



December 15, 2021

Dear Hon. Chairman and Members of the Board of Supervisors:

The City of Martinsville appreciates the spirit of cooperation and honest dialogue that has resulted in a successful mediation and Voluntary Settlement Agreement (“VSA”) resolving the City’s reversion. Between the Memorandum of Understanding (“MOU”) and subsequent VSA, the agreement has now been approved three times by public votes of City Council and twice by public votes of the County Board. The Commission on Local Government has issued its report finding that the VSA is in the best interests of both City and County, and the Commonwealth. The Commission recommended additional state aid to the County in relation to the transition, and we understand that the County is requesting such aid in its legislative package; the City supports this request. We agree with the public presentation by your own legal counsel in October stating that the VSA was the best possible outcome for the County in the reversion process, avoiding vast legal expenses for County taxpayers for an inevitably unsuccessful legal battle.

The City gave its final approval to the VSA on November 23. It was with considerable dismay that we learned of the County’s rejection of the VSA on December 14, after we had received repeated assurances that it would be approved. In addition, the City has heard from a variety of credible sources – and it was reported in the media – that the County will, for at least the fourth time, attempt to pursue a legislative change to the statutory framework for reversion in place since 1988, seeking to render reversion practically impossible.

Such a dramatic change of course at this late stage indicates a deliberate repudiation of the jointly pursued process which we have relied upon, which both parties have now substantially performed, and which has entailed significant expense. Such a course of action:

- Violates the Resolution adopted by the County on August 24, 2021, which began the Commission on Local Government process, under which the County stated: “It is the intention of the Board of Supervisors, after the Commission’s review, to adopt the Agreement and thereafter to petition the appropriate Circuit Court to affirm and validate the Agreement and to give it full force and effect” (Aug. 24, 2021 Resolution Approving Voluntary Settlement Agreement, ¶ 5); and
- Constitutes a clear breach of the VSA, under which the parties agreed to take all necessary efforts to move forward with reversion in good faith and to take no steps to undermine in any way whatsoever the obligations and agreements in the VSA. VSA § 11.11. This includes the County’s obligation to join with the City in submitting the VSA to the Special Court following the Commission on Local Government’s approval. VSA § 10.02. *See also* MOU ¶¶ 17 & 18.

Even when this matter was contested, the County correctly admitted in its filing with the Commission that we meet the criteria for reversion. An attempt to change the rules governing the reversion process to prevent it from happening is not only a breach of the VSA and a violation of prior official commitments by the County, but also is extremely poor public policy, sets a terrible precedent for all future negotiations between localities and litigants in general, and is unquestionably not in the best interest of the Commonwealth of Virginia. Such an attempt would also be of dubious legality.

We would prefer to remain committed to the VSA and the spirit of regional cooperation it embodies. Since, however, the County has determined to abandon the mutual trust that produced the VSA and pursue such an ill-advised course of action, be assured that the City will act accordingly. As a result of this unfortunate event the City has instructed its legal team to take steps to immediately enforce the VSA, pursuant to § 11.13 of that agreement and ¶ 18 of the MOU.

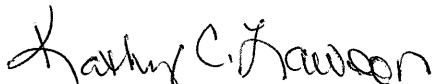
If for some reason compliance with the VSA is not mandated, then the City will proceed with arbitration, seeking all remedies available to it, including relief for damages incurred as a result of our detrimental reliance upon a settlement subsequently shown to have been negotiated in bad faith by the County. We will also pursue a litigated reversion under existing law.

We anticipate that such a contested reversion, although painful for the parties, ultimately will result in an outcome more favorable to the City and less favorable to the County than the results already obtained in the VSA. Such an outcome is particularly likely, given that the Commission on Local Government and any panel appointed to review its recommendation will not take a favorable view of the actions by the County in abandoning a settlement agreement at the eleventh hour – despite having voted not once, but twice, in favor of that agreement, and despite having represented to the Commission repeatedly that the agreement was in the interests of both parties and the Commonwealth.

Litigation will of course also result in significantly increased legal expenses being borne by the taxpayers of both City and County. We are confident that the additional expense will not, however, alter the inevitability of reversion, or of annexation two years thereafter.

The entirely avoidable responsibility for all of this is yours alone.

Yours sincerely,



Kathy C. Lawson
Mayor

cc: Tim Hall, County Administrator
George Lyle, County Attorney
Jeremy Carroll, Attorney, Guynn, Waddell, Carroll & Lockaby, P.C.
City Council
Commission on Local Government
Hon. Jane Roush
Legislative Delegation