

KING GEORGE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
June 20, 2011

The Chairman, Mr. Glen Moore, called the regular meeting of the King George County Economic Development Authority to order at 6:00 p.m. in the Board Room of the Revercomb Building, 10459 Courthouse Drive, King George, Virginia, with a quorum being present. Mr. Glen Moore, Mr. Terry Moore, Mr. Ballenger, Mr. Hughes, Dr. Kelly and Ms. Philbrick were in attendance. Mr. Zilic was absent. The Economic Development Director was also in attendance.

Approval of Minutes:

On a motion by Mr. Terry Moore, seconded by Dr. Kelly, and carried by a 4-0-2 vote, each member voting as follows: Mr. Glen Moore Aye, Mr. Terry Moore Aye; Mr. Hughes Aye; Ms. Philbrick Aye; and Mr. Ballenger and Dr. Kelly abstaining, the King George County Economic Development Authority approved the minutes of the regular meeting of May 10, 2011, as presented.

Treasurer's Report:

On a motion by Ms. Philbrick, seconded by Mr. Terry Moore, and carried unanimously, each member voting as follows: Mr. Glen Moore Aye; Mr. Terry Moore Aye; Mr. Ballenger Aye; Mr. Hughes Aye; Dr. Kelly Aye; and Ms. Philbrick Aye, the King George County Economic Development Authority authorized payment to VACo Risk Management in the amount of \$855.00 for property and liability insurance.

On a motion by Mr. Ballenger, seconded by Mr. Hughes, and carried unanimously, each member voting as follows: Mr. Glen Moore Aye; Mr. Terry Moore Aye; Mr. Ballenger Aye; Mr. Hughes Aye; Dr. Kelly Aye; and Ms. Philbrick Aye, the King George County Economic Development Authority authorized payment to Suntrust Bank in the amount of \$230,106.54

Public Comment, Presentations or Requests from the Public:

The Chairman opened the floor for public comment.

Presentation by GreenAgg Technologies, LLC

Mr. William Nusbaum, Bond Counsel for GreenAgg Technologies, LLC, introduced Mr. Bob Fletcher, a member of the Management Team of GreenAgg. Mr. Fletcher presented, via PowerPoint, information regarding GreenAgg's business plan for the proposed acquisition of an existing manufacturing plant located in King George County and using proprietary patented processes for recycling ash. The existing plant would be used to convert ash residues from the adjacent coal fired power plant into a sustainable "green" building material referred to as Manufactured Aggregate.

Mr. Fletcher noted that the plant has been idle since early 2009 and that terms for a new ash management agreement and site lease are being negotiated with Birchwood Power Partners, L.P. He further explained that "value added" capital improvements/construction would be needed shortly after the planned restart adding new fly ash storage silos next to the existing plant and improved materials handling systems for better processing and manufacturing capabilities. He also explained that GreenAgg would use the proceeds of the Tax Exempt Bond issuance (and private equity) to complete the facility upgrades and create up to 15 "green collar jobs". This technology would also be marketed to other coal-fired plants and GreenAgg would market the Versalite, a recycled, fossil fuel free, sustainable construction material in the local markets in Virginia, Maryland and D.C.

Mr. Fletcher continued to explain the process of converting the fly ash and the uses of the finished product. When asked about the amount of water required for this process, Mr. Fletcher explained that GreenAgg would use recycled

water from Birchwood's cooling towers. Mr. Fletcher also noted that this plant would serve as a training facility for personnel working in other similar plants throughout the country and the lead facility for testing product.

Public Hearing:

Proposed Industrial Development Revenue Bond Financing by the Economic Development Authority of King George County

The Chairman called the public hearing to order, having been properly advertised per the Code of Virginia, and asked staff to provide a brief summary. Ms. Thompson noted that she had been working with Mr. Fletcher and Mr. Kluko for over two years on this project and has worked with Virginia Economic Development Partnership (VEDP) as well. She further discussed the application for financing by the EDA and then asked bond counsel to further explain the financing process.

Mr. Nusbaum, Bond Counsel for GreenAgg Technologies, LLC, presented a request to the EDA to issue, pursuant to the Virginia Industrial Development and Revenue Bond Act, up to \$10,000,000 principal of its industrial development revenue bonds to assist GeenAgg Technologies, LLC in the financing of the acquisition of certain assets and construction, equipping and renovation of a manufacturing plant.

Mr. Nusbaum further explained that the plant (the former Universal Aggregate Birchwood facility) is adjacent to the Birchwood Power Plant and that GreenAgg plans to convert or recycle ash residue into a sustainable "green" building material. The facility is located at 10847 Birchwood Drive.

Mr. Nusbaum noted that once the EDA adopts the Resolution of Approval, the resolution and related documentation would then be presented to the King George County Board of Supervisors, as the Code of Virginia requires that the bonds be approved by the highest elected body of the jurisdiction.

The Chairman opened the floor for public comment.

There being none, the Chairman closed that portion of the public hearing. The Chairman also verified that no written comments were received.

On a motion by Mr. Terry Moore, seconded by Mr. Hughes, and carried unanimously, each member voting as follows: Mr. Glen Moore Aye; Mr. Terry Moore Aye; Mr. Ballenger Aye; Mr. Hughes Aye; Dr. Kelly Aye; and Ms. Philbrick Aye, the King George County Economic Development Authority adopted the following resolution:

RESOLUTION OF APPROVAL AFTER PUBLIC HEARING OF THE ECONOMIC DEVELOPMENT AUTHORITY OF KING GEORGE COUNTY, VIRGINIA ON BEHALF OF GREENAGG TECHNOLOGIES, LLC

WHEREAS, the Economic Development Authority of King George County, Virginia (**the "Authority"**) has been created pursuant to and is empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (**the "Act"**) and is now existing and operating as a political subdivision of the Commonwealth of Virginia;

WHEREAS, the Authority has a received a plan of financing (**the "Plan of Financing"**) from GreenAgg Technologies, LLC, a Delaware limited liability company (**the "Borrower"**), whose principal place of business is 311 West Buffalo Street, New Buffalo, Michigan 49117, requesting the Authority issue up to \$10,000,000 principal amount of its industrial development revenue bonds (**the "Bonds"**), pursuant to the Act, to assist the Borrower in the financing of the acquisition of certain assets and construction, equipping and renovation of a manufacturing plant (the

former Universal Aggregate Birchwood facility) adjacent to the Birchwood Power Plant that will convert or recycle ash residue into a sustainable “green” building material (**the “Project”**) located at 10847 Birchwood Drive, King George, Virginia 22485-6661, in the County of King George, Virginia (**the “County”**);

WHEREAS, it has been represented by the Borrower that the Project will comprise a “manufacturing facility”, as described in Section 144(a)(12)(C) of the Internal Revenue Code of 1986, as amended (**the “Code”**), or similar provisions of law;

WHEREAS, a public hearing with respect to the Bonds has been properly advertised and held by the Authority, as required by the Code and the Act; and

WHEREAS, the Borrower has described the benefits to the County and has requested that the Authority recommend to the Board of Supervisors of the County (**the “Board of Supervisors”**) its approval of the issuance of the Bonds, in such amounts as may be necessary to finance the cost of the Project;

WHEREAS, Section 147(f) of the Code and Section 15.2-4906 of the Act provides that the governmental unit having jurisdiction over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds after a public hearing; and

WHEREAS, the Project to be financed through the issuance of the Bonds is to be financed by the Authority and the Board of Supervisors constitutes the highest elected governmental unit of the County;

NOW THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF KING GEORGE COUNTY, VIRGINIA:

1. The recitals made in the preambles to this resolution are hereby adopted as a part of this resolution.
2. Upon the recommendation of the Borrower, the Authority hereby appoints Williams Mullen as Bond Counsel to supervise the Authority’s proceedings and approve the issuance of the Bonds, and consents to Williams Mullen also serving as counsel to the Borrower.
3. It is hereby found and determined that the Plan of Financing will be in the public interest and will promote the safety, health, welfare, convenience or prosperity of the Commonwealth of Virginia, the County, and their citizens.
4. The Plan of Financing shall provide that the Bonds do not constitute a debt or pledge of the faith and credit or taxing power of the Commonwealth nor any of its political subdivisions, including the Authority and the County. Neither the Commonwealth nor any of its political subdivisions will be obligated to pay the principal of, premium, if any, or interest on the Bonds or other costs incident to them except from the revenues and monies pledged for such purposes, and neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions, including the Authority and the County, is pledged to the payment of principal of, premium, if any, or interest on the Bonds or other costs incident to them. No officer or director of the Authority shall have any liability therefor.
5. The Authority hereby agrees to assist the Borrower in the Plan of Financing by undertaking the issuance of its Bonds in an amount not to exceed \$10,000,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The Bonds will be issued pursuant to documents satisfactory to the Authority and its counsel. The Bonds may be issued in one or more series at one time or from time to time.

6. It having been represented to the Authority that it is necessary to proceed immediately with the Plan of Financing and the planning therefor, the Authority agrees that the Borrower may proceed with the Plan of Financing, enter into contracts or ground leases for land and contracts for construction, renovation, materials and equipment for the Plan of Financing, and take such other steps as it may deem appropriate in connection with the Plan of Financing, 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 Plan of Financing. 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.

7. All costs and expenses in connection with the Plan of Financing, including the fees and expenses of the Authority and its 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 such 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.

8. The Authority's annual administrative fee in connection with the issuance of the Bonds shall be equal to 1/8 of 1% of the outstanding principal balance of the Bonds as of each anniversary date of the closing of the Bonds.

9. 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 design, acquisition, construction, renovation and equipping of the Project pursuant to the Plan of Financing and the planning therefor before the issuance of the Bonds, all within the meaning of Section 1.150-2 of U.S. Treasury Regulations, made on or after the date which is no more than 60 days prior to the date of adoption of this resolution. The maximum principal amount of tax-exempt obligations expected to be issued at this time for the Project is \$10,000,000.

10. The Borrower by acceptance of this action by the Authority agrees to indemnify, defend and save harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Authority, the issuance of the Bonds, or the acquisition, design, construction, renovation and equipping of the Project.

11. Neither the Authority nor the County has endorsed the creditworthiness of the Borrower or the ability of the Borrower to repay the Bonds. The purchaser of the Bonds shall agree to purchase the Bonds at its sole risk and shall acknowledge that no representation of any kind has been made to the purchaser by either the Authority or the County.

12. To assist the Borrower, the Authority hereby recommends that the Board of Supervisors grant "public approval" of the issuance of the Bonds by the Authority within the meaning of Section 15.2-4906 of the Act and Section 147(f) of the Code, and hereby directs the Chairman or Vice Chairman of the Authority to submit to the Board of Supervisors, the fiscal impact statement in the form prescribed by Section 15.2-4907 of the Act, a reasonably detailed summary of the comments expressed at the public hearing held by the Authority pursuant to Section 15.2-4906 of the Act and a copy of this resolution which constitutes the recommendation of the Authority that the Board of Supervisors approve the financing of the Project and the issuance of the Bonds by the Authority.

13. The Authority agrees, subsequent to the Board of Supervisors' granting "public approval," to apply to the Virginia Small Business Financing Authority, in its capacity as the "allocation administrator" for tax-exempt industrial development bonds, for an allocation of \$10,000,000 of industrial development bond "Volume Cap" for the Project, provided that the Borrower has first supplied to the Authority all attachments required by such bond allocation application.

14. All other acts of the officers and members of the Authority heretofore or hereafter taken that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the Project are hereby approved.

15. This resolution shall take effect immediately upon its adoption.

The Fiscal Impact Statement was signed by Mr. Fletcher and presented to the EDA Chairman for signature. The signed document will be presented to the Board of Supervisors along with other documentation at its meeting on June 21, 2011.

Comments or Reports from Directors:

There were no comments from Directors.

Report from the Economic Development Director

- The Small Business Development Center's satellite office is operational as of Wednesday, May 25, 2011. Ms. Mary Parnell will be serving as the business counselor and will be meeting with clients on the first Wednesday of the month from 10:00 a.m. to 3:00 p.m. and has met with five clients to date. Additional days will be added as necessary.
- King George Job Fair will be held at the Citizens Center on June 24, 2011 with King George County businesses represented. Is being coordinated with a King George County business, JOBZONE.
- Working with Fredericksburg Regional Alliance and attended a broker meeting recently in Richmond to talk with those brokers about the region.
- Attended Southern Economic Development Council "Meet the Consultants" Forum in Atlanta.
- Virginia Economic Development Partnership has forwarded an inquiry from a prospect looking for space for a large distribution facility. A proposal was sent in response to that request.

Unfinished Business:

- Business Appreciation Week update – well attended event; positive feedback; total expenses came in at \$4700 and does not include the \$500 sponsorship from Dominion Virginia Power, putting out of pocket costs at approximately \$4200.

New Business:

- Madison & Morgan – Approximately a year ago, Madison & Morgan came before the EDA to ask for an extension on the time (one year) to substantially complete their work on a facility on Lot 5 in the Industrial Park. The year has expired and work has not been completed. The EDA does have the option to buy back the property. Ms. Thompson stated that she has not spoken anyone from Madison & Morgan. Mr. Terry Moore inquired as to when the EDA loses its option to buy back the property. Mr. Jeff Gore, EDA Counsel, is looking into that issue and if the EDA can grant another extension and for what time period. Ms. Thompson will contact Mr. Madison and follow up information will be provided at the next meeting.
- Superior Paving – Update on property since contract was signed in September 2009. Superior Paving, after purchasing, stated they were going to invest in a recycling equipment facility and have three years from the settlement date to have the equipment installed, which would be a completion date of September 2012.

Information Items:

- Ms. Thompson reviewed the EDA's financial report and discussed the future payments to Suntrust, and future expenditures in 2012, bushhogging of the Industrial Park and spraying of the track. With current available funds, the EDA will be able to make the January 2012 payment to Suntrust. Two more payments will be due—July 2012 and January 2013. The Board of Supervisors is aware of the financial situation as is the Director of Finance and discussions with the Finance Director are ongoing.
- The Chairman recommended spraying the tracks earlier in the season. Mr. Terry Moore inquired as to whether there was an annual inspection of the railroad tracks and asked about possibility of getting from CSX a history of track inspections and maintenance.

The being no further business to come before the EDA, the Chairman adjourned the meeting.