGHWAY 58 BY-PASS
U.S. HIGHWAY 15
SOUTHERN RAILROAD
S.R. 722
CA: 16°22'13" Rad: 1735.54' Arc: 495.87' Chd: N 80°03'50" W 494.18'
CA: 36°06'10" Rad: 1984.86' Arc: 1238.06' Chd: N 44°08'52" W 1217.70'
CA: 12°37'44" Rad: 2914.93' Arc: 642.49' Chd: S 49°41'26" E 641.19'
N 78°38'03" E 1056.86'
S 41°53'16" E 1865.31'
N 39°55'19" W 1251.42'
S 43°22'24" E 883.00'
S 43°22'24" E 1165.00'
S 43°22'24" E 350.00'
S 56°37'26" W 10.00'
N 56°37'26" E 10.00'
N 56°37'26" E 20.00'
N 60°58'03" E 29.70'
N 39°19'53" E 781.98'
S 40°02'24" E 313.09'
S 85°22'40" W 317.21'
S 81°14'51" W 897.51'
S 26°54'14" E 453.29'
N 62°12'46" W 339.83'
N 16°54'09" W 70.33'
N 43°01'45" E 340.30'
N 62°17'47" W 87.53'
S 87°46'36" W 195.34'
S 89°36'15" W 343.67'
S 16°11'59" E 177.33'
N 62°12'46" W 45.48'
S 62°12'46" E 45.37'
S 62°12'46" E 45.37'
S 87°22'32" W 50.01'
S 87°22'32" W 150.00'
S 87°22'32" W 50.01'
S 72°22'32" W 50.01'
S 87°22'32" W 150.00'
S 87°22'32" W 50.01'
S 62°12'46" E 45.37'
S 62°12'46" E 45.37'
N 62°12'46" W 45.48'
S 62°12'46" E 45.37'
S 62°12'46" E 45.37'
S 62°12'46" E 45.37



LEGEND:
IPS — IRON PIN SET
EIP — IRON PIN SET
P.B. — PLAT BOOK
PC. — PLAT CABINET
D.B. — DEED BOOK
PG. — PAGE
TOT. — TOTAL
MON — MONUMENT
T.P. — TAX PARCEL

COMMONWEALTH OF VIRGINIA
9/12/12
STEVEN L. CRUTCHFIELD
Lic. No. 2738
LAND SURVEYOR

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT THIS CURRENT BOUNDARY SURVEY, TO THE BEST OF MY KNOWLEDGE AND BELIEF, IS CORRECT AND COMPLIES WITH THE MINIMUM PROCEDURES AND STANDARDS ESTABLISHED BY THE VIRGINIA STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, LAND SURVEYORS, AND CERTIFIED LANDSCAPE ARCHITECTS.

STEVEN L. CRUTCHFIELD, PLS
VIRGINIA CERTIFICATE NUMBER: 2738

PLAT OF SURVEY OF ANNEXATION AREA C CONTAINING 331.46 ACRES - 14,438,320 Sq.ft. CLARKSVILLE DISTRICT MECKLENBURG COUNTY, VIRGINIA FOR THE TOWN OF CLARKSVILLE VIRGINIA

CALLS ALONG CENTERLINE OF CREEK FROM A TO B

Bearing	Distance
N 73°27'37" E	101.49'
N 85°05'16" E	86.38'
N 89°44'37" E	20.52'
N 10°35'23" E	14.00'
N 54°29'23" E	40.30'
N 36°16'01" E	33.78'
N 54°03'13" E	22.00'
N 14°43'41" E	17.40'
N 18°10'28" E	29.96'
N 38°57'37" E	18.04'

CALLS ALONG CENTERLINE OF CREEK FROM C TO D

Bearing	Distance
N 28°54'45" W	26.34'
N 55°29'10" E	31.45'
N 22°03'22" E	55.34'
N 10°06'19" E	16.72'
S 86°41'31" E	106.40'
S 44°33'26" E	35.46'
S 68°33'37" E	22.98'
N 13°54'32" E	34.09'
N 69°28'48" E	20.90'
S 82°19'20" E	18.22'
S 61°33'59" E	26.97'
S 88°45'04" E	50.91'
S 21°51'14" E	15.91'
S 84°44'28" E	42.34'
S 61°19'52" E	49.53'
N 79°37'48" E	39.95'
S 76°55'59" E	108.83'
N 74°29'10" E	28.94'
S 85°30'13" E	59.01'
S 62°17'17" E	23.38'
N 69°39'11" E	59.66'
S 48°48'03" E	22.46'
S 14°47'59" W	17.50'
S 69°42'15" W	33.76'
S 47°05'59" E	65.85'
S 69°13'50" E	14.96'
S 83°00'36" E	49.22'
N 34°20'12" E	17.52'
N 09°13'24" W	11.90'
N 56°54'12" E	11.37'
S 60°58'37" E	84.23'
N 15°15'03" E	41.76'
N 52°04'24" E	31.07'
N 83°47'39" E	24.78'
S 45°12'58" E	8.69'
N 85°39'45" E	65.48'
S 81°41'35" E	23.50'
N 85°32'50" E	47.66'
S 49°25'51" E	63.05'
S 26°31'18" E	35.07'
S 61°45'13" E	96.26'
S 85°36'14" E	54.03'
S 53°05'18" E	89.37'
S 82°08'13" E	70.78'
N 67°57'06" E	27.35'
N 56°28'05" E	163.41'
N 07°39'41" E	5.00'

CALLS ALONG SHORELINE OF RESERVOIR FROM D TO E

Bearing	Distance
N 56°28'05" E	163.41'
N 07°39'41" E	5.00'
N 56°21'06" E	49.38'
N 05°36'04" E	21.41'
N 53°27'39" E	21.70'
S 86°23'05" E	55.78'
S 38°16'41" E	34.18'
S 88°00'38" E	54.27'
S 27°14'29" E	45.55'
S 45°37'39" E	70.16'
S 69°44'24" E	149.50'
S 77°31'52" E	41.74'
N 86°01'46" E	53.81'
N 67°04'13" E	112.76'
N 46°31'40" E	77.86'
N 35°08'47" E	62.10'
N 18°37'06" E	118.65'
N 25°00'43" E	42.17'
N 31°25'30" E	39.45'
N 22°11'10" E	41.48'
N 29°04'51" E	39.30'
N 09°52'04" E	83.04'
N 16°29'22" W	114.31'
N 34°11'12" W	57.02'
N 16°23'26" W	112.30'
N 05°42'53" E	29.33'
N 69°44'39" E	20.34'
S 80°46'40" E	31.53'
S 60°27'03" E	109.58'
S 69°22'39" E	48.31'
S 63°26'37" E	51.77'
S 81°44'58" E	28.60'
N 78°08'13" E	43.03'
N 35°56'19" E	57.55'
N 28°20'56" E	85.74'
N 19°27'36" E	51.68'
N 04°42'10" W	78.14'
N 03°00'56" E	29.08'
N 19°44'04" E	30.97'
N 06°19'31" W	21.85'
N 45°13'08" W	47.09'
N 26°40'58" W	58.23'
N 09°13'59" W	70.10'
N 03°43'00" E	84.26'
N 24°07'03" E	33.91'
N 53°57'48" E	38.24'
N 68°26'06" E	34.13'
N 74°55'17" E	44.37'
N 45°07'24" E	20.49'
N 26°22'26" W	29.49'
N 60°48'04" W	38.78'
N 37°47'22" W	49.07'
N 82°32'15" W	35.15'
N 81°13'01" W	54.30'
N 62°48'25" W	38.52'
N 39°30'19" W	41.04'
N 21°47'36" W	76.35'
N 05°43'42" W	59.93'
N 59°38'02" W	30.39'
N 33°50'35" W	83.88'
N 62°21'00" W	60.13'
N 82°15'34" W	54.34'
S 42°19'36" W	27.68'
S 57°46'03" W	81.44'
S 35°07'43" W	40.61'
S 50°59'39" W	130.72'
S 47°13'57" W	115.37'
S 39°39'01" W	23.89'
S 63°54'20" W	18.20'
S 86°07'39" W	37.12'
N 69°57'53" W	42.27'
S 78°29'46" W	68.41'
S 73°10'47" W	70.71'
S 79°03'25" W	98.68'
N 76°33'53" W	23.98'
N 18°31'39" W	54.34'
N 02°21'53" E	35.39'
N 17°17'11" W	23.54'
S 77°47'56" E	41.68'
N 85°33'28" E	68.78'
N 74°10'23" E	35.75'
N 59°01'16" E	128.31'
N 30°08'32" E	83.64'
N 16°14'13" E	78.36'
N 03°17'53" W	36.53'
N 31°53'46" W	41.62'
N 65°17'39" W	33.78'
N 08°38'52" W	62.73'
N 44°54'21" E	128.99'
N 30°30'10" E	46.89'
N 18°30'32" E	32.44'
N 40°23'32" W	38.42'
N 24°10'56" W	36.93'
N 47°08'23" W	39.16'
N 29°16'07" W	38.40'
N 38°44'59" W	29.08'
N 66°05'13" W	38.08'
N 49°12'08" W	44.15'
N 84°48'23" W	98.17'
N 70°03'43" W	26.14'
N 44°39'18" W	26.31'
N 30°46'12" W	135.78'
S 84°59'11" W	35.83'
S 83°16'33" W	48.81'
S 69°57'20" W	31.99'
S 52°18'28" W	55.45'
S 38°16'35" W	63.18'
S 24°21'24" W	84.97'
S 19°55'23" W	60.09'
S 08°00'00" E	24.68'
S 65°59'13" E	24.68'
S 21°12'57" E	23.47'
S 21°47'59" W	18.45'
N 68°27'21" W	89.73'
N 57°58'38" W	46.43'
N 44°54'13" W	72.01'
N 56°27'20" W	87.23'
N 44°38'16" W	33.10'
N 34°39'50" W	30.63'
N 01°47'42" E	34.88'
N 21°37'56" E	57.19'
N 23°23'36" E	25.75'
N 03°44'28" W	84.45'
N 04°13'05" E	30.12'
N 26°51'53" W	55.29'
N 62°29'34" W	22.34'
N 74°25'44" W	88.88'
S 63°03'14" W	103.38'
S 50°53'28" W	44.23'
S 71°16'55" W	46.13'
N 83°24'30" W	29.38'
N 84°06'37" W	18.64'
S 64°54'54" W	72.17'
S 64°24'38" W	40.01'
S 75°18'10" W	83.32'
S 62°10'16" W	36.38'
N 61°43'24" W	37.72'
N 01°04'46" E	47.38'
N 27°02'29" E	47.42'
N 56°03'18" E	71.56'
N 68°32'49" E	47.17'
N 54°14'14" E	19.41'
N 46°19'15" E	38.02'
N 77°34'03" E	28.07'
S 73°40'52" E	21.32'
S 33°49'02" E	18.14'
S 24°49'49" E	17.88'
S 72°19'56" E	17.46'
N 82°13'55" E	28.01'
N 39°55'44" E	118.11'
N 41°50'48" E	85.73'
N 59°11'23" E	31.43'
N 28°54'14" E	57.37'
N 56°20'19" E	26.76'
N 20°56'59" E	122.03'
N 35°48'22" E	28.84'
N 30°41'04" W	28.21'
N 59°16'06" W	18.70'
N 39°20'03" W	31.57'
N 63°40'35" W	35.88'
N 43°54'28" W	54.94'
N 58°36'56" W	97.17'
N 73°18'00" W	57.36'
N 54°34'35" W	38.08'
N 40°33'33" W	211.78'
N 47°10'41" W	86.98'
N 62°19'32" W	61.49'
N 53°17'57" W	229.02'
S 51°18'39" W	70.78'
S 54°31'25" W	89.98'
S 39°28'09" W	64.81'
S 25°07'25" W	138.31'
S 13°44'06" W	46.45'
S 08°34'05" E	18.45'
S 12°48'42" W	22.90'
S 55°30'05" W	35.05'
S 40°17'11" W	89.16'
S 32°12'49" W	100.11'
S 42°39'27" W	25.14'
S 63°45'36" W	19.32'
N 81°50'43" W	31.43'
N 65°49'52" W	86.15'
N 43°15'41" E	110.22'
N 37°33'57" E	51.07'
N 22°18'17" E	97.60'
N 30°23'12" E	127.44'
N 30°21'45" E	55.89'
N 03°09'27" E	23.50'
N 19°36'36" E	198.79'
N 27°38'02" E	75.85'
N 13°06'43" E	97.29'
N 34°58'52" E	33.89'
N 30°20'01" W	51.47'
N 71°27'46" W	10.85'
S 79°07'34" W	22.12'
S 47°26'52" W	24.07'
S 79°02'32" W	112.39'
S 85°23'35" W	46.79'
S 77°23'04" W	104.47'
S 77°08'43" W	62.03'
S 89°19'55" W	50.30'
N 58°31'10" W	36.46'
N 18°07'01" W	31.47'
N 52°17'42" E	39.22'
N 56°00'08" E	25.77'
N 59°20'43" E	53.84'
N 57°45'41" E	35.18'
N 38°11'21" E	57.29'
N 45°24'30" E	83.73'
N 41°00'29" E	88.39'
N 22°38'48" E	61.31'
N 11°53'01" W	67.38'
N 33°36'03" W	141.24'
N 24°25'49" W	41.83'
N 19°03'15" W	45.27'
N 30°56'17" W	43.92'
N 30°04'39" W	38.65'
N 58°20'03" W	118.37'
N 41°28'40" W	131.40'
N 73°14'29" W	89.38'
N 57°53'36" W	58.22'
S 68°21'10" W	73.73'
S 87°22'04" W	67.59'
N 59°44'03" W	249.98'
S 85°53'22" W	26.09'
S 48°32'11" W	18.36'
S 16°09'00" W	70.43'
S 37°53'32" W	22.91'
S 78°21'05" W	67.27'
N 57°10'51" W	59.89'
N 67°47'53" W	59.80'
S 82°58'05" W	57.99'
N 71°56'35" W	31.33'
N 26°25'09" W	30.81'
N 00°18'03" W	22.34'
N 26°34'48" E	44.26'
N 08°44'37" E	43.51'
N 14°17'36" W	40.63'
N 31°18'07" W	109.92'
N 61°50'31" W	58.80'
N 70°44'29" W	34.33'
N 54°02'53" W	52.28'
N 63°07'08" W	67.92'
N 49°27'34" W	18.39'
N 67°41'03" W	42.82'
N 42°61'44" W	52.53'
N 26°41'58" W	21.53'
N 33°53'38" W	42.65'
N 39°28'33" W	41.85'
N 49°51'54" W	31.82'
N 67°05'27" W	56.25'
S 82°46'51" W	67.79'
S 53°22'10" W	74.65'
N 83°13'49" W	81.47'
N 60°53'52" W	37.58'
N 49°15'43" W	27.48'
N 28°57'04" W	87.07'
N 17°17'22" W	105.50'
N 22°08'57" E	13.92'
N 10°26'43" W	14.85'
N 22°04'05" W	37.04'
N 12°06'29" W	101.23'
N 25°11'59" W	55.19'
N 23°57'36" W	23.87'
N 43°45'44" W	63.88'

Crutchfield & Associates, Inc.
SURVEYORS - ENGINEERS - PLANNERS
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HALIFAX, VIRGINIA 24558
(434)-476-7744 FAX (434)-476-7944
FILE NO.: 11664.CRD DATE: SEPT. 12, 2012
11664FP.DWG

SHEET 4 OF 4

Exhibit 2 to Voluntary Settlement

[Metes and Bounds description of Annexation Areas]

LEGAL DESCRIPTION
ANNEX AREA A

BEGINNING at a point at the intersection of the western right-of-way line of Route 1120 (Fontaine Garrett Road) and the current corporate boundary line of the Town of Clarksville, Virginia,

THENCE running in a southwesterly direction along the current corporate boundary line of the Town of Clarksville, Virginia, South 56 degrees 03 minutes 03 seconds West for a distance of 1173.83 feet to a point; THENCE South 47 degrees 02 minutes 03 seconds West for a distance of 745.00 feet to an iron pin set; THENCE continuing in a southeasterly direction along the current corporate boundary line of the Town of Clarksville, Virginia, South 33 degrees 00 minutes 42 seconds East for a distance of 1443.81 feet to an existing iron pin; THENCE South 43 degrees 20 minutes 59 seconds East for a distance of 1609.85 feet to an iron pin set; THENCE continuing in a southwesterly direction along the current corporate boundary line of the Town of Clarksville, Virginia, South 83 degrees 45 minutes 34 seconds West for a distance of 924.65 feet to a concrete monument; THENCE South 16 degrees 54 minutes 57 seconds West for a distance of 355.92 feet to an iron pin set on the southern right of way of U. S. Route 58 By-Pass;

THENCE running in an westerly direction along the southern right-of-way U. S. Route 58 By-Pass North 60 degrees 01 minutes 42 seconds West for a distance of 7.02 feet to a highway monument; THENCE North 73 degrees 24 minutes 04 seconds West for a distance of 183.39 feet to a highway monument; THENCE North 81 degrees 45 minutes 32 seconds West for a distance of 183.15 feet to a highway monument; THENCE North 84 degrees 00 minutes 11 seconds West for a distance of 244.78 feet to a highway monument; THENCE South 86 degrees 13 minutes 38 seconds West for a distance of 145.95 feet to a highway monument; THENCE along a curve to the right having a radius of 2919.91 feet and an arc length of 930.43 feet, being subtended by a chord of North 87 degrees 08 minutes 38 seconds West for a distance of 926.50 feet to a highway monument; THENCE North 76 degrees 24 minutes 14 seconds West for a distance of 428.67 feet to a highway monument; THENCE North 73 degrees 00 minutes 07 seconds West for a distance of 363.45 feet to a highway monument; THENCE South 77 degrees 33 minutes 03 seconds West for a distance of 73.36 feet to a highway monument; THENCE North 83 degrees 28 minutes 13 seconds West for a distance of 131.95 feet to a highway monument; THENCE South 61 degrees 41 minutes 30 seconds West for a distance of 211.35 feet to a highway monument; THENCE North 73 degrees 09 minutes 24 seconds West for a distance of 157.93 feet to a highway monument; THENCE North 17 degrees 39 minutes 58 seconds East for a distance of 183.72 feet to a highway monument; THENCE North 64 degrees 22 minutes 55 seconds West for a distance of 101.08 feet to a highway monument; THENCE North 73 degrees 03 minutes 14 seconds West for a distance of 469.54 feet to a highway monument; THENCE North 57 degrees 42 minutes 55 seconds West for a distance of 222.73 feet to a highway monument; THENCE North 66 degrees 04 minutes 52 seconds West for a distance of 78.60 feet to an iron pin set on the southern right-of-way of U. S. Route 58 By-Pass, said point being the intersection of the projected boundary line of Tax Parcels 146-2-1 & 146-2-7 and the southern right-of-way U. S. Route 58 By-Pass;

THENCE North 07 degrees 48 minutes 41 seconds East for a distance of 277.31 feet to an iron pin set crossing on the northern right-of-way of U. S. Route 58 By-Pass and being the southeastern corner of Tax Parcels 146-2-1;

THENCE running in an easterly direction along the northern right-of-way U. S. Route 58 By-Pass and Howell place along a curve to the left having a radius of 2799.79 feet and an arc length of 1091.79

feet, being subtended by a chord of North 86 degrees 39 minutes 14 seconds East for a distance of 1084.89 feet to an existing iron pin;

THENCE running along the boundary line of Tax Parcel 146-A-39 North 13 degrees 20 minutes 09 seconds West for a distance of 355.97 feet to an existing iron pin; THENCE North 58 degrees 31 minutes 59 seconds West for a distance of 106.95 feet to an existing iron pin;

THENCE running along the boundary of Tax Parcel 146-A-40, 146-3-1, 146-3-2 and 146-a-43, North 24 degrees 57 minutes 11 seconds East for a distance of 854.88 feet to an existing iron pin; THENCE South 63 degrees 51 minutes 21 seconds East for a distance of 204.26 feet to an iron pin set on the northern line of the AT&T fiber optic line easement;

THENCE running along the northern line of the AT&T fiber optic line easement, North 44 degrees 05 minutes 01 seconds East for a distance of 686.60 feet to an iron pin set; THENCE North 50 degrees 33 minutes 47 seconds East for a distance of 376.05 feet to an iron pin set; THENCE North 59 degrees 01 minutes 26 seconds East for a distance of 494.67 feet to an iron pin set; THENCE North 47 degrees 33 minutes 05 seconds East for a distance of 368.84 feet to to an iron pin set on the western right-of-way of Grace Stone Drive;

THENCE running along the western right-of-way of Grace Stone Drive along a curve to the right having a radius of 300.00 feet and an arc length of 94.84 feet, being subtended by a chord of North 12 degrees 56 minutes 11 seconds East for a distance of 94.44 feet to an existing iron pin;

THENCE running along the boundary line of Grace Stone Estates Subdivision, North 50 degrees 29 minutes 46 seconds West for a distance of 182.55 feet to an existing iron pin; THENCE North 78 degrees 08 minutes 46 seconds West for a distance of 372.32 feet to an existing iron pin; THENCE North 29 degrees 59 minutes 11 seconds West for a distance of 260.14 feet to an existing iron pin; THENCE North 40 degrees 20 minutes 11 seconds West for a distance of 238.46 feet to an existing iron pin; THENCE North 47 degrees 57 minutes 00 seconds West for a distance of 261.72 feet to an existing iron pin; THENCE North 68 degrees 30 minutes 50 seconds West for a distance of 407.51 feet to an existing iron pin; THENCE North 73 degrees 14 minutes 19 seconds West for a distance of 500.63 feet to a point in a creek; THENCE North 11 degrees 39 minutes 43 seconds East for a distance of 14.69 feet to a point in a creek; THENCE South 51 degrees 00 minutes 14 seconds East for a distance of 24.09 feet to a point in a creek; THENCE North 81 degrees 15 minutes 14 seconds East for a distance of 43.93 feet to a point in a creek; THENCE North 15 degrees 45 minutes 01 seconds West for a distance of 67.61 feet to a point in a creek; THENCE North 24 degrees 34 minutes 26 seconds West for a distance of 51.48 feet to a point in a creek; THENCE North 19 degrees 49 minutes 21 seconds West for a distance of 28.47 feet to a point in a creek; THENCE North 23 degrees 17 minutes 42 seconds East for a distance of 37.29 feet to a point in a creek; THENCE North 28 degrees 21 minutes 55 seconds West for a distance of 50.80 feet to a point in a creek; THENCE North 01 degrees 31 minutes 08 seconds West for a distance of 19.67 feet to a point in a creek; THENCE South 87 degrees 39 minutes 17 seconds West for a distance of 254.24 feet to an existing iron pin; THENCE North 25 degrees 27 minutes 09 seconds East for a distance of 90.76 feet to an existing iron pin; THENCE North 22 degrees 24 minutes 23 seconds East for a distance of 604.89 feet to an existing iron pin; THENCE North 19 degrees 10 minutes 27 seconds East for a distance of 240.59 feet to an existing iron pin; THENCE South 47 degrees 09 minutes 20 seconds East for a distance of 501.81 feet to a point in a creek; THENCE South 67 degrees 58 minutes 04 seconds East for a distance of 19.76 feet to a point in a creek; THENCE North 72 degrees 16 minutes 30 seconds East for a distance of 13.13 feet to a point in a creek; THENCE South 66 degrees 12 minutes 08 seconds East for a distance of 34.18 feet to a point in a creek; THENCE North 89 degrees 34 minutes 20 seconds East for a distance of 25.52 feet to a point in a creek; THENCE South 77 degrees 11 minutes 09 seconds East for a distance of 50.58 feet to a point in a creek; THENCE North 73 degrees 05 minutes 45 seconds East for a distance of 17.04 feet to a point in a creek; THENCE North 61 degrees 06 minutes 14 seconds East for a distance of 31.12 feet to a point in a creek; THENCE North 77 degrees 01 minutes 03 seconds East for a distance of 53.51 feet to a point in a creek; THENCE South 80 degrees 41 minutes 53 seconds East for a distance of 69.73 feet to a point in a creek; THENCE South 54 degrees 50 minutes 05 seconds East for a distance of 64.23 feet to a point in a creek; THENCE South 25 degrees 06 minutes 38 seconds East for a distance

of 40.06 feet to a point in a creek; THENCE South 18 degrees 28 minutes 54 seconds West for a distance of 19.49 feet to a point in a creek; THENCE South 39 degrees 28 minutes 31 seconds East for a distance of 18.05 feet to a point in a creek; THENCE South 85 degrees 18 minutes 30 seconds East for a distance of 24.05 feet to a point in a creek; THENCE South 58 degrees 12 minutes 43 seconds East for a distance of 96.41 feet to a point in a creek; THENCE North 76 degrees 41 minutes 53 seconds East for a distance of 30.34 feet to a point in a creek; THENCE South 56 degrees 20 minutes 33 seconds East for a distance of 62.88 feet to a point in a creek; THENCE South 75 degrees 07 minutes 43 seconds East for a distance of 86.82 feet to a point in a creek; THENCE South 38 degrees 49 minutes 31 seconds East for a distance of 27.15 feet to a point in a creek; THENCE South 08 degrees 14 minutes 26 seconds West for a distance of 25.51 feet to a point in a creek; THENCE South 24 degrees 45 minutes 06 seconds East for a distance of 29.20 feet to a point in a creek; THENCE South 71 degrees 09 minutes 35 seconds East for a distance of 80.13 feet to a point in a creek; THENCE South 27 degrees 55 minutes 45 seconds East for a distance of 41.53 feet to a point in a creek; THENCE South 48 degrees 44 minutes 12 seconds East for a distance of 154.16 feet to a point in a creek; THENCE South 22 degrees 52 minutes 46 seconds East for a distance of 23.87 feet to a point in a creek; THENCE South 55 degrees 05 minutes 58 seconds East for a distance of 55.90 feet to a point in a creek; THENCE North 75 degrees 04 minutes 42 seconds East for a distance of 18.14 feet to a point in a creek; THENCE South 20 degrees 24 minutes 11 seconds East for a distance of 79.95 feet to a point in a creek; THENCE South 66 degrees 44 minutes 18 seconds East for a distance of 35.75 feet to a point in a creek; THENCE South 18 degrees 52 minutes 10 seconds West for a distance of 10.55 feet to a point in a creek; THENCE South 26 degrees 31 minutes 14 seconds East for a distance of 14.99 feet to a point in a creek; THENCE South 73 degrees 49 minutes 53 seconds East for a distance of 34.61 feet to a point in a creek; THENCE South 01 degrees 04 minutes 55 seconds East for a distance of 14.89 feet to a point in a creek; THENCE South 33 degrees 27 minutes 38 seconds East for a distance of 35.06 feet to a point in a creek; THENCE South 10 degrees 00 minutes 39 seconds West for a distance of 19.38 feet to a point in a creek; THENCE South 18 degrees 31 minutes 25 seconds East for a distance of 13.98 feet to a point in a creek; THENCE South 79 degrees 47 minutes 20 seconds East for a distance of 44.91 feet to a point in a creek; THENCE South 38 degrees 15 minutes 15 seconds East for a distance of 44.45 feet to a point in a creek; THENCE North 69 degrees 43 minutes 56 seconds East for a distance of 27.47 feet to a point in a creek; THENCE South 26 degrees 30 minutes 07 seconds East for a distance of 38.64 feet to a point in a creek; THENCE South 52 degrees 37 minutes 40 seconds East for a distance of 46.09 feet to a point in a creek; THENCE North 61 degrees 44 minutes 21 seconds East for a distance of 10.83 feet to a point in a creek; THENCE North 88 degrees 51 minutes 46 seconds East for a distance of 36.42 feet to a point in a creek; THENCE North 26 degrees 28 minutes 13 seconds East for a distance of 39.89 feet to a point in a creek; THENCE North 71 degrees 13 minutes 05 seconds East for a distance of 32.20 feet to a point in a creek; THENCE South 71 degrees 10 minutes 49 seconds East for a distance of 102.63 feet to a point in a creek; THENCE South 67 degrees 49 minutes 37 seconds East for a distance of 94.78 feet to a point in a creek; THENCE North 86 degrees 56 minutes 06 seconds East for a distance of 25.83 feet to a point in a creek; THENCE South 55 degrees 55 minutes 31 seconds East for a distance of 38.20 feet to a point in a creek; THENCE South 22 degrees 47 minutes 40 seconds East for a distance of 16.40 feet to a point in a creek; THENCE North 70 degrees 56 minutes 57 seconds East for a distance of 8.15 feet to a point in a creek; THENCE South 24 degrees 17 minutes 02 seconds East for a distance of 51.30 feet to a point in a creek; THENCE North 26 degrees 02 minutes 32 seconds East for a distance of 172.64 feet to an existing iron pin; THENCE South 59 degrees 21 minutes 35 seconds East for a distance of 258.66 feet to an existing iron pin; THENCE South 31 degrees 56 minutes 41 seconds East for a distance of 146.14 feet to an existing iron pin; THENCE North 86 degrees 28 minutes 24 seconds East for a distance of 52.67 feet to an existing iron pin; THENCE South 67 degrees 03 minutes 48 seconds East for a distance of 50.07 feet to an existing iron pin; THENCE South 39 degrees 29 minutes 36 seconds East for a distance of 72.77 feet to an existing iron pin; THENCE South 28 degrees 47 minutes 40 seconds West for a distance of 79.82 feet to an existing iron pin; THENCE South 69 degrees 25 minutes 26 seconds West for a distance of 89.49 feet to an existing iron pin; THENCE South 15 degrees 31 minutes 50 seconds East for a distance of 268.16 feet to an existing iron pin on the northern line of the AT&T fiber optic line easement;

THENCE running along the northern line of the AT&T fiber optic line easement North 63 degrees 52 minutes 00 seconds East for a distance of 517.98 feet to an iron pin set; THENCE North 80 degrees

44 minutes 16 seconds East for a distance of 14.33 feet to an iron pin set on the western right-of-way line of Route 1120 (Fontaine Garrett Road);

THENCE running along the western right-of-way line of Route 1120 (Fontaine Garrett Road) South 48 degrees 05 minutes 31 seconds East for a distance of 303.53 feet to the POINT OF BEGINNING, Containing approximately 243.52 acres more or less, and being more particularly shown as Annex Area A on a map prepared by Crutchfield & Associates, dated September 12, 2012, File No. 11664FP.

LEGAL DESCRIPTION
ANNEX AREA B

AREA B1

BEGINNING at a point on the southern right-of-way of U. S. Route 58 By-Pass at its intersection with the current corporate boundary line of the Town of Clarksville, Virginia, said point also being the northeastern corner of Tax Parcel 167-3-6

THENCE running along the current corporate boundary line of the Town of Clarksville, Virginia, North 19 degrees 54 minutes 53 seconds East for a distance of 410.00 feet to an existing iron pin; THENCE South 64 degrees 59 minutes 06 seconds East for a distance of 448.99 feet to an iron pin set on the western right-of-way of State Route 723; THENCE along the western right-of-way of State Route 723 along a curve to the right having a radius of 1701.69 feet and an arc length of 18.23 feet, being subtended by a chord of North 17 degrees 53 minutes 04 seconds East for a distance of 18.23 feet to a point; THENCE North 18 degrees 11 minutes 29 seconds East for a distance of 86.67 feet to a point; THENCE along a curve to the left having a radius of 765.99 feet and an arc length of 172.51 feet, being subtended by a chord of North 11 degrees 44 minutes 23 seconds East for a distance of 172.14 feet to a point; THENCE North 05 degrees 17 minutes 16 seconds East for a distance of 86.39 feet to a point; THENCE along a curve to the right having a radius of 385.29 feet and an arc length of 61.51 feet, being subtended by a chord of North 09 degrees 51 minutes 41 seconds East for a distance of 61.44 feet to an iron pin set; THENCE North 31 degrees 13 minutes 54 seconds West for a distance of 15.43 feet to an iron pin set; THENCE North 78 degrees 38 minutes 03 seconds East for a distance of 1056.86 feet to a point; THENCE South 42 degrees 55 minutes 16 seconds East for a distance of 1265.51 feet to a point; THENCE South 24 degrees 54 minutes 41 seconds East for a distance of 453.29 feet to an existing iron pin on the southern right-of-way of U. S. Route 58 By-Pass;

THENCE running in an westerly direction along the southern right-of-way U. S. Route 58 By-Pass South 81 degrees 14 minutes 51 seconds West for a distance of 897.51 feet to a highway monument; THENCE South 85 degrees 22 minutes 40 seconds West for a distance of 317.21 feet to a highway monument; THENCE along a curve to the right having a radius of 1735.54 feet and an arc length of 495.87 feet, being subtended by a chord of North 80 degrees 03 minutes 50 seconds West for a distance of 494.18 feet to a highway monument; THENCE North 63 degrees 30 minutes 06 seconds West for a distance of 180.52 feet to a highway monument; THENCE North 60 degrees 35 minutes 10 seconds West for a distance of 221.78 feet to an iron pin set; THENCE North 61 degrees 01 minutes 24 seconds West for a distance of 186.07 feet to a highway monument; THENCE North 76 degrees 39 minutes 24 seconds West for a distance of 52.60 feet to a point; THENCE North 57 degrees 22 minutes 59 seconds West for a distance of 540.00 feet to the POINT OF BEGINNING, Containing approximately 57.96 acres more or less, and being more particularly shown as Annex Area B1 on a map prepared by Crutchfield & Associates, dated September 12, 2012, File No. 11664FP.

AREA B2

BEGINNING at a point on the current corporate boundary line of the Town of Clarksville, Virginia, said point also being the old western right-of-way of U. S. Route 15,

THENCE running along the current corporate boundary line of the Town of Clarksville, Virginia, North 60 degrees 58 minutes 03 seconds East for a distance of 29.70 feet to a point; THENCE North 38

degrees 19 minutes 52 seconds East for a distance of 781.98 feet to a concrete monument on the southwestern right-of-way of the Southern Railroad;

THENCE running along the southwestern right-of-way of the Southern Railroad South 43 degrees 02 minutes 24 seconds East for a distance of 313.09 feet to a concrete monument; THENCE North 56 degrees 37 minutes 26 seconds East for a distance of 10.00 feet to a concrete monument; THENCE South 43 degrees 22 minutes 34 seconds East for a distance of 983.00 feet to a point; THENCE South 56 degrees 37 minutes 26 seconds West for a distance of 10.00 feet to a point; THENCE South 43 degrees 22 minutes 34 seconds East for a distance of 350.00 feet to a concrete monument; THENCE North 56 degrees 37 minutes 26 seconds East for a distance of 20.00 feet to a concrete monument; THENCE South 43 degrees 22 minutes 34 seconds East for a distance of 1195.00 feet to an existing iron pin; THENCE along a curve to the left having a radius of 2914.93 feet and an arc length of 642.49 feet, being subtended by a chord of South 49 degrees 41 minutes 26 seconds East for a distance of 641.19 feet to an existing iron pin; THENCE South 56 degrees 00 minutes 18 seconds East for a distance of 13.65 feet to an existing iron pin on the southwestern right-of-way of the Southern Railroad at its corner with the western boundary of Tax Parcel 147A14-3-3;

THENCE running along western boundary of Tax Parcel 147A14-3-3 South 16 degrees 11 minutes 59 seconds East for a distance of 177.93 feet to an existing iron pin; THENCE South 88 degrees 36 minutes 15 seconds West for a distance of 343.67 feet to an existing iron pin; THENCE South 87 degrees 46 minutes 36 seconds West for a distance of 195.34 feet to an existing iron pin; THENCE North 62 degrees 17 minutes 47 seconds West for a distance of 87.53 feet to an existing iron pin; THENCE South 22 degrees 02 minutes 49 seconds West for a distance of 609.98 feet to an iron pin set on the southwestern right-of-way of U. S. Route 15;

THENCE along the southwestern right-of-way of U. S. Route 15 North 62 degrees 12 minutes 46 seconds West for a distance of 45.46 feet to the intersection of the southwestern right-of-way of U. S. Route 15 and the southern right-of-way State Route 722;

THENCE along the southern right-of-way State Route 722 North 62 degrees 12 minutes 46 seconds West for a distance of 45.46 feet to a point; THENCE South 86 degrees 23 minutes 29 seconds West for a distance of 80.61 feet to a point; THENCE South 86 degrees 23 minutes 29 seconds West for a distance of 76.61 feet to a point; THENCE South 80 degrees 09 minutes 12 seconds West for a distance of 137.82 feet to a point; THENCE South 79 degrees 26 minutes 38 seconds West for a distance of 80.57 feet to a point; THENCE South 62 degrees 57 minutes 24 seconds West for a distance of 200.37 feet to a point on the southern right-of-way State Route 722 at its intersection with the current corporate boundary line of the Town of Clarksville, Virginia, said point also being the old western right-of-way of U. S. Route 15,

THENCE running along the current corporate boundary line of the Town of Clarksville, Virginia, North 42 degrees 01 minutes 45 seconds East for a distance of 340.30 feet to a point; THENCE North 16 degrees 54 minutes 09 seconds West for a distance of 70.33 feet to a point; THENCE North 62 degrees 12 minutes 46 seconds West for a distance of 339.63 feet to a point; THENCE along a curve to the right having a radius of 1964.86 feet and an arc length of 1238.08 feet, being subtended by a chord of North 44 degrees 08 minutes 52 seconds West for a distance of 1217.70 feet to a point; THENCE North 26 degrees 05 minutes 47 seconds West for a distance of 1221.42 feet to a point; THENCE North 26 degrees 08 minutes 28 seconds West for a distance of 256.77 feet to the POINT OF BEGINNING, Containing approximately 89.60 acres more or less, and being more particularly shown as Annex Area B2 on a map prepared by Crutchfield & Associates, dated September 12, 2012, File No. 11664FP.

LEGAL DESCRIPTION
ANNEX AREA C

BEGINNING at a point on the western right-of-way of State Route 821 at the intersection of the projected southern boundary line of Tax Parcel 168-A-94;

THENCE along the southern boundary line of Tax Parcel 168-A-94 North 70 degrees 08 minutes 03 seconds East for a distance of 139.28 feet to point in a creek; THENCE North 73 degrees 27 minutes 37 seconds East for a distance of 101.49 feet to a point in a creek; THENCE North 85 degrees 05 minutes 16 seconds East for a distance of 86.38 feet to a point in a creek; THENCE North 89 degrees 44 minutes 37 seconds East for a distance of 20.52 feet to a point in a creek; THENCE North 10 degrees 35 minutes 23 seconds East for a distance of 14.00 feet to a point in a creek; THENCE North 54 degrees 29 minutes 23 seconds East for a distance of 40.30 feet to a point in a creek; THENCE North 36 degrees 16 minutes 01 seconds East for a distance of 33.18 feet to a point in a creek; THENCE North 54 degrees 03 minutes 13 seconds East for a distance of 22.00 feet to a point in a creek; THENCE North 14 degrees 43 minutes 41 seconds East for a distance of 17.40 feet to a point in a creek; THENCE North 18 degrees 10 minutes 28 seconds East for a distance of 29.96 feet to a point in a creek; THENCE North 38 degrees 57 minutes 57 seconds East for a distance of 18.04 feet to a point in a creek; THENCE South 77 degrees 36 minutes 38 seconds East for a distance of 518.24 feet to an existing iron pin; THENCE North 04 degrees 35 minutes 11 seconds West for a distance of 248.01 feet to an existing iron pin; THENCE North 88 degrees 29 minutes 13 seconds West for a distance of 390.67 feet to a point in a creek;

THENCE along the centerline of the creek THENCE North 23 degrees 47 minutes 38 seconds East for a distance of 4.83 feet; THENCE North 28 degrees 54 minutes 45 seconds West for a distance of 26.34 feet; THENCE North 55 degrees 29 minutes 10 seconds East for a distance of 31.45 feet; THENCE North 22 degrees 03 minutes 22 seconds East for a distance of 55.34 feet; THENCE North 10 degrees 06 minutes 19 seconds East for a distance of 16.72 feet; THENCE South 86 degrees 41 minutes 31 seconds East for a distance of 106.40 feet; THENCE South 44 degrees 33 minutes 26 seconds East for a distance of 35.46 feet; THENCE South 68 degrees 33 minutes 37 seconds East for a distance of 22.98 feet; THENCE North 13 degrees 54 minutes 32 seconds East for a distance of 24.09 feet; THENCE North 69 degrees 28 minutes 48 seconds East for a distance of 20.90 feet; THENCE South 82 degrees 19 minutes 20 seconds East for a distance of 18.22 feet; THENCE South 61 degrees 33 minutes 55 seconds East for a distance of 26.97 feet; THENCE South 88 degrees 45 minutes 04 seconds East for a distance of 50.91 feet; THENCE South 21 degrees 51 minutes 14 seconds East for a distance of 15.91 feet; THENCE South 84 degrees 44 minutes 28 seconds East for a distance of 42.24 feet; THENCE South 61 degrees 19 minutes 52 seconds East for a distance of 49.53 feet; THENCE North 79 degrees 37 minutes 48 seconds East for a distance of 39.95 feet; THENCE South 76 degrees 55 minutes 59 seconds East for a distance of 108.93 feet; THENCE North 74 degrees 29 minutes 10 seconds East for a distance of 28.94 feet; THENCE South 85 degrees 30 minutes 13 seconds East for a distance of 59.01 feet; THENCE South 62 degrees 17 minutes 17 seconds East for a distance of 23.38 feet; THENCE North 69 degrees 39 minutes 11 seconds East for a distance of 59.66 feet; THENCE South 48 degrees 48 minutes 03 seconds East for a distance of 22.46 feet; THENCE South 14 degrees 47 minutes 59 seconds West for a distance of 17.60 feet; THENCE South 69 degrees 42 minutes 15 seconds West for a distance of 33.76 feet; THENCE South 47 degrees 05 minutes 59 seconds East for a distance of 65.85 feet; THENCE South 59 degrees 13 minutes 50 seconds East for a distance of 14.96 feet; THENCE South 83 degrees 00 minutes 36 seconds East for a distance of 49.22 feet; THENCE North 34 degrees 20 minutes 12 seconds East for a distance of 17.52 feet; THENCE North 09 degrees 13 minutes 24 seconds West for a distance of 11.90 feet; THENCE North 56 degrees 54 minutes 12 seconds East for a distance of 11.37 feet; THENCE South 60 degrees 58 minutes 37 seconds East for a distance of 54.23 feet; THENCE North 15 degrees 15 minutes 03 seconds East for a distance of 41.76 feet; THENCE North 52 degrees 04

minutes 24 seconds East for a distance of 31.67 feet; THENCE North 83 degrees 47 minutes 39 seconds East for a distance of 24.78 feet; THENCE South 45 degrees 12 minutes 58 seconds East for a distance of 9.69 feet; THENCE North 85 degrees 39 minutes 45 seconds East for a distance of 65.48 feet; THENCE South 51 degrees 41 minutes 35 seconds East for a distance of 23.50 feet; THENCE North 85 degrees 32 minutes 50 seconds East for a distance of 47.66 feet; THENCE South 49 degrees 25 minutes 51 seconds East for a distance of 63.05 feet; THENCE South 26 degrees 31 minutes 18 seconds East for a distance of 35.07 feet; THENCE South 61 degrees 45 minutes 13 seconds East for a distance of 96.26 feet; THENCE South 85 degrees 36 minutes 14 seconds East for a distance of 54.03 feet; THENCE South 53 degrees 05 minutes 18 seconds East for a distance of 89.37 feet; THENCE South 82 degrees 08 minutes 13 seconds East for a distance of 70.78 feet; THENCE North 67 degrees 57 minutes 06 seconds East for a distance of 27.35 feet; THENCE North 56 degrees 28 minutes 05 seconds East for a distance of 163.41 feet; THENCE North 07 degrees 39 minutes 41 seconds East for a distance of 5.00 feet to a point on the shoreline of John H. Kerr Reservoir;

THENCE along the shoreline of John H. Kerr Reservoir, THENCE North 56 degrees 21 minutes 06 seconds East for a distance of 49.38 feet; THENCE North 05 degrees 36 minutes 04 seconds East for a distance of 21.41 feet; THENCE North 53 degrees 27 minutes 39 seconds East for a distance of 21.70 feet; THENCE South 86 degrees 23 minutes 05 seconds East for a distance of 55.78 feet; THENCE South 38 degrees 16 minutes 41 seconds East for a distance of 34.18 feet; THENCE South 86 degrees 00 minutes 38 seconds East for a distance of 54.27 feet; THENCE South 27 degrees 14 minutes 29 seconds East for a distance of 45.55 feet; THENCE South 45 degrees 57 minutes 59 seconds East for a distance of 70.16 feet; THENCE South 69 degrees 44 minutes 24 seconds East for a distance of 149.50 feet; THENCE South 77 degrees 31 minutes 52 seconds East for a distance of 41.74 feet; THENCE North 86 degrees 01 minutes 46 seconds East for a distance of 53.81 feet; THENCE North 67 degrees 04 minutes 13 seconds East for a distance of 112.76 feet; THENCE North 46 degrees 31 minutes 40 seconds East for a distance of 77.86 feet; THENCE North 35 degrees 08 minutes 47 seconds East for a distance of 62.10 feet; THENCE North 18 degrees 37 minutes 06 seconds East for a distance of 118.66 feet; THENCE North 25 degrees 00 minutes 43 seconds East for a distance of 42.17 feet; THENCE North 31 degrees 25 minutes 30 seconds East for a distance of 39.45 feet; THENCE North 23 degrees 11 minutes 10 seconds East for a distance of 41.48 feet; THENCE North 29 degrees 04 minutes 51 seconds East for a distance of 39.30 feet; THENCE North 09 degrees 52 minutes 04 seconds East for a distance of 83.04 feet; THENCE North 16 degrees 29 minutes 22 seconds West for a distance of 114.31 feet; THENCE North 34 degrees 11 minutes 12 seconds West for a distance of 57.02 feet; THENCE North 16 degrees 23 minutes 26 seconds West for a distance of 112.50 feet; THENCE North 05 degrees 42 minutes 53 seconds East for a distance of 29.32 feet; THENCE North 69 degrees 54 minutes 58 seconds East for a distance of 20.24 feet; THENCE South 80 degrees 46 minutes 40 seconds East for a distance of 31.53 feet; THENCE South 60 degrees 27 minutes 03 seconds East for a distance of 109.58 feet; THENCE South 69 degrees 22 minutes 59 seconds East for a distance of 46.31 feet; THENCE South 63 degrees 26 minutes 57 seconds East for a distance of 51.77 feet; THENCE South 81 degrees 44 minutes 58 seconds East for a distance of 28.60 feet; THENCE North 78 degrees 08 minutes 13 seconds East for a distance of 45.03 feet; THENCE North 35 degrees 58 minutes 19 seconds East for a distance of 57.55 feet; THENCE North 28 degrees 20 minutes 56 seconds East for a distance of 85.74 feet; THENCE North 19 degrees 27 minutes 36 seconds East for a distance of 51.68 feet; THENCE North 04 degrees 42 minutes 10 seconds West for a distance of 75.14 feet; THENCE North 02 degrees 00 minutes 56 seconds East for a distance of 29.08 feet; THENCE North 19 degrees 44 minutes 04 seconds East for a distance of 30.97 feet; THENCE North 06 degrees 19 minutes 31 seconds West for a distance of 21.55 feet; THENCE North 45 degrees 13 minutes 06 seconds West for a distance of 47.09 feet; THENCE North 26 degrees 40 minutes 56 seconds West for a distance of 58.23 feet; THENCE North 09 degrees 13 minutes 59 seconds West for a distance of 70.10 feet; THENCE North 03 degrees 45 minutes 00

seconds East for a distance of 84.26 feet; THENCE North 24 degrees 07 minutes 03 seconds East for a distance of 35.81 feet; THENCE North 53 degrees 57 minutes 48 seconds East for a distance of 36.24 feet; THENCE North 68 degrees 26 minutes 06 seconds East for a distance of 34.13 feet; THENCE North 74 degrees 55 minutes 17 seconds East for a distance of 44.37 feet; THENCE North 45 degrees 07 minutes 24 seconds East for a distance of 20.43 feet; THENCE North 26 degrees 32 minutes 26 seconds West for a distance of 29.49 feet; THENCE North 60 degrees 48 minutes 04 seconds West for a distance of 36.75 feet; THENCE North 37 degrees 47 minutes 22 seconds West for a distance of 49.07 feet; THENCE North 82 degrees 32 minutes 15 seconds West for a distance of 35.15 feet; THENCE North 81 degrees 13 minutes 01 seconds West for a distance of 54.20 feet; THENCE North 62 degrees 48 minutes 35 seconds West for a distance of 35.52 feet; THENCE North 39 degrees 30 minutes 19 seconds West for a distance of 41.04 feet; THENCE North 21 degrees 47 minutes 56 seconds West for a distance of 76.25 feet; THENCE North 05 degrees 43 minutes 42 seconds West for a distance of 59.95 feet; THENCE North 59 degrees 38 minutes 02 seconds West for a distance of 36.39 feet; THENCE North 33 degrees 50 minutes 35 seconds West for a distance of 93.98 feet; THENCE North 62 degrees 21 minutes 00 seconds West for a distance of 60.13 feet; THENCE North 82 degrees 15 minutes 34 seconds West for a distance of 54.34 feet; THENCE South 42 degrees 19 minutes 36 seconds West for a distance of 27.66 feet; THENCE South 57 degrees 46 minutes 03 seconds West for a distance of 81.44 feet; THENCE South 35 degrees 07 minutes 43 seconds West for a distance of 40.61 feet; THENCE South 50 degrees 59 minutes 39 seconds West for a distance of 130.72 feet; THENCE South 47 degrees 13 minutes 57 seconds West for a distance of 115.17 feet; THENCE South 39 degrees 39 minutes 01 seconds West for a distance of 23.99 feet; THENCE South 63 degrees 54 minutes 20 seconds West for a distance of 18.20 feet; THENCE South 86 degrees 07 minutes 39 seconds West for a distance of 37.12 feet; THENCE North 69 degrees 57 minutes 53 seconds West for a distance of 42.27 feet; THENCE South 78 degrees 29 minutes 46 seconds West for a distance of 68.41 feet; THENCE South 73 degrees 10 minutes 47 seconds West for a distance of 70.71 feet; THENCE South 79 degrees 03 minutes 25 seconds West for a distance of 98.68 feet; THENCE North 76 degrees 33 minutes 53 seconds West for a distance of 23.96 feet; THENCE North 19 degrees 31 minutes 39 seconds West for a distance of 54.34 feet; THENCE North 02 degrees 21 minutes 55 seconds East for a distance of 39.39 feet; THENCE North 17 degrees 17 minutes 11 seconds West for a distance of 25.54 feet; THENCE South 77 degrees 47 minutes 56 seconds East for a distance of 41.66 feet; THENCE North 85 degrees 33 minutes 38 seconds East for a distance of 68.75 feet; THENCE North 74 degrees 10 minutes 23 seconds East for a distance of 35.75 feet; THENCE North 59 degrees 01 minutes 16 seconds East for a distance of 128.31 feet; THENCE North 30 degrees 06 minutes 32 seconds East for a distance of 52.64 feet; THENCE North 16 degrees 14 minutes 13 seconds East for a distance of 79.26 feet; THENCE North 03 degrees 17 minutes 53 seconds West for a distance of 36.55 feet; THENCE North 31 degrees 52 minutes 48 seconds West for a distance of 41.62 feet; THENCE North 65 degrees 17 minutes 39 seconds West for a distance of 33.78 feet; THENCE North 08 degrees 38 minutes 52 seconds West for a distance of 62.73 feet; THENCE North 44 degrees 54 minutes 21 seconds East for a distance of 126.99 feet; THENCE North 30 degrees 30 minutes 10 seconds East for a distance of 46.98 feet; THENCE North 18 degrees 30 minutes 32 seconds East for a distance of 32.44 feet; THENCE North 40 degrees 23 minutes 32 seconds West for a distance of 38.42 feet; THENCE North 24 degrees 10 minutes 56 seconds West for a distance of 26.99 feet; THENCE North 47 degrees 08 minutes 23 seconds West for a distance of 39.16 feet; THENCE North 29 degrees 16 minutes 07 seconds West for a distance of 39.40 feet; THENCE North 38 degrees 44 minutes 59 seconds West for a distance of 29.08 feet; THENCE North 56 degrees 05 minutes 12 seconds West for a distance of 36.06 feet; THENCE North 49 degrees 12 minutes 08 seconds West for a distance of 44.15 feet; THENCE North 84 degrees 46 minutes 23 seconds West for a distance of 99.17 feet; THENCE North 70 degrees 03 minutes 43 seconds West for a distance of 26.14 feet; THENCE North 44 degrees 39 minutes 18 seconds West for a distance of 26.51 feet; THENCE North 30 degrees 46 minutes 12 seconds West for a distance of 135.18 feet; THENCE South 84 degrees 59 minutes 11

seconds West for a distance of 55.93 feet; THENCE South 83 degrees 16 minutes 33 seconds West for a distance of 48.81 feet; THENCE South 69 degrees 57 minutes 20 seconds West for a distance of 31.99 feet; THENCE South 52 degrees 18 minutes 28 seconds West for a distance of 55.45 feet; THENCE South 36 degrees 16 minutes 35 seconds West for a distance of 63.18 feet; THENCE South 24 degrees 21 minutes 24 seconds West for a distance of 54.97 feet; THENCE South 19 degrees 55 minutes 23 seconds West for a distance of 60.09 feet; THENCE South 08 degrees 00 minutes 00 seconds East for a distance of 24.58 feet; THENCE South 55 degrees 59 minutes 13 seconds East for a distance of 24.86 feet; THENCE South 31 degrees 12 minutes 57 seconds East for a distance of 23.47 feet; THENCE South 21 degrees 47 minutes 59 seconds West for a distance of 18.45 feet; THENCE North 68 degrees 27 minutes 21 seconds West for a distance of 89.73 feet; THENCE North 57 degrees 58 minutes 38 seconds West for a distance of 40.42 feet; THENCE North 44 degrees 54 minutes 13 seconds West for a distance of 72.01 feet; THENCE North 56 degrees 27 minutes 20 seconds West for a distance of 87.23 feet; THENCE North 44 degrees 36 minutes 16 seconds West for a distance of 35.10 feet; THENCE North 24 degrees 39 minutes 50 seconds West for a distance of 30.63 feet; THENCE North 01 degrees 47 minutes 42 seconds East for a distance of 34.88 feet; THENCE North 21 degrees 37 minutes 56 seconds East for a distance of 57.19 feet; THENCE North 23 degrees 33 minutes 36 seconds East for a distance of 25.75 feet; THENCE North 03 degrees 44 minutes 28 seconds West for a distance of 54.45 feet; THENCE North 04 degrees 13 minutes 05 seconds East for a distance of 30.12 feet; THENCE North 28 degrees 51 minutes 53 seconds West for a distance of 55.29 feet; THENCE North 62 degrees 29 minutes 34 seconds West for a distance of 22.54 feet; THENCE North 74 degrees 25 minutes 44 seconds West for a distance of 89.86 feet; THENCE South 65 degrees 03 minutes 14 seconds West for a distance of 103.28 feet; THENCE South 50 degrees 53 minutes 28 seconds West for a distance of 44.25 feet; THENCE South 71 degrees 16 minutes 55 seconds West for a distance of 46.13 feet; THENCE North 83 degrees 24 minutes 30 seconds West for a distance of 29.38 feet; THENCE North 54 degrees 06 minutes 57 seconds West for a distance of 18.64 feet; THENCE South 64 degrees 54 minutes 54 seconds West for a distance of 72.17 feet; THENCE South 64 degrees 24 minutes 38 seconds West for a distance of 40.01 feet; THENCE South 75 degrees 18 minutes 10 seconds West for a distance of 55.32 feet; THENCE South 63 degrees 10 minutes 16 seconds West for a distance of 39.38 feet; THENCE North 61 degrees 45 minutes 24 seconds West for a distance of 37.72 feet; THENCE North 01 degrees 04 minutes 46 seconds East for a distance of 47.38 feet; THENCE North 27 degrees 02 minutes 29 seconds East for a distance of 47.42 feet; THENCE North 56 degrees 03 minutes 18 seconds East for a distance of 71.56 feet; THENCE North 68 degrees 32 minutes 49 seconds East for a distance of 47.17 feet; THENCE North 54 degrees 14 minutes 14 seconds East for a distance of 19.41 feet; THENCE North 46 degrees 19 minutes 15 seconds East for a distance of 38.02 feet; THENCE North 77 degrees 34 minutes 03 seconds East for a distance of 26.07 feet; THENCE South 73 degrees 40 minutes 52 seconds East for a distance of 21.32 feet; THENCE South 33 degrees 49 minutes 02 seconds East for a distance of 19.14 feet; THENCE South 24 degrees 49 minutes 49 seconds East for a distance of 17.88 feet; THENCE South 72 degrees 19 minutes 56 seconds East for a distance of 17.48 feet; THENCE North 62 degrees 13 minutes 55 seconds East for a distance of 29.01 feet; THENCE North 39 degrees 55 minutes 44 seconds East for a distance of 118.11 feet; THENCE North 41 degrees 50 minutes 48 seconds East for a distance of 85.73 feet; THENCE North 59 degrees 11 minutes 33 seconds East for a distance of 31.43 feet; THENCE North 28 degrees 54 minutes 14 seconds East for a distance of 57.37 feet; THENCE North 50 degrees 20 minutes 19 seconds East for a distance of 26.76 feet; THENCE North 20 degrees 56 minutes 59 seconds East for a distance of 122.05 feet; THENCE North 35 degrees 48 minutes 22 seconds East for a distance of 29.84 feet; THENCE North 30 degrees 41 minutes 04 seconds West for a distance of 25.21 feet; THENCE North 59 degrees 16 minutes 06 seconds West for a distance of 19.70 feet; THENCE North 39 degrees 20 minutes 03 seconds West for a distance of 31.57 feet; THENCE North 63 degrees 40 minutes 35 seconds West for a distance of 35.98 feet; THENCE North 43 degrees 54 minutes 28 seconds West for a distance of 54.94 feet; THENCE North 58 degrees 36 minutes 56

seconds West for a distance of 97.17 feet; THENCE North 73 degrees 18 minutes 00 seconds West for a distance of 57.36 feet; THENCE North 54 degrees 34 minutes 35 seconds West for a distance of 38.08 feet; THENCE North 40 degrees 33 minutes 33 seconds West for a distance of 211.78 feet; THENCE North 47 degrees 10 minutes 41 seconds West for a distance of 86.98 feet; THENCE North 62 degrees 19 minutes 32 seconds West for a distance of 61.49 feet; THENCE North 63 degrees 17 minutes 57 seconds West for a distance of 229.02 feet; THENCE South 51 degrees 18 minutes 39 seconds West for a distance of 70.78 feet; THENCE South 54 degrees 31 minutes 25 seconds West for a distance of 89.98 feet; THENCE South 39 degrees 28 minutes 09 seconds West for a distance of 64.81 feet; THENCE South 25 degrees 07 minutes 25 seconds West for a distance of 138.51 feet; THENCE South 13 degrees 44 minutes 06 seconds West for a distance of 46.45 feet; THENCE South 08 degrees 34 minutes 05 seconds East for a distance of 18.45 feet; THENCE South 12 degrees 48 minutes 42 seconds West for a distance of 22.90 feet; THENCE South 55 degrees 30 minutes 05 seconds West for a distance of 35.05 feet; THENCE South 40 degrees 17 minutes 11 seconds West for a distance of 89.16 feet; THENCE South 32 degrees 12 minutes 49 seconds West for a distance of 100.11 feet; THENCE South 42 degrees 39 minutes 27 seconds West for a distance of 25.14 feet; THENCE South 63 degrees 45 minutes 36 seconds West for a distance of 19.32 feet; THENCE North 81 degrees 50 minutes 43 seconds West for a distance of 31.43 feet; THENCE North 65 degrees 49 minutes 52 seconds West for a distance of 86.15 feet; THENCE North 43 degrees 15 minutes 41 seconds East for a distance of 110.22 feet; THENCE North 37 degrees 33 minutes 57 seconds East for a distance of 51.97 feet; THENCE North 22 degrees 15 minutes 17 seconds East for a distance of 87.60 feet; THENCE North 20 degrees 23 minutes 12 seconds East for a distance of 127.44 feet; THENCE North 30 degrees 21 minutes 45 seconds East for a distance of 55.89 feet; THENCE North 03 degrees 09 minutes 37 seconds East for a distance of 23.50 feet; THENCE North 19 degrees 36 minutes 36 seconds East for a distance of 199.79 feet; THENCE North 27 degrees 38 minutes 02 seconds East for a distance of 75.85 feet; THENCE North 13 degrees 06 minutes 43 seconds East for a distance of 97.28 feet; THENCE North 34 degrees 58 minutes 52 seconds East for a distance of 33.59 feet; THENCE North 30 degrees 20 minutes 01 seconds West for a distance of 51.47 feet; THENCE North 71 degrees 27 minutes 46 seconds West for a distance of 19.55 feet; THENCE South 79 degrees 07 minutes 54 seconds West for a distance of 22.12 feet; THENCE South 47 degrees 26 minutes 52 seconds West for a distance of 24.07 feet; THENCE South 79 degrees 02 minutes 32 seconds West for a distance of 112.39 feet; THENCE South 86 degrees 23 minutes 35 seconds West for a distance of 46.79 feet; THENCE South 77 degrees 23 minutes 04 seconds West for a distance of 104.47 feet; THENCE South 77 degrees 08 minutes 43 seconds West for a distance of 62.03 feet; THENCE South 89 degrees 19 minutes 55 seconds West for a distance of 50.30 feet; THENCE North 58 degrees 21 minutes 10 seconds West for a distance of 36.46 feet; THENCE North 18 degrees 07 minutes 01 seconds West for a distance of 31.47 feet; THENCE North 52 degrees 17 minutes 42 seconds East for a distance of 39.22 feet; THENCE North 56 degrees 00 minutes 08 seconds East for a distance of 25.77 feet; THENCE North 59 degrees 20 minutes 43 seconds East for a distance of 55.84 feet; THENCE North 57 degrees 45 minutes 41 seconds East for a distance of 35.18 feet; THENCE North 38 degrees 11 minutes 21 seconds East for a distance of 57.28 feet; THENCE North 45 degrees 24 minutes 30 seconds East for a distance of 83.73 feet; THENCE North 41 degrees 00 minutes 29 seconds East for a distance of 80.34 feet; THENCE North 22 degrees 36 minutes 46 seconds East for a distance of 61.21 feet; THENCE North 11 degrees 53 minutes 01 seconds West for a distance of 67.36 feet; THENCE North 23 degrees 36 minutes 03 seconds West for a distance of 141.24 feet; THENCE North 24 degrees 25 minutes 49 seconds West for a distance of 41.52 feet; THENCE North 19 degrees 03 minutes 15 seconds West for a distance of 45.27 feet; THENCE North 20 degrees 56 minutes 17 seconds West for a distance of 43.92 feet; THENCE North 30 degrees 04 minutes 39 seconds West for a distance of 38.69 feet; THENCE North 58 degrees 20 minutes 03 seconds West for a distance of 119.37 feet; THENCE North 41 degrees 28 minut es 40 seconds West for a distance of 131.40 feet; THENCE North 73 degrees 14 minutes 29 seconds West for a distance of 89.38 feet; THENCE North 57 degrees 53 minutes 36

seconds West for a distance of 58.22 feet; THENCE South 68 degrees 21 minutes 10 seconds West for a distance of 73.73 feet; THENCE South 87 degrees 22 minutes 04 seconds West for a distance of 67.59 feet; THENCE North 59 degrees 44 minutes 03 seconds West for a distance of 249.98 feet; THENCE South 85 degrees 53 minutes 22 seconds West for a distance of 26.09 feet; THENCE South 48 degrees 32 minutes 11 seconds West for a distance of 18.30 feet; THENCE South 14 degrees 09 minutes 00 seconds West for a distance of 70.43 feet; THENCE South 37 degrees 55 minutes 32 seconds West for a distance of 22.81 feet; THENCE South 75 degrees 21 minutes 05 seconds West for a distance of 67.27 feet; THENCE North 57 degrees 10 minutes 51 seconds West for a distance of 59.89 feet; THENCE North 67 degrees 47 minutes 53 seconds West for a distance of 59.80 feet; THENCE South 82 degrees 58 minutes 05 seconds West for a distance of 57.99 feet; THENCE North 71 degrees 56 minutes 35 seconds West for a distance of 31.23 feet; THENCE North 26 degrees 25 minutes 09 seconds West for a distance of 30.81 feet; THENCE North 00 degrees 18 minutes 53 seconds West for a distance of 22.24 feet; THENCE North 26 degrees 34 minutes 46 seconds East for a distance of 44.26 feet; THENCE North 08 degrees 44 minutes 37 seconds East for a distance of 43.51 feet; THENCE North 14 degrees 17 minutes 36 seconds West for a distance of 40.63 feet; THENCE North 31 degrees 18 minutes 07 seconds West for a distance of 109.92 feet; THENCE North 61 degrees 50 minutes 31 seconds West for a distance of 58.80 feet; THENCE North 70 degrees 44 minutes 29 seconds West for a distance of 34.33 feet; THENCE North 54 degrees 02 minutes 53 seconds West for a distance of 52.28 feet; THENCE North 63 degrees 07 minutes 08 seconds West for a distance of 67.92 feet; THENCE North 48 degrees 27 minutes 34 seconds West for a distance of 19.35 feet; THENCE North 67 degrees 41 minutes 05 seconds West for a distance of 42.82 feet; THENCE North 42 degrees 51 minutes 44 seconds West for a distance of 52.53 feet; THENCE North 26 degrees 41 minutes 58 seconds West for a distance of 21.53 feet; THENCE North 33 degrees 53 minutes 38 seconds West for a distance of 42.65 feet; THENCE North 39 degrees 25 minutes 33 seconds West for a distance of 41.65 feet; THENCE North 49 degrees 51 minutes 54 seconds West for a distance of 31.82 feet; THENCE North 67 degrees 05 minutes 27 seconds West for a distance of 56.25 feet; THENCE South 82 degrees 46 minutes 51 seconds West for a distance of 57.79 feet; THENCE South 53 degrees 23 minutes 10 seconds West for a distance of 74.85 feet; THENCE North 83 degrees 13 minutes 49 seconds West for a distance of 81.47 feet; THENCE North 60 degrees 55 minutes 52 seconds West for a distance of 37.58 feet; THENCE North 49 degrees 15 minutes 43 seconds West for a distance of 27.48 feet; THENCE North 28 degrees 57 minutes 04 seconds West for a distance of 87.07 feet; THENCE North 17 degrees 17 minutes 22 seconds West for a distance of 105.50 feet; THENCE North 22 degrees 08 minutes 57 seconds East for a distance of 13.92 feet; THENCE North 10 degrees 26 minutes 43 seconds West for a distance of 14.95 feet; THENCE North 23 degrees 04 minutes 05 seconds West for a distance of 37.04 feet; THENCE North 12 degrees 06 minutes 29 seconds West for a distance of 101.23 feet; THENCE North 25 degrees 11 minutes 59 seconds West for a distance of 55.19 feet; THENCE North 23 degrees 57 minutes 36 seconds West for a distance of 23.87 feet; THENCE North 43 degrees 45 minutes 44 seconds West for a distance of 63.88 feet to a point on the shoreline of John H. Kerr Reservoir;

THENCE leaving the shoreline of John H. Kerr Reservoir and crossing the waters of John H. Kerr Reservoir North 35 degrees 02 minutes 28 seconds West for a distance of 241.08 feet to a point on the current corporate boundary line of the Town of Clarksville, Virginia, said point being in the center of old Blue Creek;

THENCE along the center of old Blue Creek and the current corporate boundary line of the Town of Clarksville, Virginia, South 53 degrees 21 minutes 42 seconds West for a distance of 647.84 feet; THENCE South 44 degrees 52 minutes 32 seconds West for a distance of 247.47 feet; THENCE South 23 degrees 14 minutes 08 seconds West for a distance of 183.91 feet; THENCE South 02 degrees 10 minutes 28 seconds West for a distance of 462.49 feet to a point at the intersection of the center of old Blue Creek and the western right-of-way of old U. S. Highway 15;

THENCE along the western right-of-way of old U. S. Highway 15, State Route 821 and State Route 722, South 71 degrees 53 minutes 48 seconds East for a distance of 93.93 feet; THENCE along a curve to the right having a radius of 1335.43 feet and an arc length of 923.15 feet, being subtended by a chord of South 52 degrees 05 minutes 35 seconds East for a distance of 904.88 feet to an iron pin set; THENCE South 32 degrees 17 minutes 22 seconds East for a distance of 702.33 feet to highway monument; THENCE along a curve to the right having a radius of 1765.49 feet and an arc length of 622.93 feet, being subtended by a chord of South 22 degrees 10 minutes 53 seconds East for a distance of 619.71 feet to an existing iron pin; THENCE South 11 degrees 51 minutes 41 seconds East for a distance of 2101.55 feet to an existing iron pin; THENCE along a curve to the left having a radius of 2070.45 feet and an arc length of 982.60 feet, being subtended by a chord of South 25 degrees 27 minutes 26 seconds East for a distance of 973.40 feet to an iron pin set; THENCE South 39 degrees 03 minutes 10 seconds East for a distance of 276.50 feet to the POINT OF BEGINNING Containing approximately 331.46 acres more or less, and being more particularly shown as Annex Area C on a map prepared by Crutchfield & Associates, dated September 12, 2012, File No. 11664FP.

Exhibit 3 to Voluntary Settlement (Section 3.6)

(Map showing areas eligible for future boundary adjustments pursuant to Section 3.6)

The area subject to future boundary adjustment pursuant to Section 3.6 include: those parcels owned by the Town EDA and designated as Tax Map Numbers 14800-A-003 (LR00-0003578) and 14800-A-004 (LR00-0003578); the parcel owned by the Commonwealth of Virginia as the State Park and designated as Tax Map Number 14800-A-001; and a portion of the Route 58 right-of-way as is necessary to create a contiguous boundary. The parcels are shown in **Exhibit 3**. The parcels comprising Lakeside Commerce Park (Tax Map Numbers 14800-A-005 (LR01-0005562), 12700-A-082 (LR01-000562), 12700-A-82A (LR03-0008035), and 12700-10002 (LR07-000-2558) are not subject to future boundary adjustment.

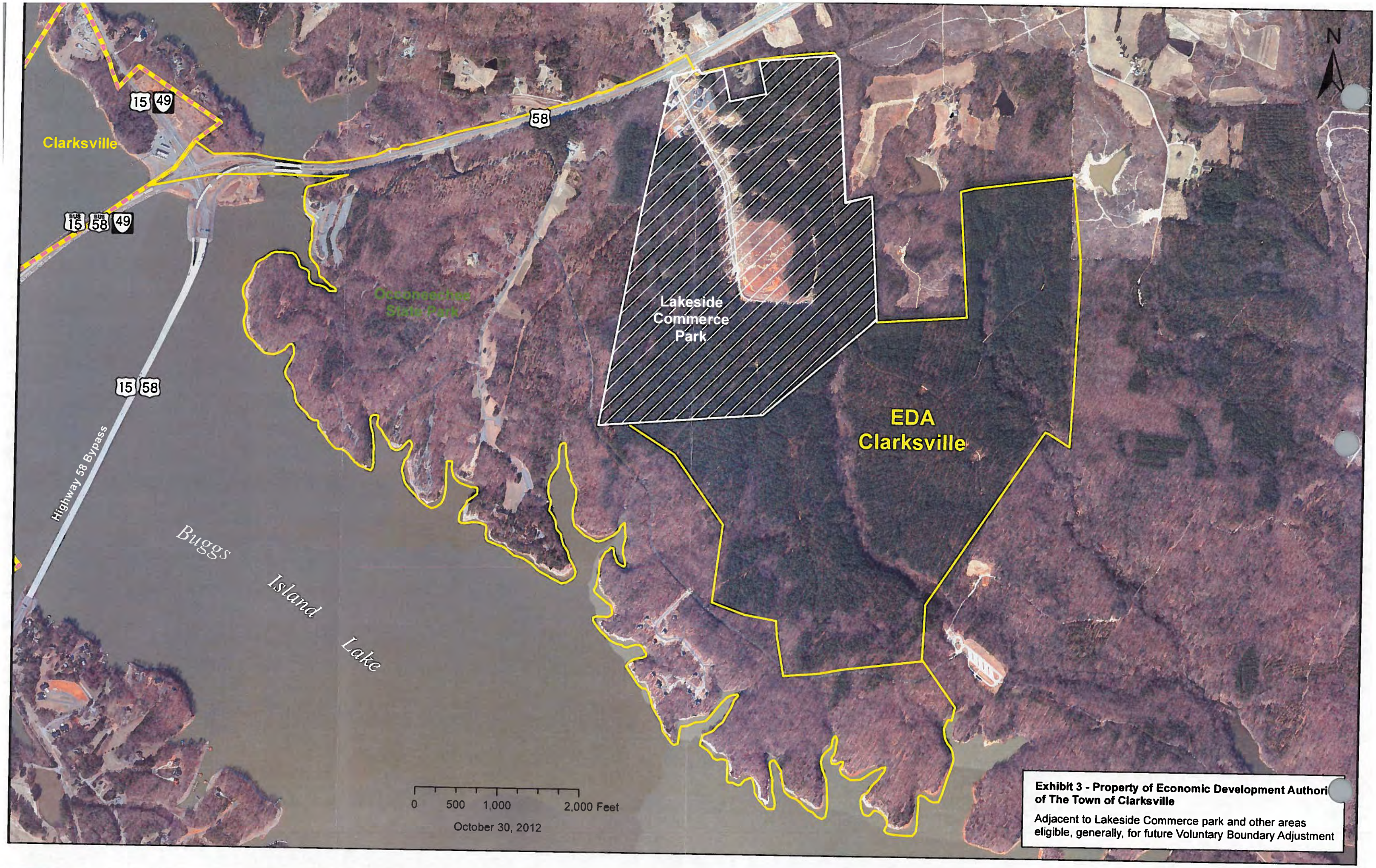

Exhibit 3 - Property of Economic Development Authori of The Town of Clarksville

Adjacent to Lakeside Commerce park and other areas eligible, generally, for future Voluntary Boundary Adjustment

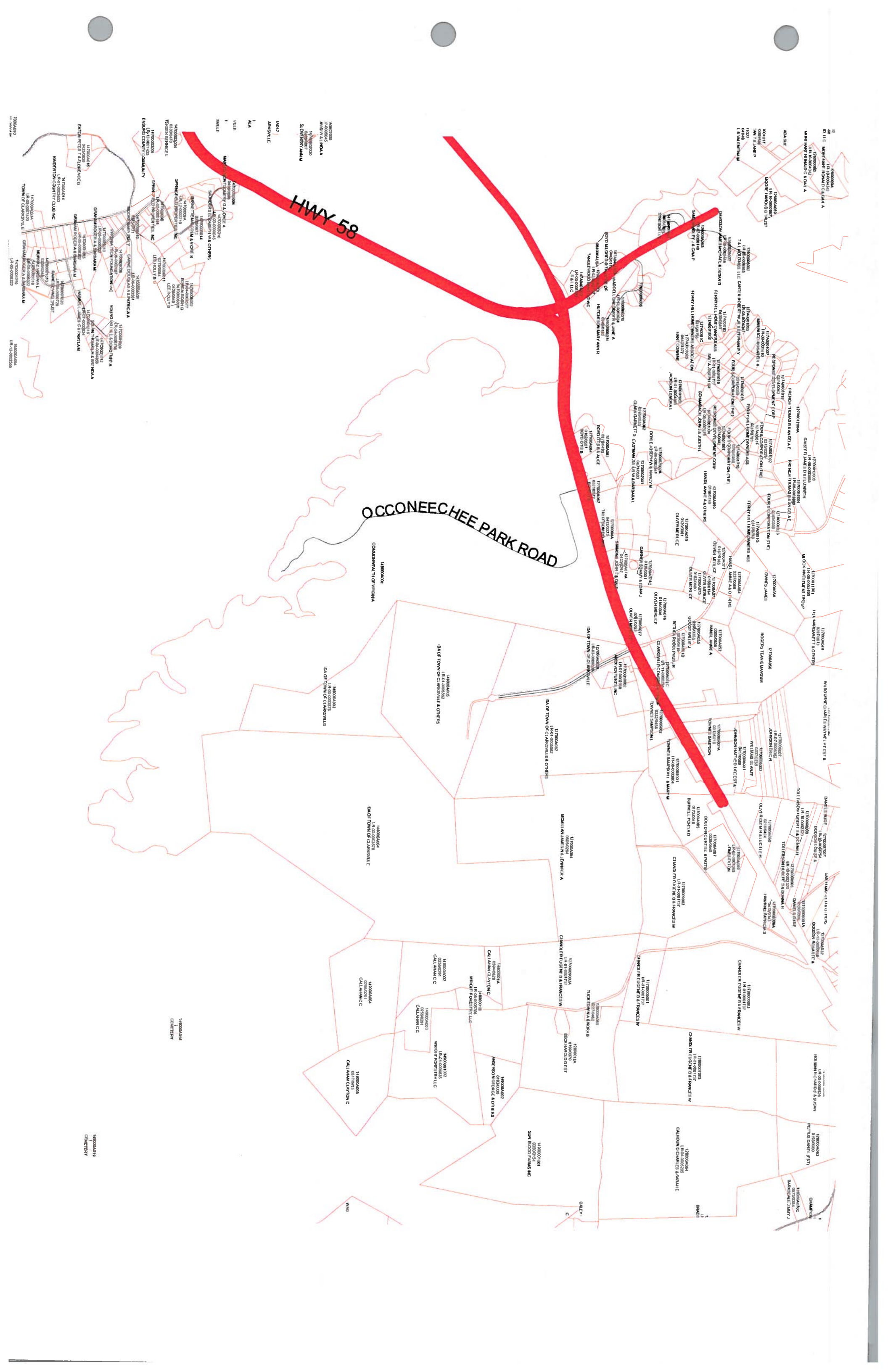
HWY 58
OCCONEECHEE PARK ROAD

Exhibit 4 (Section 7.1).

(Map showing water system improvements available to serve the Annexation Areas).

Exhibit 5 (Section 7.1)

(Map showing sewer system improvements available to serve the Annexation Areas).

Exhibit 6 (Section 4.2)

(Contract between Mecklenburg County, Virginia and Town of Clarksville, Virginia Re: Construction of Clarksville Sewer Facilities and Provision of Water Service and Sewer Service by Clarksville, dated December 20, 2011).

CONTRACT BETWEEN
MECKLENBURG COUNTY, VIRGINIA
AND
TOWN OF CLARKSVILLE, VIRGINIA
RE: CONSTRUCTION OF CLARKSVILLE SEWER FACILITIES
AND
PROVISION OF WATER SERVICE AND SEWER SERVICE BY CLARKSVILLE

THIS CONTRACT is made and entered into this 20th day of December, 2011, by and between **THE TOWN OF CLARKSVILLE, VIRGINIA ("Town)** a municipal corporation of the Commonwealth of Virginia, and the **MECKLENBURG COUNTY, VIRGINIA ("County")**, a body politic and corporate organized under the laws of the Commonwealth of Virginia.

RECITATIONS:

R-1 The Town owns and operates utility facilities which enable the Town to provide potable water and sewage treatment services to its customers.

R-2 County owns property located outside the Town boundaries which is known as the Kinderton Technology Park ("KTP") and consists of 121.713 acres, and which property is used by the County to attract industry to the area.

R-3 County has asked Town to commit to the provision of potable water and sewer service to occupants of KTP.

R-4 County and Town have negotiated terms and conditions on which Town will provide the potable water and sewer treatment service requested by County.

R-5 County and Town have determined that the cost of upgrading Town's sewer pump station located on Highway 15, near KTP, will be approximately $750,000.00.

R-6 Town has determined a need for that sewer pump station upgrade.

R-7 County has agreed to provide $675,000.00 towards the cost of the sewer pump station upgrade.

R-8 The source of County's funds shall be a Virginia Tobacco Indemnification Commission ("TIC") grant in the amount of $675,000.00, and County's obligation to commit that amount towards Town's Sewer Project shall be contingent on County's receipt of that amount in the form of the grant from the TIC.

R-9 Town has agreed that it shall contribute matching costs for Town's sewer pump station upgrade, but not to exceed a maximum of $75,000.00. All costs incurred in excess of $75,000.00 shall be paid from TIC Grant funds, and/or contributions from County.

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R-10 The parties have agreed that once County secures a grant commitment from TIC in the amount of $675,000.00 for use on the Project the terms and conditions hereof shall become final and binding on both parties.

R-11 In return for County's contribution of $675,000.00, Town shall provide potable water and sewage treatment service to any users who locate within KTP.

R-12 In determining the out-of-town rate for water and sewer users located within KTP, Town shall charge rates commensurate with other out of Town users, and shall not create a rate which is calculated to charge users within KTP more than the prevailing rate for similar out of Town customers of the Town.

R-13 Town has expressed its interest in incorporating KTP, along with other property, into the Town's Corporate boundaries, either by means of a voluntary boundary adjustment, or an annexation proceeding.

R-14 Town and County agree that the issue of the boundary expansion desired by Town is not a subject of this contract; instead, that subject matter shall be determined through separate proceedings, whether through a boundary line adjustment agreement voluntarily negotiated and agreed to between Town and County, or by an Annexation Order duly entered by which the Town is awarded, or denied, the boundary expansion it seeks.

R-15 Regardless of whether the Town's boundaries are expanded through a voluntary boundary adjustment or through an annexation Court Order, or whether the Town's boundaries are not expanded to include KTP through either of those means, all terms and conditions hereof shall remain in full force and effect, and shall not be affected by the outcome of the Town's efforts to expand its boundaries.

R-16 As a condition of its $675,000.00 grant to the County, TIC requires that the County contract with the contractor who will be doing the construction work, administer and disburse all grant funds, and report on the Project activities to the satisfaction of TIC.

R-17 The County recognizes that the Project Facilities will be a part of the Town's utility systems after completion, and for that reason it is important to the Town that it have the right of prior review and approval of the proposed construction plans.

R-18 The County has agreed that Town representatives shall be entitled to communicate with the Project engineers during drafting of the project plans, and that once the Project plans are completed by said engineers, Town shall have a period of thirty (30) days within which to provide County written notice of any concerns or objections Town has to said plans.

R-19 The County shall consult with, and cooperate with, Town to ensure that the final construction plans are approved by the Town and by the Town's Engineers.

R-20 The parties agree that all progress payments due to the Contractor as the Project progresses shall be paid proportionately by County and Town, as follows: County, 90% of each payment due (675/750= 90%); Town, 10% of each payment due (75/750=10%).

R-21. If the low bid for the Project is for more than $750,000.00, then County shall pay all project costs incurred in excess of $750,000.00.

R-22 The parties make and enter into this Contract to evidence the terms and conditions agreed to by them, and caused said terms and conditions to be binding and enforceable against each.

WITNESSETH: For and in consideration of the mutual and reciprocal duties and responsibilities hereby imposed on each of the parties, and in further consideration of the benefits to be realized to each party hereto by the terms hereof, the parties hereby covenant and agree as follows:

1. County shall take those actions required of it to secure a commitment from the TIC of a grant in the amount of $675,000.00 to be used by the County to offset a portion of the costs incurred for the upgrade of Town's sewer pump station on Highway 15 near KTP.

2. Once that grant commitment is secured from the TIC, County shall provide written notice thereof to Town.

3. Upon receipt of such written notification by County, County and Town shall together proceed to take all actions necessary to secure construction plans for upgrade of the Town's sewer pump station, including the planning, design, bidding and contract award for that project.

4. Effective of the date of mailing by County to Town of written confirmation that $675,000.00 will be provided by County to Town for its sewer pump station upgrade project, Town shall be required to provide both potable water and sewer service to any users who locate within the KTP.

5. The rate charged to water and sewer customers located within KTP shall be the Town's out-of-town rates.

6. In fixing water and sewer rates for customers within KTP, Town shall charge rates commensurate with the rates charged to similar out-of-town users of Town, and shall not set a rate which would impose an excessive charge on customers within KTP.

7. County shall have the responsibility and authority to design, bid and construct Town sewer treatment plant upgrade facilities, subject to such oversight and control required by the TIC as a condition of its grant award and the Town.

8. The $675,000.00 TIC grant funds shall be disbursed by County in compliance with any terms and conditions imposed by TIC as a condition of said grant award, and if

no such conditions are imposed by TIC, said grant funds shall be disbursed at such times, in such amounts, and on such conditions as are agreed to between County and Town.

9. As each progress payment becomes due to the Project contractor, County shall make payment of 90% of the amount due, and Town shall make payment of 10% of the amount due.

10. The duration of this Contract shall be perpetual; that is, there shall be no term of years limit on Town's duty to provide potable water and sewer service to customers located within KTP.

11. This agreement is to be construed and enforced according to the law of the Commonwealth of Virginia.

12. This agreement contains all the terms and conditions agreed to by the parties, and no other understanding, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or bind the parties hereto.

13. This Contract may be amended only by written agreement signed by parties hereto.

14. If any part or parts of this Contract is for any reason declared to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this Agreement.

15. The obligations of either party to this Agreement may not be assigned without the express written consent of the other party to this Agreement.

16. Town shall provide water and sewer facilities which extend to the property line for KTP, and which are such size and design to serve the needs of customers within KTP. Users within KTP shall bear all costs incurred in connecting to the water and sewer lines of Town at the point of intersection with the KTP boundary line.

17. The County shall have the right to perform, or have performed an audit of any financial records of the Town which pertain to the Town's water and sewer system.

IN WITNESS WHEREOF, the County has caused this Contract to be signed by the Chairman of its Board of Supervisors, whose signature is attested by the Clerk to the Board pursuant to action duly taken by the Board of Supervisors; the Town of Clarksville, Virginia has caused this Contract to be signed by its Mayor, whose signature is attested pursuant to action duly taken by Town Council.

MECKLENBURG COUNTY,
VIRGINIA

BY: _____
Glenn Barbour, Chair
Mecklenburg County Board of Supervisors

ATTEST:

_____
H. Wayne Carter, III, Clerk
Mecklenburg County Board of Supervisors

TOWN OF
CLARKSVILLE, VIRGINIA

BY: _____
Mayor

ATTEST:

_____
Clerk, Town Council

THIS CONTRACT IS APPROVED AS TO FORM:

By: _____
County Attorney

Appendix B: Financial Data for the Town of Clarksville

Table 1 **Town of Clarksville**

Government-wide	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
						Common-Size Statements				
Assets										
Current Assets										
Cash and cash equivalents	$1,020,000	$908,900	$915,763	$833,077	$821,549	7.6%	6.8%	6.7%	6.3%	6.2%
Receivables	181,699	240,088	287,533	280,281	161,596	1.4%	1.8%	2.1%	2.1%	1.2%
Property taxes receivable	28,855	29,720	32,943	29,269	34,393	0.2%	0.2%	0.2%	0.2%	0.3%
Total Current	1,230,555	1,178,708	1,236,240	1,142,626	1,017,538	9.1%	8.8%	9.0%	8.6%	7.7%
Noncurrent Assets										
Capital assets:										
Land and land improvements	4,259,115	4,259,115	4,259,115	3,729,245	3,591,831	31.7%	31.8%	31.1%	28.2%	27.3%
Other capital assets, net of accumulated depreciation	7,964,866	7,960,135	8,213,533	8,366,021	8,551,047	59.2%	59.4%	59.9%	63.2%	65.0%
Total Noncurrent	12,223,980	12,219,250	12,472,648	12,095,265	12,142,878	90.9%	91.2%	91.0%	91.4%	92.3%
Total Assets	13,454,535	13,397,959	13,708,887	13,237,892	13,160,416	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities										
Current Liabilities										
Accounts payable and accrued liabilities	73,538	134,069	225,516	195,154	65,202	0.5%	1.0%	1.6%	1.5%	0.5%
Deferred revenue	28,855	29,720	32,943	29,269	34,393	0.2%	0.2%	0.2%	0.2%	0.3%
Customer security deposits	14,747	13,148	11,858	12,063	10,688	0.1%	0.1%	0.1%	0.1%	0.1%
General obligation bonds - within one year	419,348	227,259	274,196	503,871	467,232	3.1%	1.7%	2.0%	3.8%	3.6%
Total Current	536,489	404,196	544,513	740,356	577,514	4.0%	3.0%	4.0%	5.6%	4.4%
Noncurrent Liabilities										
General obligation bonds - more than one year	5,053,173	5,224,747	5,384,930	5,505,569	5,700,449	37.6%	39.0%	39.3%	41.6%	43.3%
Total Noncurrent	5,053,173	5,224,747	5,384,930	5,505,569	5,700,449	37.6%	39.0%	39.3%	41.6%	43.3%
Total Liabilities	5,589,662	5,628,943	5,929,443	6,245,926	6,277,964	41.5%	42.0%	43.3%	47.2%	47.7%
Net Assets										
Invested in capital assets, net of related debt	6,751,459	6,767,243	6,813,522	6,085,825	5,975,197	50.2%	50.5%	49.7%	46.0%	45.4%
Unrestricted	1,113,414	1,001,772	965,923	906,141	907,255	8.3%	7.5%	7.0%	6.8%	6.9%
Total Net Assets	7,864,873	7,769,015	7,779,444	6,991,966	6,882,452	58.5%	58.0%	56.7%	52.8%	52.3%
Liabilities and Net Assets	$13,454,535	$13,397,959	$13,708,887	$13,237,892	$13,160,416	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
Town of Clarksville, Comprehensive Annual Financial Report, editions (2007-2011)

Note: Common-Size Statements allow the reader to analyze the proportion that an individual asset or liability represents as a percentage of total assets.

Table 2 **Town of Clarksville**

General Fund	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
						Common-Size Statements				
Assets										
Cash and cash equivalents	$556,332	$498,683	$484,550	$334,028	$279,825	89.7%	82.4%	78.1%	65.7%	80.2%
Receivables	34,954	76,998	103,250	145,294	34,614	5.6%	12.7%	16.6%	28.6%	9.9%
Property taxes receivable	28,855	29,720	32,943	29,269	34,393	4.7%	4.9%	5.3%	5.8%	9.9%
Total Assets	620,142	605,401	620,743	508,590	348,832	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities										
Current Liabilities										
Accounts payable and accrued liabilities	55,645	75,609	168,434	171,231	46,777	9.0%	12.5%	27.1%	33.7%	13.4%
Deferred revenue	28,855	29,720	32,943	29,269	34,393	4.7%	4.9%	5.3%	5.8%	9.9%
Total Liabilities	84,500	105,329	201,377	200,500	81,169	13.6%	17.4%	32.4%	39.4%	23.3%
Fund Balance										
Unassigned	535,642	500,072	419,366	308,090	267,663	86.4%	82.6%	67.6%	60.6%	76.7%
Total Fund Balance	535,642	500,072	419,366	308,090	267,663	86.4%	82.6%	67.6%	60.6%	76.7%
Liabilities and Fund Balance	$620,142	$605,401	$620,743	$508,590	$348,832	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
Town of Clarksville, Comprehensive Annual Financial Report, editions (2007-2011)

Note: Common-Size Statements allow the reader to analyze the proportion that an individual asset or liability represents as a percentage of total assets.

Table 3 **Town of Clarksville**

General Fund	2011	2010	2009	2008	2007
Revenues					
General property taxes	$460,884	$459,168	$455,495	$406,694	$364,947
Other local taxes	640,080	626,374	661,209	644,472	603,425
Permits, privilege fees, and regulatory licenses	1,100	625	650	1,050	320
Fines and forfeitures	41,548	34,244	59,166	50,452	47,620
Use of money and property	40,211	40,076	35,917	37,716	40,025
Charges for services	122,238	117,761	119,638	120,346	112,379
Other	223,631	116,073	298,334	45,544	25,269
Intergovernmental - Commonwealth	74,645	104,409	309,101	114,691	136,769
Intergovernmental - Federal	116,700	151,368	343,419	334,375	22,023
Total revenues	1,721,038	1,650,098	2,282,929	1,755,339	1,352,777
Expenditures					
General government administration	244,047	221,102	231,963	242,752	214,974
Public safety	892,781	563,376	499,331	528,226	533,331
Public works	492,542	457,409	464,166	406,205	427,791
Parks, recreation, and cultural	55,816	43,130	53,120	79,680	44,449
Community development	95,754	145,599	563,196	353,381	73,227
Debt service	64,242	112,525	321,378	70,131	59,871
Total expenditures	1,845,182	1,543,142	2,133,153	1,680,375	1,353,642
Excess (deficiency) of revenues over expenditures	(124,144)	106,956	149,776	74,964	(865)
Other Financing Sources (Uses)					
Proceeds from loans	219,714	33,750	16,500		
Transfers in				4,463	7,566
Transfers out	(60,000)	(60,000)	(55,000)	(39,000)	(366,000)
Total other financing sources (uses)	159,714	(26,250)	(38,500)	(34,537)	(358,434)
Net change in fund balances	35,570	80,706	111,276	40,428	(359,299)
Fund Balances at July 1	500,072	419,366	308,090	267,663	626,961
Fund Balances at June 30	$535,642	$500,072	$419,366	$308,090	$267,663

Source:
Town of Clarksville, Comprehensive Annual Financial Report, editions (2007-2011)

Table 4 **Town of Clarksville**

Enterprise Fund	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
						Common-Size Statements				
Assets										
Current Assets										
Cash and cash equivalents	$267,440	$217,141	$236,589	$283,833	$328,978	3.0%	2.4%	2.5%	3.0%	3.4%
Receivables	146,745	163,090	184,284	134,987	126,982	1.7%	1.8%	2.0%	1.4%	1.3%
Total Current	414,186	380,231	420,872	418,819	455,960	4.7%	4.2%	4.5%	4.4%	4.7%
Noncurrent Assets										
Capital assets, net	8,383,285	8,687,306	8,978,506	9,019,296	9,231,658	95.3%	95.8%	95.5%	95.6%	95.3%
Total Noncurrent	8,383,285	8,687,306	8,978,506	9,019,296	9,231,658	95.3%	95.8%	95.5%	95.6%	95.3%
Total Assets	8,797,471	9,067,538	9,399,379	9,438,116	9,687,618	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities										
Current Liabilities										
Accounts payable and accrued liabilities	17,893	58,460	55,162	22,002	18,425	0.2%	0.6%	0.6%	0.2%	0.2%
General obligation bonds - within one year	141,015	163,351	155,696	132,213	130,103	1.6%	1.8%	1.7%	1.4%	1.3%
Total Current	158,908	221,811	210,858	154,215	148,528	1.8%	2.4%	2.2%	1.6%	1.5%
Noncurrent Liabilities										
Customer deposits	14,747	13,148	11,858	12,063	10,688	0.2%	0.1%	0.1%	0.1%	0.1%
General obligation bonds - more than one year	4,592,572	4,732,827	4,895,550	5,004,800	5,136,347	52.2%	52.2%	52.1%	53.0%	53.0%
Total Noncurrent	4,607,319	4,745,974	4,907,407	5,016,863	5,147,034	52.4%	52.3%	52.2%	53.2%	53.1%
Total Liabilities	4,766,227	4,967,785	5,118,265	5,171,078	5,295,562	54.2%	54.8%	54.5%	54.8%	54.7%
Net Assets										
Invested in capital assets, net of related debt	3,649,698	3,791,129	3,927,261	3,882,283	3,965,208	41.5%	41.8%	41.8%	41.1%	40.9%
Unrestricted	381,545	308,624	353,853	384,755	426,847	4.3%	3.4%	3.8%	4.1%	4.4%
Total Net Assets	4,031,244	4,099,753	4,281,114	4,267,038	4,392,056	45.8%	45.2%	45.5%	45.2%	45.3%
Liabilities and Net Assets	$8,797,471	$9,067,538	$9,399,379	$9,438,116	$9,687,618	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
Town of Clarksville, Comprehensive Annual Financial Report, editions (2007-2011)

Note: Common-Size Statements allow the reader to analyze the proportion that an individual asset or liability represents as a percentage of total assets.

Table 5 **Town of Clarksville**

Enterprise Fund	2011	2010	2009	2008	2007
Operating Revenues					
Charges for services	$1,028,605	$993,139	$978,546	$987,813	$950,758
Penalties	10,519	13,324	11,687	14,368	15,806
VDH Planning Grant	32,832	20,200			
Rural development grant		25,000	181,535		
Other charges	4,909	6,396	1,158	29,699	1,647
Total operating revenues	1,076,865	1,058,058	1,172,926	1,031,880	968,211
Operating Expenses					
Water treatment	169,082	192,329	188,626	192,379	265,302
Wastewater treatment	218,240	171,853	193,918	181,711	165,850
Administration	106,750	99,702	106,533	99,969	93,615
Line maintenance	123,084	151,878	158,609	145,175	
WTP upgrade	22,800	82,059			
Lift stations	50,428	42,524	27,799	24,160	20,447
Depreciation	309,421	312,300	306,374	298,761	298,936
Total operating expenses	999,806	1,052,646	981,861	942,154	844,149
Operating income (loss)	77,059	5,413	191,066	89,726	124,062
Nonoperating Revenues (Expenses)					
Interest income	167	709	2,265	7,436	12,585
Interest expense	(205,735)	(247,483)	(234,255)	(238,180)	(241,820)
Grant income					218,881
Net nonoperating revenue (expenses)	(205,568)	(246,774)	(231,990)	(230,744)	(10,354)
Income (loss) before transfers and capital contributions	(128,509)	(241,361)	(40,924)	(141,018)	113,708
Transfers in	60,000	60,000	55,000	16,000	366,000
Change in net assets	(68,509)	(181,361)	14,076	(125,018)	479,708
Prior Period Adjustment					
Net Assets at July 1	4,099,753	4,281,114	4,267,038	4,392,056	3,912,348
Net Assets at June 30	$4,031,244	$4,099,753	$4,281,114	$4,267,038	$4,392,056

Source:
Town of Clarksville, Comprehensive Annual Financial Report, editions (2007-2011)

Table 6 **Town of Clarksville**

Water & Sewer	2011	2010	2009	2008	2007
Cash Flows from Operating Activities					
Receipts from customers	$1,055,469	$1,058,874	$942,094	$1,020,808	$956,154
Other receipts	37,741	20,375	181,535	3,068	1,647
Payments to personnel and suppliers	(729,352)	(735,755)	(642,532)	(638,442)	(540,331)
Net Cash from Operating Activities	363,858	343,494	481,098	385,434	417,470
Cash Flows from Noncapital Financing Activities					
Funds from (paid to) other funds	60,000	60,000	55,000	16,000	366,000
Net Cash from Noncapital Financing Activities	60,000	60,000	55,000	16,000	366,000
Cash Flows from Capital and Related Financing Activities					
Purchases and construction of capital assets	(5,400)	(21,100)	(265,584)	(86,400)	(217,738)
Proceeds of grant					218,881
Proceeds of loans					50,000
Principal paid on capital debt	(162,591)	(155,068)	(85,768)	(129,436)	(112,359)
Interest paid on capital debt	(205,735)	(247,483)	(234,255)	(238,180)	(241,820)
Net Cash from Capital and Related Financing Activities	(373,726)	(423,651)	(585,607)	(454,015)	(303,036)
Cash Flows from Investing Activities					
Interest income	167	709	2,265	7,436	12,585
Net Increase (Decrease) in Cash and Cash Equivalents	50,299	(19,448)	(47,244)	(45,146)	493,020
Cash and Cash Equivalents - Beginning of Year	217,141	236,589	283,833	328,978	(164,041)
Cash and Cash Equivalents - End of Year	$267,440	$217,141	$236,589	$283,833	$328,978
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income	77,059	5,413	191,066	89,726	124,062
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	309,421	312,300	306,374	298,761	298,936
Increase in receivables, net	16,345	21,193	(49,297)	(8,005)	(10,565)
Increase in accounts payable and accrued expenses	(38,967)	4,588	32,955	4,951	5,038
Net Cash Provided by Operating Activities	$363,858	$343,494	$481,098	$385,434	$417,470

Source:
Town of Clarksville, Comprehensive Annual Financial Report, editions (2007-2011)

Table 7 **Town of Clarksville**

Ratios	2011	2010	2009	2008	2007
From Government-wide Statements:					
Current (Current Assets/Current Liabilities)	2.29	2.92	2.27	1.54	1.76
Cash (Cash and Equivalents/Current Assets)	82.9%	77.1%	74.1%	72.9%	80.7%
Debt-to-assets (Total Liabilities/Total Assets)	0.4154	0.4201	0.4325	0.4718	0.4770
LTD-to-assets (Noncurrent Liabilities/Total Assets)	0.3756	0.3900	0.3928	0.4159	0.4332
Unrestricted (Unrestricted Net Assets/Total Assets)	0.0828	0.0748	0.0705	0.0685	0.0689
From General Fund Statements:					
GF Unrestricted (Unassigned fund balance/Total GF Expenditures)	0.2903	0.3241	0.1966	0.1833	0.1977
From Enterprise Fund Statements:					
Ent Unrestricted (Unrestricted Net Assets/Operating Expenses)	0.3816	0.2932	0.3604	0.4084	0.5057

Appendix C: Financial Data for Mecklenburg County

Table 1 **County of Mecklenburg**

Governmental Activities	2012	2011	2010	2009	2008	2007	2012	2011	2010	2009	2008	2007
							Common-Size Statements					
Assets												
Current Assets												
Cash and cash equivalents	$22,920,520	$17,267,427	$18,743,349	$19,180,953	$17,879,466	$15,385,523	34.0%	28.1%	32.8%	42.6%	42.0%	38.0%
Restricted cash				6,152	9,576	590,351	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%
Receivables	1,872,479	1,863,518	1,912,054	1,014,253	1,278,001	1,370,005	2.8%	3.0%	3.3%	2.3%	3.0%	3.4%
Due from other governments	1,292,631	1,453,310	2,012,266	244,472	370,286	282,241	1.9%	2.4%	3.5%	0.5%	0.9%	0.7%
Total Current	26,085,630	20,584,255	22,667,669	20,445,830	19,537,329	17,628,120	38.6%	33.5%	39.7%	45.4%	45.9%	43.5%
Noncurrent Assets												
Net OPEB asset	320,961	201,758					0.5%	0.3%	0.0%	0.0%	0.0%	0.0%
Land and construction in progress	449,472	449,472	12,734,601	2,549,364	449,472	449,472	0.7%	0.7%	22.3%	5.7%	1.1%	1.1%
Other capital assets, net	40,644,364	40,263,938	21,724,780	22,058,738	22,612,270	22,443,619	60.2%	65.5%	38.0%	49.0%	53.1%	55.4%
Total Noncurrent	41,414,797	40,915,168	34,459,381	24,608,102	23,061,742	22,893,091	61.4%	66.5%	60.3%	54.6%	54.1%	56.5%
Total Assets	67,500,427	61,499,423	57,127,050	45,053,932	42,599,071	40,521,211	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities												
Current Liabilities												
Accounts payable	636,864	1,010,250	1,156,098	248,864	317,245	231,553	0.9%	1.6%	2.0%	0.6%	0.7%	0.6%
Deferred revenue	1,427,049	1,360,580	1,679,143	821,155	870,576	1,222,211	2.1%	2.2%	2.9%	1.8%	2.0%	3.0%
Bonds, loans, and capital leases payable	498,850	484,461	470,290	456,326	447,559	425,361	0.7%	0.8%	0.8%	1.0%	1.1%	1.0%
Total Current	2,562,763	2,855,291	3,305,531	1,526,345	1,635,380	1,879,125	3.8%	4.6%	5.8%	3.4%	3.8%	4.6%
Compensated absences	1,271,236	1,247,391	1,208,940	1,223,160	1,131,060	1,204,768	1.9%	2.0%	2.1%	2.7%	2.7%	3.0%
Net OPEB obligation			103,600				0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Landfill obligation	1,091,513	2,065,930	2,053,291	1,050,051	1,929,567	1,759,629	1.6%	3.4%	3.6%	2.3%	4.5%	4.3%
Bonds, loans, and capital leases payable	7,929,570	8,449,841	8,955,723	9,447,434	9,925,181	10,394,161	11.7%	13.7%	15.7%	21.0%	23.3%	25.7%
Total Noncurrent	10,292,319	11,763,162	12,321,554	11,720,645	12,985,808	13,358,558	15.2%	19.1%	21.6%	26.0%	30.5%	33.0%
Total Liabilities	12,855,082	14,618,453	15,627,085	13,246,990	14,621,188	15,237,683	19.0%	23.8%	27.4%	29.4%	34.3%	37.6%
Net Assets												
Invested in capital assets, net of related debt	32,695,075	31,779,108	25,033,368	14,704,342	12,689,002	12,073,569	48.4%	51.7%	43.8%	32.6%	29.8%	29.8%
Restricted for capital projects						773,997	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%
Unrestricted	21,950,270	15,101,862	16,466,597	17,102,600	15,288,881	12,435,962	32.5%	24.6%	28.8%	38.0%	35.9%	30.7%
Total Net Assets	54,645,345	46,880,970	41,499,965	31,806,942	27,977,883	25,283,528	81.0%	76.2%	72.6%	70.6%	65.7%	62.4%
Liabilities and Net Assets	$67,500,427	$61,499,423	$57,127,050	$45,053,932	$42,599,071	$40,521,211	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
County of Mecklenburg, Comprehensive Annual Financial Report, 6 editions (2007-2012)

Note: Common-Size Statements allow the reader to analyze the proportion that an individual asset or liability represents as a percentage of total assets.

Table 2 **County of Mecklenburg**

General Fund	2012	2011	2010	2009	2008	2007	2012	2011	2010	2009	2008	2007
							Common-Size Statements					
Assets												
Current Assets												
Cash and Investments	$10,093,445	$6,495,380	$8,113,962	$17,692,764	$16,071,344	$13,515,934	77.5%	69.1%	71.0%	93.4%	90.7%	89.1%
Receivables	1,846,068	1,854,679	1,910,918	1,014,253	1,278,001	1,370,005	14.2%	19.7%	16.7%	5.4%	7.2%	9.0%
Due from other governments	1,086,608	1,053,298	1,409,940	244,472	370,286	282,241	8.3%	11.2%	12.3%	1.3%	2.1%	1.9%
Total Assets	13,026,121	9,403,357	11,434,820	18,951,489	17,719,631	15,168,180	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities												
Accounts payable	492,338	651,643	524,601	248,864	317,245	225,706	3.8%	6.9%	4.6%	1.3%	1.8%	1.5%
Prepaid taxes	44,591	27,194					0.3%	0.3%	0.0%	0.0%	0.0%	0.0%
Other deferred revenue	8,803	8,803		15,408	12,203	16,984	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%
Deferred revenue - property taxes	1,373,655	1,324,583	1,679,143	805,747	858,373	1,205,227	10.5%	14.1%	14.7%	4.3%	4.8%	7.9%
Total Liabilities	1,919,387	2,012,223	2,203,744	1,070,019	1,187,821	1,447,917	14.7%	21.4%	19.3%	5.6%	6.7%	9.5%
Net Assets												
Subsequent years' expenditures			7,263,301	16,084,576	14,526,868	11,986,990	0.0%	0.0%	63.5%	84.9%	82.0%	79.0%
Committed	3,009,986	4,727,200					23.1%	50.3%	0.0%	0.0%	0.0%	0.0%
Assigned	5,184,393	755,300					39.8%	8.0%	0.0%	0.0%	0.0%	0.0%
Unassigned	2,912,355	1,908,634	1,967,775	1,796,894	2,004,942	1,733,273	22.4%	20.3%	17.2%	9.5%	11.3%	11.4%
Total Net Assets	11,106,734	7,391,134	9,231,076	17,881,470	16,531,810	13,720,263	85.3%	78.6%	80.7%	94.4%	93.3%	90.5%
Liabilities and Net Assets	$13,026,121	$9,403,357	$11,434,820	$18,951,489	$17,719,631	$15,168,180	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
County of Mecklenburg, Comprehensive Annual Financial Report, 6 editions (2007-2012)

Note: Common-Size Statements allow the reader to analyze the proportion that an individual asset or liability represents as a percentage of total assets

Table 3 **County of Mecklenburg**

General Fund	2012	2011	2010	2009	2008	2007
Revenues						
General property taxes	$23,975,034	$21,980,024	$21,317,752	$20,793,079	$20,072,869	$19,019,614
Other local taxes	5,413,543	4,579,836	5,156,870	4,848,527	4,997,519	4,690,602
Permits, privilege fees and regulatory licenses	338,100	270,253	177,550	214,077	303,968	245,446
Fines and forfeitures	210,184	220,501	123,167	77,280	78,113	84,185
Revenue from use of money and property	180,051	183,414	242,535	375,836	781,516	810,852
Charges for services	161,970	168,493	408,653	356,903	686,206	670,398
Miscellaneous	265,963	230,008	87,864	357,104	1,664,412	392,717
Recovered costs	87,259	76,355	121,924	157,678		
Intergovernmental:						
From Commonwealth	6,962,860	7,022,606	8,191,738	13,436,211	7,992,500	7,948,058
From Federal Government	218,280	195,934	900,311	2,285,985	252,121	159,223
Total revenues	37,813,244	34,927,424	36,728,364	42,902,680	36,829,224	34,021,095
Expenditures						
General government administration	3,087,208	2,914,192	2,960,053	2,716,792	2,801,033	2,583,378
Judicial administration	1,953,600	1,742,082	2,049,939	1,865,170	1,864,204	2,069,423
Public safety	9,104,237	9,650,787	9,740,480	9,374,797	9,274,515	7,605,293
Public works	2,414,970	2,602,670	2,277,023	2,191,835	1,961,756	2,046,375
Health and welfare	620,385	588,983	423,505	2,854,021	2,908,093	2,586,801
Education - public school system	10,813,978	10,658,076	10,737,409	10,949,220	10,949,220	10,649,220
Education - community college	10,400	10,172	9,830	10,610	9,771	8,878
Parks, recreation, and cultural	437,207	456,373	445,600	419,742	414,830	436,636
Community development	2,230,934	1,746,013	3,499,881	7,723,561	2,593,714	2,598,381
Debt service						169,921
Capital projects and capital outlay		48,000	56,078	2,308,763	654,975	464,041
Total expenditures	30,672,919	30,417,348	32,199,798	40,414,511	33,432,111	31,218,347
Excess (deficiency) of revenues over expenditures	7,140,325	4,510,076	4,528,566	2,488,169	3,397,113	2,802,748
Other Financing Sources (Uses)						
Transfers in	3,558,458			27,108	111,480	
Transfers out	(6,983,183)	(4,102,822)	(3,963,452)	(1,165,617)	(697,046)	(762,046)
Total other financing sources (uses)	(3,424,725)	(4,102,822)	(3,963,452)	(1,138,509)	(585,566)	(762,046)
Changes in fund balances	3,715,600	407,254	565,114	1,349,660	2,811,547	2,040,702
Fund balance reclassification		(2,247,196)	(9,215,508)			
Fund balances at beginning of year	7,391,134	9,231,076	17,881,470	16,531,810	13,720,263	11,679,561
Fund balances at end of year	$11,106,734	$7,391,134	$9,231,076	$17,881,470	$16,531,810	$13,720,263

Source:
County of Mecklenburg, Comprehensive Annual Financial Report, 6 editions (2007-2012)

Table 4 **Mecklenburg County**

Ratios	2012	2011	2010	2009	2008	2007
From Government-wide Statements:						
Current (Current Assets/Current Liabilities)	10.18	7.21	6.86	13.40	11.95	9.38
Cash (Cash and Equivalents/Current Assets)	87.9%	83.9%	82.7%	93.8%	91.5%	87.3%
Debt-to-assets (Total Liabilities/Total Assets)	0.1904	0.2377	0.2735	0.2940	0.3432	0.3760
LTD-to-assets (Noncurrent Liabilities/Total Assets)	0.1525	0.1913	0.2157	0.2601	0.3048	0.3297
Unrestricted (Unrestricted Net Assets/Total Assets)	0.3252	0.2456	0.2882	0.3796	0.3589	0.3069
From General Fund Statements:						
GF Unassigned (Unassigned fund balance/Total GF Expenditures)	0.0949	0.0627	0.0611	0.0445	0.0600	0.0555

Appendix D: Potential Water and Sewer Improvement Costs

APPENDIX D
POTENTIAL WATER AND SEWER IMPROVEMENT COSTS

Item	Cost	
Existing System Identified Needs		
Oakview Sewer Extension	$	223,500
Sewer Line Repairs/Replacements	$	1,011,000
Pump Station Repairs/Replacements	$	153,000
WWTP Repairs/Replacements	$	347,000
Project Planning Costs/Contingency	$	698,170
TOTAL	**$**	**2,432,670**
Additional System Needs*		
E-1 (U.S. 15 Trailer Park) Sewer Ext.	$	338,700
45% additional for Contingencies/Planning Costs	$	152,415
TOTAL	**$**	**491,115**
Potential Costs Associated with Settlement Agreement Terms		
Area A		
B-1 (Sewer)	$	203,650
B-1 (Water)	$	123,000
45% additional for Contingencies/Planning Costs	$	146,993
TOTAL	**$**	**473,643**
Area C		
C-5 (Sewer)	$	337,500
C-6 (Sewer)	$	145,250
C-5 (Water)	$	127,000
C-6 (Water)	$	118,000
45% additional for Contingencies/Planning Costs	$	327,488
TOTAL	**$**	**1,055,238**

*Note: The engineering study identified the U.S. 15 Trailer Park as having a history of failing septic drainfields. The level of need with respect to the water facilities in the park are not known. Should water lines need to be extended to the trailer park, the estimated construction cost is $164,500, or $238,525 when considering contingencies and planning costs.

Sources:
Table ES-1, Amendment No. 1 to Preliminary Engineering Report, Sewer System Improvements, Town of Clarksville, VA, July 2012.
Table 7.2-1, Preliminary Engineering Report, Sewer System Improvements, Town of Clarksville, VA, May 13, 2010.
Clarksville Master Plan, Sanitary Sewer Extension Cost Estimate and Water Extension Cost Estimate, May 4, 2012.

Appendix E: Department of Conservation & Recreation Response to Potential Annexation of Occoneechee State Park

Douglas W. Domenech
Secretary of Natural Resources

David A. Johnson
Director

COMMONWEALTH of VIRGINIA

DEPARTMENT OF CONSERVATION AND RECREATION

203 Governor Street
Richmond, Virginia 23219-2010
(804) 786-1712

April 26, 2013

Mr. Zachary Robbins, Senior Policy Analyst
Commission on Local Government
Department of Housing and Community Development
600 E. Main Street, Suite 300
Richmond, VA 23219

Dear Mr. Robbins:

In response to your request on behalf of the Commission on Local Government, the Department of Conservation and Recreation (DCR) has looked into potential issues concerning the Town of Clarksville's possible annexation of land in Mecklenburg County, including Occoneechee State Park. As we understand, the Commission is currently reviewing a Voluntary Settlement Agreement between the Town of Clarksville and Mecklenburg County. This settlement would result in the Town immediately annexing adjacent land and makes it possible for a second annexation to occur that would include all or part of Occoneechee State Park.

In your email to the Agency dated March 27, 2013, you had specifically asked DCR to consider four areas of concern, which are addressed below.

1) A benefit to DCR would be that the water bill would be reduced if the State Park becomes part of the Town; I believe that the Town provides some water/sewer service to the Park.

   DCR response:
   Yes, the Town does currently provide water and sewer services to the Park. There is a Memorandum of Agreement (MOA) between the Town and the Park dated December 28, 2004, which sets out the provisions of those services. The Park currently pays approximately $23,000 to $28,000 in "out-of-town" rates annually to the Town. Per the MOA, "the out-of-town rate currently charged, will be reduced to the in-town rate at such time when the surrounding property is incorporated in the town limits."

2) Would concessionaires within the Park be required to pay taxes imposed by the Town? The Town has a meals and lodging tax.

DCR response:
State Parks do not pay local taxes, however concessionaires operating on State Parkland may be subject to local taxation. That is a question to be resolved between the Town and the concessionaires. The state is not obligated by the Code of Virginia to collect local taxes on state owned land, and currently no State Parks collect local taxes.

3) The Town has ordinances banning the discharge of firearms within Town limits.

DCR response:
As for State Parks, the state is not subject to local ordinances. The general rule is that local ordinances do not apply to State Parks because they are located on land owned by the sovereign, the Commonwealth. However, Occoneechee State Park is located on federal land and, pursuant to the lease agreement between the U.S. Secretary of the Army and the Virginia Department of Conservation and Recreation/Division of State Parks, it is subject to both state and federal laws. The Town ordinances would not impact the hunting or equestrian operations allowed within the State Park.

4) Town provision of police resources to the Park.

DCR response:
Currently the Park has a Mutual Aid Agreement in place with the Town of Clarksville. Because Mecklenburg County has a new sheriff, a new agreement has been submitted to him and review is underway. The Park does hire off duty police officers to assist on weekends. But if the Park is annexed, it is not known if the Town would provide additional services such as refuse collection, law enforcement, and other services. This may come at additional costs to the Town.

The following list includes clarifications of different aspects of Occoneechee State Park's existence.

1) Occoneechee State Park is located on land owned by the U.S. Army Corps of Engineers (ACOE); DCR leases the land from ACOE. The 1993 lease agreement was amended in 2005 to incorporate development of the Park's master plan. This 2005 amendment also extended the term of the lease for an additional 25 years, to end on June 30, 2043.

2) The Virginia Office of the Attorney General has been consulted about the possible annexation and has reviewed DCR's lease agreement with the Army; they do not see any negative issues for DCR raised within the lease by the Town's annexation plans.

3) The Park is protected under the federal Land and Water Conservation Fund (LWCF) Act from conversion to other uses. Funds from the LWCF were obtained to build facilities on the Park. Section 6(f)(3) of the LWCF Act requires all property acquired or developed with LWCF assistance be maintained perpetually in public outdoor recreation use. Any project that might involve a shift in the Park boundary or change in use from its public recreation

purpose would require review and approval at the federal level. See DCR's website for a description of the required review for converting land uses and the National Park Service approval process. (http://www.dcr.virginia.gov/recreational_planning/lwcfconuse.shtml)

Finally, looking at the Voluntary Settlement Agreement between the Town and County, DCR identified a few areas of concern.

1) On page 23 of the Agreement, Exhibit 3 incorrectly states that the State Park land is owned by the Commonwealth of Virginia. The State Park land is owned by the U.S. ACOE, not the Commonwealth.

2) The Settlement Agreement contains language that would annex 722 acres of adjacent land to the Town. The Town would then have 20 years to annex all or part of the State Park's 2,690 acres from the County, which sits across the lake from the Town.

   Page 7 of the Agreement states that: the Town maintains a future boundary adjustment option to take all or part of the State Park. It may be a benefit for all involved in this Agreement to clarify that the State Park is located on federally owned land and not necessarily subject to local laws. There is no mention of the U.S. Army Corps of Engineers in the Agreement. The State Park spans 2,690 acres. DCR and the ACOE would have to be involved in any land use decisions that impact the Park.

   Over the years, the Town has mentioned a desire to gain access through the Park to the lake for a proposed development on the Economic Development Authority (EDA) property the Town owns north of the State Park. The Settlement Agreement also contains language that would require the County and Town to develop a new road to access the EDA property if it is to be used for residential purposes or other purposes not compatible with the existing Lakeside Commerce Park property (page 5). However, the Agreement does not specify whether or not State Park land might be considered for future roads or access to the EDA property or the lake.

   The DCR/ACOE lease, on page 9, paragraph 19, provides that "any new easement or route will be coordinated with the Lessee [DCR]." Further, the lease states that "easements will not be granted which will, in the reasonable opinion of the District Engineer, interfere with developments, present or proposed, by the Lessee [DCR]." This paragraph provides some comfort that DCR would be consulted if the Town were to propose any new developments or roads within the Park's boundaries. This should also be made clear in the Agreement.

   DCR has spoken with Michael T. Womack, the ACOE Operations Project Manager at John H. Kerr Reservoir, advised him of the pending annexation, and shared the Voluntary Settlement Agreement with him. Mr. Womack said that the ACOE would like to be brought into the process and be consulted regarding the pending annexation.

3) For those State Park employees who live within the State Park, there is concern that if annexed by the Town, they would be responsible for paying Town personal property taxes in addition to the personal property tax they currently pay to Mecklenburg County.

Thank you very much for bringing this issue to our attention and requesting our input. If you have any questions, please feel free to contact me or our policy director, David C. Dowling, at (804) 786-2291.

Sincerely,

David A. Johnson

C: David C. Dowling, DCR – Director of Policy and Planning

Appendix F: Portion of Area C Recommended for Exclusion from Immediate Annexation

N
W
E
S
EXISTING TOWN OF CLARKSVILLE
Portion of Area C recommended for exclusion from immediate annexation. (approximate)
Kerr Reservoir
AREA C
Aerial imagery provided by Virginia Geographic Information Network.