

**MEETING MINUTES OF THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF PRINCE EDWARD COUNTY, HELD AT THE
ECONOMIC DEVELOPMENT OFFICE AT THE VIRGINIA'S HEARTLAND REGIONAL
VISITOR CENTER AND TRANSPORTATION HERITAGE MUSEUM
FARMVILLE, VIRGINIA**

December 19, 2008, 12:00pm.

MEMBERS PRESENT: Robert D. Showalter, Chairman
Virginia Price, Vice-Chairman
Gwen S. Eddleman
L. D. Phaup
Tony Williams
Jim Wilck

ALSO PRESENT: Sharon Carney, Director of Economic Development/IDA Secretary
Wade Bartlett, County Administrator, Prince Edward County
Jim Ennis, Prince Edward County, Attorney At Law
Rob Chapman, Farmville Herald Reporter
James E. Sanderson, Jr., Vice President, Davenport & Company
Warren E. Greth, Jr., Attorney At Law, McGuireWoods, LLP

Being there was a quorum present, Mr. Showalter, IDA Chairman welcomed everyone and called the meeting to order at 12:15pm.

Mr. Showalter began the meeting by announcing the resignation of E. Preston Lancaster, Jr. who is currently the IDA attorney. After some discussion there was a motion by Virginia Price, seconded by Gwen Eddleman to accept Mr. Lancaster's letter of resignation and to send Mr. Lancaster a letter of appreciation for all his years of dedicated service to the IDA. The motion was accepted by the following vote:

Aye:	Robert D. Showalter, Chairman	Nay:
	Virginia Price, Vice-Chairman	
	Gwen S. Eddleman	
	L. D. Phaup	
	Tony Williams	
	Jim Wilck	

As a result of Mr. Lancaster's resignation, Mr. Showalter asked for motions to temporarily appoint Mr. Jim Ennis, the current Commonwealth Attorney for Prince Edward County to represent the IDA during today's meeting, and to have Ms. Carney put forth "Requests for Qualifications" (RFQs) for an attorney to permanently represent the IDA during future business transactions. Selection of the attorney will be done by the Authority at a future meeting from the applicants once they are solicited. A motion was made by Tony Williams and seconded by Virginia Price to temporarily hire Mr. Jim Ennis to represent the IDA during today's meeting transactions and to have Ms. Carney solicit attorney RFQ's for the Authority's future consideration. The motion was accepted by the following vote:

Aye:	Robert D. Showalter, Chairman	Nay:
	Virginia Price, Vice-Chairman	
	Gwen S. Eddleman	
	L. D. Phaup	
	Tony Williams	
	Jim Wilck	

Mr. Showalter then presented a request from the Prince Edward County Board of Supervisors, the Board had approved at their December 9th, 2008 meeting, to ask the IDA to procure a \$2.5 million non-revolving line of credit from BB&T to fund various County projects.

Mr. Wade Bartlett, the County Administrator, Mr. Jim Sanderson, Jr. from Davenport & Company and Mr. Warren E. Greth, Jr. from McGuireWoods, LLP then gave a full presentation explaining the terms and conditions of the loan and the reason behind the borrowing request. Mr. Bartlett told the Authority members that of the \$2.5 million, \$1.25 million would be paid to the Town of Farmville by December 31, 2008 for water rights as per a previous agreement between the Town and County. The remaining \$1.25 million could potentially go toward a second payment to the Town of Farmville or other projects such as other water utility facilities, public library facilities, public school facilities, and industrial park facilities. The \$2.5 million will be borrowed from BB&T, secured by certain real property consisting of approximately 1,000 acres on which the Sandy River Reservoir is located and the proposed site of the water utility plant. The Note will be payable solely from revenues derived from the Financing Lease Agreement by which the County will agree to make rental payments, subject to and contingent upon their appropriation by the Board of Supervisors, sufficient to pay the principal and interest of the Note.

After some discussion, a motion was made by Gwen Eddleman and seconded by Virginia Price to accept the proposal to procure a \$2.5 million in loan from BB&T as requested by the Board of Supervisors for Prince Edward County, and to give Mr. Showalter the Authority Chairman, and Sharon Carney the IDA Secretary, to sign all necessary documents to close the loan with BB&T. The motion was accepted by the following roll call vote:

Aye:	Robert D. Showalter, Chairman	Nay:
	Virginia Price, Vice-Chairman	
	Gwen S. Eddleman	
	L. D. Phaup	
	Tony Williams	
	Jim Wilck	

Mr. Showalter then asked for approval of the June 26th, 2008 IDA minutes. There being no discussion a motion was made Tony Williams and seconded by Virginia Price to approve the IDA minutes of June 26th, 2008. The motion was accepted by the following vote:

Aye:	Robert D. Showalter, Chairman	Nay:
	Virginia Price, Vice-Chairman	
	Gwen S. Eddleman	
	L. D. Phaup	
	Tony Williams	
	Jim Wilck	

Mr. Showalter then asked Ms. Carney for the Treasurer's report. Sharon then presented to following Treasurer's Report for November 30, 2008.

IDA TREASURER'S REPORT
November 30, 2008

INDUSTRIAL DEVELOPMENT AUTHORITY:

Wachovia Balance as of Nov. 30, 2008	\$44,222.35
BB&T Balance as of Nov. 30, 2008	<u>\$ 1,245.92</u>
Total as of Nov. 30, 2008	\$45,468.27

*Annual contribution from the County in the amount of \$70,650.00 was deposited on December 9th to the Wachovia account (not reflected in the November 30, 2008 report balance) giving the IDA an adjusted balance of **\$116,118.27**.

**\$57,794 was committed to Hurt & Proffitt Engineering for the development of three to four “ready-to-go” industrial sites at the Prince Edward Business Park, which is currently in process. Grading contracts will soon to be let for bid. To date there has been approximately \$47,300 spent of the original contract amount. Due to the down turn in the Nation’s economy, it is anticipated that bid proposals should be very favorable.

***All outstanding items with the Tobacco Commission have finally been successfully cleared away and the IDA will soon be petitioning the Commission for their grant award in the amount of \$193,510. These monies will go toward the grading and development of the proposed industrial sites.

There being no comments Virginia Price made a motion to accept the November 30, 2008 IDA Treasurer’s report that was seconded by Jim Wilck. The motion was accepted by the following vote:

Aye:	Robert D. Showalter, Chairman	Nay:
	Virginia Price, Vice-Chairman	
	Gwen S. Eddleman	
	L. D. Phaup	
	Tony Williams	
	Jim Wilck	

Mr. Showalter then asked Sharon Carney to present the loan request from Paris Ceramics, USA for the purchase and installation of equipment in the amount of \$164,000. Sharon then presented an outline of the loan request including proposed terms and conditions that has already been accepted by Paris Ceramics.

**PARIS CERAMICS, USA
Loan Request Proposal
December 9, 2008**

- Loan Amount:** \$164,000 to be financed by the Prince Edward Industrial Development Authority
- Purpose:** Finance purchase of specialized equipment for the cutting of slab granite/marble
- Interest Rate:** Prime rate 4% minus 1 = 3% (Prime based on 5 yr. Treasury 12/04/08). Simple interest (365/360) calculated on the outstanding principal balance.
- Terms & Conditions:** Interest will be charged at a simple fixed rate with a 7 year amortization to balloon in 5 years. Principal and interest payments will be due monthly, commencing 30 days from the date of loan closing. (Principal pay of \$1,952.39 plus int. mo.)

Collateral: Lien on equipment better described as Top Master 655 GNC 5 point Router (a saw that cuts the stone in five directions) Intermac Serial #90584; and Thibaut type T55 (stone edge polisher) Serial #63 located at 200 Dominion Drive, Farmville, VA.

Comments: This loan is being requested due to the down turn in the Nation's lending market and the banks unwillingness to extend credit to many new or expanding companies at this time. Paris Ceramics is need of the additional equipment as a result of an expansion of their US market.

In August 2008, Smallbone, LLC (parent company for Paris Ceramics, USA) purchased a cabinetry company in West Virginia known as Christopher Peacock. At this company the cutting of slab granite or marble for counter tops was outsourced to another company. Upon the purchase of the Christopher Peacock Company, by Smallbone LL, it was decided to vertically integrate this process into the operations at Paris Ceramics, USA in Prince Edward County, thus reducing unnecessary additional costs and securing jobs at the Prince Edward County facility. To accommodate this additional stone process at the Farmville plant, the purchase and installation of additional specialized equipment is necessary.

When Paris Ceramics USA first located to Prince Edward County in 2005, the IDA sought financing for the company's original purchase of equipment through BB&T, functioning as a pass through to obtain a preferred rate for Paris Ceramics. To date, Paris Ceramics has made all their loan payments for the financing of the equipment and the purchase of the building (\$120,000 annually) on time or before, without default. As part of the agreement by Paris Ceramics to purchase the County shell building Paris Ceramics agreed to pay \$60,000 per year for ten years to the County, which could be credited to the County's general fund. An additional \$60,000 per year for ten years for the up-fit of the building was to be paid to the County but earmarked for economic development. This was stipulated by the Tobacco Commission when they originally advanced the County the \$600,000 needed for the shell building up-fit. The IDA will simply be functioning as the conduit for the financing of the equipment, lending Paris Ceramics back their original funds.

Recommendation: It is recommended that the IDA not borrow the funds from an outside lender, but to have the County advance the funds directly to the IDA, who will in turn lend the funds to Paris Ceramics according to the above terms and conditions. The initial funds would be advanced to the IDA from the County's Economic Development Fund and to where the loan repayments plus interest when received will be credited.

There was some discussion regarding the type of equipment to be purchased and the financial condition of Paris Ceramics during these existing difficult economic times. It was noted that the IDA holds the first deed of trust on the land and building, including \$600,000 in building up grades and has financed the existing equipment in the plant and for three years Paris Ceramics has paid their financial obligations to the IDA without default or late payments. At the December 9th, 2008 Prince Edward County Board of Supervisors meeting, the Board reviewed the Paris Ceramic's loan request and agreed to advance the IDA the \$164,000 to make the loan for the purchase of the equipment. Upon receipt of the monthly loan

payments, the IDA will reimburse the County Economic Development Fund. A motion was made by Gwen Eddleman and seconded by Virginia Price to loan Paris Ceramics, USA \$164,000.00 to fund the purchase of equipment that will allow the company to expand their stone fabrication process. The motion was accepted by the following vote.

Aye: Robert D. Showalter, Chairman Nay: L. D. Phaup
Virginia Price, Vice-Chairman
Gwen S. Eddleman
Tony Williams
Jim Wilck

On a motion made by Tony Williams and seconded by Virginia Price it was recommended that the meeting be adjourned at 1:20pm. The motion was accepted by the following vote.

Aye: Robert D. Showalter, Chairman Nay:
Virginia Price, Vice-Chairman
Gwen S. Eddleman
L. D. Phaup
Tony Williams
Jim Wilck

Sharon Lee Carney, Secretary

Approved by:

Robert Showalter, Chairman