



## **Virginia's First Regional Industrial Facility Authority**

**6580 Valley Center Drive, Suite 124**

**Radford, VA 24141**

**Phone (540) 639-1524 FAX (540) 831-6093**

July 27, 2012

### **Bland County**

Lace M. (Nick) Asbury, IV  
Henry M. Blessing

### **Craig County**

Jay Polen

### **Giles County**

Chris McKlarney  
Richard McCoy

### **Montgomery County**

Mary W. Biggs, *Chair*  
Craig Meadows

### **Pulaski County**

Andy McCready  
Shawn Utt

### **Roanoke County**

Charlotte Moore  
Jill Loope

### **Wythe County**

Joe Hale  
Coy McRoberts

### **City of Radford**

Tim Cox  
Basil Edwards

### **City of Roanoke**

Brian Townsend  
Bill Bestpitch

### **Town of Christiansburg**

Randy Wingfield  
Barry D. Helms,  
*Secretary/Treasurer*

### **Town of Dublin**

Doug Irvin  
William H. Parker

### **Town of Pearisburg**

Kenneth F. Vittum,  
*Vice-Chair*  
Brad Jones

### **Town of Pulaski**

Joseph Goodman  
John Hawley  
*Executive Committee*

**TO: Virginia's First Regional Industrial Facility Authority Board Members**  
**FROM: Joe Morgan, Executive Director**  
**SUBJECT: Annual Meeting to be held on Wednesday, August 15 at Noon**

A meeting of the Virginia's First Regional Industrial Facility Authority Board of Directors will be held on **Wednesday, August 15 at Noon**. The meeting will be held at the New River Valley Business Center, 6580 Valley Center Drive, Radford, VA 24141, in the New River Room at the opposite end of the building from the NRV Planning District offices.

Please mark your calendar and notify us as to your plans for attendance.

#### **Tentative Meeting Agenda**

- 1) Roll Call and Agenda Approval
- 2) Welcome of New Board Members and Resolution of Appreciation for Former Members
- 3) Public Comments
- 4) Approval of July 13, 2011 Minutes
- 5) Preliminary Financial Report for Fiscal Year 2011-2012
- 6) Administrative Staff Report
  - a) Board Member Documentation Required
  - b) Building Collaborative Communities Grant Completion
  - c) Budget Recommendation
  - d) Memorandum of Understanding for Support Services from New River Valley Planning District
  - e) Fiscal Year 2011-2012 Auditor Engagement
  - f) Insurance Coverage Renewal
- 7) Old Business
  - a) Strategic Planning and Plan of Work Completion
- 8) New Business
  - a) Report from Participation Committee(s):
    - i) Commerce Park Action for Ratification:
    - ii) Other reports
  - b) Allocation of Reserve Funds
  - c) Continuation of Authority Chair for 2013, per Code of Virginia 15.2-6403D
  - d) Executive Committee Vacancy
  - e) Special Meeting of Authority at Each Commerce Park Meeting for Approval of Commerce Park Actions
  - f) Draft 2011-2012 Annual Report
- 9) Closed Session (if needed)
- 10) Other Business
- 11) Adjournment - Next scheduled full VA1st meeting: Wednesdays, August 14 or 21, 2013



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*Executive Committee*

**DATE:** August 8, 2012

**TO:** Virginia's First Regional Industrial Facility Authority Members

**FROM:** Joe Morgan, Executive Director

**SUBJECT:** August 15 Annual Meeting – Administrative Staff Report

Please note that all attached and referenced information will be posted by August 10 on the VA1st website at <http://www.nrvpdc.org/vafirst.html>. If you prefer to review or print a version with page numbers coordinated with the agenda, the website may be a better one-place reference to all the attachments and reference information.

- 1) **Roll Call and Agenda Approval** – If any member government will be unrepresented, we encourage you to arrange for appointment of an alternate member.
- 2) **Welcome of New Board Members and Resolution of Appreciation for Former Members** – The following new Board Members have been appointed since the 2011-2012 Annual Meeting: Supervisors Andy McCready of Pulaski County and Joe Hale & Coy McRoberts of Wythe County; Acting Economic Development Director Jill Loope of Roanoke County; and Rick Tawney of Pearisburg
- 3) **Public Comments** – No requests to make comments have been received to date.
- 4) **Approval of July 13, 2011 Minutes attached pages 4-21**
- 5) **Preliminary Financial Report for Fiscal Year 2011-2012 – attached page 22** -The report estimates an available VA1st balance of \$319,463. The Commerce Park estimate reflects an obligation for Building Collaborative Communities marketing program of \$42,196.15, for Commerce Park site assessment of \$52,812 and for NRV PDC FY12 administrative services balance due of \$3,212.20. With these previously committed obligations the estimated Commerce Park available balance of \$72,084.94 is reduced to a deficit of **(\$26,125.15)**.
- 6) **Administrative Staff Report**
  - a) **Board Member Documentation Required** – Planner Christy Straight can advise of any missing documentation. Information on the required submittal of annual financial certification will be sent by December for the January 15, 2013 filing deadline.
  - b) **Building Collaborative Communities Grant Completion** – The grant application approved by the Authority at the 2011 Annual Meeting was awarded a \$30,000 grant by Governor McDonnell. Completion of grant activities is required by November. Two key grant activities are establishing a website and targeted industry research. Both activities feature the entire VA1st two cities, seven counties, and four towns region. Results of the marketing can be made available to all VA1st member governments and associated marketing organizations. *Allocation of the \$35,000 website and \$22,000 target industry research cost to VA1st is recommended.*
  - c) **Budget Recommendation – Attached pages 23-27** are the recommended FY13 VA1st and Commerce Park budgets. The Commerce Park recommendation reflects the budget adopted in April for the Commerce Park, with the addition of carry overs for the Building Collaborative Communities marketing program commitment and ongoing site analysis. *Approval of the budgets is requested.* The VA1st budget reflects the reduced membership and continued surplus accumulation. The VA1st budget moves most of the cost of professional services (auditing &, legal) and other organizational costs to VA1st. The budget also accrues most interest earned to the Commerce Park.

- d) **Memorandum of Understanding for Support Services from New River Valley Planning District** – *Renewal of the memorandum of understanding (MOU), in attached pages 28-30, is recommended by VA1st. The MOU has been adopted in concept by the Commerce Park. The PDC cost of services is capped at \$25,000 for service to both VA1st and the Commerce Park. The estimated VA1st cost is \$7,000.*
- e) **Fiscal Year 2011-12 Auditor Engagement** – *Ratification of renewal is requested for the services of Robinson, Farmer Cox Associates for the just completed fiscal year, attached pages 31-35.*
- f) **Insurance Coverage Renewal** - *Renewal of insurance has been arranged through the Virginia Association of Counties risk management subsidiary, VACorp. Cost is \$1,683, allocated \$1,100 to VA1st for public officials liability and \$583 to the Commerce Park for property.*

## 7) Old Business

- a) **Strategic Planning and Plan of Work Completion** – *It is recommended VA1st strategic planning focus on whether VA1st will remain available for multiple projects or solely focus on the Commerce Park. The remaining items of the Plan of Work adopted in 2009 are: administrative services after 2014, plus and long term professional services and banking engagement. *Assigning the Executive Committee with preparation of a strategic plan focus and administrative / professional / banking services recommendation by the 2013 Annual Meeting is recommended.**

## 8) New Business

- a) **Report from Participation Committee(s):**
  - i) **Commerce Park Action for Ratification:** *I am not aware of any action requiring ratification at this time. There may be action needed after the Commerce Park meeting scheduled to immediately follow the VA1st Annual Meeting.*
  - ii) **Other reports** – *I am not aware of any other reports at this time.*
- b) **Allocation of Reserve Funds:** *A loan to the Commerce Park for site improvements will be helpful in increasing the available planned and graded site(s). A \$300,000 loan is recommended for a term of 15 years with a balloon payment at the end of term at an interest rate not to exceed that earned by idle funds of VA1st.*
- c) **Continuation of Authority Chair for 2012, per Code of Virginia 15.2-6403D** – *It is in order to designate Chair Biggs for service through 2013 or the end of her term, whichever occurs first.*
- d) **Executive Committee Vacancy** – *One additional member is needed for the term ending June 30, 2014. I recommend a representative from the Roanoke Valley.*
- e) **Special Meeting of Authority at Each Commerce Park Meeting for Approval of Commerce Park Actions** – *To expedite actions of the Commerce Park Participation Committee requiring consent and approval of the Authority, a special called Authority meeting has been held at the conclusion of each Commerce Park meeting, solely for the purpose of confirming Participation Committee actions, where required. Since Mr. Vittum, Authority Vice-Chair, also serves on the Participation Committee, this procedure has proven convenient. Legal counsel for the Authority advises this procedure will avoid unnecessary delay in important actions, but also fulfill the requirements for the Authority to act as the legal political subdivision overseeing the Commerce Park. Since a special meeting cannot continued beyond a regular meeting. A new round of special meetings for Fiscal Year 2012-2013 needs to be called at the conclusion of this meeting, by two members of the Authority Board of Directors, such as the Vice-Chairman and Secretary-Treasurer.*
- f) **Draft 2010-11 Annual Report** – *Attached page 36 is the proposed annual report to be sent to member local governments, along with the fiscal year 2012 audit report, when received. Approval of the report is requested.*

## 9) Closed Session (if needed)

## 10) Other Business

## 11) Adjournment - Next scheduled full VA1st meeting: Wednesdays, August 14 or 21, 2013

**Virginia's FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY****Meeting Minutes****July 13, 2011****1. Roll Call and Agenda Approval**

Chairman Biggs called the meeting of the Authority to order at 4:30 p.m. at the New River Valley Competitiveness Center, Valley Center Drive, in Pulaski County. A roll call of the Board of Directors was taken and a quorum determined with the following nine of the 13 member governments represented: Craig, Montgomery, Roanoke and Pulaski counties; City of Radford (Mr. Edwards arrived at 4:40) and Christiansburg, Dublin, Pearisburg and Pulaski towns (see attached). Ms. Biggs asked attendees to introduce themselves for the benefit of new members and attendees.

Ms. Biggs suggested moving item 6.a to the first item on the agenda. With that change, Ms. Biggs requested approval of the agenda.

Motion: Mr. Meadows moved the board approve the amended agenda. Mr. Irvin seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the cities of Radford and Roanoke were absent.

**2. Old Business****a. Introduction of Commerce Park Strategic Planning Consultants: Leak – Goforth Company, LLC; Bruce Facility Planning Consultants, LLC; and David W. Denny**

The successful proposers for the strategic planning were present to explain their overall approach. Mr. Morgan gave an overview of the consultant team and asked them to speak. Mr. Leak and Mr. Goforth have headed the state economic development departments for North Carolina and South Carolina, as well as consulted on numerous major industries site locations.

Mr. Leak asked the board to share any thoughts they may have on the strategic plan for the Commerce Park. He discussed other projects that they have worked on including sites that are competitive with the Commerce Park. Ms. Biggs asked what to expect and how to contact them should anyone have any comments or questions.

Mr. Leak stated they anticipate a report in October. They can be contacted through Mr. Morgan or at the contacts listed on [www.leak-goforth.com](http://www.leak-goforth.com). Authority staff can forward information as well.

**3. Public Comments**

No public comments were made.

**4. Approval of January 12, 2011 Minutes**

Motion: Mr. Meadows moved the Board approve the January 12, 2011 board minutes. Mr. Helms seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**5. Financial Report for Fiscal Year 2010-2011**

The report was provided to board members and a copy is included in the minutes of this meeting. Mr. Morgan noted the \$30,000 in reserve funds, as well as unexpended funds from the past year's budget, are available to pay for the strategic planning efforts.

## 6. Administrative Staff Report

### a. Plan of Work Status

Most of the work on the adopted program for 2009-2011 for the Authority has been completed. Those items still needing attention are shaded (on the document included in the minutes of this meeting) where the timing is shown as in progress. The board expressed no comment or concern on the status of the work program.

### b. Board Member Documentation Required

Ms. Straight advised all board members present are current in their documentation, except for Mr. Sheffey and she will contact Pulaski County to update that information. Information on the required submittal of annual financial disclosure certification will be sent by December for the January 15, 2012 filing deadline.

### c. Budget Recommendation

The FY12 VA1st and Commerce Park budgets are included in the minutes of this meeting and reflects the budget adopted in April for the Commerce Park. The VA1st budget reflects the reduced membership and continued surplus accumulation. An excess dues declaration may be appropriate in 2012; It is expected that about \$50,000 will accrue to excess during FY12. Even without dues from Narrows and Salem, the balance is sufficient for the proposed budget. Mr. Meadows asked if the FY 2011 year will end on positive note. Mr. Morgan stated the Authority will clear about \$50,000, which is the usual amount left from fiscal year and the Commerce Park Participation Committee has an estimated FY 11 surplus of \$20,000 from that budgeted, which may be used for strategic planning in FY 12.

Mr. Morgan completed a budget analysis of expenditures and identified a realistic budget of anticipated expenses and income, which are reflected in the proposed budget.

Motion: Mr. Irvin moved to approve the Virginia's First FY 2012 budget. Mr. Sheffey seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

## Virginia's First Regional Industrial Facility Authority Adopted Budget

	<b>FY 2011 Adopted</b>	<b>FY 2012 Adopted</b>
Contracted Personnel:		
PDC Staff Services	\$8,926	\$7,000
Contracted Management - Morgan	\$6,000	\$6,000
Transportation - Travel / Per Diem	\$2,400	\$2,400
Office Space	\$824	
Telephone	\$50	\$50
Office Supplies	\$100	\$100
Postage	\$352	\$352
Project Development	\$400	\$400
Copies		
Media Adv	\$300	\$300
Insurance	\$550	\$550
Miscellaneous	\$500	\$500
Legal	\$4,000	\$4,000
Audit	\$2,100	\$2,100
 Total Expense	 \$26,502	 \$23,752
 Dues - 15 members @\$5,000	 \$75,000	 \$75,000
Interest	\$5,000	\$5,000
Anticipated Income	\$80,000	\$80,000
Balance -deficit	\$53,498	\$56,248

New River Valley Commerce Park					
Adopted Budget					
July 2011 - June 2012					
	FY 2011 Adopted	FY 2011 Adopted Categories	FY 2012 Adopted	FY 2012 Adopted Categories	FY 2011 Carry- Over to FY 2012
<b>Contracted Administration:</b>					
PDC Memorandum of Understanding	\$22,960	\$43,360	\$18,000	\$32,400	
Consulting Management - Joe Morgan	\$18,000		\$12,000		
Travel / Per Diem	\$2,400		\$2,400		
<b>Administration Expenses</b>		\$6,535		\$4,052	
Office Space	\$3,683		\$0		
Telephone / Internet	\$1,200		\$2,400		
Office Supplies	\$400		\$400		
Postage	\$352		\$352		
Printing	\$400		\$400		
Copies					
Media Adv.	\$500		\$500		
Participation Committee Expensss	\$1,500	\$1,500	\$1,500	\$1,500	
<b>Project Development</b>					
Strategic Site Development and Marketing					
Utility Extension - \$55,000 per year starting FY 2013					
<b>Professional Services</b>		\$4,600		\$4,600	
Legal	\$2,000		\$2,000		
Audit Fee	\$1,600		\$1,600		
Engineering					
Other Professional Fees	\$1,000		\$1,000		
<b>Site Manintenance</b>		\$17,900		\$6,800	
Miscellaneous	\$3,000		\$3,000		
Equip Rental					
Equip Maint.	\$1,000		\$1,000		
Materials/supplies	\$1,000		\$1,000		
Insurance	\$4,300		\$1,200		
Utilities	\$600		\$600		
Environmental (Well Monitoring, etc.)	\$8,000		\$0		
Equipment Depreciation					
<b>Capital Outlay</b>		\$0		\$0	
<b>Contractual Service</b>					
Contractual Service	\$30,000		\$0		\$44,000
Recruitment					
<b>Total Operational Expenses</b>	\$103,895	\$73,895	\$49,352	\$49,352	
<b>Debt Service:</b>		\$356,525		\$356,308	
Revenue Bond 40 Yr	\$119,448		\$119,448		
Revenue Bond 40 Yr	\$123,096		\$123,096		
Bank Loan 20 Yr	\$113,981		\$113,764		
	\$356,525		\$356,308		
<b>Total Expenses</b>	\$460,420	\$430,420	\$405,660	\$405,660	\$449,660
<b>Participant Shares</b>					
Bland County	\$5,900		\$5,900		
Craig County	\$5,844		\$5,844		
Giles County	\$55,851		\$55,851		
Montgomery County	\$55,851		\$55,851		
Pulaski County	\$180,172		\$180,172		
Roanoke County	\$29,255		\$29,255		
City of Radford	\$23,258		\$23,258		
City of Roanoke	\$27,500		\$27,500		
Town of Dublin	\$2,968		\$2,968		
Town of Pearisburg	\$5,900		\$5,900		
Town of Pulaski	\$20,001		\$20,001		
<b>Subtotal Shares</b>	\$412,500	\$412,500	\$412,500	\$412,500	
<b>Interest (Estimated)</b>	\$5,000	\$5,000	\$5,000	\$5,000	
<b>Land and Building Leases</b>	\$ 15,807	\$15,807	\$ 15,807	\$15,807	
<b>Total Estimated Income</b>	\$433,307	\$433,307	\$433,307	\$433,307	\$433,307
Transfer from fund balance	\$30,000.00		\$0.00		\$44,000
<b>Balance -deficit</b>	\$2,887	\$2,887	\$27,647	\$27,647	\$27,647

**d. Memorandum of Understanding for Support Services from New River Valley Planning District Commission**

Analysis showed past expenditures were billed at a rate typically less than budgeted. The proposed memorandum of understanding (MOU) for fiscal year 2011-2012 includes all services generally provided in the past (including 4 prospect inquiries and visits) with a cap on billing to Virginia's First and the Commerce Park at \$25,000. The Planning District Commission (PDC) will bill for services as they are provided. The PDC cost of services is capped at \$25,000 for service to both the Authority and the Commerce Park. The estimated VA1st cost is \$7,000. The board asked what happens if work is needed above and beyond scope of services? The PDC has expressed a willingness to provide services if needed at its current cost of services to member governments.

Motion: Mr. Edwards moved the board approve the MOU with the NRV PDC for FY 2012. Mr. Parker seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**e. Continuation of Executive Director Consulting Services**

Mr. Morgan recommended reducing his monthly time served from 40 hours minimum to 30 hours minimum, thus reducing the expected annual compensation from \$24,000 to \$18,000 (\$6,000 for the Authority and \$12,000 for the Commerce Park).. Mr. Morgan indicated he would request reimbursement for travel from and within the NRV when on Authority business, but no reimbursement for travel to the New River Valley from his Norfolk residence. The contract includes a clause for 60-day notice for either party to terminate the contract. He also indicated he has taken on no other consulting work at this time, and expects the Authority to be his sole client. The proposal (included in the minutes of this meeting) reduces the base compensation by twenty-five percent (25%) and extends service availability through 2014.

Ms. Biggs requested members make any suggestions or requests for Mr. Morgan regarding his services. Mr. Sheffey asked to confirm the contract is for three years and it is.

Motion: Mr. Helms moved the board approve the contract with Mr. Morgan to provide Executive Director services. Mr. Sheffey seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**f. FY11 Auditor Engagement**

Robinson, Farmer Cox Associates has sent a letter to provide audit services for the just completed fiscal year.

Motion: Mr. Irvin moved the board approve retaining Robinson, Farmer Cox to complete an audit for FY 2011. Mr. Sheffey seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**g. Insurance Coverage Renewal**

Renewal of insurance has been arranged through the Virginia Association of Counties risk management subsidiary, VACorp. The allocated cost for general liability and public officials risk coverage for the Authority is \$550. Mr. Morgan noted the policy includes an additional \$1,133 for Commerce Park assets coverage.

Motion: Mr. Parker moved the board approve renewal of insurance with VACorp. Mr. Sheffey seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

## 7. Old Business

### a. Deferral of VA1st Strategic Planning Until Completion of Commerce Park Strategic Planning

Mr. Morgan recommended deferring strategic planning until after the Commerce Park study was completed, saying next year may be more appropriate for strategic planning for the overall Authority mission, including whether it will remain available for multiple projects or solely focus on the Commerce Park.

## 8. New Business

### a. Report from Participation Committee(s):

#### i. Commerce Park Action for Ratification: Potential Lot Purchase Option

[Mr. Huber arrived at 5:05 pm.]

The potential option authorized for the Commerce Park on June 2 is ready for adoption. As titleholder, Virginia's First board is asked to authorize it and empower the Commerce Park Participation Committee chair to further negotiate and execute the option.

Motion: Mr. Irvin moved the board authorize the Commerce Park Participation Committee to negotiate and execute the option for the Commerce Park. Mr. Huber seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

#### ii. Other reports

No other reports were brought before the board.

### b. Continuation of Authority Chair for 2012, per Code of Virginia 15.2-6403D

The board was asked to designate Chair Biggs to continue service through 2012 or the end of her term, whichever occurs first. This designation will allow her service to continue through the 2012 calendar year in compliance with the Code of Virginia requirement that the Authority chair be selected on a calendar year basis.

Motion: Mr. Parker moved the board empower Chair Biggs to continue in her role as chair through 2012 or end of her term, whichever occurs first. Mr. Welker seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

### c. Election of Officers or Selection of Nominating Committee for 2012-14 Slate of Officers

The board considered officers for the 2012 to 2014 fiscal years, to serve through July of the fiscal years. Any new officers elected would begin service at the 2012 annual meeting. Ms. Biggs asked anyone willing to serve make that known.

Mr. Helms asked how the budget would be approved in a timely fashion if the annual meeting were not held after July 2012. Mr. Morgan stated the August would allow time for the budget to be approved and in place. Bill-paying during the interval between meetings would be handled by approval of the executive committee. Any interim months between approved budgets would operate on the previous year's budget.

Motion: Mr. Irvin moved the board reinstate current officers continue to serve through FY 2014. Mr. Sheffey seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**d. Special Meeting of Authority at Each Commerce Park Meeting for Approval of Commerce Park Actions**

To expedite actions of the Commerce Park Participation Committee requiring consent and approval of the Authority, Mr. Morgan recommended a special called Authority meeting be held at the conclusion of each Commerce Park meeting, *solely for the purpose of confirming Participation Committee actions*, where required. Since Mr. Vittum, Authority Vice-Chair, also serves on the Participation Committee, this procedure would be convenient. Legal counsel for the Authority advised this procedure will avoid unnecessary delay in important actions, but also fulfill the requirements for the Authority to act as the legal political subdivision overseeing the Commerce Park.

Options and other such actions would require the Authority as titleholder to approve the actions of the committee and timely authorization would suit the nature of these transactions. The special called meeting would consist of separate agendas. Such actions by the board would require 7 of 11 committee members plus 50% of ownership of the committee and a majority and quorum for Virginia's First's 7 of 13 board members.

Mr. Parker commented he believes this is a good idea. He suggested staff may need to ask counsel if recent legislation regarding called meetings (about who called the meeting, what it deals with, and conformance to published agenda) is applicable to the authority.

Mr. Morgan suggested board members with no ownership in the Commerce Park would be informed about the meeting, but would not necessarily need to attend and so not provide an additional attendance burden for the meeting.

Motion: Meadows moved the board allow for special called meetings after Commerce Park Participation Committee meetings when action is required by Virginia's First to expedite actions for the benefit of the Commerce Park. Mr. Welker seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**e. Building Collaborative Communities Grant Application**

Mr. Morgan advised the board \$200,000 is available for three grants of up to \$100,000 to explore new regional partnerships. Four VA1st members (Roanoke City, Radford, Pulaski County & Wythe County) make the region eligible based on distressed financial status. An application could be filed to revitalize the Commerce Park initiative and identify new participants. The current strategic planning investment of \$35,000, plus \$15,000 available for additional strategic planning from last year's budget carryover, might be used for the required 25% minimum match. The key to an effective application is regional support. Only one application for any eligible locality may be filed. The guidelines and application requirements for the initiative are included in the minutes of this meeting.

Mr. Morgan further advised the funds may already be intended for projects elsewhere in the state. Mr. Meadows commented on needing the match money; Mr. Morgan indicated the Virginia's First investment would be sufficient to meet the requirements. Mr. Parker asked about administration and reporting of the grant; Mr. Morgan said that would be handled by PDC staff as part of the MOU for services. Mr. Huber commented on drug abuse in the region as a workforce issue that might be helpful to address through this project, if eligible. Mr.

Morgan indicated the proposal would be for strategic planning and could include energy and workforce issues under that umbrella.

Motion: Mr. Huber moved the board authorize staff to submit an application for the Building Collaborative Communities grant. Mr. Edwards seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

**f. Draft 2010-11 Annual Report**

The proposed annual report to be sent to member local governments, along with the fiscal year 2011 audit report, when received, is shown on the following page.

Motion: Mr. Helms moved the board approve the annual report. Mr. Wingfield seconded the motion.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

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Radford, VA 24141  
Phone (540) 639-1524 FAX (540) 831-6093  
[www.nrvpdc.org/vafirst.html](http://www.nrvpdc.org/vafirst.html)**

### **ANNUAL REPORT FOR FISCAL YEAR 2010-2011**

#### **Bland County**

Lace M. (Nick) Asbury, IV  
Henry M. Blessing

#### **Craig County**

Jay Polen

#### **Giles County**

Chris McKlarney  
Richard McCoy

#### **Montgomery County**

Mary W. Biggs  
*Chair*  
Craig Meadows

#### **Pulaski County**

Peter M. Huber  
Shawn Utt

#### **Roanoke County**

Charlotte Moore  
Douglas Chittum  
*Executive Committee*

#### **Wythe County**

Bucky Sharitz  
Martha P. Umberger

#### **City of Radford**

Tim Cox  
Basil Edwards

#### **City of Roanoke**

Brian Townsend  
Bill Bestpitch

#### **Town of Christiansburg**

Randy Wingfield  
Barry D. Helms,  
*Secretary Treasurer*

#### **Town of Dublin**

Doug Irvin  
William H. Parker

#### **Town of Pearisburg**

Kenneth F. Vittum  
*Vice - Chair*  
Brad Jones

#### **Town of Pulaski**

Morgan Welker  
John Hawley,  
*Executive Committee*

This Annual Report for the fiscal year ending June 30, 2011 (FY11) is submitted to the Virginia's First Regional Industrial Facility Authority (VA's 1<sup>st</sup>) member local governments pursuant to Section 15.2-6403E, 1950 Code of Virginia, as amended.

VA's 1<sup>st</sup> leadership continued through the following members of the Executive Committee: Mary Biggs of Montgomery County, Chair; Ken Vittum of Pearisburg, Vice-Chair; Barry Helms of Christiansburg, Secretary/Treasurer; Doug Chittum of Roanoke County; and John Hawley of Pulaski Town. Decisions on VA1st matters between semi-annual meetings of the Board of Directors were delegated to the Executive Committee, including advice to the Executive Director and approval of budgeted expenditures. Administration for the Authority moved to a not to exceed cost memorandum of understanding with the New River Valley Planning District, with Joe Morgan as a consulting executive director for the Authority. The Program of Work adopted in April 2009 continued to guide the VA's 1<sup>st</sup> focus through FY11. Two VA1st charter members, the City of Salem and Town of Narrows, withdrew from Authority membership as allowed by Section 15.2-6415, 1950 Code of Virginia. The VA1st Board distributed \$600,000 of accumulated funds excess to its members.

The New River Valley Commerce Park is VA's 1<sup>st</sup> primary project. Construction is underway of facilities to expand water and sewer capacity available at the Park to one million gallons per day by 2012. The expansion is funded by an US Department of Commerce Economic Development Administration matching grant of over \$3 million and a US Department of Agriculture loan with payments of \$55,000 per year. A debt reserve fund for the USDA loan was established with \$256,365 of the funds the Authority declared excess, as invested by eight Commerce Park members in return for 6,409 shares of Commerce Park equity. The Commerce Park continues to seek more flexibility from USDA in making surplus land and industrial sites available for sale or lease. The Commerce Park continued to be led in FY 11 by an Executive Committee of: Basil Edwards of Radford, Chair; Chris McKlarney of Giles County, Vice-Chair; Shawn Utt of Pulaski County, Secretary/Treasurer; Brian Hamilton of Montgomery County; and Jay Polen of Craig County. The Park continued to be marketed through the NRV Economic Development Alliance. The Alliance Prospect Committee introduced prospects to the Park in FY 11, none which have matured to serious candidates. Leak, Goforth, LLC, in cooperation with Bruce Facility Planning Consultants were engaged to update strategic planning to guide the next decade of the Commerce Park development.

The Consolidated Annual Financial Report for VA's 1<sup>st</sup> for FY10 will be sent to member governments upon receipt.

Commerce Park ownership percentages are:

Bland County – 1.81%	City of Radford 5.84%
Craig County 1.36%	City of Roanoke – 6.83%
Giles County – 13.62%	Town of Dublin – 1.33%
Montgomery County – 12.98%	Town of Pearisburg – 1.81%
Pulaski County - 42.53%	Town of Pulaski – 5.09%
Roanoke County – 6.80%	

**9. Closed Session (if needed)**

No closed session was held.

**10. Other Business**

No further business was brought before the board.

**11. Adjournment**

With no further business to discuss the meeting was adjourned at 5:30 pm, to reconvene as needed after each Commerce Park meeting. The next scheduled full VA1st meeting will be Wednesday, August 15, 2012.

Motion: On motion of Mr. Welker, seconded by Mr. Parker and carried unanimously, the meeting was adjourned with the next scheduled meeting to be held on August 15, 2012 at a time to be set by the Chair, with advance notice to all Board members; and, by signature of the Chair and Secretary-Treasurer, representing the required two member localities, a special meeting of the Authority Board of Directors shall be held immediately following each regular or called meeting of the Commerce Park Participation Committee, for the purpose of receiving and acting on requests from the Commerce Park Participation Committee regarding Commerce Park projects and properties; with the next two such Commerce Park Participation Committees to be held at noon on Wednesday, August 10 and Wednesday, November 9, 2011.

Action: The motion passed unanimously with representation from Craig, Montgomery, Pulaski, and Roanoke counties; the City of Radford; and towns of Christiansburg, Dublin, Pearisburg and Pulaski. Bland, Giles, and Wythe counties and the City of Roanoke were absent.

The next scheduled Commerce Park meeting will be Wednesday, August 10, 2011 at noon at the Commerce Park for Water Tank Bolting Ceremony.

Respectfully Submitted,

Approved by,

Joseph N. Morgan, Executive Director

Mary Biggs, Chair and

Barry Helms, Secretary / Treasurer

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY****Attendance****July 13, 2011**New River Competitiveness Center  
Radford, VA

<b>Jurisdiction</b>	<b>Member</b>	<b>Alternate</b>
Bland County	<input type="checkbox"/> Nick Asbury <input type="checkbox"/> Henry M. Blessing	<input type="checkbox"/> Eric Workman
Craig County	<input checked="" type="checkbox"/> Jay Polen	
Giles County	<input type="checkbox"/> Chris McKlarney <input type="checkbox"/> Richard McCoy	
Montgomery	<input checked="" type="checkbox"/> Craig Meadows <input checked="" type="checkbox"/> Mary Biggs	<input type="checkbox"/> Carol Edmonds <input type="checkbox"/> Brian Hamilton
Pulaski County	<input checked="" type="checkbox"/> Shawn Utt <input checked="" type="checkbox"/> Peter Huber (arrived at 5:05)	<input checked="" type="checkbox"/> Joe Sheffey <input type="checkbox"/> Jared Linkous
Roanoke County	<input type="checkbox"/> Charlotte Moore <input type="checkbox"/>	<input type="checkbox"/> Joseph "Butch" Church <input checked="" type="checkbox"/> Jill Loope
Wythe County	<input type="checkbox"/> Bucky Sharitz <input type="checkbox"/> Martha P. Umberger	
City of Radford	<input type="checkbox"/> Tim Cox <input checked="" type="checkbox"/> Basil Edwards (arrived at 4:40)	
City of Roanoke	<input type="checkbox"/> Bill Bestpitch <input type="checkbox"/> Brian Townsend	<input type="checkbox"/> Anita Price
Town of Christiansburg	<input checked="" type="checkbox"/> Randy Wingfield <input checked="" type="checkbox"/> Barry Helms	
Town of Dublin	<input checked="" type="checkbox"/> Bill Parker <input checked="" type="checkbox"/> Doug Irvin	
Town of Pearisburg	<input type="checkbox"/> Brad Jones <input checked="" type="checkbox"/> Ken Vittum	
Town of Pulaski	<input checked="" type="checkbox"/> Morgan Welker <input checked="" type="checkbox"/> John Hawley	<input type="checkbox"/> John White

**Others Present:** Aric Bopp, Gary McCollum, Bob Leak, Bob Goforth, David Denny**Staff Present:** Joe Morgan, Christy Straight

# VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

Quarter Ending June 30, 2011

VA 1st Agenda Packet 8-15-12 Page 15 of 36

<b>Ledger Balance Forward March 31, 2011</b>		<b>1,011,430.76</b>
Dues/Shares/Rents Received 4/1/11 - 6/30/11	77,351.00	
Interest Earned April- June 2011	2,241.40	
Analysis charge for March 2011 - May 2011	(379.99)	
<b>Total Receivables (less fees)</b>	<b>79,212.41</b>	<b>79,212.41</b>

**April 2011 Checks Issued**

Rural Development Loan	10,258.00
AEP	49.86
Guynn, Memmer & Dillon	975.00
Joe Morgan (Mar)	2,000.00
Sands Anderson)	558.00
Treasurer, Pulaski Co	1,509.93

**May 2011 Checks Issued**

Rural Development Loan	10,258.00
AEP	51.37
Verizon Wireless	153.52
Guynn, Memmer & Dillon	752.01
Joe Morgan (Apr)	2,403.85
Olver, Inc.	2,325.00
Excess Funds paid out (applied to current dues)	15,000.00

**June 2011 Checks Issued**

Rural Development Loan	10,258.00
AEP	99.66
Joe Morgan (May-June)	4,955.83
Leak-Goforth	6,000.00
NRVPDC (Apr-May)	5,045.60
NRV Development Corporation	50.00
Olver, Inc.	1,675.00
VACORP	1,633.00

<b>Total Accounts Payable</b>	<b>76,011.63</b>	<b>(76,011.63)</b>
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<b>Ledger Balance June 30, 2011</b>		<b>1,014,631.54</b>
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**Available Funds**

Virginia's First Designated Balance	289,647.76	
Virginia's First Deferred Excess Funds	(33,181.00)	
<b>Virginia First Available Balance</b>	<b>256,466.76</b>	<b>256,466.76</b>
Commerce Park Designated Balance	691,802.78	
Required Reserve - Rural Development Loan #1	(119,448.00)	
Required Reserve - Rural Development Loan #2	(123,096.00)	
Commerce Park Water/Sewer Expansion Reserve	(256,365.00)	
<b>Commerce Park Available Balance</b>	<b>192,893.78</b>	<b>192,893.78</b>

<b>Total Available Funds</b>		<b>449,360.54</b>
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**Property Owned**

Cullip, Doug (purchase price)	1,400,000.00
Cullip, Andrew (purchase price)	355,000.00
Collins/Evans (purchase price)	1,000,000.00
Phillips, Edwina (purchase price)	2,178,000.00

Construction/Improvements	1,958,385.06
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Equipment	43,350.00
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<b>Total Cost of Fixed Assets</b>	<b>6,934,735.06</b>
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2009 Appraised Value of Commerce park (839 acres excluding surplus property)	5,200,000.00
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2009 Assessed Value of 35 Acre Suplus Property	662,500.00
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2009 Assessed Value of 55 Acre Surplus Property	330,600.00
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2009 Equipment Value	17,340.00
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<b>Estimated Value of Land, Buildings and Equipment</b>	<b>6,210,440.00</b>
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**Long-term Obligations - principal balance as of June 30, 2010**

Stellar One Bank Loan (phase 1)	1,123,030.00
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Rural Development Loan (phase 1)	1,945,183.00
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Rural Development Loan (phase 2)	2,191,271.00
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<b>Total Current Debt</b>	<b>5,259,484.00</b>
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VA 1st Agenda Packet 8-15-12 Page 16 of 36

Virginia First Regional Industrial Facility Authority - Program of Work 2009-2011

Adopted 4-08-09 and Updated  
7/6/11

<b>TASK</b>		<b>CURRENT STATUS</b>	<b>TIMING</b>	<b>STAFF ASSIGNED</b>
		<i>Completed Items Shown in Italics</i>		
<b>GOVERNANCE</b>				
<b>Board of Directors</b>	Continue coordinating with member local governments, including FOI, COI, Financial and other required disclosures	<i>Staggered terms expire June 30, 2010 &amp; 2012</i>	January 2011&12 and July 2012	Straight / Morgan
<b>Officers</b>	Chairman to continue appointing nominating committee 4 - 6 months prior to end of terms	<i>Elected for 2010-12 - but need annual confirmation of Chair in January per 15/2-6403D</i>	January 2011	Straight / Morgan
<b>Executive Committee</b>	Include officers and 2 at large members with authority to act on behalf of the Board of Directors in between meetings with actions to be ratified by the full board at the next succeeding board meeting.	<i>Mary Biggs, Chair - Ken Vittum, Vice-Chair - Barry Helms, Secretary Treasurer - Doug Chittum and John Hawley, Members</i>	Re-Elect Officers Jan - July 2012	Current Staff
<b>Executive Director</b>	Designate Joe Morgan Executive Director on contract basis April 2009 to June 2011 OR Continue service of PDC Executive Director OR Engage alternate candidate	<i>Joe Morgan engaged</i>	Through July 2011	
<b>MEETINGS</b>				
	Use semi-annual scheduled meetings, with called meetings if needed	<i>Semi-annual meetings scheduled for 7/8/09, 1/13/10, 7/14/10, 1/12/11, &amp; 7/13/11</i>	<i>Scheduled</i>	
<b>MEMBERSHIP</b>				
<b>Periodic Updates</b>	Add annual update by Executive Director to Member CAO or Governing Body, as best suits each member government	<i>All members receive Annual Report and offer for Executive Director to meet with appropriate representatives</i>	July 2009 to December 2012	Morgan
<b>Additions / Withdrawals</b>	VA 1st members to consider membership change arrangements, including legislation, that would allow amicable membership changes	<i>Approved in 2010 Acts of Assembly Ch. 531 amending 15.2-6415</i>	As Desired by Member Governments	Morgan
<b>ADMINISTRATION</b>				
<b>Executive Director</b>	Transfer to Permanent Executive Director with PDC Executive Director as Advisor	<i>Completed</i>	Through July 2011	Morgan
<b>Financial Accounting</b>	Retain at NRV PDC	<i>NRV PDC Maintains</i>	Through July 2011	McNew / Morgan
<b>Record Keeping</b>	Retain at NRV PDC with remote laptop access	<i>PDC Maintains</i>	Through July 2011	Straight / Morgan
<b>Office / Meeting Space</b>	Retain at NRV PDC as well as use of Morgan home office	<i>Completed</i>	Through July 2011	Morgan

Adopted 4-08-09 and Updated  
7/6/11

<b>TASK</b>		<b>CURRENT STATUS</b>	<b>TIMING</b>	<b>STAFF ASSIGNED</b>
		<i>Completed Items Shown in Italics</i>		
<b>ADMINISTRATION (Continued)</b>				
<b>Communications</b>				
Agendas	Retain at NRV PDC, with notebook format available for each member that includes Program of Work, minutes, staff reports, etc.	<i>PDF versions posted on NRV PDC webpage</i>	Through July 2011	Straight / Morgan
Correspondence	Retain at NRV PDC	<i>PDC Maintains</i>		
Telephone	Use PDC landline and cell/PDA for Ex Dir	<i>PDC Maintains</i>		Gilbertson/ Morgan
E-mail	Use PDC mail server and wireless PDA for Ex Dir	<i>PDC Maintains</i>		Gilbertson/ Morgan
Records Management	Review all VA1st records, purging obsolete information, creating digital versions of key documents and archiving permanent records	Implement through Memorandum of Understanding with PDC	2011-12	Straight / Morgan
Internet	Update VA 1st Website	Include in Strategic Planning	2011-12	Gilbertson/ Morgan
<b>PROFESSIONAL SERVICES</b>				
<b>Legal Counsel</b>	Update procurement	Jim Guynn	2011-12	Morgan
<b>Financial Auditor</b>	Update procurement	Robinson, Farmer, Cox	2011-12	Morgan
<b>Engineering</b>	Update procurement	Draper-Aden / Anderson&Assoc	2011-12	Morgan
<b>STRATEGIC PLANNING</b>				
<b>Regional Economic Development Needs</b>	Emphasis on current regional workforce strengths and regional site development opportunities	Consider after Commerce Park Strategic Planning	2011-12	Morgan
<b>Regional Economic Development Opportunities</b>	Explore opportunities for investment and revenue sharing for all VA 1st members through new participation committees	Consider after Commerce Park Strategic Planning	2011-12	Morgan
<b>Frequency</b>	Initial 2 year cycle of review and re-adoption	Consider after Commerce Park Strategic Planning	2011-12	Morgan
<b>FINANCE</b>				
<b>Dues</b>	Reassess long term requirements	<i>\$1,500 - \$2,500 adequate - remainder to accrue to excess funds</i>	2011	Morgan
<b>Banking Use of Reserve</b>	Update procurement	Coordinated through NRV PDC	2011-12	Morgan
Proposed Regional Economic Development Grant and Loan Program	Revisit as a mechanism to insure all VA 1st members have access to VA 1st resources	<i>\$600,000 available as members unanimously agree for varying use of each member's \$40,000 share</i>	2011	Morgan
Support of Participation Committees	Consider equitable policy to allow access without restricting non-participating members		2011	Morgan
<b>Budgeting</b>	Assign to Executive Director	<i>FY 2012 Budget approval due by July 13, 2011</i>	2011	Morgan

Adopted 4-08-09 and Updated  
7/6/11

<b>TASK</b>		<b>CURRENT STATUS</b>	<b>TIMING</b>	<b>STAFF ASSIGNED</b>
		<i>Completed Items Shown in Italics</i>		
<b>OTHER POTENTIAL PARTICIPATION COMMITTEES</b>				
<b>Project NEEMO</b>				
Prospectus Development	Suggest Commerce Park role in Project NEEMO, including WWTP site, land dedication & equity share	<i>On hold pending further statement of interest in VA1st involvement</i>	2011	Morgan
Participation Committee Organization	Offer assistance in establishing an administration and financial structure	<i>On hold pending further statement of interest in VA1st involvement</i>	2011	Morgan
Project Implementation	Assist with program of work development as recommended by VA Tech Office of Economic Development	<i>On hold pending further statement of interest in VA1st involvement</i>	2011	Morgan
<b>NRV Competitiveness Center</b>	Assist with defining options and implementing restructuring	<i>On hold pending further statement of interest in VA1st involvement</i>	2011	Morgan
<b>NRV Wireless Authority</b>	Offer assistance with developing participation committee and serve as applicant for broadband funding through National Telecommunication and Information Agency (NTIA)	<i>Pending Federal funding approval and coordination by Citizen's Telecommunications - No further direct involvement by VA1st required</i>	2011	Morgan
<b>COMMUNITY RELATIONS</b>				
<u>For Virginia 1st Authority and Participation Committees</u>				
Recognition of Past Leadership	Schedule an opportunity to express appreciation for Board and staff service	<i>Celebrated service of former Executive Director David Rundgren in summer - fall of 2009 - Consider involving past leaders in strategic planning</i>	2011-12	Morgan
Publication of History, Achievement & Goals	A concise description of the VA 1st achievements and future goals should be readily available to stakeholders and the general public	Update presented at March 2011 NRV Economic Development Alliance Quarterly Investors Meeting	2009-11	Morgan

## JOSEPH N. (JOE) MORGAN

Nansemond on the Bay  
100 East Ocean View Avenue, Unit 803  
Norfolk, Virginia 23503

July 5, 2011

To: Executive Committees for Virginia's First Regional Industrial Facility Authority &  
New River Valley Commerce Park Participation Committee  
From: Joseph (Joe) N. Morgan  
Subject: Memorandum of Engagement for Continuation of Consulting Services for Executive  
Director

I appreciate the opportunity to have served Virginia's First over the past two and a half years as the Authority continues to offer regional economic development solutions for the greater Roanoke and New River Valley region. I propose to continue my services as indicated in this memorandum of engagement.

I understand I am being engaged through the Authority's annual meeting of the 2014-15 fiscal year, which engagement may be terminated by either the Authority or me, upon sixty days notice.

I understand the scope of services desired is to coordinate administration for the Authority and the current or future Participation Committees, as follows:

- For the Authority:
  - Reporting to member local governments;
  - Contact point for Authority administration and budget preparation;
  - Budget implementation following Authority adoption;
  - Liaison with regional, state and federal governmental and economic development entities; and
  - Strategic planning to confirm the ongoing Authority mission, membership and investment.
- For the Commerce Park Participation Committee:
  - Site development coordination, including:
    - Utility extension, funded through the U.S. Economic Development Administration and Pulaski County Public Service Authority;
    - Other infrastructure enhancements, including electrical power upgrade and roadway extensions;
    - Surplus property disposition;
    - Overall site maintenance; and
    - Assistance to Commerce Park tenants.
  - Marketing coordination through local, regional and state-wide economic development entities;
  - Budget preparation, submission to Participation Committee for adoption and budget implementation; and
  - Strategic planning coordination.

- For other current or future participating committees:
  - Strategic planning for project development;
  - Definition of services to be provided each committee; and
  - Site development coordination, particularly if projects are located within the Commerce Park.

I understand the current concept of the proposed administrative team, includes:

- Being led by me in the position of consulting executive director, as allowed by Code of Virginia Section 15.2-6405 (2), reporting directly to the Authority Chairman and Commerce Park Participation Chairman; and
- Coordinating services with the staff of the New River Planning District, which is to provide administrative support through a separate memorandum of understanding.

I suggest my compensation be as follows:

- Compensation will be based on a minimum of thirty hours per month of my time at \$1,500 per month for the above listed services as consulting executive director.
- Compensation will be paid in installments of \$1,500 each, paid following submittal of time and expense accounting, which may be submitted in single or combined monthly billings, along with other bills paid by the Authority for the respective month(s);
- Where actual time served exceeds thirty hours in a given month, up to fifteen hours of that additional time over thirty hours per month may be credited as compensatory time for future months, with no reduction in base compensation for those months that compensatory time is used and with a limit of compensatory time to be accrued at sixty hours total.
- Should projects occur requiring more than forty-five hours per month of my time, either the chair of the Authority or the Participation Committee may authorize such additional engagement for compensation of \$100 per hour for the first twenty additional hours, and \$50 per hour for all additional hours required in any given month.

I will allocate my time between the Authority and Participation Committee, based on which is served. I expect the allocation to be ten hours per month to the Authority and twenty hours per month to the Participation Committee.

In addition to the compensation described above, based on \$50 per hour, reimbursement or payment for expenses is requested based on the following:

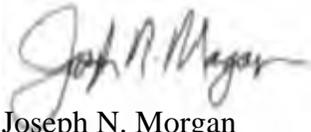
- Mileage for travel on behalf of the Authority from and within the New River Valley at the current IRS allowed reimbursement rate for use of a personal vehicle (I would expect no compensation for personal travel between the New River Valley and my Norfolk, Virginia residence on those occasions when it will be appropriate for me to be present in the Authority service region.);
- Reimbursement for meals expense when traveling away from the New River Valley on Authority business;
- The cost of making electronic office equipment available to enhance my service to the Authority, including access to a laptop computer with wireless capability and a cellular phone combined with personal digital assistant (PDA).

- Lodging when travel is needed on behalf of the Authority outside the New River Valley. (I would not expect to be reimbursed for the expense of lodging in the New River Valley when I am working there on behalf of the Authority.); and
- Office and other miscellaneous expenses on behalf of the Authority. (At no expense to the Authority, I will provide a home office with high speed internet access, scanner, printer, etc. from which to perform those services to the Authority for which my physical presence is not required in the Authority service region. I expect the Authority member localities and Planning District Commissions serving the Authority members to make available temporary office and meeting space for the Authority external administrative team as needed at no expense to the Authority or me.)

I will submit a monthly summary of expenses and expect to be reimbursed for expenses following the month(s) in which expenses are incurred.

If these terms are acceptable, please acknowledge in the space provided below.

Sincerely,



Joseph N. Morgan

Accepted on behalf of Virginia’s First Regional Industrial Facilities Authority by:

Mary Biggs, Chair, Authority Board of Directors

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Date: \_\_\_\_\_

Basil Edwards, Chair, Commerce Park Participation Committee

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Date: \_\_\_\_\_

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**

Quarter Ending June 30, 2012

**Ledger Balance Forward March 31, 2012** **1,018,533.10**

Dues/Shares/Rents Received 4/1/2012 - 6/31/2012	1,800.00	
Interest Earned April - June 2012	1,220.87	
Analysis charge for March -May 2012	(391.20)	
<b>Total Receivables (less fees)</b>	<b>2,629.67</b>	<b>2,629.67</b>

**April 2012 Payables**

Rural Development Loan	10,258.00
AEP	17.68
NewCity	3,021.42
Jay Polen	10.40
Joseph Morgan	3,238.84
Verizon Wireless	111.29

**May 2012 Payables**

Rural Development Loan	10,258.00
AEP	10.02
Verizon Wireless	135.58
Guyann, Memmer & Dillon	585.00
310 Ltd.	2,750.00
Accord Air Inc.	160.00
Joseph Morgan (reimbursement)	425.00
NewCity	6,042.86
Whittaker Associates	2,500.00
The O'Connor Group	2,272.50
NRVPDC	3,559.82

**June 2012 Payables**

Rural Development Loan	10,258.00
Anderson and Assoc.	12,326.65
Verizon Wireless	228.69
AEP	10.02
NewCity	6,042.86
NRV Planning District Commission	5,691.40
Guyann, Memmer & Dillon	1,290.00
Joe Morgan	5,502.45
The O'Connor Group	213.42
Roger Leonard	300.00
VACORP	1,683.00
Schnabel Engineering	3,321.00
Whittaker Associates	5,000.00
<b>Total Accounts Payable</b>	<b>97,223.90</b>

**Ledger Balance June 30, 2012** **(97,223.90)**

**923,938.87**

**Available Funds**

<b>Virginia's First Designated Balance</b>	<b>352,935.03</b>	
Virginia's First Deferred Excess Funds	(33,181.00)	
NRV PDC FY12 Administration Services Payable	(290.08)	
<b>Virginia First Available Balance</b>	<b>319,463.95</b>	<b>319,463.95</b>
<b>Commerce Park Designated Balance</b>	<b>571,003.84</b>	
Required Reserve - Rural Development Loan #1	(119,448.00)	
Required Reserve - Rural Development Loan #2	(123,096.00)	
Commerce Park Water/Sewer Expansion Reserve	(256,365.00)	
Commerce Park Marketing Commitment	(42,196.15)	
Commerce Park Site Analysis	(52,812.00)	
NRV PDC FY12 Administration Services Payable	(3,212.20)	
<b>Commerce Park Available Balance</b>	<b>(26,125.51)</b>	<b>-26,125.51</b>

**Total Available Funds** **293,338.44**

Property Owned	
Cullip, Doug (purchase price)	\$ 1,400,000.00
Cullip, Andrew (purchase price)	\$ 355,000.00
Collins/Evans (purchase price)	\$ 1,000,000.00
Phillips, Edwina (purchase price)	\$ 2,178,000.00
Construction/Improvements	\$ 1,958,385.06
Equipment	\$ 43,350.00
<b>Total Cost of Fixed Assets</b>	<b>\$ 6,934,735.06</b>

2009 Appraised Value of Commerce Park (839 acres excluding surplus property)	\$ 5,200,000.00
2009 Assessed Value of 35 Acre Suplus Property	\$ 662,500.00
2009 Assessed Value of 55 Acre Surplus Property	\$ 330,600.00
Subtotal Real Estate (above values include \$204,375 depreciated buildings value)	\$ 6,193,100.00
2011 Depreciated Equipment Value	\$ 8,670.00
<b>Estimated Value of Land, Buildings and Equipment</b>	<b>\$ 6,201,770.00</b>

Long-term Obligations - principal balance as of <b>June 30, 2011</b>	
Stellar One Loan - issued March 2002, 5.0% adj. annual payment	\$ 1,065,811.00
Rural Development Loan - issued March 2002, 4.75%, annual payment	\$ 1,918,131.00
Rural Development Loan - issued March 2005, 4.375%, monthly payment	\$ 2,163,495.00
<b>Total Current Debt</b>	<b>\$ 5,147,437.00</b>

**Virginia's First Regional Industrial Facility Authority  
Combined  
Proposed Budget  
Fiscal Year 2012 - 2013**

	Actual FY 2010-11	Supplement to Budget	Budget FY 2011-12	Actual Jul '11 - Jun 12	Proposed FY 2012-13
<b>Income</b>					
<b>Commerce Park Income</b>					
<b>Grants</b>		BCC Nov 2011	30,000.00		30,000.00
VA 1st Website Reimbursement					35,000.00
VA 1st Target Research Reimbursement					22,000.00
Interest Income - Commerce Park	6,334.81		5,000.00	4,166.76	5,000.00
<b>Lease Income - Commerce Park</b>					
Dalton - 400 Acres	4,065.16		4,065.25	4,282.46	4,282.46
Flory - 100 Acres	3,041.32		2,541.50	2,374.70	2,000.00
Guthrie - 300 Acres	3,200.12		3,200.25	3,298.13	3,298.13
Residence - Double Wide	3,000.00		6,000.00	5,450.00	3,000.00
Residence - Single Wide	227.27			0.00	0.00
<b>Total Lease Income - Commerce Park</b>	<b>13,533.87</b>		<b>15,807.00</b>	<b>15,405.29</b>	<b>12,580.59</b>
<b>Shares - Commerce Park</b>					
Shares - Bland County	5,900.00		5,900.00	5,900.00	5,900.00
Shares - City of Radford	23,258.00		23,258.00	23,258.00	23,258.00
Shares - City of Roanoke	27,500.00		27,500.00	27,500.00	27,500.00
Shares - Craig County	5,844.00		5,844.00	5,844.00	5,844.00
Shares - Giles County	55,851.00		55,851.00	0.00	55,851.00
Shares - Montgomery County	55,851.00		55,851.00	55,851.00	55,851.00
Shares - Pulaski County	180,172.00		180,172.00	180,172.00	180,172.00
Shares - Roanoke County	29,255.00		29,255.00	29,255.00	29,255.00
Shares - Town of Dublin	2,968.00		2,968.00	2,968.00	2,968.00
Shares - Town of Pearisburg	5,900.00		5,900.00	5,900.00	5,900.00
Shares - Town of Pulaski	20,001.00		20,001.00	20,001.00	20,001.00
<b>Total Shares - Commerce Park</b>	<b>412,500.00</b>		<b>412,500.00</b>	<b>356,649.00</b>	<b>412,500.00</b>
* (paid prior year)					
(\$256,365 additional shares purchase with excess dues not included)					
<b>Use of Reserve Funds</b>					98,998.41
<b>Total Commerce Park Income</b>	<b>432,368.68</b>		<b>463,307.00</b>	<b>376,221.05</b>	<b>616,079.00</b>

**Virginia's First Regional Industrial Facility Authority  
Combined  
Proposed Budget  
Fiscal Year 2012 - 2013**

	Actual FY 2010-11	Supplement to Budget	Budget FY 2011-12	Actual Jul '11 - Jun 12	Proposed FY 2012-13
<b>Virginia First's Income</b>					
Interest Income - VA First	6,335.00		5,000.00	4,166.81	1,000.00
Member Dues - VA First					
Dues - Bland County	5,000.00		5,000.00	5,000.00	5,000.00
Dues - City of Radford	5,000.00		5,000.00	5,000.00	5,000.00
Dues - City of Roanoke	5,000.00		5,000.00	0.00	5,000.00
Dues - City of Salem	5,000.00		5,000.00	0.00	0.00
Dues - Craig County	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Giles County	5,000.00		5,000.00	0.00	5,000.00
Dues - Montgomery County	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Pulaski County	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Roanoke County	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Town of Christiansburg	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Town of Dublin	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Town of Narrows	5,000.00		5,000.00	0.00	0.00
Dues - Town of Pearisburg	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Town of Pulaski	5,000.00		5,000.00	5,000.00	5,000.00
Dues - Wythe County	5,000.00		5,000.00	0.00	5,000.00
<b>Total Member Dues - VA First</b>	<b>75,000.00</b>		<b>75,000.00</b>	<b>50,000.00</b>	<b>65,000.00</b>
* (Paid upon withdrawal for FY 2012 & 13					
** (Paid from Excess Funds)					
*** (Paid in prior fiscal year)					
Use of Reserve					27,500.00
<b>Total Virginia First's Income</b>	<b>81,335.00</b>		<b>80,000.00</b>	<b>54,166.81</b>	<b>93,500.00</b>
<b>Total Income</b>	<b>513,703.68</b>		<b>543,307.00</b>	<b>430,387.86</b>	<b>709,579.00</b>

**Virginia's First Regional Industrial Facility Authority  
Combined  
Proposed Budget  
Fiscal Year 2012 - 2013**

Expense	Actual FY 2010-11	Supplement to Budget	Budget FY 2011-12	Actual Jul '11 - Jun 12	Proposed FY 2012-13
<b>Commerce Park Expenses</b>					
<b>Administration Contracted - CP</b>					
Contracted Management	16,385.49		12,000.00	8,500.00	9,000.00
Contracted Site Coordination				0.00	1,000.00
PDC Staff Services	10,642.40		18,000.00	18,183.81	18,000.00
<b>Total Administration Contracted - CP</b>	<b>27,027.89</b>		<b>30,000.00</b>	<b>26,683.81</b>	<b>28,000.00</b>
<b>Administration Expenses</b>					
Advertising/Media	452.40		500.00	0.00	
Copies/Printing	268.93		400.00	17.72	100.00
<b>Miscellaneous</b>					
Bank Fees	755.63			652.39	
Miscellaneous - Other	125.00			100.87	125.00
<b>Total Miscellaneous</b>	<b>880.63</b>		<b>900.00</b>	<b>753.26</b>	<b>125.00</b>
Office Space	2,420.00			220.00	
Office Supplies	64.89		400.00	173.32	200.00
Postage	66.27		352.00	4.28	100.00
Telecommunications	921.79		2,400.00	748.24	
Transportation/Travel Per Diem	2,253.34		2,400.00	933.18	1,000.00
<b>Total Administration Expenses</b>	<b>7,328.25</b>		<b>7,352.00</b>	<b>2,850.00</b>	<b>1,525.00</b>
<b>Contractual Service-Commerce Pk</b>				<b>2,837.80</b>	
<b>Debt Service-Commerce Park</b>					
Rural Development #1 - 03/19/42	119,448.00		119,448.00	119,448.00	119,448.00
Rural Development #2 - 03/02/45	123,096.00		123,096.00	123,096.00	123,096.00
Stellar One - 02/01/24	113,961.89		113,764.00	113,763.70	113,764.00
Pulaski Co PSA - 2050					55,000.00
<b>Total Debt Service-Commerce Park</b>	<b>356,505.89</b>		<b>356,308.00</b>	<b>356,307.70</b>	<b>411,308.00</b>

**Virginia's First Regional Industrial Facility Authority  
Combined  
Proposed Budget  
Fiscal Year 2012 - 2013**

	Actual FY 2010-11	Supplement to Budget	Budget FY 2011-12	Actual Jul '11 - Jun 12	Proposed FY 2012-13
Participation Committee-Comm Pk	981.94		1,500.00	1,131.26	1,500.00
Professional Services-Com Pk					
Audit Fee	1,575.00		1,600.00	1,625.00	
Engineering	1,080.00			17,147.65	85,000.00
Legal	3,663.59		2,000.00	2,339.33	
Other Professional Fees	-		1,000.00	0.00	3,000.00
<b>Total Professional Services-Com Pk</b>	<b>6,318.59</b>		<b>4,600.00</b>	<b>21,111.98</b>	<b>89,500.00</b>
Project Development-Commerce Pk					
Site Development/Marketing					
Strategic Plan	6,000.00	Aug 2011	30,387.29	30,387.29	
Target Industry Identification		Nov 2011	47,000.00	15,250.00	31,750.00
Website		Nov 2011	37,260.00	22,419.93	14,807.00
Postcard Mailer Campaign		Nov 2011	13,092.00	2,485.92	10,606.00
Strategic Plan Review		Nov 2011	15,000.00		15,000.00
<b>Total Site Development/Marketing</b>	<b>6,000.00</b>		<b>142,739.29</b>	<b>70,543.14</b>	<b>72,163.00</b>
<b>Total Project Development</b>	<b>6,000.00</b>		<b>142,739.29</b>	<b>70,543.14</b>	<b>72,163.00</b>
Site Maintenance-Commerce Park					
Environmental	4,000.00			385.00	0.00
Equipment Maintenance			1,000.00	0.00	0.00
Rental Property Maintenance					10,000.00
Insurance					
Equipment/Machinery	511.00		275.00	0.00	
Liability	326.00		175.00	0.00	
Property	1,359.00		750.00	583.00	583.00
<b>Total Insurance</b>	<b>2,196.00</b>		<b>1,200.00</b>	<b>583.00</b>	<b>583.00</b>
Materials/Supplies	2,021.65		1,000.00	1,642.14	1,000.00
Miscellaneous	1,594.26		3,000.00	2,097.49	500.00
Utilities	904.99	Nov 2011 - \$10,000 for Dublin water extension	10,600.00	10,066.00	0.00
Site Maintenance Other				650.00	
<b>Total Site Maintenance</b>	<b>10,716.90</b>		<b>16,800.00</b>	<b>15,423.63</b>	<b>12,083.00</b>
<b>Total Commerce Park Expenses</b>	<b>414,879.46</b>		<b>559,299.29</b>	<b>496,889.32</b>	<b>616,079.00</b>

**Virginia's First Regional Industrial Facility Authority  
Combined  
Proposed Budget  
Fiscal Year 2012 - 2013**

	Actual FY 2010-11	Supplement to Budget	Budget FY 2011-12	Actual Jul '11 - Jun 12	Proposed FY 2012-13
<b>Virginia's First Expenses</b>					
<b>Administration Contracted -VF</b>					
Contracted Management	7,614.52		6,000.00	9,500.00	9,000.00
PDC Staff Services	4,658.79		7,000.00	6,332.18	7,000.00
<b>Total Administration Contracted -VF</b>	<b>12,273.31</b>		<b>13,000.00</b>	<b>15,832.18</b>	<b>16,000.00</b>
<b>Administration Expenses - VA1st</b>					
Copies/Printing	241.92		400.00	0.72	400.00
Insurance - Public Officials	1,100.00		550.00	1,100.00	1,100.00
<b>Miscellaneous</b>					
Bank Fees	755.62			783.04	1,600.00
Miscellaneous - Other	628.66		500.00	210.86	1,000.00
<b>Total Miscellaneous</b>	<b>1,384.28</b>		<b>500.00</b>	<b>993.90</b>	<b>2,600.00</b>
Office Space	605.00			55.00	
Office Supplies	51.34		100.00	173.31	1,000.00
Postage	98.38		352.00	5.92	400.00
Telecommunications	905.00		50.00	771.68	1,200.00
Transportation/Travel Per Diem	437.69		2,400.00	808.50	2,400.00
<b>Total Administration Expenses - VA1st</b>	<b>4,823.61</b>		<b>4,352.00</b>	<b>3,909.03</b>	<b>9,100.00</b>
<b>Professional Services- VA First</b>					
Audit Fee	1,575.00		2,100.00	1,625.00	3,400.00
Legal	1,151.98		4,000.00	2,694.33	8,000.00
<b>Total Professional Services- VA First</b>	<b>2,726.98</b>		<b>6,100.00</b>	<b>4,319.33</b>	<b>11,400.00</b>
<b>Reimbursement to Commerce Park for Website &amp; Target Industry Research</b>					
					57,000.00
<b>Total Virginia's First Expenses</b>	<b>19,823.90</b>		<b>23,452.00</b>	<b>24,060.54</b>	<b>93,500.00</b>
<b>(Does not include \$600,000 excess dues declared)</b>					
<b>Total Expense</b>	<b>434,703.36</b>		<b>582,751.29</b>	<b>520,949.86</b>	<b>709,579.00</b>
<b>Net Surplus (Deficit)</b>	<b>79,000.32</b>		<b>(39,444.29)</b>	<b>(90,562.00)</b>	<b>0.00</b>
Commerce Park Use of Reserve					(98,998.41)
VA First					(27,500.00)

## **Memorandum of Understanding between Virginia’s First Regional Industrial Facility Authority and New River Valley Planning District Commission**

### **1. Agreement:**

This Memorandum of Understanding is issued pursuant to the terms and conditions of this agreement the New River Valley Planning District Commission, hereinafter referred to as the “PDC” and the Virginia’s First Regional Industrial Facility Authority, hereinafter referred to as the “Authority” is to be effective **July 1, 2012**.

### **2. Scope of Service**

The PDC agrees to provide the services set forth below to the Authority, and to do so in accordance with all terms and conditions set forth in this agreement.

The PDC agrees to do the following baseline activities in support of the authority’s board:

- Meeting support
- Bookkeeping
- Recordkeeping
- Economic development community: networking assistance
- Marketing materials (brochure; investor materials; publication of history, goals, and achievements)
- Economic development community: presentations assistance
- Potential participation committees
- Strategic planning: research
- Project assistance (grant writing, etc)

The PDC agrees to do the following baseline activities in support of the authority’s Commerce Park Participation Committee:

- Property management: tenant assistance, maintenance, leases (day to day)
- Property management: assistance with oversight, negotiations
- Meeting support
- Bookkeeping
- Recordkeeping
- Economic development community: networking assistance
- Prospects (proposals, site visits) 4 initial responses per year (support for additional responses can be provided through addendum to the MOU)
- Business plan staff support/development role
- Presentation mapping
- Marketing materials (brochure; investor materials; publication of history, goals, and achievements)
- Economic development community: presentations assistance

- Due diligence for site development (additional support can be provided through addendum to the MOU)
  - Broadband fiber to Commerce Park for last mile access
  - Electric transmission line extension route and financing planning
  - Rail access corridor planning
- Project assistance (grant writing, etc)
- Strategic planning: research

### 3. Add-on Services

The scope above is considered a baseline service. The Authority, its Executive Committee, or the Commerce Park Participation Committee may elect to authorize additional services and support from the PDC. In such cases, the Authority and the PDC will negotiate a fee and scope through addendum to this MOU for the specified services – which may include prospect marketing support above 4 initial responses and follow-up beyond initial inquiry, project support for site development, and other services deemed appropriate.

### 4. Period of Performance

The PDC agrees to commence performance of the activities called for herein, in compliance with the terms and conditions of this agreement, on the date set forth above and agrees to complete performance for the fiscal year beginning July 1, 201~~2~~<sup>1</sup> and ending June 30, 201~~3~~<sup>2</sup>.

### 5. Cost of Service

The Authority agrees to pay the PDC a fee not to exceed **\$25,000.00** and estimated to be allocated as follows: \$7,000.00 for Virginia's First board services and \$18,000.00 for Commerce Park Participation Committee services as identified in section 2. This will constitute full and complete payment for the PDC's work and activities as set forth herein. Such sums will be paid in the following manner in every case subject to receipt of the PDC's requisition for the payment. Such requisition shall specify that the PDC has performed the work specified in conformance with the terms and conditions of this agreement, and that the PDC is entitled to receive the amount requisitioned under the terms and conditions of this agreement. Requisitions shall normally be requested monthly.

### 6. Not-to-Exceed Cost

It is expressly understood and agreed by all parties hereto that in no event will the total funding to be paid to the PDC hereunder exceed the maximum sum of **\$25,000.00** unless authorized by addendum to this MOU. It is further understood that the PDC will request payment for only those costs that are incurred by the PDC in the fulfillment of the work responsibilities outlined herein. Specifically, if the PDC is able to fulfill its obligations with actual costs less than **\$25,000.00**, the Authority will retain the difference.

**7. Ownership and Status of Documents**

1. All project documents produced under this Agreement become the property of the Authority upon the completion. The PDC is entitled to permanently retain appropriate copies of all project documents for reference purposes.
2. Any reports, information, data, etc., given to, prepared or assembled by the PDC under this Agreement shall be kept confidential by the PDC until released or approved for release by the Authority.

**8. Amendment and Termination**

This Memorandum of Understanding may be amended or terminated at any time by written agreement between Virginia’s First Regional Industrial Facility Authority and the New River Valley Planning District Commission and shall be subject to renegotiation if such amendment results in a change in the scope of services, compensation, and method of payment.

Accepted for the New River Valley  
Planning District Commission

Accepted for the Virginia’s First Regional  
Industrial Facility Authority

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

July 3, 2012

Virginia's First Regional Industrial Facility Authority  
 Attn: Board of Directors and  
 Joe Morgan, Director  
 6580 Valley Center Drive, Suite 124  
 Radford Virginia 24141

Dear Board Members and Mr. Morgan:

We are pleased to confirm our understanding of the services we are to provide Virginia's First Regional Industrial Facility Authority for the year ended June 30, 2012. We will audit the financial statements of the business-type activities, which collectively comprise the basic financial statements of Virginia's First Regional Industrial Facility Authority as of and for the year ended June 30, 2012. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Virginia's First Regional Industrial Facility Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Virginia's First Regional Industrial Facility Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis, if prepared.

## Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Virginia's First Regional Industrial Facility Authority and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable

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to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Virginia's First Regional Industrial Facility Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the financial position of the business-type activities of Virginia's First Regional Industrial Facility Authority and the changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could

have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate

level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Virginia's First Regional Industrial Facility Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the governing body; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Robinson, Farmer, Cox Associates and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be

requested to make certain audit documentation available to the State Auditor of Public Accounts or his designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Robinson, Farmer, Cox Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State Auditor of Public Accounts. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately August 6, 2012 and to issue our reports no later than September 30, 2012. Corbin C. Stone, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will not exceed \$3,400. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review accompanies this letter.

We appreciate the opportunity to be of service to Virginia's First Regional Industrial Facility Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

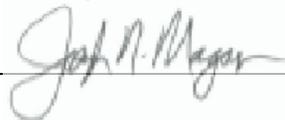
Very truly yours,

ROBINSON, FARMER, COX ASSOCIATES



Corbin C. Stone  
Certified Public Accountant  
Member

This letter correctly sets forth the understanding of Virginia's First Regional Industrial Facility Authority.

By: \_\_\_\_\_  \_\_\_\_\_

Title: \_\_\_\_\_

Joseph N. Morgan, Executive Director, Virginia's First Regional Industrial Facility Authority
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## **Virginia's First Regional Industrial Facility Authority**

**6580 Valley Center Drive, Suite 124**

**Radford, VA 24141**

**Phone (540) 639-1524 FAX (540) 831-6093**

[www.nrvpdc.org/vafirst.html](http://www.nrvpdc.org/vafirst.html)

### **ANNUAL REPORT FOR FISCAL YEAR 2011-2012**

#### **Bland County**

Lace M. (Nick) Asbury, IV  
Henry M. Blessing

#### **Craig County**

Jay Polen

#### **Giles County**

Chris McKlarney  
Richard McCoy

#### **Montgomery County**

Mary W. Biggs  
*Chair*  
Craig Meadows

#### **Pulaski County**

Andy McCready  
Shawn Utt

#### **Roanoke County**

Charlotte Moore  
Jill Loope  
*Executive Committee*

#### **Wythe County**

Bucky Sharitz  
Martha P. Umberger

#### **City of Radford**

Tim Cox  
Basil Edwards

#### **City of Roanoke**

Brian Townsend  
Bill Bestpitch

#### **Town of Christiansburg**

Randy Wingfield  
Barry D. Helms,  
*Secretary Treasurer*

#### **Town of Dublin**

Doug Irvin  
William H. Parker

#### **Town of Pearisburg**

Kenneth F. Vittum  
*Vice - Chair*  
Brad Jones

#### **Town of Pulaski**

Morgan Welker  
John Hawley,  
*Executive Committee*

This Annual Report for the fiscal year ending June 30, 2012 (FY12) is submitted to the Virginia's First Regional Industrial Facility Authority (VA's 1<sup>st</sup>) member local governments pursuant to Section 15.2-6403E, 1950 Code of Virginia, as amended.

VA's 1<sup>st</sup> leadership continued through the following members of the Executive Committee: Mary Biggs of Montgomery County, Chair; Ken Vittum of Pearisburg, Vice-Chair; Barry Helms of Christiansburg, Secretary/Treasurer; Doug Chittum of Roanoke County; and John Hawley of Pulaski Town, with Mr. Chittum leaving service during the year. Decisions on VA1st matters between semi-annual meetings of the Board of Directors were delegated to the Executive Committee, including advice to the Executive Director and approval of budgeted expenditures.

Administration for the Authority moved to a not to exceed cost memorandum of understanding with the New River Valley Planning District, with Joe Morgan as a consulting executive director for the Authority. The Program of Work adopted in April 2009 was largely completed. Long term planning for the overall Authority direction was deferred to allow for concentration on implementation of strategic planning for the Commerce Park

The New River Valley Commerce Park is VA's 1<sup>st</sup> primary project. Construction of facilities to expand water and sewer capacity available at the Park to one million gallons per day was completed. The expansion is funded by an US Department of Commerce Economic Development Administration matching grant of over \$3 million and a US Department of Agriculture loan with payments of \$55,000 per year. A debt reserve fund for the USDA loan was established with \$256,365 of the funds the Authority declared excess, as invested by eight Commerce Park members in return for 6,409 shares of Commerce Park equity. The Commerce Park continues to seek more flexibility from USDA in making surplus land and industrial sites available for sale or lease. The Commerce Park continued to be led in FY 12 by an Executive Committee of: Basil Edwards of Radford, Chair; Chris McKlarney of Giles County, Vice-Chair; Shawn Utt of Pulaski County, Secretary/Treasurer; Brian Hamilton of Montgomery County; and Jay Polen of Craig County. The Park continued to be marketed through the NRV Economic Development Alliance. The Alliance Prospect Committee introduced five prospects to the Park in FY 12. Leak, Goforth, LLC, in cooperation with Bruce Facility Planning Consultants completed strategic planning to guide the next decade of the Commerce Park development. Virginia Governor McDonnell awarded the Commerce Park one of four grants statewide under the Building Collaborative Communities initiative. The grant stimulated a marketing program to implement a key facet of the strategic planning, combining a new Commerce Park website, postcard marketing and targeting industry research that is focusing on 500 potential new businesses.

The Consolidated Annual Financial Report for VA's 1<sup>st</sup> for FY10 will be sent to member governments upon receipt.