

July 31, 2008

A special called meeting of the Council of the City of Martinsville, Virginia, was held on July 31, 2008, in Council Chambers, Municipal Building, at 7:00 PM, with Mayor Kathy Lawson presiding. Council Members present included: Kathy Lawson, Kimble Reynolds, Jr., Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, Brenda Prillaman, Eric Monday and Wayne Knox. Mayor Lawson opened the meeting and led the Pledge to the flag.

Mark Heath of the Martinsville-Henry County Economic Development Corporation introduced his associate, Leigh Cockram, Director of Marketing/Recruiting of the EDC. He then reported to Council on the following issues:

Shell Building—A second shell building is proposed for Lot 10 in the Patriot Centre with a size of 100,000 sq. ft., expandable to 190,000 sq. ft. Projected construction cost is \$3,000,000 with City's estimated investment to be \$42,570/year beginning in year 2. Harvest Foundation participation is not requested this time and they will not be asked to participate in the beginning. Points made regarding the shell building included: there are only two publicly owned shell buildings in Virginia at this time; EDC Board has approved architectural/engineering and carrying costs during the construction phase and for one year after completion; Henry County Industrial Development Authority will own the building and will secure construction financing; expenses have to be recouped before revenue sharing lots will share tax revenues and then the city will benefit; PSA will supply the water and city will treat the sewer; having an active shell building will be a tremendous boost for prospect activity and this new shell building will be marketed nationally. Council member Turner pointed out that with the RTI deal, the city won't receive any revenue until the seventh year. On a motion by Vice Mayor Kimble Reynolds, Jr., seconded by Gene Teague, Council agreed with a 4-1 vote, with Council Member Danny Turner casting the dissenting vote to go forward with constructing the proposed shell building on Lot 10 in the Patriot Centre with the City's estimated investment of \$42,570/year beginning in year two.

July 31, 2008

Tourism—Mr. Heath reported he should have someone on board as tourism director in September. Other points made included: Budget FY08-09 is approximately \$310,000; the EDC will work with the Southern Virginia Sports Authority to assist in promotion of the Soccer Complex and Sports Arena as well as continue to promote other sports related venues in the area; will continue to work with existing attractions on promoting events through local media; will guide the development of the Deep Roots Initiative which will be the EDC's retail/commercial effort for Martinsville and will engage Becky Anderson of Handmade in America and Stuart Rosenfeld of RTS as on-site working consultants (50% of the costs for this project are funded by the Martinsville Area Community Foundation's anonymous donor section); will need incentive program to have significant retail development; Mayor Lawson pointed out that Council wants more emphasis on retail/commercial development and are interested to hear what Mr. Gwaltney from Danville has to offer as suggestions; it was suggested that antique outlets be pursued as well as something similar to the Virginia Furniture Festival. Mr. Heath will continue pursuing as Council requested.

Performance agreements—Mr. Heath explained process for performance agreements and reviewed criteria and incentives. He reviewed the Local Enterprise Zone incentives and State Enterprise Zone incentives used in performance agreements. He reviewed the recent RTI performance agreement with Council explaining the Governor's Opportunity Fund and the Virginia Tobacco Region Opportunity Fund.

Clearview Business Park—Mr. Heath explained his recommendations made to Council in his 2/12/08 memo still stand and are listed as follows: The City should not invest additional money in Clearview Business Park beyond what's required for normal and appropriate maintenance and upkeep; The City, in cooperation with Henry County, should consider alternative options for the Athena Building as it is overbuilt for the majority of data clients M-HC attracts. Even with the County's reasonable pricing, none of the clients the EDC has recommended the facility to have had serious interest; Much of this is due to the cost of refitting the facility to a particular use, when viewed in light of other more

July 31, 2008

reasonable options such as Commonwealth Center, Resurgence HQ or the Civic Data Facility; The City should focus its recruitment efforts on office, data and retail/commercial development and rely on its revenue sharing agreement with Henry County to generate manufacturing/warehouse tax and job growth and the City and County's recruitment efforts should complement and not compete; The City should consider investing the money available for Clearview improvements into a retail/commercial incentive pool and the timing is right in light of the City's adjustment of its Enterprise Zone boundaries. Mr. Heath pointed out the option is available to make the two tracts near the Athena building available. He also pointed out that prospects for Clearview would be in competition for projects in the Patriot Centre and we would be competing against ourselves. After discussion by Council on opportunities for revenue sharing all lots at the Patriot Centre as well as Clearview and Rives Road, it was agreed to by Council that the Mayor, Vice Mayor and City Manager will have conversations with County officials to expand revenue sharing opportunities. Mr. Heath pointed out it would be very valuable and we would be in a much stronger position if we send the message to the clients that we have a unified effort. Mr. Heath also stated the EDC board could be the one to drive the conversation between the City and the County.

Rives Road industrial site—Mr. Heath reported this site has been recommended six times to various prospects since February 2006. Challenges include: limited amount of land; long, narrow site resulting in limited amount of building acreage; residential encroachment; dangerous access into site over Norfolk Southern main line and two lane road; higher development costs due to topography of site. Opportunities include: rail site; potentially attractive to smaller, commodity driven clients; city could investigate acquiring adjoining properties to improve appearance and site access. Mr. Heath recommended acquiring some adjoining property at Martinsville Novelty plant but not sure if cost benefit ratio would make it worth it. He stated we would need to get engineering help to maximize use of property as it does not fit the model clients are looking for today.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Kimble Reynolds, Jr., seconded by Gene Teague, with the following recorded vote: Lawson, aye; Reynolds, aye; Teague, aye; Stroud,

July 31, 2008

aye; and Turner, aye,, Council convened in Closed Session, for the purpose of discussing the following matter: (A) Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the City of Martinsville would be adversely affected, as authorized by Subsection 6.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during said Session. On a motion by Gene Teague, seconded by Mark C. Stroud, Sr., with the following recorded vote: Lawson, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session. No action was taken.

There being no further business to come before Council during their special meeting, the meeting adjourned at 9:05 PM.

Clarence Monday
Clerk of Council

Kathy C. Lawson
Mayor