

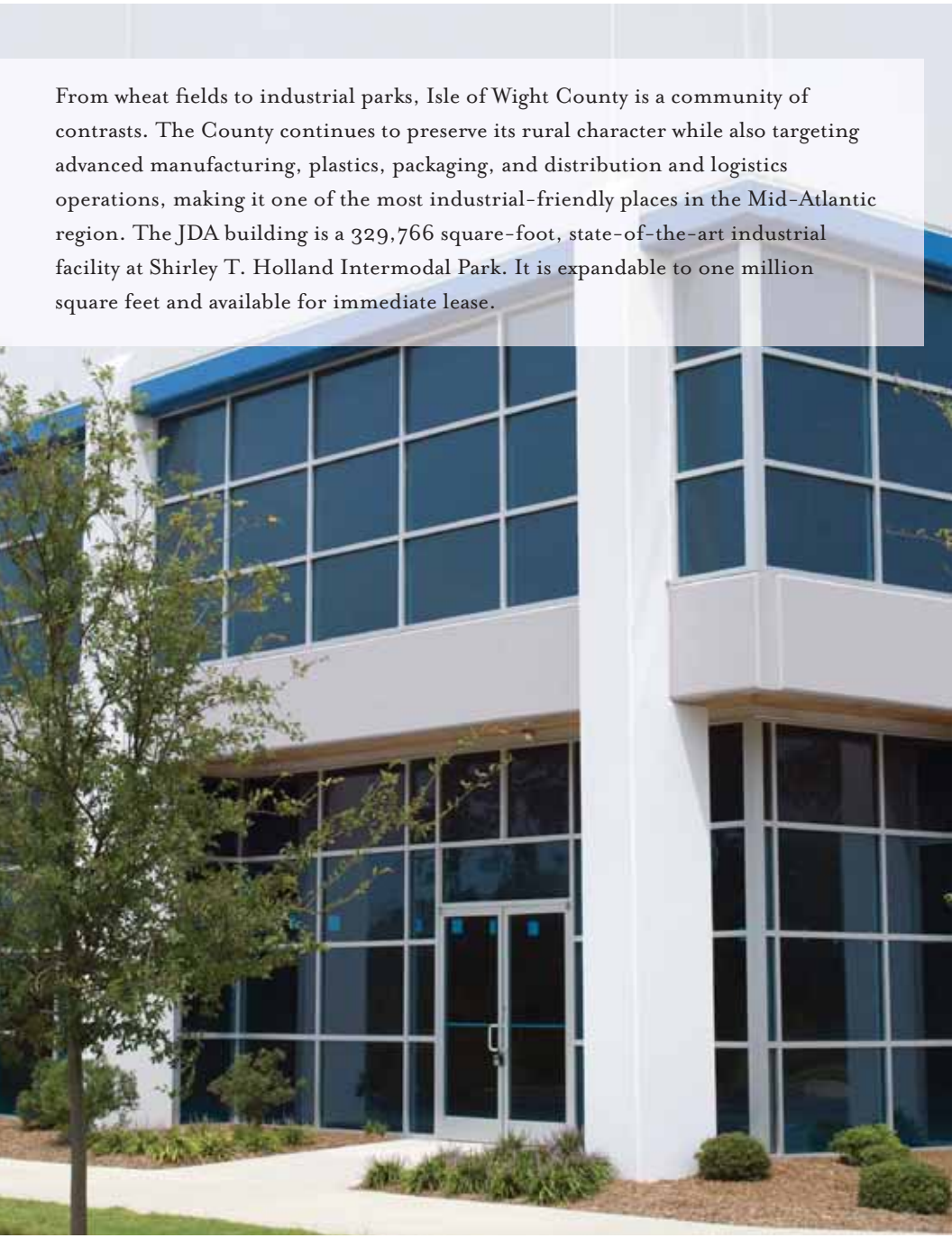


ISLE of WIGHT
COUNTY IN VIRGINIA

A Community of Choice Committed To Excellence

2008
Annual
Report

From wheat fields to industrial parks, Isle of Wight County is a community of contrasts. The County continues to preserve its rural character while also targeting advanced manufacturing, plastics, packaging, and distribution and logistics operations, making it one of the most industrial-friendly places in the Mid-Atlantic region. The JDA building is a 329,766 square-foot, state-of-the-art industrial facility at Shirley T. Holland Intermodal Park. It is expandable to one million square feet and available for immediate lease.



Message From The Chairman



STAN D. CLARK

Dear Friends & Neighbors,

It has been my pleasure to serve the County as Chairman of the Board of Supervisors for 2008. When it comes to economic development, there is nothing like getting in on the future early. I am proud to report that Isle of Wight County's efforts to develop an intermodal park to support the growth at the Port of Virginia, is already paying off. In July, LDI/Safco Products Company announced plans to invest \$17 million to build a distribution facility at the Shirley T. Holland Intermodal Park. The company broke ground and moved in the building within four and a half months, proving the County's expedited site plan review process works, and putting our park on the radar screens of developers and site selection consultants across the country. The County also continued land acquisition efforts for future development.

A new effort by the County's rural economic development division was the formation of the Virginia Plastic Bag Coalition in partnership with the Virginia Retail Federation to examine the impact of plastic bag litter on the agricultural community. The coalition's goal is to implement a County wide public educational process along with a litter prevention and recycling campaign to reduce the amount of plastic bag litter in public right-of-ways, farm fields, waterways and commercial places of business and industry.

Despite the new investment, Isle of Wight County was not immune to the economic changes that would take place later in the year. Bank failures, bankruptcies and bailouts made headlines throughout the nation. Our existing industry began feeling the slow down in business, which resulted in some tough decisions - the announcement of a line shutdown and layoffs at International Paper and the closing of Franklin Equipment Company, a 50-year-old family business. The County will not feel the full impact of these losses until fiscal year 2011.

In the pages that follow, you will find detailed information regarding the fiscal strength of the County, and information on the most significant events of the year in Economic Development, Rural Development, Planning and Zoning, Tourism and Parks and Recreation.

Even in these trying times, the Board of Supervisors and County staff strive to make Isle of Wight "A Community of Choice, Committed to Excellence." Thank you for your interest in Isle of Wight County and your continued support.

Sincerely,

Stan D. Clark
Chairman, 2008
Isle of Wight County Board of Supervisors

ISLE OF WIGHT COUNTY BOARD OF SUPERVISORS

Stan D. Clark,
Chairman
(Newport District)

James B. Brown, Jr.,
Vice-Chairman
(Hardy District)

Phillip A. Bradshaw,
(Carrsville District)

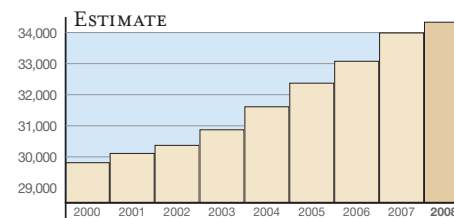
Al Casteen,
(Smithfield District)

Thomas J. Wright, III,
(Windsor District)

COUNTY ADMINISTRATION

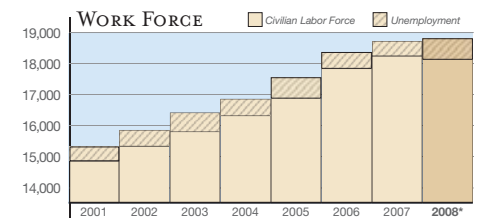
W. Douglas Caskey,
County Administrator

Patrick J. Small,
Assistant County Administrator



POPULATION

*The 2008 figure is the provisional July 1, 2008 estimate. All others are final estimates.
Source: Weldon Cooper Center for Public Service.



LABOR FORCE & UNEMPLOYMENT

*All 2008 data is preliminary.
Source: Virginia Employment Commission.

Economic Development Highlights of 2008

INDUSTRIAL DEVELOPMENT AUTHORITY MEMBERS

Ronald H. Pack,
Chairman

Betty Alphin

Diana Beale

Renee Bevan

James Ford

Richard J. "Dick"
Holland, Jr.

Carroll Keen, Jr.

ECONOMIC DEVELOPMENT STAFF

Lisa T. Perry,
Director

Kristine R. Sutphin,
Project Manager

Rachel M. Chieppa,
Rural Economic
Development
Manager

LDI/SAFCO PRODUCTS COMPANY INVESTS \$17 MILLION AT SHIRLEY T. HOLLAND INTERMODAL PARK



Shirley T. Holland Intermodal Park is the future of the growing manufacturing and distribution industry in the Hampton Roads region. In 2008, the County landed its first tenant for Phase II of the park. LDI/Safco Products Company, a supplier of office products solutions, invested \$17 million to open a new 300,000 square foot distribution facility on 30 acres in the park. The company broke ground in July 2008 and moved in the first week of December. Headquartered in New Hope, Minnesota, Safco, a division of Liberty Diversified Industries, began more than 40 years ago with a small offering of corrugated storage products designed for office use. Today, the company offers more than 2,500 premier products designed to meet specific needs in all areas of the workplace. The 4.5 month build-out was a record for Ryan Companies, the project's contractor, and has resulted in Isle of Wight County having a proven fast-track site plan review and permitting process.

Johnson Development Associates (JDA) and the County's Industrial Development Authority continue to market the 329,000 square foot JDA Building #1, a speculative warehouse/distribution facility completed in 2006. The building can be expanded to one million square feet, and JDA also has plans for a second speculative building of approximately 500,000 square feet.

Additionally, the application for Foreign Trade Zone designation for Phase II of the park is under review by the Foreign Trade Zone Board, and designation is anticipated in fall 2009. Zone benefits include duty exemption, duty deferral, inverted tariff, logistical benefits and inventory tax exemptions.

The County's Industrial Development Authority continued acquisition efforts for Phase III of the park by purchasing more land in 2008. These recent acquisitions allow access to about 985 acres of the park from Route 258.

2008 MARKETING MISSIONS AND CONFERENCES

- Maritime & Logistics Mission with HREDA (Los Angeles, CA)
- Retail Industry Leaders Association (Orlando, FL)
- Maritime Seminar – HREDA Special Event (Long Beach, CA)
- VEDA Spring Conference (Williamsburg, VA)
- Journal of Commerce Real Estate Logistics Forum (Chicago, IL)
- Consultant Mission with HREDA (Greenville, SC)
- International Economic Development Council Conference (Atlanta, GA)
- HRCC InterRegional Visit (Tampa, FL)
- VEDA Fall Conference (Richmond, VA)
- Area Development Consultant's Forum (Scottsdale, AZ)
- Site visits (2) to Alliance Intermodal Facility (Alliance, TX/Dallas-Forth Worth, TX)

HRCC - Hampton Roads Chamber of Commerce, HREDA - Hampton Roads Economic Development Alliance, VEDA - Virginia Economic Developers Association

MONTAGUE FARMS, INC. OPENS SOYBEAN PROCESSING & EXPORT FACILITY



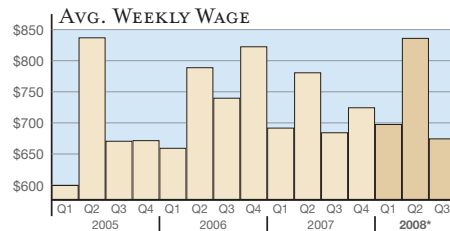
In May 2008 Montague Farms held a grand opening/ribbon cutting ceremony at its new soybean processing facility in Windsor. Montague Farms produces high quality soybeans for natto, tofu, sprouts and soy sauce in Japan and other edible soybean markets in the Far East. The Secretary of Agriculture and Forestry, the Commissioner of Agriculture and Japanese officials attended the ceremony.

NDSD CORRIDOR GRANT IMPROVEMENT PROGRAM

The Corridor Improvement Grant Program was created to encourage property/business owners along the major corridors in the Newport Development Service District (NDSD) to improve their properties thereby increasing economic growth in that area of the County. The program is administered by the Isle of Wight County Industrial Development Authority (IDA) and the NDSD Revitalization Committee and provides grants for improvements to building façades, signs and landscaping as well as general property improvement, demolition and installation of bike and pedestrian pathways. The program received renewed interest from businesses along the corridor in response to a brochure mailed in the summer of 2008, and the County is expecting to make its first award in 2009. Complete program guidelines are available on the Economic Development website www.iwccd.com.

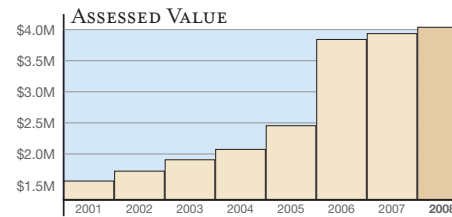
ISLE OF WIGHT COUNTY TARGET INDUSTRIES

- Advanced Manufacturing
- Plastics
- Wholesale Packaging
- Distribution and Logistics
- Agribusiness (food processing, nursery and equine industries)

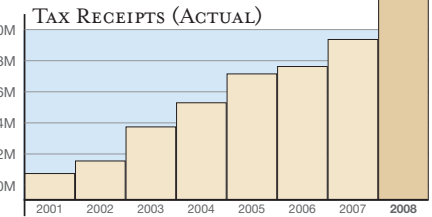


* All 2008 data is preliminary.
Source: Virginia Employment Commission.

EMPLOYMENT AND WAGES



REAL ESTATE



Source: Isle of Wight County Commissioner of Revenue and Isle of Wight County Treasurer

Economic Development Highlights of 2008



2008 ENTREPRENEUR OF THE YEAR AWARD

TOMMY & DEE DEE DARDEN, DARDEN'S COUNTRY STORE

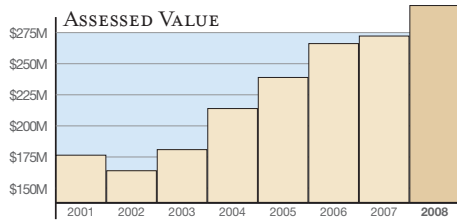
Tommy and Dee Dee Darden, owners of Darden's Country Store, were awarded the 2008 Entrepreneur of the Year Award following the County's 9th Annual Business Appreciation Golf Tournament. The Dardens have been curing hams and making pork sausage and whole hog North Carolina style barbecue since the early 1950's. In addition to their small grocery store, which sells sandwiches, homemade sausage, ham, cheese, peanuts and local honey, the Dardens operate a 450-acre working farm where they grow peanuts, corn, soybeans, wheat, and pumpkins. They also have about 50 head of beef cattle, 6 goats, 2 donkeys, and 1 sheep. Farming and running the store is a way of life for them. In addition to being featured on The Food Network with Tyler Florence, they have been in numerous magazines including Southern Living, Virginia Living, Hampton Roads Magazine, and the New York Times.

Recently, the Dardens added an agri-tourism venture, which includes a large pumpkin patch, a corn maze, and a haunted corn maze. Visitors can interact with farm animals, take a jaunt through the corn maze, play hide and seek in "hayland", pick cotton, and leave with their very own hand-picked pumpkin.

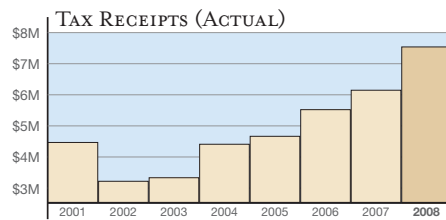
BOND RATING AGENCY UPGRADES

Amidst all of the negative financial and economic news nationally, Isle of Wight County received good news from all three of the national credit rating agencies in November 2008. Specifically, Moody's Investor Service and Standard & Poor's upgraded the County's credit ratings from "A2" to "A1" and "A+" to "AA-", respectively. The third credit rating agency, Fitch Ratings, which previously did not rate the County, provided an initial rating of "AA-".

Standard & Poor's cited in its upgrade the County's "good financial management that has led to consistently strong and stable financial position over several years . . ." Moody's Investor Service noted the County's "proactive management and a history of well-managed finances with consistently strong reserves while funding numerous capital projects on a current basis." Jimmy Sanderson, Vice President at Davenport & Company LLC and co-Financial Advisor with David Rose, relayed to the County that "these upgrades will save the County between \$2 million and \$4 million in interest savings over the life of the upcoming bond issue."



PERSONAL PROPERTY



Reflects all personal property tax abatement and supplements. Does not include mobile home, boat or aircraft assessments. Year 2002 does not reflect abatement and supplements. Source: Isle of Wight Commissioner of Revenue and Isle of Wight Treasurer

Current Development Projects



YOUNG-LAINE COURTHOUSE COMPLEX

The Board of Supervisors approved a preliminary site plan in November 2008 for the new two-story, 47,824 square-foot courts facility to be located adjacent to the existing courthouse complex. Isle of Wight County's new courts building will be named in honor of the Young and Laine families, which both have long histories of public service in the County.

RIVERSIDE HEALTH CARE FACILITY AT BENN'S CHURCH

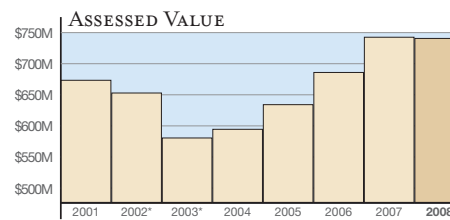
Rezoning was approved by the Board of Supervisors on October 16, 2008 to allow for a medical services complex on 29.55 acres in the Newport Development Service District near Benn's Church. Phase I consists of 80,000 square feet for outpatient care and office space. Phase II will include a 125,000 square foot hospital. An additional 125,000 square feet of development is proposed for Phase III.

SENTARA ST. LUKE'S

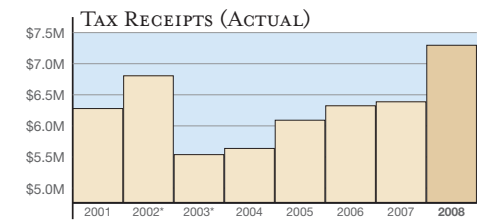


Rezoning to amend conditions for Sentara St. Luke's Health Campus was approved by the Board of Supervisors on February 21, 2008, which allows for approximately 96,000 square feet of medical related uses. This is in addition to the previously approved 79,650 square feet of commercial space and 254 residential units planned for St. Luke's Village in the Newport Development Service District.

A groundbreaking was held October 21, 2008 for Phase I of the medical campus, which consists of a two-story, 52,000 square-foot facility that will house Sentara Obici's outpatient services currently located on Church Street in Smithfield. The remainder of the 42-acre site will be used for future development of additional medical facilities as needed in the community.



MACHINERY & TOOLS



*2002 does not reflect delinquent accounts in this collection. 2003 reflects International Paper reclassification. Source: Isle of Wight County Commissioner of Revenue, and annual audit by Goodman and Company and Isle of Wight County Treasurer.

Rural Economic Development Updates

PACE

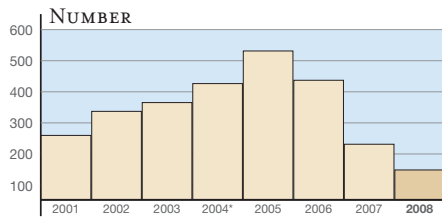


Adopted in May of 2005, the Purchase of Agricultural and Forestal Conservation Easements (PACE) Program is a voluntary program that allows landowners to enter into agreements to sell the development potential of qualifying property to the County while maintaining the right to farm and forest the land. This retains these two industries' critical masses, in particular, farm and forestry parcels that are economically viable operations. By participating in the PACE Program a landowner has the opportunity to sell a conservation easement to the County, a public agency, to be held in trust for perpetuity.

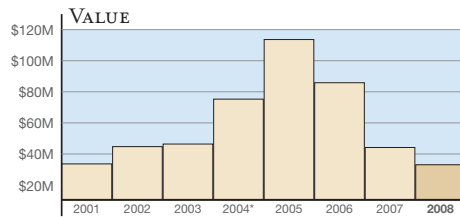
Isle of Wight County's PACE Program received \$403,220 in matching funding from the Virginia Department of Agriculture and Consumer Services' (VDACS) Office of Farmland Preservation in its first round of allocations to preserve working farm and forest land through the Program. Additionally, the County applied for and received an additional \$49,900 in the second round of allocations from VDACS for a total of \$453,120 in state matching monies. Isle of Wight County was among only a few localities to receive funding for their PACE Program.

The County has worked with applicants to finalize the first round of purchases from the application period in 2007; however, due to the downturn in the financial markets, it was the decision of the Board of Supervisors to wait until conditions improve for both the landowner and the County before proceeding with the closings.

There continues to be overwhelming interest in the Program, which has shown the strong commitment to preserving the businesses of farming and forestry in the County. Agriculture and forestry are the leading industries in the County, and a critical mass of farm and forest land is necessary for the continued vitality of the farm and forest businesses here. Although the County is not able to purchase all of the development rights on every application received at this time, it is very encouraging to see the extremely large interest in the Program. The County is very excited at the opportunities for partnerships with local landowners to preserve the quality of life that all citizens enjoy.



RESIDENTIAL BUILDING PERMITS



*2004 Includes 12 multi-family units
Source: Isle of Wight County Department of Permits and Inspections

VIRGINIA PLASTIC BAG ADVISORY GROUP

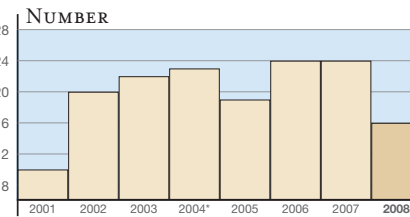
Isle of Wight County's agricultural community has been greatly impacted by plastic bag litter. The plastic becomes entangled in crops, mainly cotton, and contaminates it. This "trash" cannot be eliminated through the ginning process causing the grade, or quality, of the cotton to be reduced. The County also has concerns about the impacts of plastic bags to livestock. A local farmer had a calf to die after ingesting a plastic bag, which was littered onto a farmer's pasture. Plastic bag litter also has negative impacts on the health of the Chesapeake Bay, economic activity, and the aesthetic appeal of local communities throughout Hampton Roads.

Isle of Wight County Rural Economic Development, along with the Virginia Retail Federation, has formed the Virginia Plastic Bag Coalition to examine the issues of plastic bags. Members of this coalition include the Retail Alliance, the Hampton Roads Planning District Commission, HR Clean, the Virginia Department of Environmental Quality, local governments, plastic bag recyclers, and plastic bag makers.

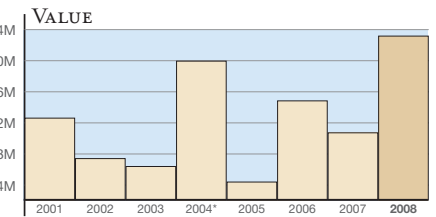
The Coalition's goal is to implement a County wide public educational process along with a litter prevention and recycling campaign to reduce the amount of plastic bag litter in the public right-of-ways, farm fields, waterways, and commercial places of business and industry. This campaign will be multifaceted and includes the following objectives:

1. Increase the level of awareness among County residents, employees of local businesses and visitors about the harmful effects of plastic bag litter and their options for positive action to reduce it.
2. Establish convenient, efficient and clean drop off recycling containers for shoppers to recycle at least 50% of plastic bags sold in the County.
3. Distribute and promote the sale and use of reusable shopping bags to shoppers at their visits to grocery, convenience and other retail stores throughout the County.
4. Establish credible measurement of the amount of plastic bag litter and number of bags recycled in the County.

The County has applied for grants to assist in implementation of this campaign.



COMMERCIAL BUILDING PERMITS



*2004 Includes 12 multi-family units
Source: Isle of Wight County Department of Permits and Inspections

EQUINE TASK FORCE



The Equine Task Force was formed in late 2007 as an advisory group to the Rural Economic Development Manager. The Task Force, made up of various representatives of the equine industry, is charged with educating and promoting the industry in the County. The Task Force meets bi-monthly to work on its various educational efforts. Most recently, the Task Force has re-examined the County's Zoning Ordinance as it relates to the equine industry, and plans to recommend these changes for approval in 2009.

Additionally, the Task Force completed a survey of all boarding barns within the County and compiled a listing of all equine service providers. These two documents serve as references to those currently within the equine industry as well as those looking to get involved. The Task Force hopes to be able to formally publish these documents into a "directory" format for distribution in the upcoming year.

Planning & Zoning Highlights of 2008

The goal of the Planning Commission is to ensure that future land use and development is in keeping with the County's long-range plans. The Planning Commission conducted 30 regular meetings and work sessions in 2008 to address current, as well as long-range plans, with reliance on the County's Comprehensive Plan as a blueprint for development.



COMPREHENSIVE PLAN AMENDMENTS

The Planning Commission completed its review of the 2008 Comprehensive Plan Update in March, concluding a three year process that updated the previous 2001 Comprehensive Plan. In addition to providing an update of demographics, the 2008 adopted plan is the result of several individual studies with a direct benefit to the overall plan, including Workforce Housing, the Route 17 Master Plan, the Water and Sewer Master Plan, and the Bicycle and Pedestrian Master Plan. All of the individual studies have been adopted as part of the 2008 Comprehensive Plan, and provide a more detailed analysis of the specific areas and facility needs. As part of the Comprehensive Plan implementation, staff is currently working with consultants to develop a Countywide Transportation Plan and a Route 58 Corridor Economic Development and Land Use Plan.

ZONING ORDINANCE AMENDMENTS

The most notable Zoning Ordinance amendment provides for approval authority of preliminary site development plans to a sub-committee of the Planning Commission, identified as the Development Review Committee (DRC). The Committee includes a Commissioner from each election district. The amendment also granted approval authority to the Zoning Administrator for site plans with a total building footprint of up to ten thousand (10,000) square feet. Anything over 10,000 square feet requires approval by the DRC.



USE PERMIT APPLICATIONS

The Planning Commission approved six applications for Conditional Use Permit. Applications included the approval of an outdoor shooting range, which drew much attention from the rural community, and the Hardy District Park to be located on property donated as part of the Lawnes Point on the James Subdivision, approved under conditional zoning in 2004.

A Special Use Permit was also considered for a dog kennel for boarding and training of up to 200 dogs, including a mock parking lot, administration building and lodging facilities to accommodate military training for bomb sniffing and patrol dogs. The Commission recommended denial of the application, which was later approved by the Board of Supervisors.

NEW EXPEDITED SITE PLAN REVIEW PROCESS

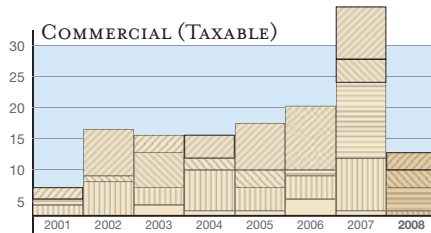
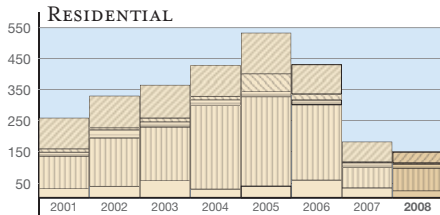
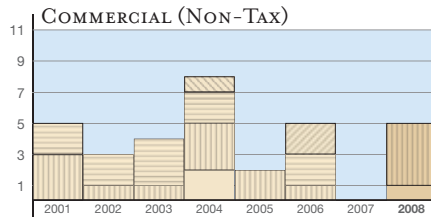
In 2008, Planning and Zoning staff drafted a set of guidelines for site plan review for projects within the County's designated industrial parks. The guidelines are referred to as "Expedited Review Guidelines," and under these guidelines projects receive a higher priority in staff work flow than other review projects. This includes plan revisions. Expedited review projects are allowed more flexibility than non-expedited projects, such as the issuance of an early land disturbing permit and the issuance of a footing and foundation permit. However, expedited review projects are not exempt from any code or ordinance requirements. The maximum turn around time for County staff review comments is 14 calendar days, and the maximum turn around time for submitting revisions to the County is also 14 calendar days.

SITE PLAN AND SUBDIVISION REVIEW

In 2008, the Planning Commission reviewed preliminary site development plans for Sentara Health Care, the new County courts building, ATC Panels Bio-filter facility, and Red Oaks Mobile Home Park expansion.

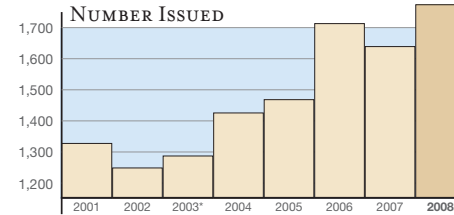
The Commission also reviewed two major preliminary subdivision plats for the first two phases of the St. Luke's Mixed-Use Development, consisting of 145 lots, and the Carrollton Manor Subdivision.

Hardy Newport Windsor Town of Windsor Town of Smithfield

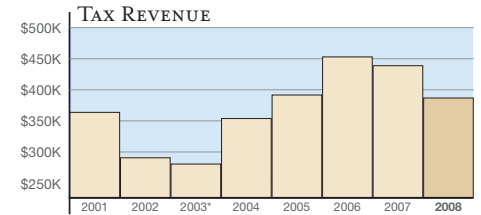


Source: Isle of Wight County Department of Permits and Inspections

NEW CONSTRUCTION



BUSINESS & PROFESSIONAL LICENSES



Numbers indicate the actual number of licenses, not the number of actual accounts.
 *2003 decline reflects discounted peddler's license issuance.
 Source: Isle of Wight County Commissioner of Revenue

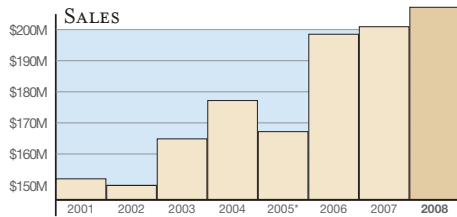
Tourism, Parks & Recreation Highlights of 2008

TOURISM NUMBERS UP "HAMS, HISTORY, HOSPITALITY AND HEART!"



The numbers are in at the Smithfield & Isle of Wight Visitor Center, and despite the economic doom and gloom of 2008, the Center posted a 14% increase in visitation for the year. Tourism also netted a 38% increase in Visitor Guide "requests" for 2008.

A new focus for the department is cultural tourism. Popular Tourism-sponsored special events include Olden Days, Chocolate Lovers, Town & Country Day, the Aiken and Friends Music Fest, Re-enactment events, The Farmers Market and the Smithfield Christmas Parade, but the Bureau also markets tourism related events for all town and county attractions and organizations.



RETAIL SALES

ISLE OF WIGHT COUNTY FAIR RECOGNIZED



After a one-year hiatus, the Isle of Wight County Fair re-opened in 2008 to welcome Isle of Wight County residents and visitors alike to the newly renovated Fairgrounds at Heritage Park. The Fair received a 2nd Place Communications Award for its website (www.thefairiscoming.com) and a 3rd Place Communications Award for its premium book. The County Fair was recognized by the Virginia Association of Fairs for its efforts compared to localities with similar populations.

*Source: Virginia Department of Taxation. In the third quarter of calendar year 2005 the Department of Taxation began tracking quarterly taxable sales using the North American Industry Classification System (NAICS) business categories rather than Standard Industrial Classification (SIC) categories. Consequently, data from the two time periods are not fully compatible for purposes of comparison.

FARMERS' MARKETS



The Smithfield Olde Towne Curb Market and the Windsor Farmers' Market opened the 2008 season under new management. Both markets are now under the direction of a single market manager who reports to the Director of Tourism. The Department of Economic Development partners with Tourism to assist in management decisions related to the markets. This partnership has been a great opportunity to fulfill the objectives of both departments' strategic plans, with the ultimate goal of developing the local agriculture industry's opportunities for direct marketing to consumers. 2008 was the fifth season of Smithfield's market and Windsor's fourth.

2008 AVERAGE MARKET RENTS

Industrial
\$4.00-\$7.95/SF*
Retail (Smithfield)
\$15.67/SF

2008 AVERAGE RESIDENTIAL SINGLE-FAMILY SALES

New Construction \$403,722
Existing Homes Resales \$289,475

*Source: "Regional average depending upon size, 2008 Hampton Roads Real Estate Market Review, E.V. Williams Center for Real Estate and Economic Development, Old Dominion University.

PRIVATE SECTOR MAJOR EMPLOYERS (100+ EMPLOYEES)

Smithfield Foods*
International Paper*
Riverside Regional Medical Center

Gwaltney of Smithfield
Cost Plus World Market

*Fortune 500 Companies

Historic Resources Division



ISLE OF WIGHT MUSEUM RE-OPENS



The Isle of Wight Museum hosted its grand reopening on Nov. 15, 2008 following a 2006 nor'easter, which flooded the basement and damaged much of the building's structure and collection. The community and members from the Virginia Association of Museums donated many hours to assist with clean-up, storage and conservation. VAM Executive Director Margo Carlock, Isle of Wight County Board of Supervisors Member Al Casteen and Isle of Wight County Museum Foundation President Anne Edwards cut the museum's reopening ribbon. Over 500 people visited the museum in the month following its reopening. The museum houses the history of the world famous Smithfield ham, a replica of a turn-of-the-century country store, Indian artifacts, Civil War relics and pre-historic fossils from the James River.

HISTORIC FORT HUGER DEDICATION



In May 2008, Isle of Wight County celebrated the opening and dedication of the restored Fort Huger, the gateway to the Confederate capital. Isle of Wight County was offered Fort Huger, a former Civil War military earthworks installation active from October 1861 until May 1862, as a condition for development of a residential housing project along the James River. The County seized the opportunity to restore and interpret this fort of state and national significance and began work in earnest in October 2006. On the National Register of Historic Places, Fort Huger is a strategic Civil War fort located on a bluff overlooking the James River. This fort, along with Fort Boykin, was established to block the approach by land and river to the Confederate Capital in Richmond. Self-guided tours of the fort provide a view of the James River's ghost fleet.


Distribution. Distribution. Distribution.

Shirley T. Holland Intermodal Park is the premier, publicly-owned distribution and logistics park in the Hampton Roads region.

- 1,500 acres - 350+ shovel ready & rail-served
- Able and ready labor force of 840,000+
- 35 to 50 minute drive to Virginia port terminals
- Access to Interstates 95, 85, 64 & 264
- Foreign Trade Zone designation under review
- Proven fast-track site plan review & permitting process

There's nothing like getting in on the future early.





Department
of Economic
Development

P. O. Box 80

Isle of Wight, VA

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