

To the VA1st Board of Directors and Interested Parties:

Please plan to attend the January 12, 2011 Semi-Annual Board meeting. The meeting is scheduled for 4:30 PM on Wednesday, January 12 in the New River Room of the NRV Competitiveness Center, 6580 Valley Center Drive, Radford (Fairlawn area of Pulaski County).

We plan to send a tentative agenda out by the end of December and send a meeting information package by January 5. Attached are some updates that may be helpful for the meeting;

- Draft Annual Report for Fiscal Year Ending June 30, 2010
- Updated Program of Work as of December 15, 2010
- 2010 Commerce Park Update Brochure
- NRV Commerce Park Marketing Brochure from NRV Economic Development Alliance
- Consolidated Annual Financial Report for Year Ending June 30, 2010
- July 14, 2010 VA1st Board Meeting Draft Minutes
- Treasurer's Report for the Period Ending September 30, 2010

If Christy Straight or I can answer questions regarding any of these matters, please call on us.

We extend Best Wishes for an enjoyable and meaningful Holiday Season for you and your families, as well as your local governments.

Thanks, Joe

Joseph N. (Joe) Morgan  
Executive Director

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

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### ANNUAL REPORT FOR FISCAL YEAR 2009-2010

#### **Bland County**

Lace (Nick) Asbury  
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

#### **City of Salem**

John Givens  
Benjamin Tripp

#### **Town of Christiansburg**

Randy Wingfield  
Barry D. Helms,  
*Secretary Treasurer*

#### **Town of Dublin**

Doug Irvin  
William H. Parker

#### **Town of Narrows**

Clayton Davis  
Buddy Kast

#### **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, 2010 (FY10) 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. FY10 was the first full year Joe Morgan served as Executive Director. He was assisted by New River Planning District Regional Planner Christy Straight for general administrative support and Program Administrator Janet McNew for financial matters. The *attached* Program of Work adopted in April 2009 continued to guide the VA's 1<sup>st</sup> focus through FY10, and updates on the current status are included. VA1st successfully petitioned the Virginia General Assembly to modify Section 15.2-6415, 1950 Code of Virginia to allow withdrawal of member governments from VA1st, conditioned on approval of a majority of the other member governments and satisfaction of all financial commitments. The VA1st Board also declared \$600,000 of accumulated funds excess and asked its membership to unanimously approve distribution of those funds to economic development projects or rebates to member governments.

The New River Valley Commerce Park, VA's 1<sup>st</sup> primary project, is described in the *attached* general brochure. Design and right-of-way acquisition of facilities to expand water and sewer capacity available at the Park to one million gallons per day by 2012 were substantially completed in FY10 for the Pulaski County Public Service Authority. The expansion is funded by an US Department of Commerce Economic Development Administration matching grant of over \$3 million. Surplus land was reviewed for disposition to enhance the Park's development and reduce its outstanding debt. Two boundary adjustments were completed, subject to the concurrence of lenders, to buffer the historic New Dublin Presbyterian Church and return acreage to the NRV Airport equal to that taken by the Park's entrance road. All 11 member governments approved Amendment #2 to the Commerce Park Participation Agreement, clarifying the Park scope and Committee voting requirements. The Commerce Park continued to be led in FY 10 by an Executive Committee of: Chris McKlarney of Giles County, Chair; Basil Edwards of Radford, 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, as noted in the *attached* marketing brochure. The Alliance Prospect Committee introduced five prospects to the Park in FY 10, none which matured to serious candidates.

VA's 1<sup>st</sup> continued to offer project support to Project NEEMO (Nanomaterials for Energy, Environmental and Medical Operations), the New River Valley Competitiveness Center and the NRV Wireless Authority.

The Consolidated Annual Financial Report for VA's 1<sup>st</sup> for FY09 is *attached*.

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

Adopted 4-08-09 and Updated  
12-15-10

| <u>TASK</u>                    | <u>CURRENT STATUS</u><br><i>Completed Items Shown in Italics</i>  | <u>TIMING</u>  | <u>STAFF ASSIGNED</u>             |                   |
|--------------------------------|---|--|-----------------------------------|-------------------|
| <b>GOVERNANCE</b>              |   |  |                                   |                   |
| <b>Board of Directors</b>      | Continue coordinating with member local governments, including FOI, COI, Financial and other required disclosures   | Staggered terms expire June 30, 2010 & 2012  | 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 15/26403D</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 semi-annual update by Executive Director to Member CAO or Governing Body, as best suits each member government  | Contacts expected next with designation of excess funds  | 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            |

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

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12-15-10

|   |   | <u>TASK</u>   | <u>CURRENT STATUS</u>                   | <u>TIMING</u>      | <u>STAFF ASSIGNED</u> |
|---|---|---|---|--------------------|-----------------------|
|   |   |   | <i>Completed Items Shown in Italics</i> |                    |                       |
| <b>ADMINISTRATION</b> (Continued)                             |   |   |   |                    |                       |
| <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>  |   | Straight / Morgan  |                       |
| 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 |                       |
| Internet  | Update VA 1st Website   | Include in Strategic Planning   | 2011                                    | Gilbertson/ Morgan |                       |
| <b>PROFESSIONAL SERVICES</b>                                  |   |   |   |                    |                       |
| <b>Legal Counsel</b>  | Update procurement  | Jim Guynn   | 2011                                    | Morgan             |                       |
| <b>Financial Auditor</b>                                      | Update procurement  | Robinson, Farmer, Cox   | 2011                                    | Morgan             |                       |
| <b>Engineering</b>  | Update procurement  | Draper-Aden / Anderson&Assoc  | 2011                                    | Morgan             |                       |
| <b>STRATEGIC PLANNING</b>                                     |   |   |   |                    |                       |
| <b>Regional Economic Development Needs</b>                    | Emphasis on current regional workforce strengths and regional site development opportunities                                  | Reassessment is due 10 years since VA 1st formed  | 2009-11                                 | Morgan             |                       |
| <b>Regional Economic Development Opportunities</b>            | Explore opportunities for investment and revenue sharing for all VA 1st members through new participation committees          | VA 1st has established no regional projects except Commerce Park and recent Nanotechnology initiative | 2009-11                                 | Morgan             |                       |
| <b>Frequency</b>  | Initial 2 year cycle of review and re-adoption  | Consider Schedule at July 2010 Annual Authority Meeting   | 2009-11                                 | 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                                    | 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   | \$600,000 available as members unanimously agree for varying use of                                   | 2011                                    | Morgan             |                       |
| Support of Participation Committees                           | Consider equitable policy to allow access without restricting non-participating members                                       | each member's \$40,000 share  | 2011                                    | Morgan             |                       |
| <b>Budgeting</b>  | Assign to Executive Director  | FY 2012 Budget approval due by July 13, 2011  | 2011                                    | Morgan             |                       |

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

Adopted 4-08-09 and Updated  
12-15-10

|  |  | <u>TASK</u>  | <u>CURRENT STATUS</u><br><i>Completed Items Shown in Italics</i> | <u>TIMING</u> | <u>STAFF ASSIGNED</u> |
|--|--|--|--|---------------|-----------------------|
| <b>PARTICIPATION COMMITTEES</b>                                |  |  |  |               |                       |
| <b>Commerce Park</b>   |  |  |  |               |                       |
| <u>GOVERNANCE</u>  |  |  |  |               |                       |
| Officers   | <i>Officers selected through June 30, 2012</i>   | <i>2010-12 Officers<br/>Basil Edwards, Chair; Chris<br/>McKlarney, Vice Chair; and Shawn Utt,<br/>Sec. / Treas.</i>                                      | <i>Completed</i>   |               | Straight / Morgan     |
| Executive Committee  | <i>Executive Committee on permanent basis established to include officers and 2 at large members</i>   | <i>2010 - 2012 Executive Committee<br/>Officers plus Jay Polen from Craig and<br/>Brian Hamilton from Montgomery</i>                                     | <i>Mar-10</i>  |               | Morgan                |
| Executive Director   | <i>VA 1st Executive Director to also serve participation committees</i>  | <i>Joe Morgan designated as Executive<br/>Director</i>   | <i>Engaged April<br/>2009 to July<br/>2011</i>                   |               |                       |
| <u>MEMBERSHIP</u>  | Welcome other member localities to join  | Contacts authorized with other local governments   | Ongoing  |               | Morgan                |
| <u>STRATEGIC PLANNING</u>                                      |  |  |  |               |                       |
| 2007 Business Plan Review & Adoption                           | <i>Review and adopt with updates as appropriate</i>  | <i>Adopted with Executive Committee<br/>authorized to propose incentives and all<br/>member governments to confirm</i>                                   | <i>Adopted May<br/>2009 &amp; in<br/>Amendment # 2</i>           |               | Morgan                |
| Site Development Strategic Planning                            | Include overall site needs as part of VA 1st mission regional planning to serve all 15 member governments and Commerce Park specific enhancements within Commerce Park planning                    | Committee designated to draft RFP for consultant selection - staff review of currently available data to better determine structure of planning underway | 2011   |               | Morgan                |
| Assessment of Rail Access Practicality                         | Study alternative of rail transfer options, including cooperation with RAAP Dublin site. High cost of rail access lowers credibility of marketing efforts if represented as a rail accessible site | Rail ROW acquisition being studied - Use of RAAP New River Works (Dublin) Site for rail trans-load dependent on securing major customer                  | 2011   |               | Morgan                |
| Review of Member Return on Investment                          | <i>Expand pay back analysis to include broader regional economic impact. 1990's based expectation of high return from machinery &amp; tool taxes may be unrealistic in 2000's</i>                  | <i>Business Plan anticipates delayed<br/>return on investment in coordination<br/>with location incentives</i>   | <i>2009-10</i>   |               | Morgan                |
| Inventory of large acreage sites in Virginia and the southeast | Develop data base for use in workforce and site strategic planning   | Completed for Virginia - Southeast<br>Inventory Incomplete   | 2011   |               | Morgan                |
| Frequency  | Initial 2 year cycle of review and re-adoption   | Coordinate with Site Development<br>Strategic Planning   | 2009-11  |               | Morgan                |

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|----------------------------------|--|--|--|-------------------|-----------------------|
| <b>PARTICIPATION COMMITTEES</b>  |  |  |  |                   |                       |
| <b>Commerce Park (Continued)</b> |  |  |  |                   |                       |
| <b>FINANCE</b>                   |  |  |  |                   |                       |
| Budgeting                        | <i>Assign to Executive Director</i>  |  | <i>Completed</i>   | <i>2009</i>       | Morgan                |
| Revenue Sharing                  | Pulaski County has offered to share real estate taxes  |  | <i>Acceptance included in proposed Amendment #2 to Participation Agreement</i> | <i>April 2010</i> | Morgan                |
| Debt Restructuring               | Water and sewer infrastructure upgrade financing and interest rate changes warrant refinancing consideration   | Consider moving to municipal moral obligation status and/or self financing versus property secured   | Ongoing  | 2011              | Morgan                |
| Raising Capital                  | Seek new capital investment, from both public and private sources  |  |  | 2009-11           | Morgan                |
| Surplus Land Disposal            | List Mebane Home area with Woltz & Associates as approved in concept in July 2008 - Consider auction sale when second six months listing expires   | Re-listing with Woltz & Associates approved, with New Dublin Church buffer reservation, alternatives for more acreage and future auction - dependent on lender endorsement |  | 2011              | Morgan                |
| Surplus Land Disposal            | <i>Process 62 acre site for public hearing for either public or private sale, per Code of VA 15.2-1800, to insure public input and notice of availability. Site south east of Rhuebush Road (Rt 617) unlikely to be useful to Commerce Park mission other than rail and electric ROW</i> | <i>Hearing held 7-7-07 and Report submitted to CPPC on 8-12-09 - Findings to be considered in site strategic planning</i>  |  | <i>2010</i>       | Straight / Morgan     |
| <b>INVESTORS</b>                 |  |  |  |                   |                       |
| Public Sector                    | Develop plan for optional additional investment by current or new member localities  |  | For review in 2011 after membership changes confirmed                          | 2010-11           | Morgan                |
| Private Sector                   | Develop marketing plan for non-voting shares to finance further site development and infrastructure  |  | For review in 2011 after membership changes confirmed                          | 2010-11           | Morgan                |

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

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|   |  |   | <i>Completed Items Shown in Italics</i> |                  |                       |
| <b>PARTICIPATION COMMITTEES</b>                     |  |   |   |                  |                       |
| <b>Commerce Park (Continued)</b>                    |  |   |   |                  |                       |
| <u>MARKETING</u>                                    |  |   |   |                  |                       |
| Through Local Economic Developers                   | Expand networking to PDC's 3 and 5   |   | Underway                                | Ongoing          | Morgan                |
| Through Regional Economic Development Entities      | Expand networking to Roanoke Regional Partnership (PDC 5) and Virginia's aCorridor (PDC 3)   |   | Underway                                | Ongoing          | Morgan                |
| Through VA Economic Development Partnership         | Use VEDP data base to initiate strategic workforce and site strategic planning   | Updated VEDP Research and Marketing Leaders twice in 2009 - More update due in 2011 as W&S construction starts and megasites / workforce research completed   |   | 2009 - 11        | Morgan                |
| Through VA Economic Developers Association          | Maintain frequent contact with VEDP leadership - Network through VEDA  |   | Ongoing                                 | Ongoing          | Morgan                |
| Through Existing Businesses                         | Develop schedule of calls on major regional employers on 2 year rotation to insure awareness of Commerce Park assets   | Requested member governments to assist through existing industry support programs. Met with Pulaski Encouraging Progress on 10/7/10   |   | 2009-11          | Morgan                |
| VEDP Right Now Sites                                | Follow up to determine if Commerce Park is feasible for listing as a Megasite, Heavy Industrial Site or Business Industrial Park Site                              | Updated VEDP Research and Marketing Leaders on 2/5/09 - Commerce Park confirmation as a mega-site needed  |   | 2011             | Morgan                |
| Multiple Site Offerings                             | Review multiple site layout for compatibility with infrastructure expansion plans and regional site inventory needs as part of strategic planning base information | <i>Lot size availability ranges from 2 to 500+ acres confirmed in Participation Agreement Amendment #2</i>  |   | 2010             | Morgan                |
| Presentation Mapping                                | Coordinate update with engineering consultants   | Updates may be needed to reflect current planning   |   | 2011             | Morgan                |
| Review of recent prospect information presentations | Use past prospect presentations to develop base for workforce and site strategic planning  | <i>Completed</i>  |   | March - May 2009 | Morgan                |
| Targeted Industries Selection                       | Define targeted industries in coordination with strategic planning   | Current recommendations include plastics, solar equipment production, major distribution centers, medical equipment, micro-electronics, public sector security and cyber-security equipment - Targets need updating with NRVED Alliance targets and with workforce compatibility plus site strategic planning |   | 2011             | Morgan                |

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| <b>PARTICIPATION COMMITTEES</b>          |   |  |   |                  |                       |
| <b>Commerce Park (Continued)</b>         |   |  |   |                  |                       |
| <u>SITE MAINTENANCE</u>                  |   |  |   |                  |                       |
| Agricultural / Residential Leases        | Renew under current terms due to uncertainty on infrastructure extension, surplus property disposal, Project Neemo siting and multiple site layouts | 2 residential and 3 farm leases in place subject to annual renewal options - Some in-kind services made in lieu of rent - assignment of farm leases to Mebane House purchaser considered |   | 2009-2011        | Morgan                |
| Mowing                                   | Consider coordinating grounds maintenance with NRV Airport and / or local governments   | <i>Memorandum of Understanding entered with NRV Airport in return for use of CPPC tractor/mower, plus supplemental help from renters</i>   |   | <i>ongoing</i>   | Morgan                |
| Signage                                  | Coordinate complimentary signage as park layout develops  | New entranced signage installed in 2008  |   | 2010- 11         | Morgan                |
| Beautification                           | Seek cooperation of neighboring properties on eyesore removal / screening, as well as coordination with NRV Airport and / or local governments      | NRV Airport and Pulaski County are assisting - neighboring property owners to be contacted   |   | 2011             | Morgan                |
| Environmental Hazards Mitigation         | Coordinate with water and sewer extensions  | <i>Removed July 2009</i>   |   | <i>2009</i>      | Straight              |
| Roadways                                 | Coordinate extensions with all users  | Maintenance by VDOT and through agricultural and residential leases  |   | 2009 -11         | Morgan                |
| <u>SITE DEVELOPMENT</u>                  |   |  |   |                  |                       |
| 2009-11 Water & Sewer Capacity Expansion | Archeological and endangered species studies underway by NRV PDC  | <i>Completed</i>   |   | <i>2009</i>      | Straight              |
| 2009-11 Water & Sewer Capacity Expansion | underway by Pulaski Co PSA  | <i>Easement acquisition completed</i>  |   | <i>2009 - 10</i> | Ratcliff              |
| 2009-11 Water & Sewer Capacity Expansion | Engineering design procurement  | <i>Awarded by PCPSA to DAA and Anderson and Associates</i>   |   | <i>2009</i>      | Straight              |
| 2009-11 Water & Sewer Capacity Expansion | Virginia First / Pulaski County PSA grant agreement documentation   | <i>Awarded in March 2009</i>   |   | <i>2009</i>      | Straight              |
| 2009-11 Water & Sewer Capacity Expansion | Pulaski County PSA / City of Radford water capacity agreement   | <i>completed</i>   |   | <i>2010</i>      | Morgan                |
| 2009-11 Water & Sewer Capacity Expansion | Coordinate Rural Development / Economic Development Administration / Federal Stimulus / Private Financing   | <i>Commerce Park to assume customer status pledge of 1/3 debt service as an availability charge</i>  |   | <i>Aug-09</i>    | Straight              |

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

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|--|--|--|-----------------------|
| <b>PARTICIPATION COMMITTEES</b>                |  |  |                       |
| <b>Commerce Park (Continued)</b>               |  |  |                       |
| <u>SITE DEVELOPMENT (continued)</u>            |  |  |                       |
| Electric Service Upgrade / Substation Location | AEP completed transmission and service upgrade study in 2008 - Coordinate options for upgrade with City of Radford Electric Service and seek financing | option review underway - transmission line easement to be sought   | 2009 - 11 Morgan      |
| Access Road(s) Extension                       | Coordinate funding options with VDOT and private investors   | Routing and funding dependent on future tenant needs   | 2009 - 11 Morgan      |
| Broadband Upgrade / Extensions                 | Coordinate service through Commerce Park   | New River Valley Network Wireless Authority awarded Federal stimulus funding   | 2011 Morgan           |
| Boundary Adjustment                            | Complete swap for site desired by Airport with runway access   | <i>Swap site accepted by NRV Airport and approved by CPPC 8-12-2009 with survey and deed preparation completed for final transfer by winter 2011</i> | 2009 - 11 Morgan      |
| Protective Covenants                           | Coordinate updates with strategic planning. Existing covenants may not reflect future development plan   | <i>Initiation of Development, Covenants and Communications Committee (DC&amp;CC) authorized 11-19-2009 &amp; first annual meeting held 7-13-10</i>   | 2009 - 11 Morgan      |

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

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|--|--|---|-----------------------|--------|
| <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   | Identification of private and public sector participants underway   | 2009-11               | Morgan |
| Participation Committee Organization                           | Offer assistance in establishing an administration and financial structure   | Participants will require an organizational structure   | 2011                  | Morgan |
| Project Implementation   | Assist with program of work development as recommended by VA Tech Office of Economic Development   | Programmatic versus Capital Facility focus now suggested as described in NRV NanoFab Business Plan  | 2010-11               | Morgan |
| <b>NRV Competitiveness Center</b>                              | Assist with defining options and implementing restructuring  | <i>Components of Participation Committee to acquire center to be developed - No non-taxable advantage to VA 1st participation, but may be more attractive to members or investors</i> | <i>Jul-10</i>         | Morgan |
| <b>NRV Wireless Authority</b>                                  | Offer assistance with developing participation committee and serve as applicant for broadband funding through National Telecommunication and | Pending Federal funding approval and coordination by Citizen's Telecommunications   | 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>                                | 2009-11               | 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         | Significant resources have been invested in VA 1st organization and Commerce Park development   | 2009-11               | Morgan |



## 2010 New River Valley Commerce Park Participation Committee Update

The New River Valley Commerce Park is a 1,000 acre industrial facility located in Pulaski County north of Dublin, Virginia, approximately 3.6 miles from Interstate 81. The facility is owned by 11 participating jurisdictions structured under Virginia's First Regional Industrial Facility Authority (VFRIFA). The goal the Commerce Park is to "do together what we can not do alone" for the region.

### Bland County

\*Lace (Nick) Asbury  
Henry Blessing

### Craig County

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### Giles County

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\*Doug Irvin

### Town of Pearisburg

\*Kenneth F. Vittum  
Brad Jones

### Town of Pulaski

\*Morgan Welker  
John Hawley

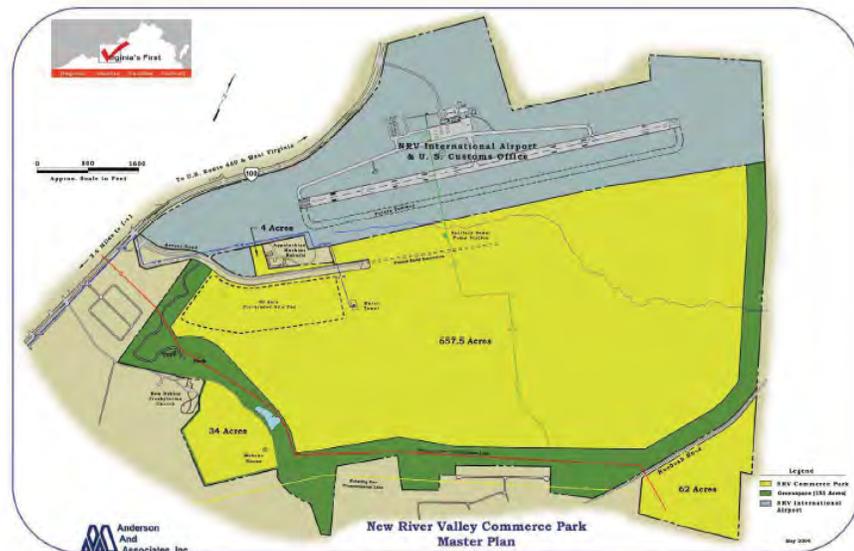
\* denotes primary member of the Participation Committee

### Executive Committee:

Basil Edwards, Chair  
City of Radford  
Chris McKlarney, Vice-Chair  
Giles County  
Shawn Utt,  
Secretary-Treasurer  
Pulaski County  
Jay Polen  
Craig County  
Brian Hamilton  
Montgomery County

### NRV Commerce Park Assets and Accomplishments

- ✓ New River Valley Airport, with full time Customs Office and Port of Entry
- ✓ Designated US Foreign Trade Zone (FTZ) and Virginia Enterprise Zone
- ✓ Acquisition of roughly 1,000 acres of land originally envisioned for Park
- ✓ Graded 2-acre & 40-acre pads
- ✓ One mile long industrial access road constructed
- ✓ Flexible zoning with 2 – 75 acre lot sizes
- ✓ Completion of necessary engineering and reporting, including geotechnical and environmental assessment
- ✓ Virtual building, 370,000 square feet, expandable to 761,000 square feet
- ✓ Ongoing marketing and prospect visits
- ✓ On-site water and sewer available, with 1 million gallons per (MGD) day water & sewer capacity planned in 2012, with 6 MGD planned as needed
- ✓ NRV Wireless Authority to serve site with broadband through Federal Stimulus funding
- ✓ 138kV electric transmission line extension designed and available in 18 to 24 months
- ✓ Rail extension feasible for major industrial facility
- ✓ Perpetual sharing of machinery & tools taxes with member governments
- ✓ Sharing real estate & personal property taxes fully for 7 years and partially for 8 more years



### 2009 Updated Business Plan

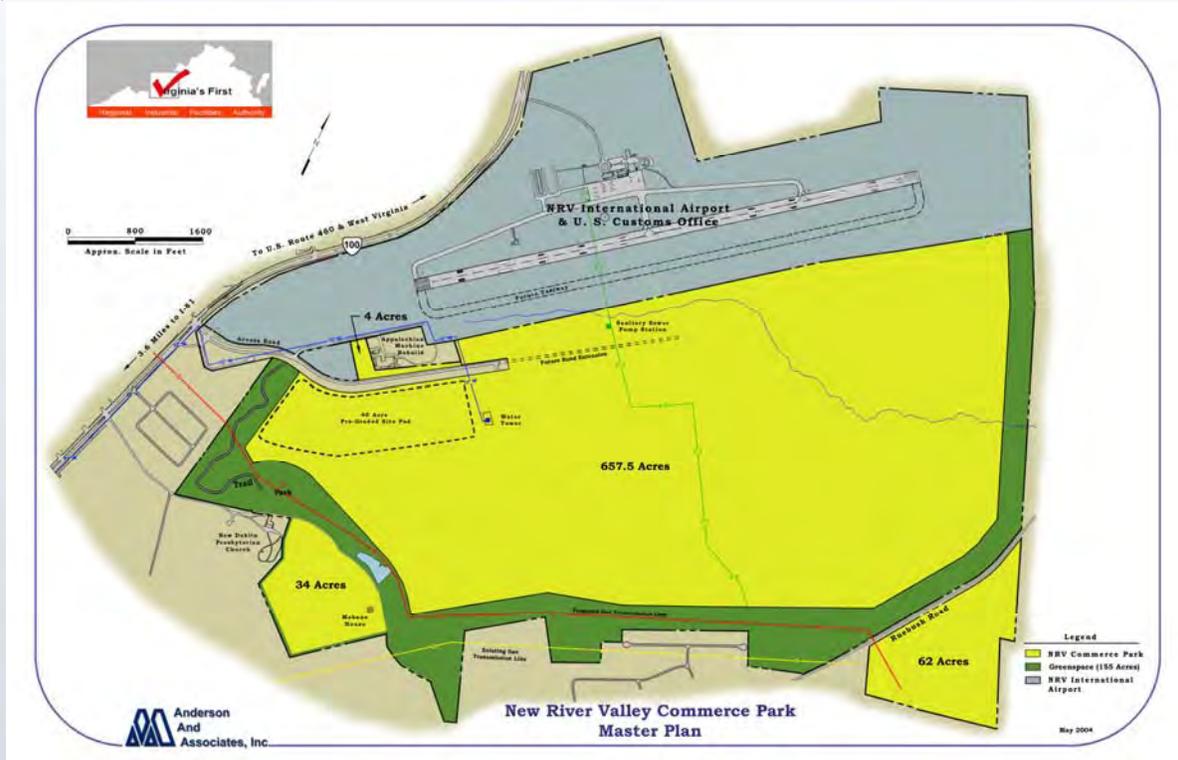
- ✓ Maximize amount of land that is "ready to build"
- ✓ Develop a market-based industry focus
- ✓ Market flexible sites without competing with other facilities in the region
- ✓ Maximize tax revenue sharing
- ✓ Use first 7 years of property taxes for potential incentives
- ✓ Market surplus property to assist with water and sewer expansion cost
- ✓ Require NO ADDITIONAL FUNDING by localities



# New River Valley Commerce Park

# For Sale or Lease

VA-100 and Laboratory Drive  
Dublin, VA 24084



## Site Specifications and Information

- Close to 1,000 total acres (973 acres)
- 650+ acres suitable for development with existing buffer already in place (dark green above)
- Adjacent to the New River Valley International Airport (6,200 ft. runway)
- Adjacent to the Virginia TradePort (Port of Entry #1412 and FTZ #238)
- 40 acre graded pad with all utilities in place including water, sewer, fiber, natural gas, etc.
- Located 3 miles off of I-81 Exit 98 with 4-lane highway accessibility



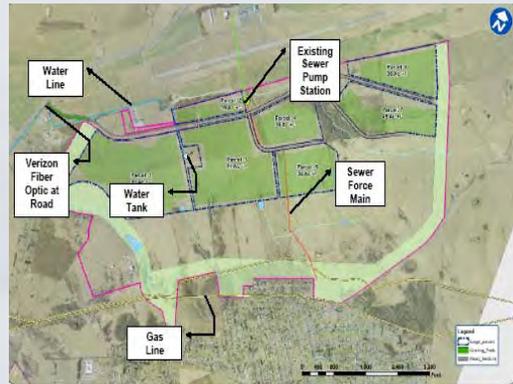
All together. Better.



## New River Valley Commerce Park

## For Sale or Lease

VA-100 and Laboratory Drive  
Dublin, VA 24084



### Regional and Location Information

- + Extremely low cost of doing business (utilities, taxes, etc.)
- + Area of outstanding beauty, recreation, sports, culture, and education
- + Available, well-trained workforce with an outstanding work ethic
- + Home of Virginia Tech, Radford University, and New River Community College
- + Located on Virginia's I-81 Corridor and close to I-77 and I-64 with N,S,E,W rail lines



All together. Better.

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

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2010**

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

Financial Report  
Year Ended June 30, 2010

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**FINANCIAL SECTION**

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**COMPLIANCE SECTION**

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## FINANCIAL SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

**To the Members of the Board  
Virginia's First Regional Industrial Facility Authority  
Radford, Virginia**

We have audited the accompanying financial statements of the business-type activities of the Virginia's First Regional Industrial Facility Authority as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to an express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Virginia's First Regional Industrial Facility Authority as of June 30, 2010 and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2010, on our consideration of Virginia's First Regional Industrial Facility Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Virginia's First Regional Industrial Facility Authority has not presented Management's Discussion and Analysis, which is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States.

*Robinson, Farmer, Cox Associates*

Christiansburg, Virginia  
September 2, 2010

**Statement of Net Assets**  
**At June 30, 2010**

| ASSETS  |                            |
|---|----------------------------|
| Current assets:                                   |                            |
| Cash and cash equivalents                         | \$ 928,030                 |
| Noncurrent Assets:                                |                            |
| Inventory held for resale                         | \$ 8,282,671               |
| Restricted Assets:                                |                            |
| Cash & cash equivalents                           | \$ 242,544                 |
| Capital Assets (net of accumulated depreciation): |                            |
| Building  | \$ 224,875                 |
| Equipment and Machinery                           | 13,005                     |
| Total capital assets                              | \$ <u>237,880</u>          |
| Total noncurrent assets                           | \$ <u>8,763,095</u>        |
| Total assets                                      | \$ <u>9,691,125</u>        |
| LIABILITIES                                       |                            |
| Liabilities:                                      |                            |
| Current liabilities:                              |                            |
| Accounts payable                                  | \$ 12,306                  |
| Accrued interest payable                          | 56,858                     |
| Loans payable (amount due in one year)            | 112,134                    |
| Total current liabilities                         | \$ <u>181,298</u>          |
| Noncurrent liabilities:                           |                            |
| Loans payable (amount due in more than one year)  | \$ <u>5,147,350</u>        |
| Total liabilities                                 | \$ <u>5,328,648</u>        |
| NET ASSETS  |                            |
| Invested in capital assets, net of related debt   | \$ 237,880                 |
| Restricted for debt service and bond covenants    | 242,544                    |
| Unrestricted                                      | 3,882,053                  |
| Total net assets                                  | \$ <u><u>4,362,477</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

**Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2010**

|  |    |             |
|--|----|-------------|
| Operating revenues:                    |    |             |
| Annual dues                            | \$ | 77,500      |
| Rental income                          |    | 11,343      |
| Participant share - Commerce Park      |    | 412,500     |
| Other income                           |    | 146         |
|  |    | <hr/>       |
| Total operating revenues               | \$ | 501,489     |
|  |    | <hr/>       |
| Operating expenses:                    |    |             |
| Administration                         | \$ | 49,681      |
| Insurance                              |    | 4,362       |
| Professional services                  |    | 4,213       |
| Maintenance and repairs                |    | 290         |
| Engineering fees                       |    | 6,753       |
| Environmental fees                     |    | 1,790       |
| Appraisal fees                         |    | 3,500       |
| Advertising                            |    | 117         |
| Utilities                              |    | 2,538       |
| Miscellaneous                          |    | 2,654       |
| Depreciation                           |    | 24,835      |
|  |    | <hr/>       |
| Total operating expenses               | \$ | 100,733     |
|  |    | <hr/>       |
| Operating income (loss)                | \$ | 400,756     |
|  |    | <hr/>       |
| Nonoperating revenues (expenses):      |    |             |
| Interest earned                        | \$ | 11,825      |
| Interest expense                       |    | (247,542)   |
|  |    | <hr/>       |
| Total nonoperating revenues (expenses) | \$ | (235,717)   |
|  |    | <hr/>       |
| Net Income before contributions        | \$ | 165,039     |
|  |    | <hr/>       |
| Change in net assets                   | \$ | 165,039     |
| Net assets, beginning of year          |    | 4,197,438   |
|  |    | <hr/>       |
| Net assets, end of year                | \$ | 4,362,477   |
|  |    | <hr/> <hr/> |

The accompanying notes to financial statements are an integral part of this statement.

**Statement of Cash Flows**  
**For the Year Ended June 30, 2010**

|  |                            |
|--|----------------------------|
| Cash flows from operating activities:  |                            |
| Receipts from operating grants and participating jurisdictions   | \$ 501,489                 |
| Payments to suppliers and corporations   | <u>(72,837)</u>            |
| Net cash provided by (used in) operating activities  | <u>\$ 428,652</u>          |
| Cash flows from non-capital financing activities:  |                            |
| Principal payments on loans  | \$ (107,521)               |
| Interest payments  | <u>(250,476)</u>           |
| Net cash provided by (used in) non-capital and related financing activities                              | <u>\$ (357,997)</u>        |
| Cash flows from Investing activities:  |                            |
| Interest received  | <u>\$ 11,825</u>           |
| Net cash provided by (used in) investing activities  | <u>\$ 11,825</u>           |
| Increase (decrease) in cash and cash equivalents   | \$ 82,480                  |
| Cash and cash equivalents at beginning of year (Includes restricted cash amount of \$242,544.)           | <u>1,088,094</u>           |
| Cash and cash equivalents at end of year (Includes restricted cash amount of \$242,544.)                 | <u><u>\$ 1,170,574</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used in) operating activities:           |                            |
| Operating income (loss)  | \$ 400,756                 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                            |
| Depreciation and amortization  | 24,835                     |
| Changes in operating assets and liabilities:   |                            |
| Increase (decrease) in payables and accrued expenses   | <u>3,061</u>               |
| Net cash provided by operating activities  | <u><u>\$ 428,652</u></u>   |

The accompanying notes to financial statements are an integral part of this statement.

# VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS AS OF JUNE 30, 2010

---

### **Note 1—Significant Accounting Policies:**

---

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant policies:

#### **A. Determination of the Reporting Entity**

Virginia's First Regional Industrial Facility Authority was created as a governmental subdivision of the Commonwealth of Virginia by concurrent resolutions of the Board of Supervisors of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe Counties; the City Councils of Roanoke, Radford, and Salem; the Town Councils of Christiansburg, Dublin, Narrows, Pearisburg, and Pulaski on September 1<sup>st</sup> 1998. The Authority was created pursuant to the provisions of the Virginia Regional Industrial Facilities Act (Chapter 64 of Title 15.2 of the Code of Virginia, 1950 as amended). The Authority is governed by up to thirty directors appointed by the participating localities. Each member government may appoint two members for a total of thirty members of the Board of Directors. The purpose of the Authority is to enhance the economic base for the member localities by developing, owning, and operating one or more facilities on a cooperative basis. As such, the Authority is authorized to expend such funds as may be available to it for the purpose of developing industrial facilities, including but not limited to (i) purchasing real estate; (ii) grading sites; (iii) improving, replacing, and extending water, sewer, natural gas, electrical, and other utility lines; (iv) constructing, rehabilitating, and expanding buildings; (v) constructing parking facilities; (vi) constructing access roads, streets, and rail lines; (vii) purchasing or leasing machinery and tools; and (viii) making any other improvements deemed necessary by the Authority to meet its objectives.

#### **B. Basis of Accounting**

The Authority operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued before December 1, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are contributions and revenue sharing payments. Operating expenses include the cost of administrative expenses, economic incentive payments, and host fee payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **C. Cash and Cash Equivalents**

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2010 (continued)**

---

**Note 1—Significant Accounting Policies: (continued)**

---

**D. Other Significant Accounting Policies**

- When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.
- Inventory held for resale consists of land and is valued at cost.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets restricted for debt service represent funds set aside as debt reserves pursuant to the Authority's bond covenants.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year. Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Buildings               | 20-40        |
| Building improvements   | 20-40        |
| Machinery and equipment | 10           |

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2010 (continued)**

---

**Note 2—Cash and Securities:**

---

**Deposits:** All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

**Investments:** Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The Authority did not have any investments at June 30, 2010 or for the year then ended.

**Note 3—Long-Term Debt:**

---

Annual requirements to amortize long-term debt and related interest are as follows:

| For the Year<br>Ended<br>June 30, | Rural Development and Commercial Loans |              |
|-----------------------------------|--|--------------|
|                                   | Principal                              | Interest     |
| 2011                              | \$ 112,134                             | \$ 243,863   |
| 2012                              | 117,524                                | 238,473      |
| 2013                              | 123,174                                | 232,823      |
| 2014                              | 129,096                                | 226,901      |
| 2015                              | 135,303                                | 220,694      |
| 2016-2020                         | 780,613                                | 999,371      |
| 2021-2025                         | 873,899                                | 792,633      |
| 2026-2030                         | 590,736                                | 621,984      |
| 2031-2035                         | 740,003                                | 472,717      |
| 2036-2040                         | 927,030                                | 285,690      |
| 2041-2045                         | 729,972                                | 69,041       |
| Totals                            | \$ 5,259,484                           | \$ 4,404,190 |

*Remainder of page intentionally left blank.*

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2010 (continued)**

**Note 3—Long-Term Debt (Continued):**

Changes in Long-term Obligations are as follow:

|                         | Balance<br>July 1, 2009 | Issuances   | Retirements         | Balance<br>June 30, 2010 |
|-------------------------|-------------------------|-------------|---------------------|--------------------------|
| Commercial Loan         | \$ 1,177,588            | \$ -        | \$ (54,558)         | \$ 1,123,030             |
| Rural Development Loans | <u>4,189,417</u>        | <u>-</u>    | <u>(52,963)</u>     | <u>4,136,454</u>         |
| Total                   | <u>\$ 5,367,005</u>     | <u>\$ -</u> | <u>\$ (107,521)</u> | <u>\$ 5,259,484</u>      |

Details of long-term obligations

|  | Total<br>Amount     | Amount Due<br>Within One Year |
|--|---------------------|-------------------------------|
| \$2,083,500 revenue bond issued March 19, 2002, bearing interest at 4.75%. Combined payments of principal and interest of \$119,448 begin on March 19, 2005 and continue annually until March 19, 2042. The outstanding balance at year end is   | \$ 1,945,183        | \$ 27,052                     |
| \$2,300,000 revenue bond issued March 2, 2005, bearing interest at 4.375%. Combined payments of principal and interest of \$10,258 begin on April 2, 2006 and continue monthly until March 2, 2045. The outstanding balance at year end is   | 2,191,271           | 27,781                        |
| \$1,376,831 bank loan issued March 19, 2002, with a variable interest rate, based on the prime rate. The interest rate as of June 30, 2010 was 5%. Combined payments of principal and interest of \$113,453 (based on the current interest rate) are due annually until February 1, 2024. The outstanding balance at year end is | \$ 1,123,030        | \$ 57,301                     |
| Total long-term obligations  | <u>\$ 5,259,484</u> | <u>\$ 112,134</u>             |

**Note 4—Risk Management:**

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority participates with other entities in a public entity risk pool for their coverage of property, general liability, automobile liability, and public officials insurance with VACO. Each member of the risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority makes contributions and assessments into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2010 (continued)**

---

**Note 5—Assets Held for Resale:**

Assets held for resale totaling \$8,282,671 represent the amount spent to date on the development of the New River Valley Commerce Park.

**Note 6—Due from Participating Jurisdictions:**

The Authority sells shares to participating jurisdictions in industrial development projects initiated by the Authority. Participating jurisdictions are entitled to profits generated by these industrial development projects, as presented in their participation agreements, to the extent taxes (real estate, business and personal property, and machinery and tools taxes) generated by the projects exceed expenses related to the projects. Under terms of these agreements, the host locality shall remit to the Authority taxes (less a 5% host fee) generated from an industry locating on a project site in the host locality. The revenue sharing agreements further require the participating jurisdictions to contribute amounts necessary to cover all expenses of the projects, to the extent that taxes generated by the project do not cover these expenses.

**Note 7—Capital Assets:**

Capital asset activity for the year ended June 30, 2010 was as follows:

|  | Beginning<br>Balance | Increases          | Decreases   | Ending<br>Balance   |
|--|----------------------|--------------------|-------------|---------------------|
| Capital assets, being depreciated:     |                      |                    |             |                     |
| Buildings and structures               | \$ 410,000           | \$ -               | \$ -        | \$ 410,000          |
| Equipment and machinery                | 43,350               | -                  | -           | 43,350              |
| Total capital assets being depreciated | <u>\$ 453,350</u>    | <u>\$ -</u>        | <u>\$ -</u> | <u>\$ 453,350</u>   |
| Less accumulated depreciation for:     |                      |                    |             |                     |
| Buildings and structures               | \$ (164,625)         | \$ (20,500)        | \$ -        | \$ (185,125)        |
| Equipment and machinery                | (26,010)             | (4,335)            | -           | (30,345)            |
| Total accumulated depreciation         | <u>\$ (190,635)</u>  | <u>\$ (24,835)</u> | <u>\$ -</u> | <u>\$ (215,470)</u> |
| Total capital assets, net              | <u>\$ 262,715</u>    | <u>\$ (24,835)</u> | <u>\$ -</u> | <u>\$ 237,880</u>   |

## COMPLIANCE SECTION

# ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

---

**To the Members of the Board  
Virginia's First Regional Industrial Facility Authority  
Radford, Virginia**

We have audited the financial statements of Virginia's First Regional Industrial Facility Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated September 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Virginia's First Regional Industrial Facility Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia's First Regional Industrial Facility Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Virginia's First Regional Industrial Facility Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, described in the accompanying schedule of findings and responses as item number 2010-1, to be a material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia's First Regional Industrial Facility Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Virginia's First Regional Industrial Facility Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Virginia's First Regional Industrial Facility Authority's response and, accordingly, we express no opinion on it.

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

*Robinson, Farmer, Cox Associates*

Robinson, Farmer, Cox Associates  
September 2, 2010

Virginia's First Regional Industrial Facility Authority

Schedule of Findings and Responses  
Year Ended June 30, 2010

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

|   |             |
|---|-------------|
| Type of auditor's report issued:                      | Unqualified |
| Internal control over financial reporting:            |             |
| Material weakness(es) identified?                     | Yes         |
| Significant deficiency(ies) identified?               | No          |
| Noncompliance material to financial statements noted? | No          |

**Section II - Financial Statement Findings**

2010-1

Condition: The auditee does not possess sufficient expertise in the selection and application of accounting principles to ensure the annual financial report meets all applicable standards promulgated by Generally Accepted Accounting Standards (GAAS), the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Criteria: Per Statement on Auditing Standards 115, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

**Managements**

Response To comply with Standard 115, we would be required to hire staff and/or consultants with expertise in the preparation of financial statements using standards referred to above. The additional cost required exceeds any identified benefits. As such, management does not propose to take any action regarding Standard 115.

**Virginia's FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**

**Meeting Minutes**

**July 14, 2010**

**1. Roll Call and Agenda Approval**

Chairman Biggs called the meeting of the Authority to order at 4:35 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 ten of the 15 member governments represented: Bland, Craig, Montgomery, and Pulaski counties; Radford and Salem cities; and Christiansburg, Dublin, Pearisburg and Pulaski towns (see attached). Attendees introduced themselves for the benefit of new members, attendees.

Ms. Biggs requested approval of the agenda.

Motion: Mr. Huber moved the board approve the amended agenda. Mr. Tripp seconded the motion.

Action: The motion carried unanimously.

**2. Public Comments**

No public comments were made.

**3. Approval of January 13, 2010 Minutes (attached)**

Motion: Mr. Parker moved the Board approve the January 13, 2010 Authority meeting minutes. Mr. Helms seconded the motion.

Action: The motion carried unanimously.

**4. Treasurer's Reports for 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2010 (attached)**

In addition to the first and second quarter 2010 treasurer's reports, the following payables for FY 2010 have been submitted for payment:

- Joe Morgan (Mar-Jun)- \$8,127.62 (VA 1<sup>st</sup> share \$1,923.41 - Commerce Park share \$6,204.21)
- PDC Administration (May) - \$1,338.35 (VA 1<sup>st</sup> share \$178.93 - Commerce Park Share \$1,159.42)
- PDC - \$161 – reimburse for Commerce Park for lunch meeting expense

The resulting un-audited fiscal year end balances are: Virginia's 1<sup>st</sup> \$798,345.99 and Commerce Park \$120,056.37.

Ms. Edmonds requested that the report show aggregate balances by fiscal year individually for committees and Virginia's First rather than a single balance.

Motion: Mr. Welker moved the board accept the first and second quarter treasurer's reports. Mr. Tripp seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

## **5. Administrative Staff Report**

### **a. Program of Work Status**

Mr. Morgan summarized the activity provided in the update on the adopted program, included with the minutes of this meeting. Mr. Hamilton asked about the finance and dues: it appeared that \$2500 is adequate for covering expenses, but dues are still \$5,000; he stated Montgomery County prefers to pay what is needed. Mr. Morgan stated that excess funds are being treated as overage rather than change dues for some members who would find budget issues if the amount were reduced now and then increased later. During this transition period, Mr. Morgan suggested there is opportunity for membership changes and strategic planning may show the current dues amount may be too little or too much. The planning process should provide information to determine appropriate dues structure for the future. Ms. Edmonds as if a motion to change dues was made when that would be appropriate? Ms. Biggs suggested that could be done when discussing the budget. Mr. Morgan stated dues are typically billed at the end of June.

### **b. Board Member Documentation Required**

Staff is confirming the appointment resolutions, oaths of office and financial declaration statements are current for all Board Members. Ms. Straight reported that a few members are missing credentials and she is contacting localities directly to confirm appointments for expiring terms are being made in order to bring the documentation up to date. Fortunately, if the reappointment has not occurred, the current member may serve until reappointed or until a replacement is named and takes the oath of office.

### **c. Budget Recommendation**

The recommended budget for FY 2011 was presented (a copy is included in the minutes of this meeting). No change is recommended in overall budget from the previous years and as presented in January. The Commerce Park section of the budget was adopted by the Commerce Park Participation Committee in March. It is requested that the board also vote on consent of the Commerce Park budget. The Virginia's First budget is estimated based on past expenditures; it does include a surplus balance for FY 2011.

Ms. Edmonds asked if the project development line item for \$30,000 is a transfer of funds or a Virginia's First grant. Mr. Morgan answered that the money is coming from the Commerce Park fund balance.

Motion: Ms. Edmonds made a motion that Virginia's First annual dues for FY 2010-11 be reduced to \$2,500 per member. The motion failed for lack of a second.

Motion: Mr. Irvin moved the board adopt the budget as presented. Mr. Tripp seconded the motion.

Action: The motion passed unanimously by a roll call vote and representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

### **d. Executive Director Performance Review**

The Executive Committee conducted a performance review and provided guidance on duties of the Executive Director and staff contracted from the New River Valley Planning District Commission desired through the next year. They requested attention to the amount of paper used,

asked that action items be marked with an asterisk, and page number references be made on the agenda when supporting documentation is included. Ms. Biggs asked if there were any additional comments from the board. None were made. Mr. Morgan stated that he has usually erred on the side of giving more information than not enough for members' consideration. He is planning to serve for another year and then the Executive Committee will evaluate options for proceeding.

**e. FY10 Auditor Engagement**

No procurement plans are recommended. Robinson Farmer Cox has provided these services in the past and is a good match for the audit with their specialized practice. No internal resources are available to conduct the audit.

Motion: Mr. Irvin moved the board authorize contracting with Robinson Farmer Cox to conduct the annual audit for Virginia's First. Mr. Edwards seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**6. Old Business**

**a. Insurance Coverage Changes**

The Commerce Park Participation Committee awarded coverage to VACo Risk Management. Both VACo Risk Management and VML Insurance Programs submitted proposals for insurance coverage. The coverage was as recommended in the McNeary, Inc. recommendations completed in January. The VACo quote of \$1,663 was lower than the VML quote of \$1,966. Included in the VACo policy is liability and errors/omissions coverage for the overall Virginia's First organization. It was anticipated that the new coverage would replace current coverage under both Erie Insurance and VARisk. However, the VARisk coverage is being offered at no cost for FY 2011, so there is no reason to cancel coverage now. Approval of the overall insurance coverage by VACo Risk Management is requested for the record.

Motion: Mr. Utt moved the board approve insurance coverage by VACo Risk Management. Mr. Welker seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**b. Adoption of Legislation Allowing Member Withdrawal**

Legislation adopted in the 2010 Acts of Assembly Chapter 531 (a copy is included in the minutes of this meeting) allows a procedure for member withdrawal, as endorsed by the Board in January, as well as by most member governments. A resolution of appreciation is recommended, similar to the attached draft, especially for the efforts of Delegate Crockett-Stark as Chair of Subcommittee, as well as Delegates Nutter and Ware.

Members can withdrawal on vote of a majority of membership. Requirements for payment of dues and other financial obligations are included in the legislation. One sentence of the legislation adopted directly addresses the return of any refunded contributions, as follows stating, "Upon withdrawal, the withdrawing member shall also return to the authority any dues or other contributions refunded to such member during its membership in the authority": Mr. Morgan recommended those considering withdrawal request their allocation for a specific project beforehand to remove contention about rebates.

Mr. Trip updated the board on Salem's status in Virginia's First. He spoke with both with the city council and manager and the city intends to withdrawal from authority. They will likely ask for the balance of their dues to be refunded. Mr. Morgan stated that between now and January it would be appropriate for those considering withdrawal to hold council discussions and seek support from other authority members regarding that action. Mr. Huber stated it would be helpful to see what numbers this concerns.

Motion: Mr. Tripp moved the resolution of appreciation be sent to the General Assembly members Crockett-Stark, Nutter, and Ware. Mr. Irvin seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**c. Plan for Allocation of \$600,000 Excess Dues**

The concept behind the recommended excess dues allocation plan was reviewed, which plan provides that all VA1st members will consent to each member making its own individual decision on how best to use the \$40,000 per member current declared excess dues. Generally, the plan shows all Commerce Park members, except Montgomery County, allocating \$27,273 each in return for another 682 shares of equity, with the remaining \$12,727 designated for new economic development projects, dues payment or rebate. Non-Commerce Park members have all \$40,000 allocated for economic development projects, dues payment or rebate. A copy of the draft plan of allocation is included with the minutes of this meeting.

In discussion following review of the draft plan, it was noted that Montgomery County had contacted Mr. Morgan to update their position on spending their excess funds. Montgomery County prefers all of its \$40,000 excess dues to be allocated to new economic development projects. New economic development projects could be for a new Participation Committee or a project within a locality.

Ms. Edmonds asked if the proposed procedure requires all member jurisdictions to vote on it. Mr. Morgan stated that it does and recommended absent members, at the time of plan adoption, be requested to provide consent back to the Authority Board of Directors (to comply with general assets allocated/used with consent of all members as written in the Authority organizational agreement of 1998). Mr. Morgan stated identifying localities' uses moves toward building consent and a unanimous decision by the Authority Board of Directors. He recommended requesting consent by governing bodies or members between meetings or tabling this item until the next meeting.

Regarding excess funds/shares allocated to Commerce Park, the question was asked how it would be resolved if some committee members chose not to use their excess funds and the needed balance was not met. Mr. Morgan stated the remaining members could consider if they want to make additional contributions from their balance. Mr. Huber asked if it is appropriate for members to increase their allocation of excess dues to the Commerce Park water and sewer reserve availability fee in order to raise the suggested \$300,000 reserve. Mr. Morgan stated individual members should indicate their preference for such an increase. Mr. Irvin asked if \$300,000 is a fixed amount yet. Mr. Morgan stated it is still an estimated number with the source and financing arrangements for some of the project funding, as well as the cost of construction

yet to be bid, still to be determined. This balance is meant to serve as a reserve to pay the availability fee for water and sewer expansion debt service estimated at \$55,000 a year.

Chair Biggs noted that action on the allocation plan for excess funds is not approvable for a vote since it still needs a request of approval from missing members and full information is not available to all members yet. She asked what is the next step -- perhaps moving ahead to get consent by each jurisdiction to identify what they want? Mr. Welker stated he prefers to adopt a plan that shows firm commitments rather than an open-ended adoption decision, so that it becomes clear if all Commerce Park members are not putting a share of their excess dues to the availability fee debt service and what balance is needed to be raised for that purpose. Mr. Parker asked if the plan of allocation spreadsheet was developed with feedback from each locality. Mr. Morgan stated it was posted for response with the agenda information for this July 14, 2010 VA1st Board meeting and he had only heard of any change from Montgomery County by the meeting time. Mr. Parker recommended a plan be prepared for November 1 to know each member's choice.

Mr. Morgan reminded the Board that the Commerce Park Participation Committee, in August of 2009, unanimously voted to pledge the availability fee from a combination of Commerce Park assets, such as: fund balance, potential surplus land sales, and current Commerce Park annual investment now used for administration and site maintenance cost, as well as VA1st member excess dues.

Ms. Edmonds asked why only \$600,000 of an \$800,000 VA1st unrestricted fund balance has been declared excess. Mr. Morgan advised that the \$600,000 was proposed to allow some reserve funds to remain with the Authority for its general operations.

Mr. Edwards asked if this decision on allocation of excess dues is needed now or if it can wait until the Commerce Park water and sewer expansion cash need has been determined. Mr. Morgan stated his opinion that a decision will be needed in six months. Mr. Utt asked if these excess dues funds aren't made available for debt service and the Commerce Park's other funds run out, then will all Commerce Park members have to chip in? Mr. Morgan stated the agreements in place limit the amount that can be expected from members without their locality's approval to the current total annual investment of \$412,500. He added that the Commerce Park does have debt reserve funds of \$242,544 available, as well as administrative funds budgeted of about \$60,000 per year, but using the debt reserve or reducing administrative spending would require a restructuring of how Virginia's First and the Commerce Park committee is managed and operated.

In response to a question of whether the current allocation of the excess dues would require unanimous consent, Mr. Morgan stated yes. In response to a question if the Board waits until its next meeting in January, then what is the course of action, Mr. Morgan offered his opinion that if each locality gives instruction on use of its excess dues and has no objection to other members' commitment of excess dues, then it would be equivalent to a unanimous consent. Ms. Biggs noted that these votes requiring unanimous consent should be red-flagged so that members recognize the need to attend a VA1st Board meeting requiring such unanimous decisions. Mr. Morgan stated his opinion that it is possible to allow e-mail to be a vote or proxy of consent from member localities. Mr. Parker stated he would like to see a board of supervisors' or town / city council's

action stamped by clerk of the governing body rather than only an e-mail vote if not made in person.

Motion: Ms. Edmonds moved the board agree to the intent to distribute excess \$600,000 funds at the choice of respective jurisdictions as determined and reported to the authority by November 1, 2010 with a final vote at the next authority meeting. Mr. Tripp seconded the motion.

Action: The motion passed on a roll call vote with Mr. Asbury (Bland) opposed and representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

#### **d. Strategic Planning**

As noted in the Program of Work update, some strategic planning should occur in the next year for at least the next two years, FY 2012 – FY 2014. Authorization is requested for the Executive Committee to work with staff to develop a plan; including pricing any needed consultant assistance. Hopefully a recommendation for a strategic planning process can be presented in January 2011 and undertaken by the end of FY 2011.

Motion: Mr. Utt moved the board authorize the Executive Committee to work with staff to develop a strategic plan for FY2012 through FY2014. Mr. Huber seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

#### **e. Executive Committee Continuance and Duties**

The Executive Committee has been helpful, particularly for monthly bills review, meeting agenda review and advice to staff on action taken between VA 1<sup>st</sup> Authority Board meetings. The Executive Committee has enhanced a less frequent Board meeting schedule. It is timely to move from a trial to an ongoing basis. The additional recommended duties are evaluation of the Executive Director and approval of action beyond those that are administrative duties. Most Executive Committee duties are advisory and can be handled by e-mail. For action items, Mr. Morgan understands the Virginia's First organizational documents would require a meeting with appropriate notice. For actions of the Executive Committee to stand, such should be ratified at the next succeeding Board meeting.

Motion: Mr. White moved approval to allow the Executive Committee to continue to act on behalf of the board in between meetings with actions to be ratified by the board at the next succeeding board meeting. Mr. Huber seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

### **7. New Business**

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

##### **i. Commerce Park**

Virginia's First Board consent to the following actions of the Commerce Park Participation Committee was requested:

**a) Possible Communications Tower Site Lease**

Depending on input from the Commerce Park Development, Covenants & Communications Committee, an option may be given for a tower site lease. Due to the site proximity to the NRV Airport, height limitations may make the site lease impractical.

Motion: Mr. Utt moved the board consent to give an option for a tower site lease at the Commerce Park. Mr. Welker seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**b) Water and Sewer Expansion**

**i. Easements and Tank Sites Transfer**

The Economic Development Administration (EDA) has approved all site and easement locations for the project. Consent is in order to the final site transfers and easements as filed with EDA.

Motion: Mr. Helms moved the board consent to the final site transfers and easements. Mr. Parker seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**ii. Financing and Schedule Update**

Approval is still being sought from Rural Development (RD) for low interest financing for the entire EDA grant match. Should RD financing not be forthcoming, alternative financing will be sought from the Virginia Resources Authority (VRA), private lenders or use of up to \$300,000 cash. Consent to the financing options is in order.

Ms. Edmonds asked if these options are in order of preference. Mr. Morgan stated Rural Development is the RD is the preferred option, but that the others would be evaluated for best financing.

Motion: Mr. White moved the board consent to the financing strategy outlined in the agenda. Mr. Parker seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**c) Boundary Adjustments**

Boundary adjustments to complete the five acre swap with the NRV Airport and allow for a buffer with the New Dublin Presbyterian Church have previously been authorized. The airport swap is for equal value, with no payment by either party. The Church buffer includes a lease purchase arrangement, with lease payments over the twenty year term going to the current Commerce Park lenders and title to the buffer area transferring at the end of the term. Consent to the final form of the boundary adjustments is in order.

Motion: Mr. Tripp moved the board consent to the final form of the boundary adjustments. Mr. Welker seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**d) Participation Agreement Amendment #2 Status**

As of July 1, all eleven Commerce Park member governments should have adopted the amendment. The Virginia's 1<sup>st</sup> Board adopted the amendment in January 2010. Consent to recording and document the amendment adoption, as deemed appropriate by the Virginia's First attorney, is in order.

Motion: Mr. Helms moved the board consent to recording and document the amendment adoption. Mr. Welker seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**e) Surplus Property Disposition**

The Participation Committee has agreed to extend and modify the real estate listing with Woltz and Associates for sale of the 35 +/- acres associated with the historic Mebane house. The Commerce Park lenders have not agreed to the sale, beyond the terms of the loans that require a current appraisal and dedication of the entire appraised value to reduction of the loans' principal with no reduction in payments. The Committee authorized negotiation with the lenders to achieve some offset of payments with the proceeds of sale or lease of the surplus property. Consent to a surplus property sale and loan term negotiation to use the value of the surplus property toward the cost of the availability of increased water and sewer capacity from the Pulaski County Public Service Authority is in order. Mr. Morgan stated the property in question may change to include some land across the road.

Motion: Mr. Asbury moved the board consent to a surplus property sale and loan term negotiation. Mr. Utt seconded the motion.

Action: The motion passed unanimously with representation from Giles, Roanoke, and Wythe counties; Roanoke city, and Town of Narrows absent.

**b. NRV NanoFab Hub Study Report**

Included in the minutes of this meeting for board members' information is the May 2010 report from the Virginia Tech Office of Economic Development. The report recommends a nanotechnology environmental health and safety programmatic approach to provide a support structure that is deemed essential for nanotechnology cluster industry development. No specific request to Virginia's First is made at this time. Staff continues to be available to assist with planning. No request or recommendation for a participation committee structure is expected before the January 2011 Virginia's First meeting. Mr. White added that progress being made on project and the ideas are being discussed with potential private sector investors.

**c. NRV Wireless Authority**

NRV Planning District Executive Director Kevin Byrd updated the board on this project. The participating groups include Pulaski County and the Giles County IDA. A grant application to the National Information Technology Agency has passed Round 1 with feedback about the management structure. In Round 2 the application was changed to have Citizens manage/lead

with the wireless authority providing financial support. This round has passed due diligence and they are waiting to hear further news on the application.

Mr. Huber discussed how existing routes were set up and stated they would be receptive to comments on revising plans for additional service areas, particularly Christiansburg and Montgomery County. Maps of the project route are available. Ms. Edmonds stated the original routes were evaluated by Montgomery County regarding return on investment and that the proposed lines didn't go past any Montgomery County site that would generate savings and so they chose not to participate. Mr. Edwards asked is the route set or are they looking at other branches? Mr. Byrd said Radford University is interested and there is potential for benefit to Bellvue and Plum Creek areas.

**d. Potential Participation Committee for Competitiveness Center**

After consulting with Bond Counsel Paul Jacobson of Sands, Anderson, Marks and Miller, it appears there is no eligibility for tax-exempt financing for the Center. So transferring the Center ownership to a Virginia's First participation committee is not expected to lower financing costs. A moral obligation by interested local governments may improve credit worthiness. Interested governments pledging surety may prefer to offer support to the Center if title is held by a subordinate governmental entity, such as Virginia's First. It was reported the New River Valley Development Corporation was successful in arranging some favorable refinancing last month. Therefore, there does not appear to be a role for the authority to assist unless localities step forward to guarantee financing.

**e. Other Reports and Business**

No other new reports or business was brought before the board.

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

No closed session was held.

**9. Other Business**

No other business was brought before the board.

**10. Adjournment**

Motion: Mr. Utt moved the meeting be adjourned. Mr. Parker seconded the motion.

Action: The motion carried unanimously.

With no further business to discuss, the meeting adjourned at 6:15pm. The next scheduled meeting of the Authority will be held on January 12, 2011, with the time and location to be announced. In the interim the Executive Committee will advise staff on any matters needing action and appropriate reporting will be made to the membership.

Respectfully Submitted,

Approved by,

Joseph N. Morgan, Executive Director

Barry Helms, Secretary / Treasurer

**Virginia=s FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY  
Attendance**

**July 14, 2010**  
New River Competitiveness Center  
Radford, VA

| <b>Jurisdiction</b>    | <b>Member</b>   | <b>Alternate</b>                        |
|------------------------|---|---|
| Bland County           | (x) Nick Asbury<br>( ) Henry M. Blessing              | ( ) Willie Howlett                      |
| Craig County           | (x) Jay Polen   |   |
| Giles County           | ( ) Chris McKlarney<br>( ) Richard McCoy              |   |
| Montgomery             | ( ) Craig Meadows<br>(x) Mary Biggs                   | (x) Carol Edmonds<br>(x) Brian Hamilton |
| Pulaski County         | (x) Shawn Utt<br>(x) Peter Huber                      | (x) Joe Sheffey<br>(x) Ronnie Coake     |
| Roanoke County         | ( ) Charlotte Moore<br>( ) Douglas Chittum            | ( ) Butch Church<br>( ) Jill Loope      |
| Wythe County           | ( ) Bucky Sharitz<br>( ) Martha P. Umberger           |   |
| City of Radford        | (x) Tim Cox<br>(x) Basil Edwards                      |   |
| City of Roanoke        | ( ) Court Rosen<br>( ) Brian Townsend                 | ( ) Anita Price                         |
| City of Salem          | ( ) John Givens<br>(x) Benjamin Tripp                 |   |
| Town of Christiansburg | (x) Randy Wingfield<br>(x) Barry Helms                |   |
| Town of Dublin         | (x) Bill Parker<br>(x) Doug Irvin                     |   |
| Town of Narrows        | ( ) Clayton Davis<br>( ) Buddy Kast                   |   |
| Town of Pearisburg     | (x) Brad Jones<br>(x) Ken Vittum                      |   |
| Town of Pulaski        | (x) Morgan Welker<br>(x) John Hawley (left at 5:10pm) | (x) John White                          |

**Others Present:**

**Staff Present:** Joe Morgan, Christy Straight, Kevin Byrd

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY**  
**Quarter Ending September 30, 2010**

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Balance Forward June 30, 2010</b>   |                     | <b>1,170,573.33</b> |
| Dues/Shares/Rents Received 7/1/10 - 9/30/10                                  | 480,227.27          |                     |
| Interest Earned July - September 2010  | 3,410.92            |                     |
| Erie - refund insurance premiums   | 1,967.00            |                     |
| Analysis charge July - September 2010  | (378.41)            |                     |
| <b>Total Receivables (less fees)</b>   | <b>485,226.78</b>   | <b>485,226.78</b>   |
| <b><u>July Checks Issued</u></b>   |                     |                     |
| Rural Development Loan   | 10,258.00           |                     |
| VACORP   | 1,663.00            |                     |
| Anderson & Associates  | 420.00              |                     |
| NRVPDC   | 161.00              |                     |
| NRVPDC (May-June 2010)   | 2,864.36            |                     |
| Joe Morgan (Mar-Jun)   | 8,127.62            |                     |
| <b><u>August Checks Issued</u></b>   |                     |                     |
| Rural Development Loan   | 10,258.00           |                     |
| AEP  | 166.49              |                     |
| Guyann, Memmer & Dillon  | 650.00              |                     |
| Anderson & Associates  | 1,080.00            |                     |
| AEP  | 100.40              |                     |
| <b><u>September Checks Issued</u></b>  |                     |                     |
| Rural Development Loan   | 10,258.00           |                     |
| Chartwells   | 308.63              |                     |
| Guyann, Memmer & Dillon  | 225.00              |                     |
| Joe Morgan (Jul-Aug)   | 4,061.77            |                     |
| NRVPDC (July 2010)   | 2,631.78            |                     |
| NRV Development Corporation  | 150.00              |                     |
| AEP  | 78.19               |                     |
| <b>Total Accounts Payable</b>  | <b>53,462.24</b>    | <b>(53,462.24)</b>  |
| <b>Balance September 30, 2010</b>  |                     | <b>1,602,337.87</b> |
| <b>Total Available Funds</b>   |                     |                     |
| <b>Virginia First Available Balance</b>                                      |                     | <b>862,812.49</b>   |
| Commerce Park Balance  | 739,525.38          |                     |
| Reserve - Rural Development Loan #1  | 119,448.00          |                     |
| Reserve - Rural Development Loan #2  | 123,096.00          |                     |
| <b>Commerce Park Balance Less Loan Reserves</b>                              |                     | <b>496,981.38</b>   |
| <b>Total Available Funds Less Loan Reserves</b>                              |                     | <b>1,359,793.87</b> |
| <b>Property Owned</b>  |                     |                     |
| 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          |                     |
| 2009 Equipment Value   | 17,340.00           |                     |
| <b>Estimated Value of Land, Buildings and Equipment</b>                      | <b>6,210,440.00</b> |                     |
| <b>Long-term Obligations - principal balance as of June 30, 2010</b>         |                     |                     |
| Stellar One Bank Loan (phase 1)  | 1,123,030.00        |                     |
| Rural Development Loan (phase 1)   | 1,945,183.00        |                     |
| Rural Development Loan (phase 2)   | 2,191,271.00        |                     |
| <b>Total Current Debt</b>  | <b>5,259,484.00</b> |                     |

**Account Balance History**  
All Accounts  
7/1/2010 Through 9/30/2010

| Num                            | Date      | Payee                       | Amount       | Running Balance |
|--------------------------------|-----------|-----------------------------|--------------|-----------------|
| Opening Balance as of 7/1/2010 |           |                             |              | 1,170,573.33    |
| <b>Month Ending 7/31/2010</b>  |           |                             |              |                 |
|                                | 7/2/2010  | Rural Development           | (10,258.00)  | 1,160,315.33    |
| 1607                           | 7/7/2010  | VACORP                      | (1,663.00)   | 1,158,652.33    |
|                                | 7/13/2010 | Stellar One                 | (125.26)     | 1,158,527.07    |
|                                | 7/14/2010 | Dues, Shares & Rents        | 61,227.00    | 1,219,754.07    |
| 1608                           | 7/14/2010 | Anderson & Associates       | (420.00)     | 1,219,334.07    |
| 1609                           | 7/14/2010 | NRVPDC                      | (161.00)     | 1,219,173.07    |
| 1610                           | 7/14/2010 | NRVPDC                      | (2,864.36)   | 1,216,308.71    |
| 1611                           | 7/14/2010 | Joe Morgan                  | (8,127.62)   | 1,208,181.09    |
|                                | 7/23/2010 | Dues, Shares & Rents        | 21,744.00    | 1,229,925.09    |
|                                | 7/27/2010 | Dues, Shares & Rents        | 227.27       | 1,230,152.36    |
|                                | 7/30/2010 | Dues, Shares & Rents        | 196,072.00   | 1,426,224.36    |
|                                | 7/30/2010 | Interest earned             | 900.49       | 1,427,124.85    |
|                                | 7/30/2010 | Virginia's First            | (59,579.03)  | 1,367,545.82    |
|                                | 7/30/2010 | Virginia's First            | 59,579.03    | 1,427,124.85    |
| Total Month Ending 7/31/2010   |           |                             | 256,551.52   |                 |
| <b>Month Ending 8/31/2010</b>  |           |                             |              |                 |
| 1612                           | 8/1/2010  | AEP                         | (166.49)     | 1,426,958.36    |
|                                | 8/2/2010  | Dues, Shares & Rents        | 60,851.00    | 1,487,809.36    |
|                                | 8/2/2010  | Erie Insurance              | 876.00       | 1,488,685.36    |
|                                | 8/2/2010  | Rural Development           | (10,258.00)  | 1,478,427.36    |
|                                | 8/9/2010  | Dues, Shares & Rents        | 93,351.00    | 1,571,778.36    |
|                                | 8/10/2010 | Stellar One                 | (126.42)     | 1,571,651.94    |
|                                | 8/10/2010 | Erie Insurance              | 1,091.00     | 1,572,742.94    |
|                                | 8/13/2010 | Dues, Shares & Rents        | 46,755.00    | 1,619,497.94    |
| 1613                           | 8/13/2010 | Guyann Memmer & Dillon, PC  | (650.00)     | 1,618,847.94    |
| 1614                           | 8/13/2010 | Anderson & Associates       | (1,080.00)   | 1,617,767.94    |
| 1615                           | 8/25/2010 | AEP                         | (100.40)     | 1,617,667.54    |
|                                | 8/31/2010 | Interest earned             | 1,225.35     | 1,618,892.89    |
|                                | 8/31/2010 | Virginia's First            | (386,614.69) | 1,232,278.20    |
|                                | 8/31/2010 | Virginia's First            | 386,614.69   | 1,618,892.89    |
| Total Month Ending 8/31/2010   |           |                             | 191,768.04   |                 |
| <b>Month Ending 9/30/2010</b>  |           |                             |              |                 |
|                                | 9/2/2010  | Rural Development           | (10,258.00)  | 1,608,634.89    |
|                                | 9/10/2010 | Stellar One                 | (126.73)     | 1,608,508.16    |
| 1616                           | 9/15/2010 | Chartwells Dining Services  | (308.63)     | 1,608,199.53    |
| 1617                           | 9/15/2010 | Guyann Memmer & Dillon, PC  | (225.00)     | 1,607,974.53    |
| 1618                           | 9/15/2010 | Joe Morgan                  | (4,061.77)   | 1,603,912.76    |
| 1619                           | 9/15/2010 | NRVPDC                      | (2,631.78)   | 1,601,280.98    |
| 1620                           | 9/15/2010 | NRV Development Corporation | (150.00)     | 1,601,130.98    |
| 1621                           | 9/23/2010 | AEP                         | (78.19)      | 1,601,052.79    |
|                                | 9/30/2010 | Interest earned             | 1,285.08     | 1,602,337.87    |
|                                | 9/30/2010 | Virginia's First            | (17,840.10)  | 1,584,497.77    |
|                                | 9/30/2010 | Virginia's First            | 17,840.10    | 1,602,337.87    |
| Total Month Ending 9/30/2010   |           |                             | (16,555.02)  |                 |
| <b>GRAND TOTAL</b>             |           |                             | 431,764.54   | 1,602,337.87    |