

**A Resolution Adopting
Virginia's First Regional Industrial Facility Authority
Member Withdrawal Policy**

WHEREAS, Virginia's First Regional Industrial Facility Authority ("VFRIFA" or "Authority"), is a body politic, as set forth in Chapter 64 of the Code of Virginia, 1950, as amended; and

WHEREAS, fifteen member localities signed the Agreement Creating Virginia's First Regional Industrial Facility Authority dated September 1, 1998; and

WHEREAS, the Virginia Regional Industrial Facilities Act, Chapter 64 Title 15.2 of the Code of Virginia, 1950, as amended ("Act"), describes how member localities can withdraw from a Regional Industrial Facilities Authority; and

WHEREAS, the Town of Narrows and the City of Salem withdrew from the Authority in 2011; and

WHEREAS, the Town of Christiansburg withdrew from the Authority in 2014; and

WHEREAS, in recent years, many questions have arisen regarding the process for member locality withdrawal and associated costs; and

WHEREAS, the purpose of this Policy is to provide clarity to member localities regarding how withdrawal from the Authority can occur, especially with regard to satisfying debt obligation; and

WHEREAS, nothing in this Policy is intended to circumvent or attempt to supersede the Act; and

WHEREAS, the attached policy provides information on how VFRIFA members may apply to withdraw from the Authority; and

WHEREAS, VFRIFA shall comply with all applicable portions of the Virginia Regional Industrial Facilities Act.

NOW, THEREFORE, BE IT RESOLVED that the attached Member Withdrawal Policy is hereby adopted and shall take effect immediately upon passage.

Approved: March 9, 2016

**Virginia's First Regional Industrial Facility Authority
Member Withdrawal Policy
Adopted March 9, 2016**

Section 1: Title

This Policy shall be known as the Virginia's First Regional Industrial Facility Authority Member Withdrawal Policy.

Section 2: Code of Virginia Reference

This Policy specifically follows §15.2-6415 of the Code of Virginia, 1950, as amended, which is contained within the Act.

Section 3: Authority Dissolution

The Authority may be dissolved if the VFRIFA Board of Directors determines that the purpose for which the Authority was created has been substantially fulfilled or is impractical or impossible to accomplish. In addition, all obligations incurred by the Authority must have been paid or provisions satisfactory to repayment of all outstanding obligations have been arranged.

In order to dissolve the Authority, the VFRIFA Board of Directors shall adopt resolutions declaring and finding that the Authority shall be dissolved. Attested copies of the resolutions shall be delivered to the Governor so that legislation dissolving the Authority may be introduced in the General Assembly.

The title to all funds and other property owned by the Authority at the time of dissolution shall vest in the member localities in proportion to their respective contributions.

Section 4: Member Withdrawal

A member of the Authority may withdraw from the Authority only if the majority of Authority members approve the withdrawal following satisfaction of the withdrawing locality's legal obligations, including repayment of its portion of any debt incurred, as well as the payment of dues for operation of the Authority for the current and succeeding fiscal year following the effective date of withdrawal.

Section 5: Member Withdrawal Process

1. The member locality seeking withdrawal from the Authority shall adopt a resolution requesting withdrawal including a proposal as to how the withdrawing member intends to satisfy its legal obligations with respect to the payment of its share of the debt and dues for operation of the Authority;

2. The VFRIFA Board of Directors shall review and discuss the withdrawal request at their next regularly scheduled meeting;
3. If the VFRIFA Board of Directors determine withdrawal of the member locality will not have an adverse impact to the Authority and the member locality is in good standing with the Authority, the Board shall direct the Executive Director to do the following:
 - a. Determine the amount owed by member locality to withdraw from the Authority;
 - b. Work with debt holders/bondholders to determine acceptable repayment of the debt obligation and obtain any required authorization; and
 - c. Work with withdrawing member locality on logistics for repayment of debt obligation.
4. At the next regularly scheduled meeting or as soon thereafter as practicable, the VFRIFA Board of Directors shall review the status of the withdrawing member's legal obligations to the Authority. If the legal obligations of the withdrawing member have been satisfied, the VFRIFA Board of Directors shall approve the member locality's withdrawal request. If the legal obligations have not been satisfied to the satisfaction of the Board, the request will be denied.

Section 6: No Rights Retained in Authority Property

No member locality that withdraws from the Authority shall retain any rights to ownership, shares, property, or any future revenue. Any shares owned by the member locality at the time of withdrawal may be sold to other members as approved by the Board or relinquished, without compensation by the Authority, to the Authority after any outstanding debt has been paid. Any excess dues or any other contributions made to the Authority by the withdrawing member, whether expended or not, shall be forfeited to the Authority.

Section 7: Return of Refunded Dues

Any member locality withdrawing from the Authority shall return any dues or other contributions refunded to the member locality during the last two (2) years to the Authority.

Section 8: Repayment of Debt or Guarantee

Debt obligation, as used in this Policy, shall refer to actual debt incurred and/or owed by the member locality, as a result of its purchase of shares, or its promise/written guarantee set forth in a project agreement and provided as collateral for incurred debt or expenses, or any other form of debt, guarantee, or financial obligation made by a member locality with regards to the Authority.

As there are various ways to incur debt, repayment of debt or guarantee will be member locality specific. Unless a debt holder requests a different method of repayment, the Authority will prefer that an escrow account be established in which the withdrawing member locality shall deposit the necessary funds to satisfy their debt. These funds can only be used to repay the debt obligation and shall not be available for any other use.

Section 9: Payment of VFRIFA Member Dues

Any member locality that withdraws from the Authority shall be current on VFRIFA member dues and shall pay the succeeding fiscal year dues following the effective date of withdrawal.

Section 10: Discrepancies

If any discrepancies exist between the text of this Policy and the Act, the Act shall govern.