

AT A MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON SEPTEMBER 21, 1995, AT 4:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101-C MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

1. ROLL CALL

The meeting was called to order by Chairman Nystrom at 4:05 p.m. A roll call by Secretary Taylor identified the following members present:

Mr. Gilbert Bartlett
Mr. Jon Nystrom
Mr. Vincent Campana
Mr. George Hudgins
Mr. Sterling Nichols

Late Arrivals

Mr. Joe Cross

ALSO PRESENT

Keith A. Taylor, Secretary, IDA
Jeane Trevino, IDA Recording Secretary
Sandra Barner, Economic Development Technician
John T.P. Horne, Development Management
Frank M. Morton, III, IDA Counsel
Robert Magoon, Jr., BOS Liaison to the IDA

1. PERSONNEL MATTERS

Election of Officers & Nominating Committee Report

Mr. Hudgins, representing the nominating committee, motioned that the Authority elect Director Nystrom as Chairman, Director Hudgins as Vice Chairman, Mr. Taylor as Secretary, Mr. Morton as Legal Counsel and Ms. Pettengill as Treasurer. The motion, seconded by Mr. Nichols, was unanimously approved by voice vote.

Economic Development Staff

Mr. Taylor informed the Authority that Ms. Barner had successfully completed her first year of a three year

scholarship at the Economic Development Institute in Norman, Oklahoma.

Mr. Taylor, also informed the Authority that Mr. Nystrom has been reappointed to the Authority for another four years, and that he had been elected as Treasurer of the Virginia Economic Developers Association for 1995-1996; will "move through the chairs" and become president in 1999-2000.

2. APPROVAL OF MINUTES

On motion of Mr. Bartlett, seconded by Mr. Cross the minutes of June 8, 1995 were unanimously approved by voice vote.

3. TREASURER'S REPORT

The Treasurer's Report for the Authority was read by Mr. Taylor along with the Capital Improvements Expenditure report. On motion by Mr. Cross, seconded by Mr. Campana, the Treasurer's Report, as presented, was unanimously approved by voice vote.

4. ACTION ITEMS

Ratification of Shell Building Brochure Design and Production Contract

Mr. Taylor requested that the Authority approve expenditures for the Shell Building's marketing brochure.

On motion by Mr. Hudgins, seconded by Mr. Campana, expenditures and brochure design, as presented, were unanimously approved by voice vote.

Property Sale to VDOT

Mr. Morton presented a sale agreement between the Authority and the Virginia Department of Transportation for a parcel containing 0.061 acres for the sum of \$5,185.00 for the purpose of buffering on future Route 199.

On motion by Mr. Bartlett, seconded by Mr. Campana, the sale agreement was unanimously approved by voice vote.

James River Commerce Center Rezoning Request and Proffer Amendments

Mr. Horne informed the Authority that after continued discussion with its partner, WDI, that an application has been submitted to alter the master plan of James River Commerce Center.

Shell Building Brokerage/Commission Policy Recommendations

Mr. Campana informed the Authority that a Brokerage/Commission policy, for the shell building on a six acre site, offering a 5% commission to a procuring cause for a sale price of \$2.1MM. Less than \$2.1MM and commission will be negotiated.

Mr. Bartlett expressed concerns regarding cost overruns.

Mr. Horne commented that Stonehouse has verbally agreed to absorb any cost above our initial project expectations.

Mr. Bartlett requested that the commission be based on the reliance that there are no cost overruns and that the Authority refuses to except overage from Stonehouse. The Authority should not exceed the gross amount appropriated on this project.

Mr. Taylor commented that the project is near completion and the glazing, paving and landscaping should be finalized prior to Solarex's groundbreaking event in October.

Mr. Cross and Mr. Hudgins expressed concerns that with the building's completion security matters need to be considered.

Mr. Taylor stated that the police department will be patrolling the area more regularly and that Stonehouse will have security on site for a time. He stated that this is a major concern, and Staff along with Stonehouse are investigating several security alternatives.

5. REPORTS

James River Commerce Center

Previously discussed under Action Items.

Industrial Shell Building Project

Previously discussed under Action Items.

Strategic Plan Implementation Committee

No report.

Ambassadors Program

No report.

Incentives Task Force

Mr. Nystrom explained that the Incentives Task Force will probably not formalize a plan of incentives, but will continue to work with the Board of Supervisors on an as needed basis.

Mr. Magoon stated that there may not be a formalized plan, however, the research has lead to certain informal guidelines in evaluating prospects and incentives such as performance measures, benefit to the County, and whether there will be a multi-year return on the investment. These guidelines make incentive recommendations easier and quicker to develop on a case-by-case basis.

Farmers' Market

Mr. Hudgins informed the Authority that the Farmers' Market had a record breaking summer and has earned enough capital for an operating budget for next year.

Mr. Nystrom expressed satisfaction with the turn around in the Farmers' Market, and requested that the Authority once again allow him to renegotiate the lease for 1996.

On motion by Mr. Bartlett, seconded by Mr. Campana, the agreement to allow Chairman Nystrom to negotiate a lease with the James City Grower Cooperative for 1996, was unanimously approved by voice vote.

Enterprise Zone Designation

Mr. Taylor commended Ms. Barner and Mr. Powell for their efforts in association with all their work on the Enterprise Zone application.

Ms. Barner commented that the process is almost complete. There will be one more public hearing on October 2nd and final application is due in Richmond on October 18th. There will be 50 communities applying and 14 new zones will be designated.

Small/New Business Assistance Program

Ms. Barner explained she has been developing a directory of small business services available on the Peninsula. However, due to an increase in prospect activity, the project has been put temporarily on hold. She should have a draft available for review at the IDA's next regular meeting.

Eastern Virginia Small Business Investment Corporation

Mr. Bartlett has had contact with the Eastern Virginia Small Business Investment Corporation and found that their prospectus would not satisfy the investment criteria of the Authority. Mr. Bartlett motioned the Authority not invest \$50,000 in this venture. The motion, seconded by Mr. Campana, was unanimously approved, by voice vote.

FY 1995 Financial Audit

Mr. Taylor informed the Authority that the financial audit is currently underway and the results should be presented at their next quarterly meeting.

Survey of Other Industrial Development Authorities

Ms. Barner explained that the survey is still a work in progress and a draft will soon be prepared for review.

SIDC '98 Conference Bid

Mr. Taylor informed the Authority that he would be attending the SIDC Annual Conference from 10/13 - 10/17 and will make the final presentation for bid for James City County/Williamsburg to host the 1998 Annual Conference.

Solarex Groundbreaking

Mr. Taylor informed the Authority that Solarex will hold its ground breaking on October 16, 1995, from 3:00 to 5:00 pm. He also stated that the Chairman of the Board of

Supervisors, Mr. DePue, would be presenting an engraved chrome plated shovel on behalf of the County.

6. Other Business

New York Report to Top Management

Mr. Magoon suggested that due to the important economic development nature of this event, the IDA is invited to consider sending a representative as long as IDA funds would cover all necessary expenses. Mr. Nystrom asked the Authority to send its Chairman to this event.

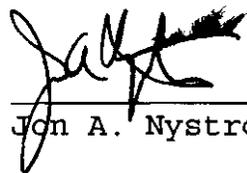
On motion by Mr. Cross, seconded by Mr. Campana, the motion to send the IDA chairman to the New York Report to Top Management, was unanimously approved by voice vote.

Operating Budget

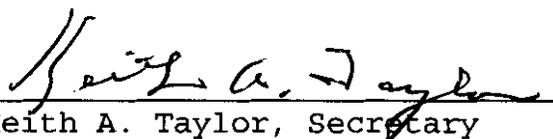
Mr. Taylor suggested to the Authority that due to an increase in spending for Director's to attend educational seminars and prospect cultivation events an operating budget may be needed. He suggested that a review of previous expenditures be made in order to determine if this will be necessary. Mr. Nystrom asked Mr. Hudgins to work with Staff in this regard.

7. ADJOURNMENT

There being no further business, Mr. Nystrom entertained a motion by Mr. Bartlett to adjourn. The motion was seconded by Mr. Campana and passed unanimously by voice vote. The meeting was adjourned at 6:05 p.m.



Jon A. Nystrom, Chairman

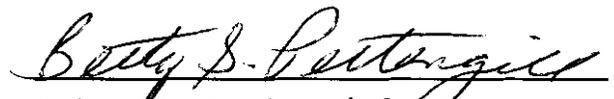


Keith A. Taylor, Secretary

TREASURER REPORT
INDUSTRIAL DEVELOPMENT AUTHORITY

FY 96

<u>REVENUE SOURCE</u>	<u>COLLECTED THIS PERIOD</u>	<u>COLLECTED TO DATE</u>
Farmers Market Lease	\$ 1,700.00	\$ 1,700.00
Interest on Available Cash	1,754.43	1,754.43
Loan Payments	18,358.53	18,358.53
General Fund Transfer	605,375.64	605,375.64
Quarterly Receipts	627,188.60	
Fiscal Year Receipts		627,188.60
BANK BALANCE MAY 31, 1995		112,868.49
 Total Receipts		 740,057.09
 Disbursements This Quarter	 607,967.19	
Previous Disbursements	.00	
Total Disbursements To Date		607,967.19
 Bank Balance August 31, 1995		 132,089.90


Betty S. Pettengill Treasurer

Checks Written:

116	\$1665.00	Fort Magruder
117	116.47	Sandra Barner
118	176.35	Colonial National Hist. Park
119	133.73	Keith Taylor
120	107.06	James City County - Sign Permit
121	500.00	Treasurer of Virginia
122	6975.00	Advanti Advertising
123	529821.50	Stonehouse Inc

Memo Transfer to general fund \$68,472.08 for expenses paid by County.

To: David Norman
Keith Taylor
John Nystrom
John Horne

From: Diane Reed, Sr. Accountant *DR*

Subject: IDA's Financial Statement

Date: July 12, 1995

MEMORANDUM

Enclosed is IDA's unaudited financial report for FY94 prepared by FMS and containing subsequent commitment and contingencies occurring during the year. FMS will prepare FY95 when the information is available. FY95 will be a comparative report for FY94 and FY95 and contain a statement of cash flows. If you have any questions, or I can be of any service to you, contact me at 253-6633.



**INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA**

**FINANCIAL REPORT
JUNE 30, 1994**

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UNAUDITED FINANCIAL STATEMENT

INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

BALANCE SHEET
June 30, 1994

ASSETS

	1994
CURRENT ASSETS	
Cash and cash equivalents (Note 2)	\$ 36,189
Loan receivable (Note 4)	<u>245,547</u>
Total current assets	\$ <u>281,736</u>
FIXED ASSETS	
Land	\$ 442,214
Building	<u>104,400</u>
	546,614
Accumulated Depreciation	<u>(9,135)</u>
Total fixed assets	\$ <u>537,479</u>
Total assets	\$ <u><u>819,215</u></u>

EQUITY

RETAINED EARNINGS	
Unreserved, undesignated	\$ <u>819,215</u>
Total equity	\$ <u><u>819,215</u></u>

The Notes to Financial Statement are an
integral part of this unaudited statement.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 1994

	1994
REVENUES	
Revenue from use of money and property	\$ 2,250
Charges for services	<u>5,402</u>
Total revenues	<u>\$ 7,652</u>
EXPENDITURES	
Community development	\$ 11,824
Depreciation expense	<u>2,610</u>
Total expenditures	<u>\$ 14,434</u>
Deficiency of revenues over expenditures	<u>\$ (6,782)</u>
Other financing sources:	
Operating transfers in	<u>\$ 250,000</u>
Excess of revenues & other sources over expenditures	\$ 243,218
Retained earnings at beginning of year (restated) (Note 7)	<u>\$ 575,997</u>
Retained earnings at end of year	<u>\$ 819,215</u>

The Notes to Financial Statement are an integral part of this unaudited statement.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENT
June 30, 1994

DIANE -

LEO R/S

CHANGE

ALLOW

12/15/94

Note 1. Organization and Description of the Entity and Its Activities

The Industrial Development Authority of James City County, Virginia (the IDA) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of James City County (the "County"), pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373, et seq., of the Code of Virginia (1950), as amended).

seven (7)

The IDA is responsible for industrial and commercial development in the County. The IDA makes recommendations to the Board of Supervisors of James City County. The Authority consists of ~~eight (8)~~ ^{seven (7)} members appointed by the Board of Supervisors of James City County. ~~although the IDA is legally separate, the County can impose its will over the IDA and is financially accountable for the IDA.~~

Question
of
need for this

entity that relies
in part on the
County for
financial assistance

The IDA is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the IDA or it may be assumed by the enterprises for whom facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be collateralized by a deed of trust on those facilities.

Note 2. Summary of Significant Accounting Policies and Practices

Fixed Assets:

Fixed assets consist of land and buildings recorded at cost. The building is depreciated using the straight-line method, over its useful life, which is estimated at 40 years.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENT
June 30, 1994

Note 3. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 1994 are as follows:

Bank account	\$ <u>36,189</u>
Total cash and cash equivalents	\$ <u><u>36,189</u></u>

Deposits:

At June 30, 1994, the IDA's deposits and the bank balance with banks and savings institutions were \$36,189. The total bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act ("Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. At June 30, 1994, no balances were uninsured or uncollateralized in banks or savings institutions because of failure of the institutions to qualify under the Act.

Note 4. Loan Receivable

In April of 1994 the IDA entered into a financing commitment with Commonwealth Business, Inc. (Commonwealth) to enable Commonwealth to acquire land and building on which the Mann Industries Spun Yarn Factory, Administrative offices and other facilities are located. Under the terms of the commitment the Commonwealth borrowed \$250,000 from the IDA. The loan which is secured is payable over four years, bearing interest at 8%, for approximately \$6100 due the 1st of each month. A second priority Deed of Trust as well as a perfected second priority lien on all machinery, equipment, contract rights, non-factored accounts, accounts receivable, now owned and hereafter acquired at all business locations have been pledged as collateral for the loan.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENT
June 30, 1994

Note 5. Operating Lease

On January 31, 1993 the IDA renewed it's operating lease to the James City Growers Cooperative Association (the Association) for property known as the Farmers' Market. The Association shall pay an annual base rent of \$5,400 payable in equal quarterly installments. In addition to the base rent the Association shall pay on or before January 31, 1994 10% of it's net profits up to a maximum additional rent of \$12,600.

Note 6. Commitments and Contingencies

-Operating Lease

On January 27, 1995 the IDA extended the operating lease, described in Note 5., for another year to the Association for \$6,800 plus the additional rent. The increase in base rent is due to the paving of the parking lot of the Farmers' Market and a nearer-market rent adjustment.

-Industrial Shell Building

On August 15, 1994 the Board of Supervisors of James City County passed a resolution to transfer \$1,200,000 from the Capital Reserve fund to accommodate spending for a shell industrial building project to be administered by the IDA. This transfer is considered an advance to be repaid from the County's Capital Improvement Program in FY1996 through FY1998 and/or when the property is sold.

In October of the same year the IDA entered into an agreement with Stonehouse Inc., a VA Corporation, to purchase approximately 10 acres of land located in James City County, VA, for \$30,000 per acre not to exceed \$300,000 and \$1,647,500 (subject to adjustments) representing the purchase price for the improvements to be constructed by the seller to specific plan documents. The contract is to be paid by the funds transferred from the County's Capital Reserve fund discussed in the preceding paragraph.

On March 15, 1995 the IDA in conjunction with Stonehouse Inc. entered into a contract with Jack L. Massie Contractor to complete the construction of Stonehouse Parkway, Stonehouse Commerce Park for \$1,007,366. The contract work shall be completed within 180 calendar days from the date of notice.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENT
June 30, 1994

Note 7. Retained Earnings

In prior years the IDA was included in the James City County's special revenue fund. Due to the increased operations of the IDA they are now considered a proprietary fund. Their assets have been accounted for and depreciated necessitating the restatement of prior years retained earnings.

Beginning retained earnings before restatement	\$	35,908
Add:		
Fixed assets		546,614
Less:		
Depreciation		<u>(6,525)</u>
Beginning retained earnings (restated)	\$	<u>575,997</u>