

January 3, 2011

The regular meeting of the Council of the City of Martinsville, Virginia, was held on January 3, 2011, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Andy Powers, Ted Anderson, Mike Rogers, Linda Conover, and Ruth Easley.

Following the invocation by Vice Mayor Kimble Reynolds and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the minutes of Nov. 23, 2010, Nov. 30, 2010 (1:30pm), Nov. 30, 2010 (5pm), and Dec. 14, 2010 Council meetings.

Ruth Easley briefed Council on the ordinance clarifying language regarding effective dates for exemptions granted by classification and designation.

In November 2002 the voters of the Commonwealth of Virginia passed a referendum to remove the responsibility of granting tax-exempt status to organizations from the General Assembly to local governing bodies. This local authority for granting exemptions became effective January 1, 2003; however, the City of Martinsville had imposed a moratorium on granting exemptions until an Exemption Ordinance was enacted in January 2007. Under the provisions of the Exemption Ordinance enacted by council in January 2007, any entity that does not clearly fall into any exemption category granted by the Code of Virginia either by classification or by General Assembly designation approved prior to January 1, 2003 must request an exemption approval from the city council in the form of an exemption ordinance. In order for the exemption request to be considered by council as part of the annual budget deliberations, the requesting entity must have submitted an exemption application to the Commissioner of the Revenue by November 1<sup>st</sup> preceding the budget deliberations. The requested language change clarifies the effective date for exemptions that are granted as a result of meeting Code of Virginia exemption requirements by classification and local determinations by designation.

On a motion by Gene Teague, seconded by Kimble Reynolds, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Stroud, aye; and Turner, aye, Reynolds, aye, Council approved the following ordinance on second reading:

**ORDINANCE 2010-**

**BE IT ORDAINED** by the Council of the City of Martinsville, Virginia, in regular session held on December 14, 2010 that Section 21-11.7 of the City Code , is hereby repealed and reenacted as follows:

**Sec. 21-11. Prior exemptions generally recognized and continued; standard of review; revocation of tax exemptions.**

(a) Real and personal property that was exempt from taxation pursuant to Virginia Constitution, Article X, § 6, or Code of Virginia §§ 58.1-3600 through 58.1-3650.1001, or any other general or special act of the Virginia General Assembly prior to January 1, 2003, shall continue to be exempt from property taxation so long as that property is owned and used in conformance with the provisions of law that provided such exemption. Property that was exempt from taxation by classification or by designation on July 1, 1971, shall continue to be exempt from taxation under the rules of statutory construction applicable to exempt property prior to such date. Property that was exempt from taxation by classification or designation after July 1, 1971, shall be strictly construed in accordance with Virginia Constitution Article X, § 6(f).

(b) If any property that was exempt from property taxation is sold to another person or entity that is not exempt from property taxes, or if such property is used by its owner for some purpose that is not consistent with the terms of the previous exemption, then that property shall no longer be exempt from property taxes, unless another tax exemption applies to the new owner or the new use of the property. If any property is not being used in accordance with an applicable tax exemption following any such change in ownership or use, then the formerly tax-exempt property shall be subject to property taxation from the date of the change in ownership or use. In any dispute concerning the revocation of any property tax exemption, the person who owns that property shall have the burden of showing that any such property is exempt from property taxation.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.1. Property tax exemption classifications.**

Pursuant to the authority granted in Virginia Constitution, Article X, § 6(a)(6), to exempt property from taxation by classification, the following classes of real and personal property shall be exempt from taxation:

- (1) Property owned directly or indirectly by the Commonwealth, or any political subdivision thereof.
- (2) Buildings with land they actually occupy, and the personal property owned by churches or religious bodies, including (a) an incorporated church or religious body and (b) a corporation mentioned in Code of Virginia § 57-16.1, and exclusively occupied or used for religious worship or for the residence of their ministers, and such additional adjacent land reasonably necessary for the convenient use of any such building.
- (3) Nonprofit private or public burying grounds or cemeteries.
- (4) Property owned by public libraries, law libraries of local bar associations when the same are used or available for use by a state court or courts or the judge or judges thereof, medical libraries of local medical associations when the same are used or available for use by state health officials, incorporated colleges or other institutions of learning not conducted for profit. This paragraph shall apply only for property primarily used for literary, scientific or educational purposes or purposes incidental thereto and shall not apply to industrial schools, which sell their products to other than their own employees or students.

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(5) Property belonging to and actually and exclusively occupied and used by the Young Men's Christian Associations and similar religious associations, including religious mission boards and associations, orphan or other asylums, reformatories, hospitals and nunneries, conducted not for profit but exclusively as charities (which shall include hospitals operated by nonstock corporations not organized or conducted for profit, but which may charge persons able to pay in whole or in part for their care and treatment.)

(6) Parks or playgrounds held by trustees for the perpetual use of the general public.

(7) Buildings with the land they actually occupy, and the furniture and furnishings therein belonging to any benevolent or charitable organization and used by it exclusively for lodge purposes or meeting rooms, together with such additional adjacent land as may be necessary for the convenient use of the buildings for such purposes.

(8) Property of any nonprofit corporation organized to establish and maintain a museum.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.2. Further property tax exemption classifications.**

Pursuant to the authority granted in Virginia Constitution, Article X, § 6(a)(6), to exempt real and personal property of an organization classified in Article 3 of Title 58.1 of the Code of Virginia, the real property owned and used by such organization for a religious, charitable, patriotic, historical, benevolent, cultural, or public park or playground purpose, as set forth in Virginia Constitution, Article X, § 6(a)(6), and classified as being exempt pursuant to Code of Virginia §§ 58.1-3609 through 58.1-3622, shall be exempt from taxation, so long as such organization is operated not for profit and the property so exempt is used in accordance with the purpose for which the organization is classified. The real and personal property of an organization classified as exempt from taxation by Code of Virginia § 58.1-3622 and used by such organization for charitable and benevolent purposes as set forth in Virginia Constitution, Article X, § 6(a)(6), shall be exempt from taxation, so long as the local governing body in which the property is located passes a resolution approving such exemption, and so long as the organization satisfies the other requirements of this subsection.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.3. Property tax exemption by designation of the city council; actions of the commissioner of the revenue.**

Pursuant to the authority granted in Virginia Constitution, Article X, § 6(a)(6), and Code of Virginia § 58.1-3651, any organization that wants the city council to consider designating the organization as being exempt from property taxation shall meet the minimum criteria set forth in section 21-11.4 and shall submit the information required in section 21-11.5 in the form of an application to the commissioner of the revenue. The commissioner of the revenue shall prepare such application forms, and all information submitted on such forms shall be accurate and complete when submitted to the commissioner of the revenue. The commissioner of the revenue may require additional information and/or clarifications concerning such application, and pursuant to Code of Virginia §§ 58.1-3110 and 58.1-3111, the commissioner of the revenue may summons taxpayers and other persons for the purpose of determining whether the property should be exempted or whether taxes should be assessed.

If the commissioner of the revenue determines that any application or applications are complete and meet the minimum criteria set forth in section 21-11.4, then the commissioner of the revenue shall provide an estimate of the revenue impact to the locality and its taxpayers of exempting the property for which the exemption or exemptions are being sought to the city manager for presentation to the city council for its consideration at the time of the consideration of the annual budget. The commissioner of the revenue shall also submit any such tax exemption application or applications, together with the estimated revenue impact and any other pertinent information to the city council for its consideration at the public hearing as required by Code of Virginia § 58.1-3651. The tax exemption public hearing may be held concurrently with the public hearing on the annual budget, or the public hearing may be held at a separate date and time.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.4. Minimum criteria for property tax exemption by designation of the city council.**

The city council shall not consider any application from any organization unless that organization is qualified for designation pursuant to Virginia Constitution, Article X, § 6(a)(6) and that organization also meets these minimum criteria:

- (1) The organization seeking tax exemption is operated on a nonprofit basis and has qualified for federal income tax exemption pursuant to 26 U.S.C. §§ 501(c)(3), 501(c)(4), or 501(c)(7);
- (2) The organization seeking tax exemption owns and uses property for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes within the city;
- (3) Except for reasonable salaries and reimbursements paid to its officers and employees for services actually rendered, no part of the profits or income of the organization inures to the benefit of any individual person or any other organization; and
- (4) The organization has filed the information required by section 21-11.5 on or before November 1 of the year preceding the tax year for which the property tax exemption is sought.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.5. Application requirements for consideration of property tax exemption by designation of the city council.**

Any application submitted to the commissioner of the revenue shall include the following information:

- (1) Copies of the current articles of incorporation, charter and by-laws and other documents establishing the organization and describing its purpose, and a statement showing the current officers and the agent or agents of the organization. If the organization is operating under a fictitious name certificates;
- (2) A statement listing all of the property owned by the organization and all the property owned by the organization for which exemption is sought. Such list or lists should include (a) the addresses of the real property, (b) the real property tax map descriptions, (c) the size of the properties, (d) a list of personal property, which shows a description of the personal property, its acquisition cost and its age, and (e) the uses being made of all properties owned by the organization;
- (3) A statement of the value of the property and the taxes due on all property owned by the organization and on all property owned by the organization for which tax exemption is being sought. If any property taxes are due and unpaid, the statement should identify the unpaid amount or amounts and include an explanation of why such property taxes have not been paid;
- (4) Documentation from appropriate federal authorities showing that the organization has been designated by the federal government as exempt from federal income taxation pursuant to 26 U.S.C. §§ 501(c)(3), 501(c)(4), or 501(c)(7);
- (5) A statement of whether the organization holds a current annual alcoholic beverage license for serving alcoholic beverages that has been issued by the Virginia Alcoholic Beverage Control Board to such organization for use on such property, and if so, then the application shall include a copy of any such alcoholic beverage license and a statement explaining when and under what conditions the organization serves alcoholic beverages;
- (6) Copies of all income tax returns filed by the organization for each of the three (3) previous calendar years with the Internal Revenue Service of the United States Department of Treasury, including, without limitation, Form 990, Form 990-EZ, Form 990-PF, and Form 990-T (herein collectively referred to as "Federal Form 990"), together with copies of all attachments, exhibits, schedules, and statements that accompanied all such income tax returns. In the event that no such income tax returns were filed in any of the three (3) previous calendar years, then the application shall include a statement explaining why any such return or returns were not required by federal law in each of the three (3) previous calendar years. Also, in the event that such an organization was not required to file a Federal Form 990 in any of the previous calendar years, then the organization shall provide the commissioner of the revenue with information that would have been included in a Federal Form 990 for each of those years;
- (7) For each officer, director, trustee, key employee, employee, or independent contractor whose compensation is listed on any Federal Form 990 filed by the organization, the application shall include a statement that (a) describes the services provided by each such officer, director, trustee, key employee, employee, or contractor and (b) explains why such compensation was reasonable. In the event that such an organization was not required to file a Federal Form 990 in any of the previous calendar years, then the organization shall provide the commissioner of the revenue with comparable information for each of those years showing any compensation provided to a director, trustee, key employee, employee, or independent contractor and a statement explaining why such compensation was reasonable;
- (8) A copy of the most recent annual report for the organization, and if no such report was prepared, then an explanation of why no annual report has been prepared;

- (9) A copy of the most recent financial audit report for the organization, and if no such report was prepared, then an explanation of why no financial report has been prepared;
- (10) A statement describing whether the organization provides services for the common good of the public, with special emphasis on what benefits and services the organization provides to the residents of the city;
- (11) A statement describing why the requested property tax exemption is necessary to the local operation of the organization;
- (12) A statement describing whether a substantial part of the activities of the organization involves carrying on propaganda or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office; and
- (13) Any other information required by Virginia Code § 58.1-3651 and any other information that may be required by the commissioner of the revenue pursuant to section 21-10.5.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.6. Triennial application for exemption retention; periodic review by the commissioner of the revenue.**

(a) Any entity except the commonwealth, any political subdivision of the commonwealth, or the United States, that has been granted tax-exempt status for its real or personal property, either by classification or designation, shall file triennially an application with the commissioner of the revenue as a requirement for retention of the exempt status of the property. The commissioner of the revenue shall provide sixty (60) days' written notice to the entity of their filing requirement. The application shall show the ownership and usage of such property and shall be filed by November 1 of the preceding tax year for which the retention is sought.

(b) If an organization, except the commonwealth, any political subdivision of the commonwealth, or the United States, that has been granted tax-exempt status for its real or personal property, either by classification or designation, pursuant to Code of Virginia §§ 58.1-3110 and 58.1-3111, the commissioner of the revenue may require additional information from that organization from time-to-time to verify that the organization continues to operate and to use its property in accordance with the terms and conditions of the exempt classification or designation.

(Ord. No. 2006-13, 1-9-2007)

**Sec. 21-11.7 Effective date.**

~~This ordinance shall become effective on adoption, but all exemptions granted hereby shall become effective beginning on or after January 1, 2007, for personal property and July 1, 2007, for real property, or for the tax year effective date for which the tax exemption is granted.~~

(Ord. No. 2006-13, 1-9-2007)

**Unless otherwise directed by city council, the grant of tax exemption under this section shall be effective from the date that the non-profit owner began using the property for the purposes referenced in Sec. 21-11.1 and Sec. 21-11.2. An exemption granted under this section may be deemed effective retroactively, but in any case, no earlier than July 1, 2010. Where retroactive application on or after July 1, 2010 is approved, the Commissioner of the Revenue shall adjust the land book or personal property book accordingly, and the City Treasurer shall refund any tax, including penalty and interest, paid for the period of retroactive application. Exemptions granted by designation shall become effective for the next fiscal year after the exemption is approved by city council.**

Mayor Kim Adkins called on Mark Heath of the MHC EDC to give his presentation on the development of Commonwealth Crossing Business Center.

### DEVELOPMENT OF THE MEGASITE GRANT PROGRAM

Listed below is a synopsis of the timetable for the Mega Site Grant Program, offered by the Virginia Tobacco Indemnification and Community Revitalization Commission.

*A Mega Site project is defined as a project with at least \$250M in capital investment and 400 new jobs*

| DATE              | EVENT   |
|-------------------|---|
| August 2010       | Announcement of a \$5 million Major Employment and Investment (MEI) Grant funded by the Virginia Tobacco Commission   |
| August 2010       | Announcement of the \$100 million Mega Site Grant Program by the Virginia Tobacco Commission  |
| October 1, 2010   | EDC applies on behalf of Henry County for the MEI Grant for grading at Commonwealth Crossing  |
| November 1, 2010  | EDC applies on behalf of Henry County for the first round of the Mega Site Grant Program, requesting \$5 million for grading costs at Commonwealth Crossing   |
| November 5, 2010  | Henry County is awarded \$1.5 million from the Major Employment and Investment Grant (must be spent within 2 years)   |
| November 23, 2010 | The Martinsville-Henry County EDC met in Richmond with representatives from the Tobacco Commission to discuss the Mega Site Grant Application<br>Key points from this meeting:<br><ul style="list-style-type: none"> <li>• Commonwealth Crossing is farther along than any other site in the state</li> <li>• Mega Site vs. Mega Project</li> <li>• Question: If you receive a \$5 million grant, can Tobacco's Funding be leveraged by local partners sufficient to finish grading to the point of being open for business?</li> </ul> |

### CURRENT INVESTMENT IN COMMONWEALTH CROSSING

The City of Martinsville and Henry County has been proactive in the acquisition, engineering and environmental due diligence at Commonwealth Crossing with over \$9 million invested and/or committed to date.

The following lists the areas in which these funds have been secured:

| DESCRIPTION                                | AMOUNT         |
|--|----------------|
| Land Acquisition (720 acres)               | \$2,600,000*   |
| Master Plan of Site                        | \$100,000      |
| Engineering/Wetlands Delineation           | \$500,000      |
| Water and Sewer Extension                  | \$4,200,000    |
| Mid-Atlantic Broadband (fiber to site)     | \$500,000      |
| VEDP Major Employment and Investment Grant | \$1,500,000    |
| <b>TOTAL</b>                               | <b>\$9.4 M</b> |

\*EDC Contribution is \$100,000 annually for the City of Martinsville and \$100,000 annually for Henry County

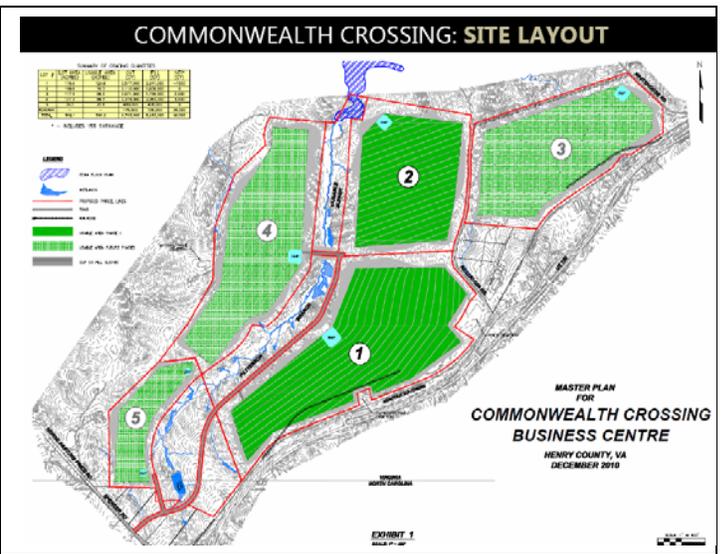
### COMMONWEALTH CROSSING: NEXT STEPS

| DATE/TIME          | EVENT   | AMOUNT          |
|--------------------|---|-----------------|
| November 5, 2010   | Major Employment and Investment (MEI) Grant awarded to Martinsville-Henry County for grading at Commonwealth Crossing<br><b>Approved</b>  | \$1,500,000     |
| December 9, 2010   | Board Meeting: Harvest Foundation of the Piedmont<br><b>Approved</b> (contingent on other partners)   | \$5,000,000     |
| December 14, 2010  | Tobacco Commission Special Projects Meeting (Roanoke, Va.) Recommended to full Commission which meets January 11 <sup>th</sup><br><b>Approval Anticipated</b> (contingent on local funding) | \$5,000,000     |
| January 3, 2011    | Board of Supervisors Meeting: Henry County  | \$3,333,300     |
| January 3, 2011    | City Council Meeting: City of Martinsville  | \$1,666,700     |
| January 11, 2011   | Tobacco Commission Meeting  |                 |
| January 2013       | Commonwealth Crossing Business Centre <b>Open for Business</b>  |                 |
| <b>GRAND TOTAL</b> |   | <b>\$16.5 M</b> |

### COMMONWEALTH CROSSING: NEXT STEPS (cont'd)

| Scenario              | Source                             | Amount   |
|-----------------------|------------------------------------|----------|
| With Grant Funding    | MEI Grant                          | \$1.50 M |
|                       | Tobacco Commission Mega Site Grant | \$5.00 M |
|                       | Harvest Foundation of the Piedmont | \$5.00 M |
|                       | Henry County                       | \$3.33 M |
|                       | City of Martinsville               | \$1.67 M |
| Without Grant Funding | City of Martinsville               | \$5.5 M  |
|                       | Henry County                       | \$11.0 M |

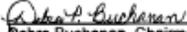
| COMMONWEALTH CROSSING: ESTIMATED LOCAL TAX REVENUE   |                            |                      |                    |                    |                    |                    |                    |                    |                    |                     |
|--|----------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Listed below is an estimate of the local tax revenues which could result from landing a large project at Commonwealth Crossing |                            |                      |                    |                    |                    |                    |                    |                    |                    |                     |
| Estimates listed below are based on the following assumptions:   |                            |                      |                    |                    |                    |                    |                    |                    |                    |                     |
|  | Real Property Investment   | \$50,000,000         |                    |                    |                    |                    |                    |                    |                    |                     |
|  | Machinery/Tools Investment | \$200,000,000        |                    |                    |                    |                    |                    |                    |                    |                     |
|  | <b>TOTAL INVESTMENT</b>    | <b>\$250,000,000</b> |                    |                    |                    |                    |                    |                    |                    |                     |
|  | Year 1                     | Year 2               | Year 3             | Year 4             | Year 5             | Year 6             | Year 7             | Year 8             | Year 9             | Year 10+            |
| <b>PROPERTY TAX</b><br>\$0.46 per \$100 of assessed value  | \$0                        | \$115,000            | \$115,000          | \$115,000          | \$115,000          | \$230,000          | \$230,000          | \$230,000          | \$230,000          | \$230,000           |
| <b>MACHINERY &amp; TOOLS TAX</b><br>\$1.19 per \$100 assessed at 71%   | \$0                        | \$844,900            | \$844,900          | \$844,900          | \$844,900          | \$1,689,800        | \$1,689,800        | \$1,689,800        | \$1,689,800        | \$1,689,800         |
| <b>ELECTRIC UTILITY TAX</b><br>Based on 5,000,000 kWh/month  | \$191,016                  | \$191,016            | \$191,016          | \$191,016          | \$191,016          | \$191,016          | \$191,016          | \$191,016          | \$191,016          | \$191,016           |
| <b>NATURAL GAS UTILITY TAX</b><br>Based on 15,000 MCF/month  | \$7,082                    | \$7,082              | \$7,082            | \$7,082            | \$7,082            | \$7,082            | \$7,082            | \$7,082            | \$7,082            | \$7,082             |
| <b>COLLECTED ANNUAL TOTAL</b>  | <b>\$198,098</b>           | <b>\$1,157,998</b>   | <b>\$1,157,998</b> | <b>\$1,157,998</b> | <b>\$1,157,998</b> | <b>\$2,117,898</b> | <b>\$2,117,898</b> | <b>\$2,117,898</b> | <b>\$2,117,898</b> | <b>\$2,117,898</b>  |
| <b>2/3 TO HENRY COUNTY</b>   | <b>\$198,098</b>           | <b>\$1,157,998</b>   | <b>\$943,363</b>   | <b>\$771,999</b>   | <b>\$771,999</b>   | <b>\$1,411,932</b> | <b>\$1,411,932</b> | <b>\$1,411,932</b> | <b>\$1,411,932</b> | <b>\$1,411,932</b>  |
| <i>Cumulative County Total</i>   | <i>\$198,098</i>           | <i>\$1,356,096</i>   | <i>\$2,299,459</i> | <i>\$3,071,458</i> | <i>\$3,843,457</i> | <i>\$5,255,389</i> | <i>\$6,667,321</i> | <i>\$8,079,253</i> | <i>\$9,491,185</i> | <i>\$10,903,117</i> |
| <b>1/3 TO CITY OF MARTINSVILLE</b>   | <b>\$0</b>                 | <b>\$0</b>           | <b>\$214,635</b>   | <b>\$385,999</b>   | <b>\$385,999</b>   | <b>\$705,966</b>   | <b>\$705,966</b>   | <b>\$705,966</b>   | <b>\$705,966</b>   | <b>\$705,966</b>    |
| <i>Cumulative City Total</i>   | <i>\$0</i>                 | <i>\$0</i>           | <i>\$214,635</i>   | <i>\$602,004</i>   | <i>\$988,003</i>   | <i>\$1,693,969</i> | <i>\$2,399,935</i> | <i>\$3,105,901</i> | <i>\$3,811,867</i> | <i>\$4,517,833</i>  |



Mr. Heath also reported that Henry County Board of Supervisors unanimously approved the MOU (as enclosed) at their meeting today. Mayor Adkins opened the floor for public comment: Irving Groves—commented on vision and risk of past years and encouraged Council to act favorably as this is a financial opportunity that is very rare and payback is measurable in cash. Monty Ridenhour—asked Council to approve this as this \$16 million will go a long way right now and stressed that activity breeds activity. John Parkinson of Drake Extrusion—pointed out we need to differentiate ourselves to attract large businesses that require rail service and should take advantage of this once in a lifetime opportunity. Rufus Ingram—commented on potential for a University of Martinsville. Barry Dorsey of NCI—this is a great opportunity to leverage funding and commented on the direct connection with higher education and economic development. Amy Lampe, current chairperson of the EDC Board and serves on Harvest Foundation Board—encouraged Council to vote to get Commonwealth Crossing shovel ready. Ural Harris, 217 Stuart St.—voiced concerns with having to make decision tonight and thinks Harvest should fund entire amount for benefit of citizens. Hearing no further requests to comment, Mayor Adkins closed the public comment time. City Manager Clarence Monday discussed multiple options for funding the city’s contribution on this endeavor and pointed out that the staff recommendation is to participate in this. Council members had lengthy discussion as to funding and the importance of the city’s fund balance remaining strong. A motion was made by Gene Teague, seconded by Kimble Reynolds, authorizing the Mayor to sign the Memorandum of Understanding. Council Member Danny Turner made two amended motions (1)to require that the Henry County PSA keep the amount of sewage the city treats on its behalf at the current level and (2)that the city’s funding contribution to the

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EDC be based on population. Both of Mr. Turner's amended motions died for lack of a second. The vote on the original motion authorizing the Mayor to sign the following MOU was then taken with the following 4-1 vote: Adkins-aye, Teague-aye, Reynolds-aye, Stroud-aye, and Turner-nay.

|  |   |
|--|---|
| <p style="text-align: center;"><b>CITY OF MARTINSVILLE<br/>AND<br/>COUNTY OF HENRY</b></p> <p style="text-align: center;"><b>COMMONWEALTH CROSSING BUSINESS CENTRE<br/>INFRASTRUCTURE PROJECT</b></p> <p style="text-align: center;"><b>MEMORANDUM OF UNDERSTANDING</b></p> <p style="text-align: center;"><b>January 3, 2011</b></p> <p>The City of Martinsville and Henry County give high priority to economic development efforts aimed at creating jobs for area residents and increasing the local tax base to support expected service levels.</p> <p>Development of Commonwealth Crossing Business Centre (CCBC) is a key component of the strategy embraced by the localities and by the Martinsville-Henry County Economic Development Corporation. Part of that development is site grading, road development, stream mitigation, storm water retention, etc. To secure various grant funds and expedite infrastructure development, the parties whose signatures are affixed below agree to the following:</p> <p><b>Project Action Plan</b></p> <ol style="list-style-type: none"><li>1. Site grading of Lots 1 and 2, road development, stream mitigation, storm water retention, etc. to serve CCBC is an estimated cost of \$16,500,000.</li><li>2. Construction is scheduled to be complete within 24-30 months.</li></ol> <p><b>Funding Sources</b></p> <ol style="list-style-type: none"><li>1. VEDP Major Employment and Investment Grant - \$1,500,000</li><li>2. Tobacco Commission Grant - \$5,000,000</li><li>3. Harvest Foundation of the Piedmont Grant - \$5,000,000</li><li>4. City of Martinsville Contribution - \$1,666,700</li><li>5. Henry County Contribution - \$3,333,300</li></ol> <p><b>Obligation of Parties</b></p> <ol style="list-style-type: none"><li>1. The City and County can fund their contribution over at least two fiscal years (FY '12 and '13). The contribution may be spread over a longer period based on the exact construction schedule to be determined after receipt of bids for the development.</li><li>2. The City and County shall be reimbursed for each party's contribution from tax revenue generated from CCBC before any expenses are reimbursed that were incurred after the date of the MOU. The County and City shall be paid in</li></ol> | <p>the same proportion as outlined in the Revenue-Sharing Agreement dated September 25, 2007 and the MOU related to the water and sewer infrastructure project dated August 24, 2010.</p> <p>By affixing their signatures hereto, the Mayor of the City of Martinsville and the Chairman of the Henry County Board of Supervisors acknowledge that this MEMORANDUM OF UNDERSTANDING actively sets forth the project elements.</p> <p><br/>_____<br/>Kim Adkins, Mayor<br/>City of Martinsville</p> <p><br/>_____<br/>Debra Buchanan, Chairman<br/>Henry County Board of Supervisors</p> |
|--|---|

Council will consider funding options later for this endeavor.

City Attorney Eric Monday briefed Council on the two ways to grant police powers either by appointment by the Circuit Judge or by authorization of Council and the request for the Assistant to the Fire Marshal to be granted police powers. Fire Marshal Ted Anderson already has police powers and his assistant, Andy Powers, is exposed to the same occupational hazards as Mr. Anderson. Because of a discrepancy in the state administrative code, judicial appointment would require a five month law enforcement training program, while Council appointment requires a two month program which is significantly less expensive. On a motion by Danny Turner, seconded by Mark Stroud, with a 5-0 vote, council approved granting Assistant to the Fire Marshall Andy Powers the

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same police powers as a sheriff, police officer or law-enforcement officer pursuant to Code of Virginia Section 27-34.2:1.

Business from the floor: Ural Harris, 217 Stuart St., voiced concerns about electric rates, furlough days, and agreements with city and Henry County. Mayor Adkins pointed out Council will look at electric rates during the budget process. The City Manager reported that the electric fund balance is down \$325,000 and will continue to go down as budgeted.

Comments from City Council: Stroud-appreciates citizen opinion. Turner-appreciated comments from Dr. Dorsey and Rufus Ingram. Adkins-asked that City Attorney Eric Monday research legislation regarding change in street signage.

There being no further business, Mayor Adkins adjourned the meeting at 9:25 pm.

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Clarence C. Monday  
Clerk of Council

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Kim E. Adkins  
Mayor