

**MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY
OF CAMPELL, VIRGINIA**

November 19, 2009

The regular meeting of the Board of Directors of the Industrial Development Authority of Campbell County, Virginia, was held in the multi-purpose conference room of the Haberer Building, Rustburg, Virginia, on November 19, 2009.

The Directors present were:

Lewis Robertson, Chairman
K. William Kirk, Vice-Chairman
George Rosser, Secretary-Treasurer
D. Vance Driskill
Geraldine Pettigrew
Larry Dalton
Malcolm Morris

The Directors absent were:

None

Also Present:

J. Michael Davidson, Economic Development Director and Assistant Secretary-Treasurer
Frank Wright, Jr., Esq., IDA Attorney
Brian P. Gleason, IDA Staff Support

// Chairman Robertson called the meeting to order at 7:30 p.m.

// Chairman Robertson asked the members if they had any corrections or additions to the meeting minutes from the September 24, 2009 meeting. Mr. Driskill noted one correction to be made regarding recordation of the roll call vote for closed session. With the noted error to be corrected and no additional corrections or additions given, a motion to approve the September 24th meeting minutes was made by Mr. Dalton, seconded by Mr. Driskill, and duly adopted by unanimous vote of the members present.

Matters from the Economic Development Director

// Mr. Davidson introduced Mr. Gleason as his new Administrative Assistant.

// Mr. Davidson next reviewed financial reports. He informed members that one of the Authority's certificates of deposit had matured, and was then rolled over into another CD with a five-year term. Mr. Davidson noted that the \$1,000 listed for Fixed Assets reflects the fact that Pure Internet had yet to fulfill their contract to purchase broadband communication equipment. He informed the members that the bonds for Progress Printing were being successfully retired. A discussion then ensued regarding the efficacy of the IDA issuing bonds in the future.

// Mr. Davidson then discussed the landfill litigation issue and the current \$9 million award. Mr. Davidson informed members that the County is entering the appeals process, and is hopeful the monetary award will be reduced. IDA members expressed their shock at the size of the monetary award.

// Mr. Davidson next reviewed project updates for the month of November. Chairman Robertson inquired about the Central Virginia Commodity Storage Initiative. Mr. Davidson explained that the project, funded through Tobacco Commission grants, provides funding for feed storage units and hay storage facilities for livestock producers in 11 area localities.

Mr. Kirk inquired about projects involving the Lynchburg Airport and Liberty University. Mr. Davidson explained that the Crossroad's Colonnade project will not go forward, but detailed Liberty's plans for a School of Aeronautics and a School of Engineering.

Mr. Driskill inquired about the status of the Wiita building in the Seneca Commerce Park. Mr. Davidson explained that site selection is stagnant due to the economy. Mr. Kirk pointed out that the low ceiling height of existing buildings continues to be a drawback for site selection in the area.

// Mr. Davidson touched briefly on the sale of the broadband communication equipment to Kinex, Inc. (formerly Pure Internet). He stated that there is not much more to be done in terms of pressuring Pure Internet to exercise the contract to purchase the equipment; the last option would be to simply pull the plug on the deal.

// Mr. Davidson then provided the Board with a status report on the County's and region's economic position, challenges, opportunities and potential future projects.

Mr. Davidson described a 2005 meeting with the Virginia Economic Development Partnership in which the VEDP stated that Region 2000 has no demographic identity and the region contains no modern attractive industrial buildings. Mr. Davidson explained that this meeting spurred the creation of a five-point business plan for Region 2000, with new business attraction coming in at #5. He stated that though it is lamentable that little funding and effort has been directed toward this priority, having nothing viable to market makes it difficult to justify efforts for attracting site visits.

Mr. Davidson next detailed the fiscal challenges the County will be facing in the next several years. He explained that even once the economy recovers it may be 12 to 16 months before that turnaround is realized for the County. The challenges identified that are specific to economic development included the availability of funding for the County incentive program, funding for capital improvement projects and a likely reduction in marketing funds.

Mr. Davidson then discussed capital improvement funding for economic development. He explained that proceeds from the Authority's sale of industrial property have funded economic development capital improvement line items, and the Board of Supervisors is committed to dedicating revenue from sales of industrial property to economic development capital improvement.

Next Mr. Davidson discussed issues with the Seneca Commerce Park. He first provided background on the project, explaining that the project is planned for three (3) phases. He explained that the Park's power supply is split between AEP and Dominion, and the need for funding to bring 3-phase power to the back 9 lots. He next discussed issues with bringing sewer to the Park. He informed the members that \$100,000 for capital improvements for this project, allocated from the County general fund, will likely not be realized due to budget constraints. Mr. Davidson stated that potential savings from bringing other phases of the project in under cost could make up that \$100,000, but it was not projectable.

Mr. Davidson then detailed why the concept of developing a 45,000 square foot "spec" building in Seneca Commerce Park was no longer a viable proposition. He explained that site preparation alone could cost as much as \$7 million, a sum determined to be an unrealistic possibility. Mr. Davidson then informed the members of the potential to partner with a real estate firm for a 25,000 square foot "spec" building in the Park, but provided several barriers to this deal, such as the Board of Supervisors resistance to selling lots in the Park for spec purposes and the client's likely unwillingness to have the County or IDA having "right of refusal" authority. Mr. Driskill inquired about the County's hesitation to indulge in "spec" buildings. Mr. Davidson explained that privately-owned commerce parks are driven by the need to turn a profit, whereas the County's return on investment is job creation and enhanced tax base. He explained the need to generate a profit actually makes the privately-owned parcels uncompetitive. Due to these issues, he himself, and in his role in advising the Board of Supervisors, is not sold on the idea of selling a property for spec purposes.

The discussion then turned to the Brookneal-Campbell County Airport Authority. Mr. Davidson provided background on the Authority and the Airport. Mr. Davidson detailed some recently completed projects, as well as the current initiative to install a fuel farm and T-hangars. He explained that local funding is a considerable barrier to the realization of this project, due primarily to the difficulty of securing bank financing.

Mr. Davidson briefly commented on the potential for the IDA to purchase the Wiita property in the Seneca Commerce Park.

The discussion then turned to future priorities and planning. Mr. Davidson raised the possibility of the IDA providing \$100,000 in funding for the Seneca Commerce Park sewer project. Mr. Driskill commented that they should be putting IDA finances to work on County projects, stating that making those investments is how the IDA has generated revenue in the past. Mr. Driskill stated that in his opinion, the priorities for the IDA should be sewer in Seneca Commerce Park, projects at the BCC Airport, and then a "spec" building in the Seneca Commerce Park.

Mr. Davidson stated he was pleased that the Airport was identified as a priority. He explained that the Airport is at a critical stage where they need funding to move forward on the fuel farm project, and once that project is completed the Airport will begin generating revenue to pay back any obligations and fund future improvements. Mr. Rosser inquired about the current use of the Airport. Mr. Davidson explained that Virginia Aviation, Falwell Aviation and Liberty University's flight school utilizes the Airport, and LU's planned expansion of their flight school

program provides even greater potential for the Airport. A discussion ensued about what projects should be given priority at the Airport. Mr. Kirk asked which project represents the best long-term investment for the Airport. Mr. Davidson explained that the BCCAA's consultants recommended the fuel farm project because without a revenue stream the Airport cannot provide the local match required to leverage federal and state funds, the local match for which total as much as \$150,000 for that project alone. After further discussion, it was clear to the members that the fuel farm is the most critical project for the Airport.

Following a discussion of current challenges and opportunities, the conversation returned to establishing priorities for the IDA. Mr. Rosser expressed concern that the lots in the Seneca Commerce Park will not be desirable until sewer and 3-phase electrical service is provided. Mr. Davidson explained that that project could take as long as three years. Mr. Dalton and Mr. Kirk inquired about the time frame for the Airport fuel farm project, and Mr. Davidson replied around August 2010. Considering the time frames for the priority projects of Seneca sewer and electric and the Airport fuel farm project, Mr. Driskill asked what additional revenue the IDA could expect in the interim. Mr. Davidson answered that the only new revenue being generated is from the bonds from Centra and interest from CDs.

// Mr. Morris suggested reducing the number of meetings for the IDA to save money and function more efficiently. After brief discussion, the Authority agreed that it may not be necessary to meet as often as their current schedule, and Mr. Davidson mentioned that the Authority's bylaws only require the IDA to meet once a year. Mr. Davidson mentioned that if it was necessary to meet on an ad hoc basis, they could simply have a call meeting. Mr. Driskill motioned to meet on a quarterly time frame, and Mr. Morris seconded. After a brief discussion and prior to a vote on the motion on the floor, Mr. Driskill amended his motion to specify changing the IDA's meeting schedule to March and July of 2010; Mr. Morris seconded, and the motion was duly adopted by unanimous vote of the members present.

Matters from the Chairman

// Chairman Robertson thanked the IDA members for the development and presentation of the 2008 annual report.

Matters from IDA Members

// There were no matters from IDA members.

// With no further business presented for consideration, Mr. Rosser made a motion to adjourn, seconded by Mr. Morris, and unanimously approved by vote of the members present. The meeting adjourned at 9:12 p.m.