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January 7, 2004

BY E-MAIL (renee.andersen@fauquiercounty.gov)

Ms. Renee P. Andersen
Executive Assistant Senior
Fauquier County Board of Supervisors
40 Culpepper Street
Warrenton, VA 20186

Native American Industries, Inc. IDA Financing

Dear Renee,

Attached please find the Consent Agenda Request with the required attachments in connection with the captioned bond issue. While we have asked Supervisor Graham to sponsor this item, we have not had an opportunity to confirm his sponsorship. We are submitting the Request in order to satisfy the submission deadline for the Board of Supervisors meeting on January 20, 2004.

If you or Supervisor Graham have any questions, please call Mike Graff at (703) 712-5110. Thank you.

Sincerely,

Linda S. Hayes
Legal Assistant

Enclosures

cc: Supervisor Ray Graham (by e-mail/with enclosures)
Ms. Mary Walker, Native American Industries, Inc. (by e-mail/with enclosures)

CONSENT AGENDA REQUEST

Sponsor:

Ray Graham, Cedar Run District

Board of Supervisors Meeting Date:

January 20, 2004

Staff Lead:

Michael W. Graff, Jr., Esquire, Bond Counsel

Department:

McGuireWoods LLP
703-712-5110

Topic:

Resolution of the Board of Supervisors of the County of Fauquier, Virginia

Topic Description:

To approve the Industrial Development Authority's assistance of Native American Industries, Inc. in the acquisition, construction and equipping of two single story manufacturing buildings consisting of approximately 50,000 total square feet to be located at Lots 1 and 1a (approximately 3.88 acres total) near the intersection of Kennedy Road and Burrough Drive, in the proposed Vint Hill Economic Development Authority Commercial Real Estate Development Project in Vint Hill, Virginia, by the issuance of revenue bonds by the IDA in an amount not to exceed $4,000,000 pursuant to Native American's plan of financing. THE BONDS ARE NOT OBLIGATIONS OF THE IDA OR THE COUNTY.

Requested Action of the Board of Supervisors:

Consider adopting the attached resolution.

Financial Impacts Analysis:

There are no financial impacts.

Identify any other Departments, Organizations or Individuals that would be affected by this request:

Industrial Development Authority of the County of Fauquier, Virginia

December 9, 2003

Board of Supervisors of the
County of Fauquier, Virginia
Warrenton, Virginia

Industrial Development Authority
of the County of Fauquier, Virginia
Proposed Financing for Native American Industries, Inc.

Native American Industries, Inc. (the "Applicant") has requested that the Industrial Development Authority of the County of Fauquier, Virginia (the "Authority"), assist the Applicant in financing the acquisition, construction and equipping of two single story manufacturing buildings consisting of approximately 50,000 square feet to be located at the intersection of Kennedy Road and Burrough Drive in the proposed Vint Hill Economic Development Authority Commercial Real Estate Development Project in Vint Hill, Virginia (the "Project"), by the issuance of its revenue bonds in an amount not to exceed $4,000,000 (the "Bonds").

As set forth in the resolution of the Authority attached hereto (the "Resolution"), the Authority has agreed to issue its Bonds as requested. The Authority has conducted a public hearing on the proposed financing of the Project and has recommended that you approve the issuance of the Bonds as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code").

Attached hereto is (1) a certificate evidencing the conduct of the public hearing and the action taken by the Authority, (2) the Fiscal Impact Statement required pursuant to Virginia Code Section 15.2-4907, (3) a true and correct copy of the Resolution, and (4) the form of resolution suggested by counsel to evidence your approval.

Secretary, Industrial Development Authority
of the County of Fauquier, Virginia

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the County of Fauquier, Virginia (the "Authority") certifies as follows:

1. A meeting of the Authority was duly called and held on Tuesday, December 9, 2003, at 4:00 o'clock p.m. at the offices of its counsel, Walker, Jones, Lawrence, Duggan & Savage, P.C., 31 Winchester Street, Warrenton, Virginia 20186, pursuant to proper notice given to each Director of the Authority before such meeting. The meeting was open to the public. The time of the meeting and the place at which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.

2. The Chairman announced the commencement of a public hearing on the application of Native American Industries, Inc. and that a notice of the hearing was published once a week for two successive weeks in a newspaper having general circulation in the County of Fauquier, Virginia (the "Notice"), with the second publication appearing not less than seven days nor more than twenty-one days prior to the hearing date. A copy of the Notice has been filed with the minutes of the Authority and is attached as Exhibit A.

3. A summary of the statements made at the public hearing is attached as Exhibit B.

4. Attached as Exhibit C is a true, correct and complete copy of a resolution (the "Resolution") adopted at such meeting of the Authority by a majority of the Directors present at such meeting. The Resolution constitutes all formal action taken by the Authority at such meeting relating to matters referred to in the Resolution. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on this date.

5. Attached as Exhibit D is a form of resolution for the Board of Supervisors suggested by counsel.

WITNESS my hand and the seal of the Authority, this 9th day of December, 2003.

Secretary, Industrial Development Authority
of the County of Fauquier, Virginia

[SEAL]

Exhibits:

A - Copy of Certified Notice
B - Summary of Statements
C - Inducement Resolution
D - Board of Supervisors Resolution

NOTICE OF PUBLIC HEARING ON PROPOSED REVENUE BOND FINANCING BY INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF FAUQUIER, VIRGINIA

Notice is hereby given that the Industrial Development Authority of the County of Fauquier, Virginia (the "Authority"), whose address is c/o Walker, Jones, Lawrence, Duggan & Savage, P.C., 31 Winchester Street, Warrenton, Virginia 20186, will hold a public hearing on the application of Native American Industries, Inc. (the "Applicant"), whose address is 7134 Lineweaver Road, Building 2410-C, Vint Hill, Virginia 20187, requesting the Authority to issue up to $4,000,000 of its revenue bonds to assist the Applicant in acquiring, constructing and equipping a single story building consisting of approximately 50,000 square feet for use in the manufacturing of traffic signals to be located on Lots 1 and 1a (approximately 3.88 acres total) near the intersection of Kennedy Road and Burrough Drive, in the Vint Hill Economic Development Authority Commercial Real Estate Development Project in Vint Hill, Virginia.

The issuance of revenue bonds as requested by the Applicant will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the County of Fauquier, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such bonds.

The public hearing, which may be continued or adjourned, will be held at 4:00 o'clock p.m. on Tuesday, December 9, 2003, before the Authority, at the offices of its counsel, Walker, Jones, Lawrence, Duggan & Savage, P.C., 31 Winchester Street, Warrenton, Virginia 20186. Any person interested in the issuance of the proposed revenue bonds or the location or nature of the proposed project may appear at the hearing and present his or her views. Information regarding the Applicant's application is on file and is open for inspection at the office of the Authority's counsel, Walker, Jones, Lawrence, Duggan & Savage, P.C., 31 Winchester Street, Warrenton, Virginia 20186, during business hours.

Industrial Development Authority
of the County of Fauquier, Virginia

EXHIBIT A

Insert Copy of Certificate/Affidavit of Publication

THE FAUQUIER Citizen

STATE OF VIRGINIA

COUNTY OF FAUQUIER

AFFIDAVIT OF PUBLISHER
PURSUANT TO SECTION 8.01-324
OF THE 1950 CODE OF VIRGINIA
AS AMENDED

Ellen Emerson, being duly sworn deposes and says that the attached order of publication was published in The Fauquier Citizen, a newspaper published in the County of Fauquier, State of Virginia, on 11/20/03, 11/27/03, _____, _____, _____, and that deponent is a duly authorized agent of the publisher of said newspaper.

Ellen Emerson

Subscribed and sworn to before me this 26th day of November, 2003.

Thea E. Kroderer

My Commission Expires September 30, 2004

Notary Public in and for the County of Fauquier, State of Virginia.

17 South Fifth Street • P.O. Box 3430 • Warrenton, Virginia 20188-8030
(540) 347-5522 • Fax (540) 347-7363
www.citizenet.com

Legals

NOTICE OF PUBLIC HEARING ON PROPOSED REVENUE BOND FINANCING BY INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF FAUQUIER, VIRGINIA

Notice is hereby given that the Industrial Development Authority of the County of Fauquier, Virginia ("Authority"), whose address is c/o Walker, Jones, Lawrence, Duggan & Savage, P.C., 31 Winchester Street, Warrenton, Virginia 20186, will hold a public hearing on the application of Native American Industries, Inc. (the "Applicant"), whose address is 7134 Lineweaver Road, Building 2410-C, Vint Hill, Virginia 20187, requesting the Authority to issue up to $4,000,000 of its revenue bonds to assist the Applicant in acquiring, constructing and equipping a single story building consisting of approximately 50,000 square feet for use in the manufacturing of traffic signals to be located on Lots 1 and 1a (approximately 3.88 acres total) near the intersection of Kennedy Road and Burrough Drive, in the Vint Hill Economic Development Authority Commercial Real Estate Development Project in Vint Hill, Virginia.

The issuance of revenue bonds as requested by the Applicant will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the County of Fauquier, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such bonds.

The public hearing, which may be continued or adjourned, will be held at 4:00 o'clock p.m. on Tuesday, December 9, 2003, before the Authority, at the offices of its counsel, Walker, Jones, Lawrence, Duggan & Savage, P.C., 31

Any [illegible] in the issuance of the proposed [illegible] or the location or nature of the proposed [illegible] appear at the [illegible] present his or [illegible] information re[illegible] Applicant's [illegible] is [illegible]

[illegible] Winchester Street, Warrenton, Virginia 20186, during business hours.

Industrial Development Authority of the County of Fauquier, Virginia

(11/20, 11/26)

THE FAUQUIER CITIZEN NOVEMBER 27, 2005

[illegible]

[illegible] c/o Walker, [illegible] Lawrence, Duggan [illegible], P.C. 31 [illegible]

[illegible] Development [illegible] in Virt Hill, [illegible]

[illegible] Commonwealth of Virginia or the County of Fauquier, Virginia, [illegible] faith and [illegible] thereof [illegible] be pledged to the payment of such bonds.

[illegible]

Industrial Development Authority of the County of Fauquier, Virginia.

(11/20, 11/27)

EXHIBIT B TO CERTIFICATE

Summary of Statements

Representatives of Native American Industries, Inc. and McGuireWoods LLP, Bond Counsel, appeared and addressed the Authority at the public hearing in favor of the proposed revenue bond issue. No one appeared and addressed the Authority at the public hearing in opposition to the proposed revenue bond issue.

EXHIBIT C

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF FAUQUIER, VIRGINIA AUTHORIZING THE ISSUANCE OF UP TO $4,000,000 OF ITS REVENUE BONDS FOR THE PURPOSE OF FINANCING A MANUFACTURING FACILITY TO BE LOCATED IN THE COUNTY OF FAUQUIER, VIRGINIA

WHEREAS, the Industrial Development Authority of the County of Fauquier, 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 (the "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 the citizens of Virginia;

WHEREAS, the Authority has received a request from Native American Industries, Inc., a Virginia corporation (the "Applicant"), requesting that the Authority issue its revenue bonds to assist in financing the acquisition, construction and equipping of two single story buildings totaling approximately 50,000 square feet for use in the manufacturing of traffic signals to be located on Lots 1 and 1a (approximately 3.88 acres total) near the intersection of Kennedy Road and Burrough Drive in the Vint Hill Economic Development Authority Commercial Real Estate Development Project in the County of Fauquier, Virginia (the "Project");

WHEREAS, such assistance will induce the Applicant to locate the Project in Virginia and benefit the inhabitants of the County of Fauquier, Virginia 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 (the "Code"), and Section 15.2-4906 of the Act;

WHEREAS, the Applicant has represented that the estimated cost of the acquisition, construction and equipping of the Project and all expenses of issue will require an issue of revenue bonds in the aggregate principal amount not to exceed $4,000,000;

WHEREAS, (a) no member of the Board of Directors of the Authority is an officer or employee of the County of Fauquier, Virginia, (b) each member has, before entering upon his or her 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 Applicant, the proposed revenue bonds 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 in connection with this resolution or any other official action of the Authority in connection therewith.

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

1. It is hereby found and determined that the acquisition, 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 of Fauquier, Virginia and their citizens.

2. To induce the Applicant to locate the Project in the Commonwealth of Virginia, and particularly in the County of Fauquier, Virginia, the Authority hereby agrees to assist the Applicant in financing the acquisition, construction and equipping of the Project by undertaking the issuance of its revenue bonds in an amount not to exceed $4,000,000 upon terms and conditions mutually agreeable to the Authority and the Applicant. The proposed revenue 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.

3. It having been represented to the Authority that it is necessary to proceed immediately with the acquisition, construction and equipping of the Project, and the planning therefor, the Authority agrees that the Applicant may proceed with plans for the Project, enter into contracts for land, 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 Applicant 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 Applicant may be reimbursed from the proceeds of the proposed revenue 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.

4. At the request of the Applicant, the Authority approves McGuireWoods LLP, McLean, Virginia, as Bond Counsel in connection with the issuance of the proposed revenue bonds.

5. All fees, costs and expenses in connection with the financing and the acquisition, construction and equipping of the Project, including the Authority's application, meeting, closing and administrative fees and fees and expenses of Bond Counsel and Authority Counsel, shall be paid by the Applicant or, to the extent permitted by applicable law, from the proceeds of the proposed revenue bonds. If for any reason such bonds are not issued, it is understood that all such expenses shall be paid by the Applicant and that the Authority shall have no responsibility therefor.

6. The issuance of revenue bonds as requested by the Applicant will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the County of Fauquier, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such revenue bonds.

7. In adopting this resolution the Authority intends to take "official action" toward the issuance of the proposed revenue bonds and to evidence its "official intent" to reimburse from the proceeds of such bonds any expenditures paid by the Applicant to finance the acquisition, construction and equipping of the Project and the planning therefor before the issuance of such 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.

8. The Authority recommends that the Board of Supervisors of the County of Fauquier, Virginia, approve the issuance of the proposed revenue bonds.

9. The Chairman and Vice Chairman of the Authority are hereby authorized, following the Board of Supervisors approval of the proposed revenue bonds, to request an allocation of the State Ceiling (as defined in Section 15.2-5000 of the Code of Virginia of 1950, as amended (the "Virginia Code")) in accordance with the applicable provisions of the Virginia Code and any regulations or executive orders issued thereunder.

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

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the County of Fauquier, 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 December 9, 2003, 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.

WITNESS the following signature and seal of the Authority, this 9th day of December, 2003.

Secretary of the Industrial Development Authority
of the County of Fauquier, Virginia

\\FIN\186759.1

FISCAL IMPACT STATEMENT
FOR PROPOSED BOND FINANCING

Date: December 9, 2003

To the Board of Supervisors
of the County of Fauquier, Virginia

Applicant: Native American Industries, Inc.
Facility: Manufacturing Facility

1.	Maximum amount of financing sought.	$ 4,000,000
2.	Estimated taxable value of the facility's real property to be constructed in the locality.	$ 2,900,000
3.	Estimated real property tax per year using present tax rates.	$ 28,710
4.	Estimated personal property tax per year using present tax rates.	$ 23,250
5.	Estimated merchants' capital tax per year using present tax rates.	$ N/A
6. (a)	Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality.	$ 550,000
(b)	Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality.	$ 110,000
(c)	Estimated dollar value per year of services that will be purchased from Virginia companies within the locality.	360,000
(d)	Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality.	$ 150,000
7.	Estimated number of regular employees on year round basis.	$ 110
8.	Average annual salary per employee.	$ 42,000

Kirk S. Thrift Jr.
Chairman, Industrial Development Authority
of the County of Fauquier, Virginia

RESOLUTION
OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF FAUQUIER, VIRGINIA
APPROVING THE ISSUANCE OF BONDS BY
THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
COUNTY OF FAUQUIER, VIRGINIA
FOR THE BENEFIT OF NORTH AMERICAN INDUSTRIES, INC.

WHEREAS, the Industrial Development Authority of the County of Fauquier, Virginia (the "Authority") has considered the application of Native American Industries, Inc (the "Applicant") requesting the issuance of the Authority's revenue bonds in an amount not to exceed $4,000,000 (the "Bonds") to assist in the financing of the Applicant's acquisition, construction and equipping of two single story buildings totaling approximately 50,000 square feet for use in the manufacturing of traffic signals to be located on Lots 1 and 1a (approximately 3.88 acres total) near the intersection of Kennedy Road and Burrough Drive, in the Vint Hill Economic Development Authority Commercial Real Estate Development Project in Vint Hill, Virginia (the "Project"), and has held a public hearing on December 9, 2003;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the governmental unit having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of such bonds;

WHEREAS, the Authority issues its bonds on behalf of the County of Fauquier, Virginia (the "County"), the Project is to be located in the County and the Board of Supervisors of the County (the "Board") constitutes the highest elected governmental unit of the County;

WHEREAS, the Authority has recommended that the Board approve the issuance of the Bonds; and

WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to the terms to be agreed upon, a certificate of the public hearing held in connection therewith and a Fiscal Impact Statement have been filed with the Board; now, therefore, be it

RESOLVED by the Board of Supervisors of the County of Fauquier, Virginia this 20th day of January, 2004, that the Board approves the issuance of the Bonds by the Authority for the benefit of the Applicant, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code"), to permit the Authority to assist in the financing of the Project;

RESOLVED FURTHER, that the approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Project or the Applicant; and

RESOLVED FINALLY that this resolution shall take effect immediately upon its adoption.

Adopted by the Board of Supervisors of the County of Fauquier, Virginia this 20th day of January, 2004.

_____
Clerk, Board of Supervisors of
The County of Fauquier, Virginia

[SEAL]

\\FIN\184056.4

At a regular meeting of the Board of Supervisors of the County of Fauquier, Virginia, held on the 20th day of January, 2004, the following members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the attached Resolution was adopted by a majority of the members of the Board of Supervisors by a roll call vote, the votes being recorded as follows: