

MEETING MINUTES

**ECONOMIC DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY
BUILDING C CONFERENCE ROOM, 101 MOUNTS BAY ROAD
3:00 PM, THURSDAY, MAY 19, 2005**

1. CALL TO ORDER

The meeting was called to order by Chairman Hartmann at 3:05 PM.

2. ROLL CALL

A roll call identified the following members present:

Mr. John Berkenkamp
Mr. Vincent Campana, Jr.
Mr. Michael J. Diedzic, Jr.
Ms. Virginia Hartmann
Mr. Mark Rinaldi

Also Present:

M. Anderson Bradshaw, BOS Liaison
Barbara Finke, EDA Fiscal Agent
Steve Hicks, General Services Manager
Steve Johnson, County and EDA Bond Counsel
John McDonald, Financial and Management Services Manager
Marcè Musser, EDA Recording Secretary
Courtney Rogers, Davenport and Company, LLC
Keith A. Taylor, EDA Secretary

Absent:

Mr. Alvin Bush
Mr. Bernard Ngo

3. PERSONNEL MATTERS

Ms. Hartmann recognized Mr. Berkekamp for his invaluable input and courage during his term of service on the EDA. She stated he would be sorely missed. Mr. Berkenkamp stated he was not dissatisfied or unhappy, but did not seek reappointment because he felt there was

“new blood” needed on the Board. He thanked the EDA, saying he thoroughly enjoyed the time he served as an EDA Director.

4. APPROVAL OF MINUTES

- a. On a motion by Mr. Rinaldi, and a second by Mr. Campana, the minutes of the March 17, 2005 Meeting were approved by unanimous vote
- b. The minutes of the April 26, 2006 Work Session were approved by unanimous vote on a motion by Mr. Rinaldi, and a second by Mr. Campana.

5. FINANCIAL REPORTS

Ms. Finke presented the Treasurer’s and Financial Reports for March-April 2005. Mr. Rinaldi made a motion that the Reports be adopted as presented. Mr. Campana seconded the motion, which passed by unanimous voice vote.

6. ACTION ITEM

- a. Mr. Taylor asked the EDA if it was interested in continuing sponsorship of the Hampton Roads Association for Commercial Real Estate Excellence in Design Awards. He stated there were at least two winners from James City County last year, Guernsey Tingle Architects and Jamestown Settlement.

Mr. Diedzic made a motion that the EDA expend the \$300 to sponsor the Excellence in Design Awards. Mr. Berkenkamp seconded the motion, which passed unanimously.

- b. Ms. Hartmann explained that Mr. Ngo had been called to a board meeting in Gloucester and could not attend to present the proposed fiscal year 2006 EDA budget. After discussion, Mr. Campana made a motion to approve the budget as amended. Mr. Berkenkamp seconded the motion, which passed unanimously.

7. PRESENTATION

Ms. Hartmann introduced Mr. McDonald, who explained that Mr. Johnson, Mr. Courtney Rogers and he were there to explain \$20-\$21 million in pending lease revenue bonds that the Board of Supervisors will ask the EDA to issue in the near future.

Mr. Johnson began by explaining State law on bonds and how cities and counties have different laws governing them on this matter, counties being at a disadvantage when it comes to incurring debt. He went on to explain the differences between bonds usually

presented to the EDA for approval, and a lease revenue bond; the main difference being that the payments on the bonds will be made from payments made by the County pursuant to a lease between the EDA and the County. For governmental purposes the payments by the County under the lease are subject to yearly appropriations. There are also procedural differences in that there is no required public hearing, and EDA approval comes at only one meeting to act on the final resolution, usually after the Board of Supervisors acts to approve the lease agreement and other documents to which the County is a party.

Mr. Courtney Rogers explained that market acceptance is at a good comfort level, and that the bonds can be sold through competitive bid rather than a negotiated transaction.

Mr. Diedzic asked the interest rate difference between lease revenue bonds issued for the benefit of the County and bonds issued by the EDA for a project such as Williamsburg Landing. Mr. Courtney Rogers stated that the interest rate would be approximately 1% less for the former because there was less risk involved.

Mr. Berkenkamp asked if there was any requirement that the Board of Supervisors approve the decision to issue the bond by the EDA. Mr. Johnson explained again that the EDA acts last; therefore, all other required decisions will have been approved and made.

Mr. Diedzic asked whether the County would be paying the normal fees. Mr. Taylor stated Mr. Leo Rogers, EDA General Counsel had stated the EDA can waive the fees in order to save the County money. Mr. Johnson stated that he was not aware of any IDA or EDA in the state that charged their respective municipality fees for lease revenue bond issues. He went on to suggest that the EDA could waive all fees and procedural requirements.

Mr. Berkenkamp asked if lease revenue bonds secured by payments subject to appropriation by a locality had ever been challenged in court before. Mr. Courtney Rogers and Mr. Johnson explained circumstances behind the three cases that had gone all the way to the Virginia Supreme Court challenging lease revenue agreements; said cases being upheld by the Court.

Ms. Hartmann asked if the lease revenue bond would interfere with the current cap on how much the EDA can issue in a given year. Mr. Johnson indicated that there is no "cap" on the amount of bonds that the EDA can issue in a calendar year. However, for a bond issue to be "bank qualified," the EDA would have to qualify as a "small issuer," meaning that the EDA and the County could not issue in the aggregate more than \$10 million in governmental and 501(c)(3) bonds during a calendar year. Because the County is already issuing \$39.82 million in governmental bonds for a new high school, the EDA could not be a "small issuer" for the 2005 calendar year and thus could not issue bank qualified bonds for any entity.

Mr. Rinaldi asked how the Christopher Newport bond issue was done. Mr. Johnson answered that the Christopher Newport bond was done through its foundation as a 503(c)(3) issue (non-profit), much like the APVA bond.

Mr. Campana expressed concern that Mr. Leo Rogers was not present to add his legal opinion to the discussion. Mr. Taylor stated he had spoken with Mr. Leo Rogers and relayed his opinion regarding fee and procedural waivers. Ms. Hartmann stated that Mr. Johnson was the EDA's Bond Counsel, and the EDA's legal specialist on such matters.

Mr. Diedzic asked Mr. Bradshaw why the BOS was asking the EDA to fund the lease revenue bond. Mr. Bradshaw and Mr. Johnson explained in detail that it was the most cost and time effective manner in which to accomplish the task at hand, which was to get the improvements on the Warhill Road site finished in order to get the high school built while interest rates were lower.

Mr. Berkenkamp made a motion, seconded by Mr. Campana, to waive application fees and any other procedural requirements normally required for bond issuance. Mr. Rinaldi asked if this waiver included waiver of advertising to let the public know what the EDA is doing. Mr. Johnson replied that no advertising was required with a lease revenue bond. Mr. Rinaldi asked why we wouldn't advertise that though we are not required to advertise. He also asked if the EDA was going to be the "fall guy" in the community's eye if all this is done without any public notice. Mr. Bradshaw stated that the EDA did not stand for election, but the BOS does. Mr. Rinaldi stated that the Directors live in James City County and their reputations are "on the line."

Mr. Diedzic asked if there were any other costs to the EDA associated with processing this bond. Mr. Berkenkamp and Ms. Hartmann stated there were no further costs to the EDA. Mr. Berkenkamp also reminded the Directors of the Mainland Farm transaction, which was similar in its process.

Mr. Rinaldi asked if it was the intent of everyone that there would not be any notification. Mr. Johnson reiterated that there is no requirement for a public hearing. Mr. Rinaldi clarified that advertising and public hearing were two different things. Mr. Johnson asked to what extent the EDA advertises what it does at its meetings. Mr. Taylor stated a schedule of meetings is sent out to the media after its adoption in January, and it is also posted on the County's website calendar. Ms. Musser stated the media is also sent out a copy of the agenda a day in advance of the EDA meeting; and that it will be on the BOS agenda and discussed in public and televised when they take action on the lease bond agreement before the EDA approves the document. Mr. Johnson stated that standard meeting procedure was notice to the public. Mr. Rinaldi said he felt that this particular matter was anything but standard because the EDA is agreeing to waive everything.

Mr. Bekenkamp stated that if any Director felt that this in any way is illegal, immoral or inappropriate, then that Director should vote no on the motion. If a Director does not have a problem with the motion, then they should vote yes. He added that because the Virginia Supreme Court had upheld lease revenue agreements as being legal, he

personally had no problem with the motion on the floor or the approval of the lease revenue agreement with the County.

Mr. Diedzic stated that if the EDA was taking a risk it should be compensated. Mr. Berkenkamp stated there is no risk, which Mr. Johnson confirmed. Mr. Diedzic stated since there was no risk, there should be no problem with the process.

Mr. Rinaldi stated that he would not be at the June meeting to vote on approval of the lease revenue agreement, but he did not feel it was illegal, immoral or inappropriate. He went on to say it is a financing tool available which should be used. Mr. Rinaldi added that his only hesitancy is that if there is nothing wrong with it, why should the public not be notified?

Mr. Campana asked again if the media was notified, and was assured the media (Virginia Gazette and Daily Press) was sent the agenda with the lease revenue agreement presentation on it. He stated that if the media did not choose to attend the meeting then he felt free to vote on the waiver.

Ms. Hartmann called for the vote on the motion, which passed unanimously.

8. REPORTS

a. BOS Liaison

Mr. Bradshaw stated the BOS was looking forward to receiving the EDA's recommendations regarding EDA Director Candidates at its next Work Session.

b. Planning Commission Liaison

Mr. Rinaldi stated he had nothing to report at this time.

9. STAFF REPORTS

a. Bond Rating

Mr. Taylor stated that OED Staff was asked once again to participate in the visitations by and briefings for the bond rating houses in recognition of the fact that the County's economic base is one of the important things bond rating houses evaluate when they make their recommendations. He said OED Staff was glad it could play some small role in helping to obtain the upgrades the County received.

b. Michelob ULTRA Open at Kingsmill

The tournament was postponed on Friday, May 6, due to inclement weather. Staff tried

to contact all guests invited to the skybox that day to inform them that the tournament would honor Friday tickets on Saturday. Even though many could not alter their plans, attendance including the Friday "washout" was 65%, and without taking Friday in to account attendance was 77%.

Staff sent out a survey to those who did not attend, as it has done in the past. Sometimes guests use the tickets but do not visit the skybox, sometimes they have family emergencies and cannot attend, and numerous other reasons come to light. Staff is in the process of receiving survey responses.

There were 7 prospect attendees, including several from our existing industry sector.

Mr. Taylor thanked those Directors who helped host the Skybox.

10. OTHER BUSINESS

Mr. Berkenkamp stated he had met with Don Messmer at the William & Mary School of Business regarding problems Mr. McDonald and Staff were having with the fiscal impact model. Mr. Messmer's staff retained an MBA student to work on and fix the model, which has been done to the satisfaction of Mr. McDonald and his staff.

Mr. Berkenkamp recommended that a member of the OED Staff learn the model from Ms. Theresa Quinn, of Mr. McDonald's staff, and run the model as a tool for prospective business. The EDA Directors concurred, and directed OED Staff to get a working copy of the corrected model from Mr. McDonald.

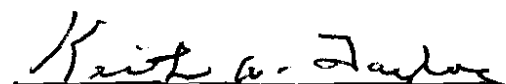
Ms. Hartmann thanked Mr. Berkenkamp for all his work on the model, and for following up to make it successful.

11. ADJOURNMENT

There being no further business, Chairman Hartmann entertained a motion by Mr. Berkenkamp to adjourn. The motion was approved by unanimous voice vote, and the meeting adjourned at 5:23 PM.



Virginia B. Hartmann, Chairman



Keith A. Taylor, Secretary

**Treasurer's Report-FY 05
Economic Development Authority
Mar - April 2005**

Rev Code	Revenue Source	Prior Collections	Collected this period	Collected to Date
021-325-0100	Lease Income	\$59,347.77		\$59,347.77
021-325-0200	Interest on Available Cash	\$32,278.74	\$12,482.06	\$44,760.80
021-325-0250	Misc Revenue	\$0.00		\$0.00
021-325-0400	Bond Fee Revenue	\$15,098.32	\$1,324.66	\$16,422.98
021-325-0500	Land Contract Payment Revenue	\$0.00		\$0.00
021-325-0600	General Fund Contribution	\$131,206.09		\$131,206.09
021-325-1000	Gain/Loss on Sale	\$0.00		\$0.00
	Expense Reimbursement	\$473.76		\$473.76
	Total receipts this period		\$13,806.72	\$252,211.40
	Fiscal Year Receipts Balance June 30, 2004			\$3,096,767.86
	Total Receipts			\$3,348,979.26
	Disbursements this Period	\$558.77		
	Previous disbursements	\$209,882.21		
	Total disbursements to Date			\$210,440.98
	Balance April 30, 2005			<u>\$3,138,538.28</u>

ECONOMIC DEVELOPMENT AUTHORITY
EXPENDITURES

James City County

11-May-05

IDA: Year (2005) Period (10)

Ledger ID	Ledger Description	Beg Budget	March	April	Encumb	Total YTD Exp	Balance
OPERATING EXPENSES							
021-010-0205	PROMOTION	\$25,000.00	\$23.43	\$0.00	\$0.00	\$20,116.62	\$4,883.38
021-010-0220	TRAVEL & TRAINING	\$4,000.00	\$161.60	(\$50.18)	\$0.00	\$623.17	\$3,376.83
021-010-0222	LOCAL TRAVEL	\$500.00	\$12.57	\$77.13	\$0.00	\$267.05	\$232.95
021-010-0232	JAMES RIVER COMMERCE CTR - OPS	\$5,000.00	\$0.00	\$0.00	\$0.00	\$4,586.75	\$413.25
021-010-0235	ANNUAL AUDIT	\$5,000.00	\$0.00	\$0.00	\$0.00	\$4,800.00	\$200.00
021-010-0245	MAINLAND FARM - OPER EXPENSES	\$4,250.00	\$5.50	\$5.50	\$0.00	\$4,194.08	\$55.92
021-010-0300	ADVERTISING	\$1,000.00	\$0.00	\$0.00	\$0.00	\$327.60	\$672.40
021-010-0319	OFFICE SUPPLIES & EQUIPMENT	\$500.00	\$323.22	(\$9.14)	\$0.00	\$737.02	(\$237.02)
021-010-0325	MISCELLANEOUS EXPENSE	\$16,869.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,869.00
021-010-0398	OED DISCRETIONARY EXPENDITURE	\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,500.00
021-010-0600	SMALL BUSINESS ASSISTANCE	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00
	Total Operating Expenses	\$64,619.00	\$526.32	\$23.31	\$0.00	\$35,652.29	\$28,966.71

ECONOMIC DEVELOPMENT AUTHORITY**James City County****EXPENDITURES**

11-May-05

IDACIP: Year (2005) Period (10)

Ledger ID	Ledger Description	Begin Budget	March	April	Project to Date	Encumbrances	Ending Balance
CAPITAL EXPENSES							

021-010-0405	CAPITAL EXPENDITURES	\$0.00	\$0.00	\$0.00	\$116,544.00	\$0.00	(\$116,544.00)
021-010-0450	RENWOOD FARMS	\$0.00	\$0.00	\$0.00	\$47,249.01	\$0.00	(\$47,249.01)
	Total Capital Expenses	\$0.00	\$0.00	\$0.00	\$163,793.01	\$0.00	(\$163,793.01)
CAPITAL PROJECTS FUND							

(PROJECT TO DATE)							

021-011-0200	JRCC	\$168,626.00	\$0.00	\$0.00	\$9,713.12	\$0.00	\$158,912.88
021-011-0300	ECONOMIC DEVELOPMENT	\$3,589,000.00	\$0.00	\$0.00	\$2,135,635.71	\$0.00	\$1,453,364.29
021-011-0350	INDUSTRIAL PROP/INFRASTRUCTUR	\$2,451,874.65	\$0.00	\$0.00	\$5,821.78	\$0.00	\$2,446,052.87
	Total Capital Projects Fund	\$6,209,500.65	\$0.00	\$0.00	\$2,151,170.61	\$0.00	\$4,058,330.04

**ECONOMIC DEVELOPMENT AUTHORITY
BRIDGE BETWEEN TREASURER'S REPORT AND ACCOUNTING REPORTS
April 30, 2005**

Total disbursements per treasurer's report		\$558.77
Postage paid for out of EDA for OED	\$9.14	
Total operating expenses	\$549.63	
Total expenses		\$558.77
Net difference		\$0.00

**Economic Development Authority of James City County, Virginia
FY 06 Proposed Operating Budget**

Account#	Account Name	Budget FY 05	Actual FY 05 As of 4/15/2005	Projecting Year End FY 05	Proposed FY 06	Explanation Budget FY 06
INCOME						
021-325-0400	Bond Fee Revenue	\$ 50,000.00	38,532.30	77,707.30	\$ 73,391.00	Anticipated Bond Fee Revenues from bonds with annual billing requirements from APVA, Chambrel and CNU (if Williamsburg Landing does not close before FY05 ends, up front bond fees and \$1000 fee will be credited in FY06)
021-325-0200	Interest Revenue	\$ 10,469.00	13,547.04	30,047.04	\$ 31,317.00	Based on Cash balances and anticipated earnings rates
021-325-0100	Renwood Farm	\$ 11,700.00	12,098.76	12,098.76	\$ 11,700.00	Average net income over past three years
	Total FY 05 Revenues	\$ 72,169.00	\$ 64,178.10	\$ 119,853.10	\$ 116,408.00	
EXPENSES						
021-010-0205	Promotion	\$ 25,000.00	\$ 20,116.62	\$ 22,000.00	\$ 25,000.00	\$20,000 estimated for Michelob Light Open Skybox Sponsorship (May 2006); \$6,000 for routine expenditures for sponsorships and events (including \$2,300 for EDA portion of Celebration of Industry)
021-010-0220	Travel & Training	\$ 4,000.00	\$ 673.35	\$ 2,000.00	\$ 4,000.00	\$2,500 to cover expenditures in excess of County per diem (as per EDA travel policy adopted 5/17/01); \$1,500 to cover incidental costs incurred by EDA Directors for travel, training, and marketing events. Proposed amount to help offset cuts in OED Travel/Training Budget
021-010-0222	Local Travel	\$ 500.00	\$ 189.92	\$ 274.92	\$ 500.00	To cover expenses related to meal meetings and beverages for EDA meetings.
021-010-0232	James River Commerce Center OE.	\$ 5,000.00	\$ 4,586.75	\$ 5,403.75	\$ 6,000.00	To cover estimated JRCC Association Maintenance Fees and expenses (signs, etc.) Funding of this expense from the County general fund was withdrawn for FY04. (Possible directional and speed limit signs, Columbia Dr. expenses, fall mowing, etc.)
021-010-0235	Annual Audit	\$ 5,000.00	\$ 4,800.00	\$ 5,000.00	\$ 6,100.00	Estimated cost of EDA's annual audit
021-010-0245	Mainland Farm - Operating Exp.	\$ 100.00	\$ 4,188.58	\$ 7,388.58	\$ 500.00	To cover costs related to power and incidental expenses (signs, etc.) at Mainland Farm.
021-010-0300	Advertising	\$ 1,000.00	\$ 327.60	\$ 327.60	\$ 1,000.00	To cover unforeseen expenses (ex in FY00: flooding from the hurricane, EDA advertised that businesses were open - publishing audit report required by law)
021-010-0319	Office Supplies & Equipment	\$ 500.00	\$ 746.16	\$ 746.16	\$ 500.00	Letterhead/envelopes/business cards, etc. reprint expense
021-010-0398	OED Discretionary Expenses	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00	Contingency to cover special Economic Development expenses for OED.
021-010-0600	Small Business Assistance	\$ 1,000.00	\$ -	\$ 500.00	\$ 1,500.00	To cover expenses related to Small Business events and Minority and Woman-Owned Business promotion efforts. (Planning small business appreciation event as a business retention tool in August or September.)
	Subtotal FY 05 Expenses	\$ 43,600.00	\$ 35,628.98	\$ 43,641.01	\$ 46,600.00	
021-010-0325	Line item to balance expenses to revenues	\$ 16,869.00	\$ 28,549.12	\$ 76,212.09	\$ 69,808.00	To balance income/expense
	Total FY 05 Expenses	\$ 60,469.00	\$ 64,178.10	\$ 119,853.10	\$ 116,408.00	

EDA went from earning about 1/2% interest to about 1.4%. The numbers basically doubled. In order to propose a budget for next year we determined what we feel the average cash balance will be (based on the balance now being above 3,000,000) and multiplied that by the interest percent we feel appropriate, which has been listed here at 1 1/2%.

Budgeted before we were listing Renwood Farm Revenues