

AT A MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON JANUARY 12, 2000, AT 3:30 P.M. IN THE BUILDING C CONFERENCE ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

1. CALL TO ORDER

The meeting was called to order by Chairman Bartlett at 3:35 p.m.

2. ROLL CALL

A roll call by Secretary Taylor identified the following members present:

Mr. Gilbert Bartlett
Mr. Vincent Campana, Jr.
Mr. Robert Demer
Mr. Sterling Nichols

Mr. Jon Nystrom arrived at 3:42 p.m.

ALSO PRESENT

Keith Taylor, Secretary, IDA
William Porter, Assistant County Administrator
Donna Christian, Recording Secretary, IDA
Sandra Barner, Project Coordinator
James Kennedy, Board of Supervisors
Doug Powell, Enterprise Zone Administrator
Sue Mellen, Fiscal Agent, IDA
Ann Davis, IDA Treasurer
Elizabeth Foster, KPMG, IDA Auditor

ABSENT

Mr. John Berkenkamp
Mr. William Greenwood

3. APPROVAL OF MINUTES

On a motion by Mr. Campana and a second by Mr. Nichols the minutes of the September 9, 1999 and October 7, 1999 meetings were approved by unanimous voice vote.

4. FINANCIAL REPORTS

a. FY 1999 Auditor's Report

Ms. Elizabeth Foster of KPMG gave a brief summary of the IDA's annual audit. She reported that the audit was clean and there were no issues to report. On a motion by Mr. Campana and a second by Mr. Demer, the annual audit was accepted by unanimous voice vote.

b. Treasurer's and Financial Reports

Ms. Ann Davis, Treasurer for the Authority presented the Treasurer's Report. On a motion by Mr. Nichols and a second by Mr. Demer the Treasurer's Report was accepted as presented by unanimous voice vote.

c. Operating and CIP Budget Reports

Mr. Keith Taylor presented the Capital Improvement Expenditure Report and the IDA Operating Budget Report. On a motion by Mr. Nystrom, and a second by Mr. Demer, Operating and CIP Budget Reports were accepted as presented by unanimous voice vote.

5. PERSONNEL MATTERS

a. Introduction of Board's New Economic Development Liaison Jim Kennedy

Mr. Bartlett introduced Mr. Jim Kennedy to the IDA directors and welcomed him as the IDA Liaison. Mr. Kennedy stated that he is happy to be the new liaison and is looking forward to working with the IDA.

b. Director Resignation

Mr. Bartlett reported that Mr. Bill Greenwood has resigned from the IDA. The IDA approved a motion by acclamation to prepare a resolution to thank Mr. Greenwood for his service.

c. Nominating Committee Report

Mr. Gil Bartlett relinquished the chair to Mr. Sterling Nichols who gave a report from the Nominating Committee. Mr. Nichols stated that Nominating Committee recommended Mr. Gilbert Bartlett as Chairman and Mr. Robert Demer as Vice Chairman of the IDA for calendar year 2000.

d. Election of 2000 Officers

On a motion by Mr. Nichols and a second by Mr. Nystrom the nominations for Mr. Gilbert Bartlett as Chairman and Mr. Robert Demer as Vice Chairman were approved by unanimous voice vote.

Mr. Nichols then gave the chair back to Mr. Bartlett.

6. PRESENTATIONS

a. James River Enterprise Zone Grant Requests

Mr. Doug Powell, Enterprise Zone Administrator gave a brief presentation to the IDA regarding the County's Enterprise Zone. Mr. Powell then presented two applications for IDA grants based on capital investments made in the James River Enterprise Zone, one from Service Metal Fabricators and the second from Ball Metal. He then answered questions from the directors.

7. ACTION ITEMS

a. James River Enterprise Zone Grant Requests

A resolution was presented to the IDA for consideration that would approve Enterprise Zone grants for Service Metal Fabricators, in the amount of \$11,200.50 and Ball Metal Corporation in the amount of \$23,400.00. On a motion by Mr. Nystrom and a second by Mr. Campana, the resolution to award Enterprise Zone grants to these two companies was passed by unanimous voice vote.

b. Shell Building Improvements

Mr. Taylor reported that John Deere Vehicle Group has requested a lit flagpole display be installed at the IDA's shell building. He then presented a resolution to the IDA to ratify the addition of such flagpole. On a motion by Mr. Campana and a second by Mr. Nichols, the resolution ratifying the installation of a lit flagpole display at the IDA's shell building was approved by unanimous voice vote.

c. 2000 Meeting Calendar

Mr. Taylor presented a proposed meeting calendar for the year 2000 to the IDA. Mr. Nichols stated that March 9 would present a conflict for him and Mr. Bartlett stated that maybe an alternate date could be found. On a motion by Mr. Nystrom and a second by Mr. Nichols, the 2000 meeting calendar was approved by unanimous voice vote.

8. REPORTS

a. BOS Liaison to IDA

Mr. Kennedy stated that he is looking forward to working with the IDA and will keep the lines of communication open between the BOS and the IDA. Mr. Kennedy also mentioned "Big Box Retail" and stated that the IDA may want to consider this as a possible economic development target group. He stated that it is coming to surrounding areas whether we recruit it or not, so maybe we should solicit it to gain the revenue.

b. Planning Commission Liaison

Mr. Demer reported that he continues to watch the Planning Commission meetings on television and regularly receives the packets. He stated that there is nothing to report at this time.

c. Peninsula Alliance for Economic Development

Mr. Nystrom reported that there are two main issues that the Alliance is focusing on at this time; business development and workforce development.

Mr. Nystrom further reported that the plan is to keep the Southside and the Peninsula as two separate regional organizations at this time. The Alliance has been successful in increasing its funding from private business groups. He stated that the Alliance has raised approximately \$400,000 from the private sector so far. They will be investigating the possibility of having New Kent County and Charles City County join the Alliance in the future.

d. Research & Technology District Task Force

Mr Campana gave a brief summary of the group's position and accomplishments to date. Mr. Nystrom reported on his trip to Salt Lake City and how they accomplished establishing their research and technology park.

e. Topic(s) for Proposed March Work Session with Board of Supervisors

Mr. Bartlett stated that the second semi-annual meeting in March will be televised. He further noted that he has some issues that may be discussed.

f. Dialog with Richmond Area IDA's

Mr. Demer reported that he spoke to the Greater Richmond Partnership which felt that at this time they were not interested in hosting a social meeting with the James City County IDA. Mr. Demer then spoke to Mr. Agostino, Director of the Department of Economic Development for Henrico County and Mr. Steele, Chairman of the Henrico County IDA. Both gentlemen stated that they would bring up the topic at their next meetings and felt

that the response would be favorable for our IDA's to have a joint meeting at some future point.

9. REPORTS OF THE ECONOMIC DEVELOPMENT DIRECTOR

Mr. Taylor asked Mr. Bartlett to designate an IDA director as a liaison to the Shell Building #2 committee. Mr. Bartlett appointed Mr. Campana to that position.

Mr. Nystrom stated that up to 150,000,000 gallons per day are being dumped into rivers from HRSD treatment plants. HRSD wants to use this grey water for industrial development.

Mr. Taylor suggested that the IDA look into long range planning for infrastructure and land banking.

Mr. Taylor reported that the next Business Leaders' Breakfast meeting will be February 17, 2000. Mr. Matthew James from the Peninsula Alliance for Economic Development will be the speaker. Mr. James will be discussing workforce issues for the region.

Mr. Bartlett stated that he would like to invite Mr. Jim Golden, the new Director of Economic Development and Corporate Relations with The College of William & Mary to attend the next IDA meeting.

10. CLOSED SESSION TO DISCUSS REAL ESTATE MATTERS AND A PROSPECTIVE BUSINESS

Mr. Taylor recommended that the IDA go into Closed Session pursuant to Section 2.1-344 (A) (5) of the Code of Virginia to discuss a prospective business where no previous announcement has been made. On a motion made by Mr. Nystrom and seconded by Mr. Demer, and approved by unanimous voice vote, the IDA went into Closed Session at 5:15 p.m.

The IDA reconvened in open session at 5:30 p.m. Mr. Nichols moved the Resolution certifying the discussion involved only the item set forth above. The Resolution passed by unanimous vote.

RESOLUTION

MEETING DATE: January 12, 2000

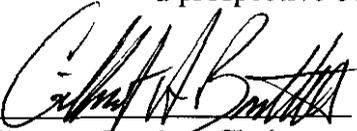
CERTIFICATION OF CLOSED MEETING

WHEREAS, the Industrial Development Authority of the County of James City, (IDA) has convened an closed meeting on this date pursuant to an

affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED that the Industrial Development Authority of the County of James City, Virginia hereby certifies that, to the best of each member's knowledge; (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies; and (ii) only such public business matters were heard, discussed or considered by the IDA as were identified in the motion, Section 2.1-344 (A)(5) of the Code of Virginia to discuss a prospective business where no previous announcement has been made.



Gilbert A. Bartlett, Chairman
Industrial Development Authority

VOTE:

AYE: 5

NAY: 0

ATTEST:



Keith A. Taylor, Secretary
Industrial Development Authority

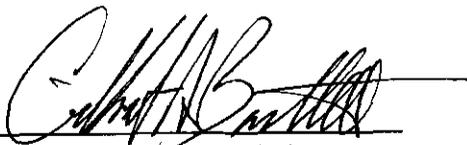
Adopted by the Industrial Development Authority of the County of James City, Virginia, this 12th day of January, 2000.

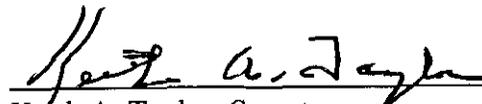
11. OTHER BUSINESS

There was no other business.

12. ADJOURNMENT

There being no further business Chairman Bartlett entertained a motion from Mr. Nystrom to adjourn. The motion was seconded by Mr. Demer and approved by unanimous voice vote. The meeting was adjourned at 5:31 p.m.


Gilbert A. Bartlett, Chairman


Keith A. Taylor, Secretary

Treasurer's Report
Industrial Development Authority
May, June 1999

Revenue Source	Prior Collections	Collected this period	Collected to Date
Farmers Market Lease	\$0.00		\$0.00
Interest on Available Cash	\$32,355.27	\$3,421.87	\$35,777.14
General Fund Transfer	\$0.00	\$642,000.00	\$642,000.00
Received from Commonwealth	\$0.00		\$0.00
Bond Application Fees	\$11,250.00		\$11,250.00
Land Contract Payment Revenue	\$683,870.30		\$683,870.30
Williamsburg Land conservancy	\$0.00		\$0.00
Expense Reimbursement	\$0.00	\$1,717.35	\$1,717.35
MISC Revenue	\$0.00	\$550.40	\$550.40
March, April receipts		\$647,689.62	
Fiscal Year Receipts			\$1,375,165.19
Bank balance June 30, 1998			\$731,866.46
Total Receipts			\$2,107,031.65
Disbursements this Period	\$1,635,784.51		
Previous disbursements	\$323,636.16		
Total disbursements to Date			\$1,959,420.67
Bank balance June 30, 1999			<u>\$147,610.98</u>

**Treasurer's Report
Industrial Development Authority
July 1-Dec 31, 1999**

Rev Code	Revenue Source	Prior Collections	Collected this period	Collected to Date
021-325-0100	Lease Income		\$2,574.80	\$2,574.80
021-325-0200	Interest on Available Cash		\$3,117.78	\$3,117.78
021-325-0600	General Fund Transfer		\$724,025.00	\$724,025.00
021-325-0400	Bond Fee Revenue		\$4,687.50	\$4,687.50
021-325-0500	Land Contract Payment Revenue		\$288,447.08	\$288,447.08
021-325-0250	Misc Revenue			\$0.00
	Expense Reimbursement		\$117.35	\$117.35
	Receipts (July-Dec)		\$1,022,969.51	
	Fiscal Year Receipts			\$1,022,969.51
	Bank balance June 30, 1999			\$147,610.98
	Total Receipts			\$1,170,580.49
	Disbursements this Period	\$1,037,575.20		
	Previous disbursements	\$0.00		
	Total disbursements to Date			\$1,037,575.20
	Bank balance December 31, 1999			<u>\$133,005.29</u>

**Industrial Development Authority
of the County of James City
FY 99 Budget Report
Periods Covered May 99 - June 99**

Account #	Account Name	Beginning Budget	Exp. May-Jun*	Previously Reported YTD Expenses*	Total YTD Exp.*	Balance
021-010-0203	Professional Services	\$ 3,500.00	\$ -	\$ -	\$ -	\$ 3,500.00
021-010-0205	Promotion	\$ 7,300.00	\$ 5,410.74	\$ 4,943.00	\$ 10,353.74	\$ (3,053.74)
021-010-0210	Insurance	\$ 500.00	\$ -	\$ 500.00	\$ 500.00	\$ -
021-010-0219	Telephone	\$ 400.00	\$ 103.98	\$ 266.15	\$ 370.13	\$ 29.87
021-010-0220	Travel & Training	\$ 2,000.00	\$ -	\$ 1,734.25	\$ 1,734.25	\$ 265.75
021-010-0232	James River Comm.Ctr.OE.	\$ 12,000.00	\$ -	\$ 2,456.50	\$ 2,456.50	\$ 9,543.50
021-010-0233	Shell Building OE.	\$ 5,000.00	\$ 269.64	\$ 4,162.11	\$ 4,431.75	\$ 568.25
021-010-0234	Strawberry Plains OE.	\$ 2,000.00	\$ 168.19	\$ 2,177.01	\$ 2,345.20	\$ (345.20)
021-010-0235	Annual Audit	\$ 4,000.00	\$ -	\$ 3,950.00	\$ 3,950.00	\$ 50.00
021-010-0300	Advertising	\$ -	\$ -	\$ 67.20	\$ 67.20	\$ -
021-010-0319	Office Supplies & Equipment	\$ 500.00	\$ -	\$ 639.30	\$ 639.30	\$ (139.30)
021-010-0398	OED Discretionary Exp.	\$ 1,500.00	\$ 508.40	\$ -	\$ 508.40	\$ 991.60
Totals		\$ 38,700.00	\$ 6,460.95	\$ 20,895.52	\$ 27,356.47	\$ 11,343.53

*Extrapolated from monthly computer printouts
received from the County Accounting Office.

Shell Building Improvements

021-010-0240	Shell Building Improvements	\$ -	\$ 395,756.74	\$ 14,947.68	\$ 410,704.42	\$ (410,704.42)
Totals		\$ -	\$ 395,756.74	\$ 14,947.68	\$ 410,704.42	\$ (410,704.42)

**Industrial Development Authority
of the County of James City
FY 00 Budget Report
Periods Covered Jul 99 - Dec 99**

Account #	Account Name	Beginning Budget	Exp. Jul-Dec*	Previously Reported YTD Expenses*	Total YTD Exp.*	Balance
021-010-0203	Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
021-010-0205	Promotion	\$ 17,500.00	\$ 250.00	\$ -	\$ 250.00	\$ 17,250.00
021-010-0210	Insurance	\$ 500.00	\$ 550.00	\$ -	\$ 550.00	\$ (50.00)
021-010-0219	Telephone	\$ 500.00	\$ 360.80	\$ -	\$ 360.80	\$ 139.20
021-010-0220	Travel & Training	\$ 3,000.00	\$ 243.61	\$ -	\$ 243.61	\$ 2,756.39
021-010-0232	James River Comm.Ctr.OE.	\$ 3,000.00	\$ -	\$ -	\$ -	\$ 3,000.00
021-010-0233	Shell Building OE.	\$ 6,000.00	\$ 1,164.35	\$ -	\$ 1,164.35	\$ 4,835.65
021-010-0235	Annual Audit	\$ 4,500.00	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 1,500.00
021-010-0245	Mainland Farms - Oper Exp.	\$ -	\$ 31.60	\$ -	\$ 31.60	\$ (31.60)
021-010-0300	Advertising	\$ -	\$ 645.80	\$ -	\$ 645.80	\$ (645.80)
021-010-0319	Office Supplies & Equipment	\$ 700.00	\$ -	\$ -	\$ -	\$ 700.00
021-010-0398	OED Discretionary Exp.	\$ 1,500.00	\$ -	\$ -	\$ -	\$ 1,500.00
Totals		\$ 37,200.00	\$ 6,246.16	\$ -	\$ 6,246.16	\$ 30,953.84

*Extrapolated from monthly computer printouts received from the County Accounting Office.

021-010-0240	Shell Building Improvements	\$ -	\$ 18,856.96	\$ -	\$ 18,856.96	\$ (18,856.96)
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James City County
Capital Improvement Project Funds
Involving Industrial Development Authority
FY 99
Periods Covered May 99-Jun 99

Account #	Account Name	Total Budget	Exp. May 99-Jun 99*	Previously Reported YTD Expenses	Total Expenses	Balance
013-071-0200	James River Commerce Center	\$ 842,352.00	\$ -	\$ 673,726.00	\$ 673,726.00	\$ 168,626.00
013-071-0300	Economic Development	\$ 1,315,000.00	\$ -	\$ 576,593.68	\$ 576,593.68	\$ 738,406.32
013-071-0400	Industrial Shell Building	\$ 3,250,000.00	\$ 15,000.00	\$ 3,131,535.47	\$ 3,146,535.47	\$ 103,464.53
TOTALS		\$ 5,407,352.00	\$ 15,000.00	\$ 4,381,855.15	\$ 4,396,855.15	\$ 1,010,496.85

*Extrapolated from monthly computer printouts
received from the County Accounting Office.

James City County
 Capital Improvement Project Funds
 Involving Industrial Development Authority
 FY 00
 Periods Covered Jul 99-Dec 99

Account #	Account Name	Total Budget	Add'l Funds Appropriated	Exp. Jul 99-Dec 99*	Previously Reported YTD Expenses	Total Expenses	Balance
013-071-0200	James River Commerce Center	\$ 842,352.00	\$ -	\$ -	\$ 673,726.00	\$ 673,726.00	\$ 168,626.00
013-071-0300	Economic Development	\$ 1,315,000.00	\$ 430,000.00	\$ 288,447.08	\$ 576,593.68	\$ 1,492,040.76	\$ 252,959.24
013-071-0350	Industrial Prop/infrastructure	\$ 750,000.00	\$ -	\$ -	\$ -	\$ -	\$ 750,000.00
013-071-0400	Industrial Shell Building	\$ 3,250,000.00	\$ -	\$ -	\$ 3,146,535.47	\$ 3,146,535.47	\$ 103,464.53 **
TOTALS		\$ 6,157,352.00	\$ 430,000.00	\$ 288,447.08	\$ 4,396,855.15	\$ 4,685,302.23	\$ 1,902,049.77

*Extrapolated from monthly computer printouts received from the County Accounting Office.

**Clarification as to the availability of this remaining sum is being sought



2100 Dominion Tower
999 Waterside Drive
Norfolk, VA 23510

September 23, 1999

The Members of the Industrial Development Authority
of James City County, Virginia

Dear Members:

We have audited the financial statements of the Industrial Development Authority of James City County, Virginia (the Authority) as of and for the year ended June 30, 1999 and have issued our report thereon dated September 23, 1999. Under generally accepted auditing standards, we are providing you with the following information related to the conduct of our audit.

We have a responsibility to conduct our audit in accordance with generally accepted auditing standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

Furthermore, our audit was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified, on the adequacy of the Authority's remediation plans related to Year 2000 financial or operational issues or on whether the Authority is or will become Year 2000 compliant on a timely basis. Year 2000 compliance is the responsibility of management.

The significant accounting policies used by the Authority are described in note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 1999. We noted no transactions entered into by the Authority during the year that were both significant and unusual and of which, under professional standards, we are required to inform you. We noted no transactions which lack authoritative accounting guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.





The Members of the Industrial Development Authority
of James City County, Virginia
September 23, 1999
Page 2

We proposed no corrections of the financial statements that were not recorded that could, in our judgement, either individually or in the aggregate, have a significant effect on the Authority's financial reporting process.

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactory resolved, would have caused a modification of our report on the Authority's financial statements.

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of AU 625, *Reports on the Application of Accounting Principles*.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We encountered no difficulties in dealing with management in performing our audit.

This report is intended solely for the information and use of the members and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



FINANCIAL AND MANAGEMENT SERVICES

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(757) 253-6650
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September 23, 1999

KPMG LLP
2100 Dominion Tower
999 Waterside Drive
Norfolk, Virginia 23510

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the balance sheet and the related statements of revenues, expenses and changes in retained earnings and cash flows of the Industrial Development Authority of James City County, Virginia (the Authority), a component unit of the County of James City, Virginia, as of as of and for the year ended June 30, 1999. We understand that your audit was conducted for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in conformity with generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles.
2. We have made available to you:
 - a. All financial records and related data.
 - b. All minutes of the meetings of the members of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no:
 - a. Instances of fraud involving management or employees who have significant roles in internal control .
 - b. Instances of fraud involving others that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 - d. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
4. Except as disclosed in the financial statements or footnotes to the financial statements, there are no:
 - a. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, *Accounting for Contingencies*.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No. 5.
 - c. Material transactions, for example, grants or encumbrances, that have not been properly recorded in the accounting records underlying the financial statements.
 - d. Events that have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustments to or disclosure in the financial statements
5. The Authority has no:
 - a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.
 - b. Material amounts of obsolete, damaged, or unusable items included in the inventories at greater than salvage values.
 - c. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.
6. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
7. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

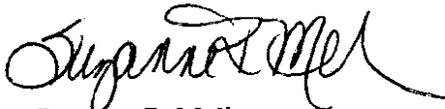
8. The Authority has properly accounted for all general fixed assets sold, destroyed, or abandoned, or considered to be obsolete and of no further use.
9. The Authority is responsible for the identification of and compliance with all aspects of laws, regulations, contracts, or grants that could have a material effect on the financial statements in the event of noncompliance and has disclosed those aspects of laws, regulations, contracts, or grants to you.
10. The Authority has complied, in all material respects, with applicable laws, regulations, contracts and grants that could have a material effect on the financial statements in the event of noncompliance.
11. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party (such as key administrative, financial, and legislative personnel or businesses they represent or have an interest in) transactions and related amounts receivable or payable, including revenues, expenditures, loans, transfers, leasing arrangements, and guarantees.
 - b. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances, or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
 - d. Agreements to repurchase assets previously sold, including sales with recourse.
 - e. The existence of and transactions with joint ventures and other related organizations.
12. Concerning Year 2000 issues:
 - a. We have assessed the impact of Year 2000 issues on the Authority's computer systems and applications and developed a remediation plan. All systems that we consider to be mission-critical have been identified and addressed in our remediation plan.
 - b. Timely completion of its Year 2000 project is a priority of the Authority and our plan, the timetable for its completion, and budgeted remediation costs have been approved by our Year 2000 project team, management, and members. Our estimated timetable and budgeted remediation costs are based on assumptions which we believe are reasonable and appropriate. We are committing and will continue to commit necessary human and financial resources to complete the Authority's remediation plans on a timely basis.
 - c. We have no information that indicates a significant vendor or service provider may be unable to sell goods or provide services to the Authority. Further, we have not received any notifications from lenders or regulatory agencies to which we are subject indicating that the Authority must achieve Year 2000 compliance thresholds

or demonstrate that it is, or will become, Year 2000-compliant by a specific date or (1) the Authority will be in violation of a loan agreement or (2) significant regulatory action will be taken.

- d. We do not expect Year 2000 issues to have a material adverse effect on the Authority's operations or financial results in 1999.
13. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
- a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;
 - b. The amount of credit risk of financial instruments with off-balance-sheet credit risk and information about the collateral supporting such financial instruments; and
 - c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.
14. The Authority has presented all required supplementary information. This information has been prepared on a basis consistent with the amounts included within the financial statements and the notes to the financial statements.

Very truly yours,

Industrial Development Authority of James City County, Virginia



Suzanne R. Mellen
Accounting Supervisor
James City County, Fiscal Agent



Gilbert A. Bartlett
Chairman, Industrial Development Authority



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

(A Component Unit of the County of James City, Virginia)

Financial Statements

June 30, 1999

(With Independent Auditors' Report Thereon)

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

Authority Officials

June 30, 1999

Board Members

Gilbert A. Bartlett..... Chairman

Vincent A. Campana, Jr. Vice Chairman

John Berkenkamp

Robert Demer

William M. Greenwood

Sterling M. Nichols

Jon A. Nystrom

Other Officials

Keith A. Taylor..... Secretary

M. Ann Davis Treasurer

Frank M. Morton, III Legal Counsel



2100 Dominion Tower
999 Waterside Drive
Norfolk, VA 23510

Independent Auditors' Report

The Members of the Industrial Development Authority
of James City County, Virginia:

We have audited the balance sheet of the Industrial Development Authority of James City County, Virginia (the Authority), a component unit of the County of James City, Virginia, as of June 30, 1999, and the statements of revenues, expenses and changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Industrial Development Authority of James City County, Virginia as of June 30, 1999 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The Year 2000 supplementary information in note 8 on page 9 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the Authority is or will become Year 2000 compliant, that the Authority's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become Year 2000 compliant.

The accompanying schedule of revenue bonds outstanding is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information. Accordingly, we do not express an opinion on it.

KPMG LLP

September 23, 1999



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

Balance Sheet

June 30, 1999

Assets:	
Cash (note 2)	\$ 147,611
Fixed assets:	
Building	688,106
Land	1,464,585
Improvements	408,819
	2,561,510
Less accumulated depreciation	103,310
Net fixed assets	2,458,200
Notes receivable (note 5)	125,642
Due from James City County (note 5)	1,000,000
Total assets	\$ 3,731,453
Liabilities and Retained Earnings:	
Liabilities -	
Accounts payable (note 5)	\$ 999,025
Total liabilities	999,025
Retained earnings	2,732,428
Commitment and contingency and subsequent event (notes 6 and 7)	
Total liabilities and retained earnings	\$ 3,731,453

See accompanying notes to financial statements.

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

Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended June 30, 1999

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Operating revenues:	
County contribution	\$ 929,611
Bond fees	11,250
Land contract payment	5,000
Miscellaneous income	551
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Total operating revenues	946,412
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Operating expenses:	
Loss on sale of land (note 5)	1,130,584
Community development (note 6)	302,588
Advertising	10,421
Loan forgiveness (note 5)	5,108
Professional fees	3,950
Miscellaneous	2,041
Travel and training	1,734
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Total operating expenses before depreciation	1,456,426
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Depreciation	36,625
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Total operating expenses	1,493,051
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Operating loss	(546,639)
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Nonoperating revenues -	
Interest income	35,777
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Net loss	(510,862)
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Retained earnings at beginning of year	3,243,290
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Retained earnings at end of year	\$ 2,732,428
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See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended June 30, 1999

Cash flows from operating activities:	
Operating loss	\$ (546,639)
Adjustment to reconcile operating loss to cash provided by operating activities:	
Loss on sale of land	1,130,584
Depreciation	36,625
Loan forgiveness (note 5)	5,108
Changes in assets and liabilities:	
Due from James City County	(1,000,000)
Accounts payable	998,041
Due to James City County	(891)
Net cash provided by operating activities	622,828
Cash flows from capital and capital related financing activities:	
Purchase of fixed assets	(1,640,821)
Proceeds from the sale of fixed assets	397,960
Net used in capital and capital related financing activities	(1,242,861)
Cash flows from investing activities -	
Interest income	35,777
Decrease in cash	(584,256)
Cash at beginning of year	731,867
Cash at end of year	\$ 147,611

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 1999

(1) Summary of Significant Accounting Policies

The Industrial Development Authority of James City County, Virginia (the Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the governing body of James City County (the County) on July 9, 1979, 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). The Authority is governed by a seven member board appointed by the Board of Supervisors of James City County, Virginia. The essential purpose of the Authority is to promote industrial and commercial development in the County.

The Authority has been determined to be a component unit of the County of James City, Virginia, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Component units are legally separate entities for which a primary government is financially accountable. The County is financially accountable due to the significance of the fiscal dependence relationship with the Authority. The information included in these financial statements is included in the financial statements of James City County because of the significance of the Authority's financial relationship with the County.

Implementation of these reporting requirements shall in no way infringe upon the independence of the Authority nor otherwise impair the Authority's power to perform its functions under state law.

Basis of Presentation

For accounting purposes, the Authority is considered a proprietary fund. Proprietary funds are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. The measurement focus is upon determination of net income. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, proprietary fund types may follow all applicable GASB pronouncements as well as only those Financial Accounting Standards Board (FASB) pronouncements and predecessor APB Opinions and Accounting Research Bulletins issued on or before November 30, 1989. Under paragraph 7 of Statement No. 20, the Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

(Continued)

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

Notes to Financial Statements

(1) Continued

Basis of Accounting

The Authority recognizes revenues and expenses on the accrual basis of accounting. Under the accrual method, revenues are recognized in the period earned and expenses are recognized when they are incurred.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, the Authority considers investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents at June 30, 1999.

Fixed Assets

The Authority's policy is to capitalize fixed assets with a cost or donated basis of one thousand dollars (\$1,000) or greater. The costs of major improvements are capitalized while the cost of maintenance and repairs, which do not improve or extend the life of an asset, are expensed. The Authority provides for depreciation of fixed assets using the straight-line method at amounts estimated to amortize the cost or basis of the assets over their estimated useful lives, as follows: Building and Improvements-40 years.

When fixed assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in results of operations.

Pass-through Financing Leases

Some activities of the Authority represent pass-through leases. The Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities within the County. These agreements provide for periodic rental payments in amounts which are equal to the principal and interest payments due to project bond holders. The Authority has assigned all rights to the rental payments to the trustees of the bond holders, and the lessees have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases, the Authority neither receives nor disburses funds.

(Continued)

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

Notes to Financial Statements

(1) Continued

Although title to these properties rests with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained. Deeds of trust secure outstanding obligations and title will revert to the lessee when the bonds are fully paid.

Although the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets, liabilities, rental income or interest expense in its financial statements.

(2) Cash and Cash Equivalents

The carrying value of the Authority's deposits with banks was \$147,611 at June 30, 1999. The bank balance, which may differ from the carrying value of deposits due primarily to outstanding checks and deposits in transit, is fully covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the 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 the 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.

(3) Conduit Debt Obligations

From time-to-time, the Authority has issued Industrial Revenue Bonds (the Bonds) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the county, the state, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 1999, there were 22 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$150 million.

(Continued)

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

Notes to Financial Statements

(4) Transactions with Related Parties

Certain financial management and accounting services are provided to the Authority by James City County. Services were provided at no charge during the year ended June 30, 1999. In addition, certain personnel costs in 1999 were incurred by the County for the benefit of the Authority at no charge to the Authority.

(5) Notes Receivable

During 1998, the Authority sold two parcels of land to unrelated organizations. In exchange for the land, the Authority received cash of \$160,851 and two notes receivable of \$38,750 and \$92,000. These notes receivable will be forgiven over a four-year period beginning in fiscal year 1999 in the event that the buyers maintain a certain taxable capital investment in the County. During 1999, the Authority forgave \$5,108 related to these notes.

During 1999, the Authority purchased a parcel of land for \$2,327,000 in the Stonehouse Commerce Park. This land was subsequently sold to an unrelated organization, Deere & Company. James City County has been approved to receive a \$1,000,000 grant from the Governor's Opportunity Fund on behalf of the Authority to be used to help reimburse Deere & Company for site costs. As of June 30, 1999 there have been no draws on this grant. Additionally, Deere & Company entered into a performance based agreement with the Authority, which requires them to maintain a certain taxable capital investment in the County.

(6) Commitment and Contingency

In October 1995, the Authority entered into an agreement with an unrelated organization, Amoco/Enron Solar, for the purpose of acquiring the option to purchase certain real property from this organization. The payment amounts on the option depend on the amount of capital investment made by Amoco/Enron Solar on its 20-acre parcel in the Stonehouse Commerce Park. A total of \$285,918 was paid by the Authority related to this agreement in December 1998 and is included in community development expenses. This agreement expires December 31, 2000 and is not renewable.

(Continued)

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

Notes to Financial Statements

(7) Subsequent Event

In August 1997, the Authority entered into an agreement with two unrelated parties, Albert L. White III and Frances M. White, for the purpose of acquiring an option to purchase approximately 217 acres of certain real property known as the Mainland Farm for a total purchase price \$2,250,000. In August 1999, the Authority exercised their option to purchase the Mainland Farm. The total purchase price for this property was \$1,917,407.

(8) Year 2000 (Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Authority's operation.

The Authority does not own any computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to the Authority's operation. James City County, as its fiscal agent, owns and operates the financial systems used for the Authority's financial transactions. The County has completed an inventory of its computer systems and has addressed the issue of computer programs and embedded computer chips being unable to distinguish between the year 1900 and 2000, if a program or chip uses only two digits rather than four to determine the applicable year. In the event of any system failure, contingency plans have been developed to address any critical system issues.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Authority is or will be Year 2000 ready, that the Authority's remediation efforts will be successful in whole or in part, or that the parties with whom the Authority does business will be Year 2000 ready.

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

Schedule of Revenue Bonds Outstanding (Unaudited)

June 30, 1999

Bond	Date issued	Balance June 30, 1999
Industrial Development Revenue Bond - Avid Medical	10/01/98 \$	1,850,000
Industrial Development Revenue Bond - Greystone	09/23/98	6,500,000
Industrial Development Revenue Bond - Barre Co.	03/06/98	2,922,230
Industrial Development Revenue Bond - DYARRCC	09/01/97	2,853,963
Revenue Bond, Series A 1997 - Williamsburg Landing Inc.	10/01/97	41,155,000
Revenue Bond, Series B 1997 - Williamsburg Landing Inc.	10/01/97	8,000,000
Revenue Bond, Series 1997 - Anheuser-Busch	04/09/97	7,700,000
Residential Care Facility Revenue Bonds	04/11/97	30,500,000
Elderly Residential Mortgage Revenue Bonds	09/24/96	25,000,000
Refunding Revenue Bonds - Olde Towne Square	05/19/89	250,000
Private Activity Revenue Bonds - Williamsburg Winery	09/20/88	510,000
Refunding Revenue Bonds - Outlet Inn	05/19/88	548,607
Retirement Community Refunding Revenue Bond - Williamsburg Landing Inc.	03/01/87	15,477,500
Industrial Development Revenue Bond - MLB Corp.	12/12/85	429,000
Industrial Development Revenue Bond - C & N	12/12/85	1,150,000
Industrial Development Revenue Bond - Burnt Ordinary	12/12/85	989,000
Industrial Development Revenue Bond - Sixty West	12/19/84	2,040,210
Industrial Development Revenue Bonds - Kubicki	11/28/84	665,436
Industrial Development Revenue Bonds - Lightfoot Motels	03/01/84	715,000
Supplementary Industrial Revenue Bond - Anderson	12/22/82	17,648
Industrial Development Revenue Bonds - Anderson	11/12/81	176,944
Industrial Revenue Note - Mt. Pleasants Association	10/30/81	102,084
		\$ 149,552,622

RESOLUTION

JAMES RIVER ENTERPRISE ZONE GRANT PAYMENTS

WHEREAS, the Industrial Development Authority of the County of James City, Virginia ("IDA") desires to encourage the establishment and expansion of business and industrial operations in the James River Enterprise Zone; and

WHEREAS, by James City County Code the IDA administers the payment of local capital investment related enterprise zone grants; and

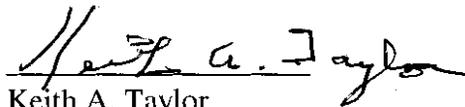
WHEREAS, the James River Enterprise Zone administrator has verified that Service Metal Fabricators and Ball Metal have satisfied all relevant requirements of the code and has presented a request to the IDA for payment of grants to those companies in the respective amounts of \$11,200.50 and \$23,400;

NOW THEREFORE BE IT RESOLVED that the IDA hereby authorizes and directs its Secretary, Keith Taylor, to request transfer of funds from James City County to the IDA in the amount of \$34,600.50, and upon receipt of those funds, to authorize payment to Ball Metal in the amount of \$23,400 and Service Metal Fabricators in the amount of \$11,200.50.



Gilbert A. Bartlett, Chairman

ATTEST:



Keith A. Taylor
Secretary to the IDA

Adopted by the Industrial Development Authority of the County of James City, Virginia, this 12th day of January, 2000.

RESOLUTION

ADDITION OF SHELL BUILDING FLAGPOLE

WHEREAS, John Deere Vehicle Group has requested that a lit flagpole display be installed at the Industrial Development Authority (IDA) Shell Building at 3600 La Grange Parkway, Toano; and

WHEREAS, said flagpole display will enhance the appearance and value of the IDA's Shell Building; and

WHEREAS, the IDA solicited and received a price quote from John Butler Carpenter & Builder to install a lit flagpole display at the IDA's Shell Building; and

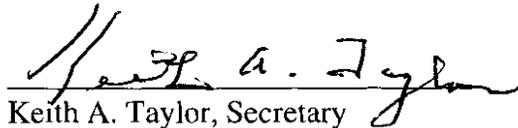
WHEREAS, John Deere Vehicle Group has agreed to evenly split the cost of installing the flagpole display with the IDA, at a total cost not to exceed \$8950.00.

NOW, THEREFORE BE IT RESOLVED, that the Industrial Development Authority of James City County, Virginia, ratifies the action of its Secretary, Keith A. Taylor, to have John Butler Carpenter & Builder install a lit flagpole display at the IDA's Shell Building at a cost to the IDA not to exceed \$4,475.



Gilbert A. Bartlett, Chairman

ATTEST:



Keith A. Taylor, Secretary

Adopted by the Industrial Development Authority of James City County, Virginia, this 12th day of January, 2000.

**OFFICE OF ECONOMIC DEVELOPMENT
PROJECT STATUS REPORT
January 12, 2000**

Shell Building

At John Deere's request, a flagpole is being constructed near the front door of the shell building. The cost is being shared with John Deere.

Business Leaders Breakfast

James City County hosted a Business Leaders Breakfast November 16, 1999, at the Radisson Fort Magruder. Scott Albertson, VP of BP Solarex, was the featured speaker. He discussed strengths BP's acquisition of Solarex has created, which are likely to result in major expansion for BP Solarex over the next few years. He also outlined local, regional, and State alliances and programs that have helped the company prosper here, including research through W&M and ODU, workforce training through TNCC, and an upcoming project Solarex will conduct at the Applied Research Center adjacent to the Jefferson Lab.

Regional Labor Survey Completed

The Peninsula Alliance for Economic Development (PAED) has completed an extensive regional survey of labor conditions. PAED contracted with ERISS.COM, a national consulting firm specializing in regional labor surveys, for the project. All PAED member jurisdictions were included. Several southside jurisdictions also contracted with the same company for survey work at the same time in order to produce a more complete result for the region. Over a three week period in November, attempt was made to contact by phone all companies employing more than ten people. Information regarding wages, skill sets, and availability was gathered. The survey did not include professional level workers. The information gathered is available in a data base that can be accessed by Internet at www.usworks.com/hamptonroads.

BOS New Member Briefings

Keith Taylor is in the process of briefing Messrs. Bruce Goodson, Jay Harrison and Jim Kennedy on the composition and activities of the Office of Economic Development.

Upcoming Events

Business Leaders Breakfast -
Small Business Appreciation Event -