

**MEETING MINUTES OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF  
PRINCE EDWARD COUNTY, HELD IN THE BOARD OF SUPERVISORS CHAMBER  
AT 111 SOUTH STREET, THIRD FLOOR  
Farmville, Virginia**

**August 2<sup>nd</sup>, 2010**

**MEMBERS PRESENT:** Robert Showalter, Chairman  
Virginia Price, Vice Chairman  
Edgar Jones  
Gwen Eddleman  
James Moore  
L. D. Phaup  
Tony Williams

**ALSO PRESENT:** Sharon Carney, Director of Eco. Development/IDA Secretary  
Bob Fowler, Prince Edward Development, LLC  
Rob Chapman, Reporter Farmville Herald

**MEMBERS ABSENT:** None

Being there was a quorum present, Robert Showalter, IDA Chairman, welcomed everyone and called the meeting to order at 3:05pm.

Mr. Showalter asked Mr. Fowler of Granite Falls Hospitality LLC (“Borrower”) to give a brief description of the request by the Borrower for the IDA to issue up to \$16,750,000 in Recovery Zone Bonds for the construction and equipping of the Granite Falls Hotel (“Project”).

Mr. Fowler explained that the appropriation of the funds came from a special Federal Stimulus Program to the Commonwealth of Virginia, that allows for the issuance of tax exempt bonds for the potential construction and equipping of a hotel. A letter dated July 8<sup>th</sup> was received from the Governor’s office stating that up to \$16,750,000 had been approved for the Granite Falls Hotel project. To facilitate the issuance of the Tax Exempt Recovery Zone Bonds, the IDA must recommend to the Prince Edward County Board of Supervisors their willingness to authorize the issuance of the bonds. A company named Pager and Sealy has been identified as the potential financial firm to handle the issuance of the bonds. Sharon Carney clarified that in no way would this debt be a debt of Prince Edward County but a debt of Granite Falls Hospitality, LLC. Mr. Fowler reiterated the point regarding the debt stating that the debt would be paid by the operation of the hotel and secured by a first deed of trust on the hotel property.

Mr. Showalter then opened the Public Hearing. There being no public present there were no comments. Therefore Mr. Showalter closed the Public Hearing.

Mr. Showalter then asked the Authority members if they had any questions or comments. Mr. James Moore asked Sharon Carney to be sure that he had understood correctly that the issuance of the bonds would in no way be an obligation to the County of Prince Edward. Sharon stated that it would not.

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF PRINCE EDWARD COUNTY, VIRGINIA  
AUTHORIZING THE ISSUANCE OF UP TO \$16,750,000**

**RECOVERY ZONE FACILITY REVENUE BONDS FOR THE PURPOSE OF  
FINANCING A HOTEL TO BE LOCATED IN  
THE COUNTY OF PRINCE EDWARD, VIRGINIA**

WHEREAS, the Industrial Development Authority of Prince Edward County, Virginia, a political subdivision of the Commonwealth of Virginia (the "Authority"), is empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended ("Act"), to issue its revenue bonds for the purpose of inducing the location of industrial and commercial facilities in Virginia and to promote the commerce, safety, health, welfare, convenience or prosperity of citizens of Virginia;

WHEREAS, the Authority has received a request from Granite Falls Hospitality, LLC, a Delaware limited liability company (the "Borrower"), requesting that the Authority issue its recovery zone facility revenue bonds to assist in financing the construction and equipping of a hotel ("Project") to be located in the County of Prince Edward, Virginia (the "County");

WHEREAS, such assistance will induce the Borrower to locate the Project in Virginia and benefit the inhabitants of the County and the Commonwealth of Virginia, either through the increase of their commerce or through the promotion of their safety, health, welfare, convenience or prosperity;

WHEREAS, preliminary plans for the Project have been described to the Authority and a public hearing has been held as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, ("Code") and Section 15.2-4906 of the Act;

WHEREAS, the Borrower has represented that the estimated cost of the construction and equipping of the Project and all expenses of issue will require, in addition to other available funds, an issue of revenue bonds in the aggregate principal amount not to exceed \$16,750,000 (the "Bonds");

WHEREAS, (a) no member of the Board of Directors of the Authority is an officer or employee of the County of Prince Edward, Virginia, (b) each member has, before entering upon his duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended and (c) at the time of their appointments and at all times thereafter, including the date hereof, all of the members of the Board of Directors of the Authority have satisfied the residency requirements of the Act; and

WHEREAS, no member of the Board of Directors of the Authority has any personal interest or business interest in the Borrower, the Bonds, or any of the transactions contemplated therein or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended (the "Conflict of Interests Act") in connection with this resolution or any other official action of the Authority in connection therewith; and

WHEREAS, the Authority anticipates that the Board of Supervisors of the County will designate the County as a recovery zone for the purpose of issuing recovery zone bonds pursuant to Sections 1400U-1 through 1400U-3 of the Code and will reallocate to the Authority any allocation of recovery zone facility bonds allocated to the County.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF PRINCE EDWARD COUNTY, VIRGINIA:

It is hereby found and determined that the construction and equipping of the Project will be in the public interest and will promote the commerce, safety, health, welfare, convenience or prosperity of the Commonwealth of Virginia, the County and their citizens.

To induce the Borrower to locate the Project in the Commonwealth of Virginia, and particularly in the County, the Authority hereby agrees to assist the Borrower in financing the construction and equipping of the Project by undertaking the issuance of the Bonds in an amount not to exceed \$16,750,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The Bonds will be issued pursuant to documents satisfactory to the Authority. The Bonds may be issued in one or more series at one time or from time to time.

It having been represented to the Authority that it is necessary to proceed immediately with the construction and equipping of the Project, and the planning therefor, the Authority agrees that the Borrower may proceed with plans for the Project, enter into contracts for construction, materials and equipment for the Project, and take such other steps as it may deem appropriate in connection with the Project, provided, however, that nothing in this resolution shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project. The Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all expenditures and costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act and applicable federal laws.

The Authority approves McGuireWoods LLP, Richmond, Virginia, as Bond Counsel in connection with the issuance of the bonds.

All costs and expenses in connection with the financing and the construction and equipping of the Project, including the fees and expenses of Bond Counsel and Authority Counsel, shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the Bonds. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

In adopting this resolution the Authority intends to take "official action" toward the issuance of the Bonds and to evidence its "official intent" to reimburse from the proceeds of the Bonds any expenditures paid by the Borrower to finance the construction and equipping of the Project and the planning therefor before the issuance of the Bonds, all within the meaning of regulations issued by the Internal Revenue Service pursuant to Sections 103 and 141 through 150 and related sections of the Code.

The Authority recommends that the Board of Supervisors of Prince Edward County, Virginia approve the issuance of the Bonds.

The Authority designates the Bonds as Recovery Zone Facility Bonds for purposes of Section 1400U-3 of the Code.

This resolution shall take effect immediately upon its adoption.

#### CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of Prince Edward County, Virginia (the "Authority") certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and

held on \_\_\_\_\_, 2010, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended but is in full force and effect on this date.

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Secretary of Prince Edward Industrial Development  
Authority of Prince Edward County, Virginia

There being no further comments, Mr. James Moore made a motion for the IDA to approve the Resolution authorizing the issuance of up to \$16,750,000 in Recovery Zone Bonds for the purpose of financing a Hotel to be located in the County of Prince Edward, Virginia. The motion was seconded by Tony Williams. The motion was approved by the following vote:

Aye:	Robert Showalter	Nay:
	Virginia Price	
	Edgar Jones	
	Gwen Eddleman	
	James Moore	
	L. D. Phaup	
	Tony Williams	

Mr. Showalter then asked for the approval of the Authority Minutes for April 9, 2010. There being no comments or questions, Tony Williams made a motion that was seconded by Virginia Price to approve the minutes of April 9, 2010. The motion was approved by the following vote:

Aye:	Robert Showalter	Nay:
	Virginia Price	
	Edgar Jones	
	Gwen Eddleman	
	James Moore	
	L. D. Phaup	
	Tony Williams	

Mr. Showalter asked for the approval of the Authority Minutes for June 11, 2010. There being no comments or questions, L. D. Phaup made a motion that was seconded by Virginia Price to approve the minutes of June 11, 2010. The motion was approved by the following vote:

Aye:	Robert Showalter	Nay:
	Virginia Price	
	Edgar Jones	
	Gwen Eddleman	
	James Moore	
	L. D. Phaup	
	Tony Williams	

Mr. Showalter asked Sharon Carney to give the Treasurer's Report. Sharon presented the following report:

**INDUSTRIAL DEVELOPMENT AUTHORITY  
TREASURER'S REPORT  
June 30<sup>th</sup>, 2010**

**Industrial Development Authority:**

Wachovia Balance as of June 30, 2010	\$51,055.56
<u>BB&amp;T Balance as of June 30, 2010</u>	<u>\$ 1,489.05</u>
<b>Total as of June 30, 2010</b>	<b>\$52,544.61</b>

There being no comments or questions, Tony Williams made a motion that was seconded by James Moore to approve the Treasurers Report of June 30, 2010. The motion was approved by the following vote:

Aye:	Robert Showalter	Nay:
	Virginia Price	
	Edgar Jones	
	Gwen Eddleman	
	James Moore	
	L. D. Phaup	
	Tony Williams	

Mr. Showalter asked if there was any old business. Mr. Moore asked for a quick update on the industrial sites at the Prince Edward Business Park. Sharon stated that things had been pretty quiet and there had been no real interest in the park at this time even though other projects were moving along. L. D. Phaup asked how Luck Stone was progressing and if they were moving along. Sharon stated that the last she had spoken with Ben Thompson from Luck Stone things were proceeding even though it was a slow process. Comments from the Luck Stone property owner did indicate things were moving forward. Sharon stated that she would contact Mr. Thompson for an update and report back to the Board at their next meeting.

There being no more business, James Moore made a motion to adjourn the meeting, which was seconded by Virginia Price. The motion was approved by the following vote:

Aye:	Robert Showalter	Nay:
	Virginia Price	
	Edgar Jones	
	James Moore	
	L. D. Phaup	
	Tony Williams	

The meeting was adjourned at 3:20pm.

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Sharon Lee Carney, Secretary

Approved by:

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Robert Showalter, Chairman