

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
June 23, 2016

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, June 23, 2016, at 3:00 p.m. in the Council Room of the Wytheville Municipal Building at 150 East Monroe Street, Wytheville, Virginia.

MEMBERS PRESENT

David Kause, Chairman
David Carpenter
Wes Mabe

Charlie White
Dicky Morgan

MEMBERS ABSENT

John Silva
Jennifer Atwell

EX-OFFICIO MEMBERS PRESENT

C. Wayne Sutherland, Jr., Wytheville Town Manager
Jason Childers, Rural Retreat Town Manager

EX-OFFICIO MEMBERS ABSENT

R. Cellell Dalton, Wythe County Administrator

JOINT IDA STAFF PRESENT

David Manley, Executive Director
John Matthews, Associate Director
Virginia Crockett, Administrative Assistant

DETERMINATION OF QUORUM

Chairman Kause called the meeting to order and determined a quorum to be present. Chairman Kause offered the invocation and led the Pledge of Allegiance.

CITIZENS' TIME

Chairman Kause welcomed Wayne Sutherland, Wytheville Town Manager, and Patricia Bevil from the Virginia Employment Commission to the meeting and asked if there was anyone present who would like to address the Board. With no comments being mentioned Chairman Kause continued with the meeting.

APPROVAL OF MINUTES—May 26, 2016

Chairman Kause asked if there were any questions or discussion regarding the May 26, 2016, meeting minutes. Mr. Carpenter questioned the third paragraph on page 438 stating that the “in” in front of reflecting should be “is”. Mr. Manley noted the error and stated that it will be corrected by staff.

Chairman Kause asked if there was any further discussion and if there was a motion to approve the minutes as amended. Mr. Carpenter made a motion, seconded by Mr. Mabe, to approve the minutes as amended. With no further discussion the motion passed unanimously.

APPROVAL OF INVOICES

Chairman Kause asked if there was a motion to approve the invoices. Mr. Mabe asked if the date on page two of the spreadsheet for Branch Botanicals was correct. Mr. Manley thanked Mr. Mabe for pointing out the error, that it should be 2017. He mentioned that staff will make the corrections. Chairman Kause asked if there were any further questions and if there was a motion to approve the invoices. Mr. Carpenter made a motion, seconded by Mr. White, to approve the invoices as corrected. With no further questions, the motion passed unanimously.

**Joint IDA of Wythe County
Check Register
For the Period from June 1, 2016 through June 30, 2016**

Check #	Date	Payee	Amount
EFT	06-08-2016	Appalachian Power Company	90.83
EFT	06-23-2016	CenturyLink	193.03
EFT	06-23-2016	First Bank – Mastercard	3,255.45
EFT	06-23-2016	Robert G. Moore	1,100.00
EFT	06-23-2016	Xerox Corporation	60.02
7421	06-01-2016	Schaffner MTC LLC	522,500.00
7422	06-23-2016	TC's Care and Repair	30.00
7423	06-23-2016	Town of Wytheville	16,072.03
7424	06-23-2016	VML Insurance	1,743.00
Total			\$ 545,044.36

STAFF REPORT – ASSOCIATE DIRECTOR

Conferences

Virginia Economic Development Association Summer Membership Meeting – June 13 & 14, Martinsville, VA

Meetings

Coperion – Denise Walters
Downtown Wytheville Economic Restructuring Committee

Jordan Snelling (DHCD) – CAMS, Enterprise Zone
Michelle Mende (VEDP) – Property Database
Project P – Site Visit
Revolving Loan Fund Applicants & Inquiries
Startup Wythe In Applicants & Inquiries
Wythe-Bland Young Professionals and steering committee

Economic Restructuring Committee

- Startup Wythe In – The committee has collected applications for the program. We have scheduled a meeting for next week to review those applications and select finalists, which will be announced on July 4. The committee is recruiting mentors to work with the finalists, and is starting to put together the evening for finalists' personations.

Enterprise Zone Reporting

Our office has received the 2015 Annual EZ Report request from the Department of Housing and Community Development. This will be the first year we will file through the CAMs online system. Currently, we are gathering data from our localities about activity within the Enterprise Zones during 2015. The report is due by July 15.

STAFF REPORT – EXECUTIVE DIRECTOR

New or Expanding Business Activity

- Responded to inquiries from
 - Local industry
 - Ongoing prospects
 - VEDP
 - Small business owners
 - Downtown entrepreneur

Notable Activities

- Site visit from prospect; Lot 8 – 6/21-2016
- GoVirginia presentation
- Delivered Schaffner North America's financial incentive + tour of facility
- VEDA Summer Meeting – Martinsville, VA; appointment as CEDA Chairman
- Business Ready Sites seminar/VEDP

Business Contacts and Meetings

- Dan Gunderson, VEDP Interim CEO
- Joe Gillespie, VEDP Project Manager
- Deborah Flippo (VEDA President) and David Denny – re: CEDA Chairmanship
- Josh Lewis, aCorridor
- Mary Jane Umberger, HR Alliance LLC
- Matt Weaver, DHCH re: funding for sewer extension in Progress park
- Jordan Snelling, DHCD – EZ administration
- Bill Smith
- Mark Bloomfield – Downtown Wytheville, Inc.
- Randy Lund, Hutchinson
- Bob DiMarino – Coperion Corp.
- Tim Pennington, Schaffner MTC
- Downtown Wytheville Economic Restructuring Committee
- Pandy Brazeau, VEDP
- Katherine Goodwin, VEDP
- Stacey Richardson, VaTRRC
- Cellell Dalton, County Administrator
- Wythe-Bland Young Professionals Steering committee
- John Smolak, Ec. Dev. Director – AEP
- Dean Sprinkle, President – WCC
- Dan Motley, Norfolk Southern
- John Griffith, Appalachian Power
- Jason Childers, Town of RR
- Wayne Sutherland, Town of Wytheville
- Dan Tolley, Branch Botanicals
- RLF Committee
- CRIFA Board of Directors; meeting with loan applicants
- Bill O'Connor – marketing proposal with Southern Business and Development magazine and website

OLD BUSINESS

STRATEGIC PLAN REVIEW

Mr. Manley stated that, based on the changes suggested by the Board in May, those changes were made and the Strategic Plan is presented for the Board's approval today. Chairman Kause asked if there was any discussion or a motion to accept the Strategic Plan as presented. Mr. Manley stated that since the Joint Governing Bodies has not met yet this year the JIDA has not had the opportunity to share the plan, but when they do meet, it will be shared at that time and collect any comments they may have. He mentioned that the next revision will be two years from now and will be a full revision. Chairman Kause noted that this was not a full review, just an update of where the JIDA was and what has been accomplished so far in terms of the Strategic Plan. Mr. Manley stated that it also includes the new partnerships that had developed during the first two years of his tenure. Mr. Morgan asked if the revision was due to activities changing over time. Mr. Manley stated that the plan was developed two years ago and the Board saw some deficits that were not exactly accurate with how the JIDA is operating now and those needed to be corrected. He also mentioned the changing partners and that new strategic relationships had developed.

Chairman Kause stated that he is agreeable to adopt the plan as presented based on last month's discussion. Mr. White made a motion. Mr. Carpenter asked if the Board is voting to adopt this document. Mr. Manley stated that the changes were basically four or five small revisions and this would be just to adopt the revisions and then in two years when time is up the JIDA will do a fuller scale revision. Mr. Carpenter added that as of June it will be the Strategic Plan as of June 2016. Mr. Manley stated yes. Mr. Carpenter seconded the motion, to adopt the revised Strategic Plan as presented. With no further discussion, the motion passed unanimously.

Mr. Childers, Manager, Town of Rural Retreat asked about the efforts to work with all jurisdictions, including Rural Retreat. He mentioned that he did not know for sure if the JIDA Board knew or not, but the Town of Rural Retreat applied for a block grant for a brand new property in the downtown area of Rural Retreat. Mr. Childers asked what the JIDA would do as far as aiding in the process. He asked if once the buildings are constructed and ready will the JIDA advertise to assist in getting the buildings filled. Mr. Manley stated that the JIDA will support any effort that the Town of Rural Retreat feels we can be helpful in, no matter what it may be. He added efforts might include marketing, letters of support, reaching out and talking to people, or arranging meetings with any necessary parties, the JIDA will do anything that is helpful to Rural Retreat's efforts. He added that this is including interacting with business owners – current or potential – and talking to them about incentives that are available, loans that are available, or answering as many questions as can be answered. In some cases, that might involve sending them to the correct people to assist them in specialized matters or situations beyond what the Joint IDA is designed for. Mr. Manley stated that the JIDA is willing to work with a business of any size, provide information, talk about demographics, the labor pool, or assist in any other way helpful.

OTHER

None

NEW BUSINESS

SITE VISIT

Mr. Manley stated that the site visit was basically covered in his Executive Director's Staff Report. However, he mentioned again that there will be a visit next week which was on short notice and it will also be a short visit due to a tight travel schedule. He noted that all pertinent information will have to be shared during the time allotted.

BUSINESS READY SITES PROGRAM

Mr. Manley explained that the Business Ready Sites Program is a new initiative started by the private sector in cooperation with VEDP. He noted that he has a copy of the program guideline that he will email to each Board member. He described the initiative to be a certification program in which the JIDA can have desired sites independently assessed and rated. The sites will be rated on a scale of one to five with five being best and ready to build on. Depending on how the sites are classified the JIDA may be eligible for funds for improvements to get the site to the next step and make it nearer to "shovel-ready." Mr. Manley again stated that it is a public/private partnership and that several Virginia engineering firms worked with VEDP to develop the program. Mr. Manley stated that the JIDA will participate and that, fortunately, many of the potential sites in Wythe County are new enough that there is recent data available that will negate the necessity to hire an engineering firm to do major assessments and verifications. He mentioned that preliminary discussions indicate the Joint IDA might be able to bypass a lot of the assessment in favor of verifications of work recently done – saving money. Mr. Manley stated

that being qualified as a tier five is great and that means a site is top-tier, unfortunately, it also means that there will likely be no eligibility for any enhancement funds for that same site. Site choice will be strategic.

Mr. Manley stated that the program starts in July 2016 and that they are still working on some details. Engineers and VEDP staffers are going around the Commonwealth of Virginia describing the program and that they were in Wytheville a few weeks ago. Mr. Morgan asked what this will be certifying. Mr. Manley stated it will be certifying the quality and preparation of a given site for a prospect to be able to compare sites on an apples to apples basis. The group will assess utilities, the land itself, access to transportation, and he did not believe it would go into the labor pool, but it is more about the assessment of the physical site. Mr. Morgan asked if it would apply to buildings that are available. Mr. Manley stated that it could certainly categorize that, if there is one, but there will be a cost for every site that is assessed, so you want to spend the funds on your most viable options. He stated that for example Progress Park as a whole will not be able to be assessed, it will be a specific site like Lot 24, Lot 8, or other individual lots. Mr. Carpenter asked if there is a cost for each lot you do. Mr. Manley answered that an engineer making the assessment will stamp it with their engineering stamp and state that it meets the criteria and that there would be fees associated for each – the amount of which is unknown and would be set deal by deal. Mr. Carpenter asked about the criteria to be met and whether they are set forth in a document. Mr. Manley stated that it was described loosely for the purposes of the initial meeting, and stated that the questionnaire was included in the program guideline. He notes, for example, a public site will be scored a little higher than a private site because they know it has a set price and it will be easier to obtain. He mentioned that secondly, it goes into the characterization of the land, has there been an environmental Phase I done, has there been an archeology study, does it have a storm water management plan in place. He added that if the site has all of these, plus more, it will score higher, if not it will score lower. He said – for the sake of argument – to assume that a site scores 85 points out of 100, so they will be a tier 4 site. Mr. Manley added that that site could then be compared to other sites across the state and goes beyond himself telling a company that this is a great site and it is ready to build, there will be an engineering firm and the Commonwealth of Virginia standing behind it stating they have certified this in their Business Ready Sites Program and here are the criteria. Mr. Morgan asked if the engineering firms will be under contract to the County or to the JIDA. Mr. Manley stated that was to be determined. He added that this is a brand new program that was just announced in June, so it is a learning process. Mr. Carpenter asked if the program is going to help. Mr. Manley stated that it definitely will not hurt and that it has never been done in Virginia. Mr. Morgan asked if this was something that prospects are looking for. Mr. Manley stated that he felt like they would be pleased with a system like this because they are looking for ways to make empirical comparisons and if we have a site and someone else has a site, how would they know that they are being told the truth at all regarding the veracity of the information and that no two sites may be currently described in a way that makes comparison logical or empirical. He added that because an authoritative body will be putting its credential on it, credibility is increased and risk is lessened. Mr. Morgan asked if any sites were certified currently and if that had any impact. Mr. Manley stated that if he were a contractor and he were looking, and he knew that all of the figures on a site have been verified that would be less money that he would have to spend doing some of the investigations to independently verify it, that would be appealing. He mentioned that unfortunately if this is being done in Smyth County, Carroll County, and Grayson County, Wythe County cannot be the one who does not do the certifications, because it will wrongly appear that the county does not have anything of the quality that neighbors might be offering. Mr. Manley stated that it is absolutely going to be generating revenue for engineering firms, but Wythe County is one player out of ninety plus jurisdictions and we should not be outliers when it comes to these certifications. Mr. Morgan stated that he did agree with that. Mr. Manley added that from a practitioner's standpoint he cannot tell with certainty if it will help or hurt until some time has come to pass. Mr. Carpenter said that he is not saying to not do it by any means, but he is just questioning how much it will help and he is looking at the positive side and not that the JIDA would not do it. He is looking at whether it can be used as a sales or marketing pitch, are they going to help sell the site. Mr. Manley answered that will also give the JIDA access to more funds which will basically pay for half of the assessment and if preliminary discussions hold true, our assessments might cost less due to the extensive work that has already been done in preparing these sites and obtaining various permits and

inspections. The assessment for Progress Park lots should cost less, and whatever the price, it will be competitive. Mr. Carpenter asked if the assessors would work under a standard. Mr. Manley stated that there will be a standard set of items that will be characterized. Mr. Carpenter asked if a registered company has to be used to come in and assess the property and if they would have the same type of standards. Mr. Manley answered that he did not know if they can or will since public dollars are in play. He did not know exactly what they will be able to require. He stated that he did know that the ones that worked on this plan to date were Draper Aden, Timmons Group, Dewberry, and Anderson and Associates. He added that just because a given engineering firm did not do it, it does not mean that they cannot be hired just as if someone else wants to. He anticipated that any qualified engineering firm that could do the work and wanted to do the work, could bid on the work and carry it out. Mr. Manley mentioned that this program is only a couple of weeks old and that the JIDA is still assessing the program themselves and that more answers would become available in time. Mr. Carpenter stated that it would be wonderful if it was used and sent out to potential prospects to say to them that these are certified sites. Mr. Manley stated that this would be a big part of how the sites will be marketed and that the resources used to market the assessed lots will be well spent as with the certifications, prospects can attach value to different outcomes. He added that is a sort of quality program and potential prospects will see the Virginia Business Ready Site seal on the marketing material and that this should communicate a message. Mr. Morgan asked if Mr. Manley knew where the funds are coming from. Mr. Manley stated that he did not yet, but that the program provides for up to fifty percent up of the expenses up to \$10k for an assessment, so if the cost was \$8-\$10k they still pay fifty percent. Mr. Morgan asked who was paying half. Mr. Manley answered that it was VEDP who would be paying it. Mr. Carpenter asked if this was going through VEDP. Mr. Manley answered that it was. Mr. Carpenter stated that this is a government entity and not private. Mr. Manley answered that the entity that would be standing behind the certification providing the administrative framework is public, but the individuals and firms doing the actual work of the assessments are private. Mr. Manley stated that the information is on the VEDP website and he could certainly send everyone a copy of it, via email, if they would like to take a look at the information via email.

RLF – LOAN COMMITTEE RECOMMENDATIONS

Mr. Manley stated that there were two applications for the Board to review. He reminded the Board that the information they have in front of them was highly confidential and protected documents that needed to be returned to Joint IDA after discussion is complete.

Mr. Manley informed the Board that there are two recommendations and one goes with each of the two applications. He mentioned that one application is a little more straight forward than the other. Chairman Kause stated that they would start with the straight forward one first. Mr. Manley explained that Coffee and Crumbs is moving to Main Street and that they were the second place winner of Start Up Wythe In last year. He added that in Ms. Womble's application you will see that the company has been primarily self-funded up until now. This is the first activity that would require them to borrow money and at this rate it is hard not to borrow the money at 10-years at 2.75%. The project cost is \$33,000 and the loan request is for \$25,000. It was vetted by Mr. Matthews, the Revolving Loan Committee, and Mr. Manley. The Loan Committee suggested approval and that is all noted in the recommendations for the Board to read. Mr. Mabe asked where the new location would be. Mr. Manley stated that it is at 200 W. Main Street, right beside the Heritage Walk, underneath Mr. Smith's office, on the corner, and that the entry door is the corner entrance. Mr. Manley added that one of the more compelling factors of this application is that the business plan indicates this will create one full-time and two part-time positions with the move. The investment of \$25,000 from the Revolving Loan Fund into that is a solid proposition. Chairman Kause asked if the business has now been open for a year. Mr. Manley answered that it has been eight to nine months. Mr. Carpenter asked if they are purchasing or leasing the property. Mr. Manley answered that they will be leasing the property. Mr. Carpenter asked if the property listed in their application was personal or business property. Mr. Manley stated that it was personal property. Mr. Carpenter asked if that was a necessary thing to for this loan to have their personal property information added. Mr. Manley stated that

it is for an approved application from the Department of Agriculture and that it is fairly standardized and is meant to indicate means to repay. Mr. Morgan asked if they work somewhere else. Mr. Manley answered that Ms. Womble works solely at Coffee and Crumbs and her husband also works outside the home. Mr. Manley added that he encouraged Ms. Womble to apply for this loan because he thought it was a good opportunity to support a type of business that is directly in the realm of what the JIDA is supposed to be working on. Chairman Kause stated that as Mr. Manley highlighted, the prospect of hiring new employees and going from an 18 seat diner to seating over 50 at one time is going to be huge. He noted that they will not have people turned away because they cannot find a place to sit. Chairman Kause stated that he thinks parking will be better in downtown because they also have access behind on Monroe Street. Mr. Manley stated that the Heritage Walk will be connecting Withers Park and Elizabeth Brown Park where there will be benches. He added that Ms. Womble is working on trying to do some outside seating somewhere too. Mr. Morgan stated that on their financial statements they show a loss and asked if they expected that to turn around. Mr. Manley stated yes, absolutely, and that if he would glance at this year, so far they are ahead of projections, which shows on their P&L from January to March of 2016. Mr. Mabe stated that in her Start Up Wythe In presentation last fall, Ms. Womble knew to the penny what she needed per month to show a profit. He added that he thought she did a very good job with her presentation and she made a compelling case for herself at the Start Up Wythe In finale. Mr. Mabe stated that the only thing he would state is that knowing this is a restaurant type of operation and the length of the loan is for ten years, what is the lifespan for small Mom and Pop's types restaurants like this. Mr. Manley answered that half to seventy-five percent fail in three years. He mentioned that he had not done that type of research recently, but he has known that from past projects. Mr. Manley stated that it is Ms. Womble's intent to keep the payments as low as possible to begin with, but to pay this off as quickly as possibly also. He mentioned that it is not her intention to pay it for the full ten-years and that was a strategic choice to keep the payments as manageable as possible for as long as possible. Dr. White asked if they would be putting up their personal items as collateral. Mr. Manley stated that the committee was prepared to do it based on a personal guarantee which would be part of the loan agreement, but if this Board does not feel confident in doing that then the recommendation was to use the purchased equipment and the personal guarantee. Mr. Morgan asked what they were purchasing again. Mr. Manley answered that it was a salad/sandwich bar, prep table, and other various pieces of restaurant equipment. Chairman Kause mentioned that in the committee meeting it was reviewed and one of the things that they would require is copies of the receipts for when they purchase the extra equipment, so the JIDA would know what they purchased and what the loan was spent on. Mr. Carpenter mentioned that, as he understands, the JIDA will be holding all of the purchased items as collateral. Mr. Manley answered that what the committee recommended was to go on personal guarantee and if the personal guarantee did not satisfy this Board, the personal guarantee plus putting up whatever equipment is purchased as collateral. Dr. White stated that he agreed with what the committee suggested. Chairman Kause asked if there was a motion to approve the loan of \$25,000 to Coffee and Crumbs with the guidelines suggested by the loan committee. Mr. Carpenter asked if Coffee and Crumbs had ever received any funds from the Revolving Loan Fund. Mr. Manley answered that they had not. Mr. Carpenter mentioned that the information said something regarding funds. Mr. Mabe answered that she had won second place in Start Up Wythe In last year. Mr. Carpenter asked if she received \$2,000 from that. Mr. Manley answered that she received \$5,000. Mr. Carpenter stated that under their personal financial statement it shows revolving loan debt. Mr. Carpenter asked if the committee felt very strongly about the loan. Chairman Kause stated that they did. Mr. Morgan asked if they had already rented the new location. Mr. Manley answered yes, the lease has been signed and September is the move date. Mr. Matthews answered that the opening date will be September 1 and that they will be working on the building from now until then. Dr. White made a motion, seconded by Mr. Carpenter, and the motion passed unanimously.

Mr. Manley reported that the next application is for Mr. Don Jensen with Solid Wood Doors, LLC. He currently has a loan from the JIDA. He asked that the Board read the narrative on the recommendation page that will explain Mr. Jensen's requirements. Mr. Manley stated that he is requesting an additional \$25,000. He added that the recommendation of the loan committee was approval only with verifiable, adequate collateral. Mr.

Carpenter asked if the collateral was to cover the \$50,000. Mr. Manley stated that the collateral was only for the additional \$25,000. He added the other loan already exists with the terms set out at that time. Mr. Carpenter asked if the first loan was collateralized. Mr. Manley answered that it was a personal guarantee loan similar to the one for Coffee and Crumbs that was just approved. Mr. Manley stated that without adequate collateral this loan would not proceed. Mr. Carpenter asked if that was per the committee. Mr. Manley stated yes. Mr. Morgan noticed on his application that Mr. Jensen indicates that his sales have increased \$10,000 per month and asked to what. Mr. Manley stated that the whole of what was considered was within here including the application, Mr. Jensen attached notes about this year's sales thus far. Chairman Kause noted that the notes were on the last page on the graph paper where he has sales to date and the projected sales for the year. Mr. Carpenter stated that on the application the personal and financial statement states real estate. He asked if anyone assisted Mr. Jensen with this or if he did it himself. Mr. Manley stated that the JIDA accepted the application as presented and if verifiable collateral comes in whatever it may be then the JIDA would take steps to properly secure the loan. Chairman Kause stated that the loan committee did due diligence on the entire application, the existing loan, and the reason for a second loan. He stated he thought his sales increasing supplies a viable reason to support his continued growth. Chairman Kause mentioned that the reason for the second loan would be to stay current with the vendors and increase his sales and that it appeared to be a strong track record of sales, that he has not missed any payments on the first loan, and the committee felt this would be a good opportunity to continue to grow his business and present a viable opportunity to do work with the revolving loan fund as designed. Chairman Kause stated that if the Board would recall, this was brought before the Board and was rejected before as being too soon and now he is coming back showing a definite increase in sales. He suggested that if the JIDA can get the acceptable collateral then the Board should go ahead and approve the loan. Mr. Carpenter mentioned that in the application it says the application gender is female and then below it, the co-applicant is male, so there is the co-applicant's information, but there is no applicant's information, is what he is gathering. Mr. Carpenter stated that this application must be Mr. Jensen's personal financial, but we don't have a co-applicant's financial information. However, Mr. Jensen must be saying he is the co-applicant because he is saying there is a female applicant. Mr. Manley stated that Mr. Jensen has listed himself as applicant on the front and there is no co-applicant. Mr. Carpenter asked if Mr. Manley saw the discrepancy that he has. Mr. Manley stated that the demographic section of the application is purely for information gathering for civil rights reasons with the Department of Agriculture and had no bearing on the underwriting itself. Mr. Carpenter asked if the Department of Agriculture would have a question about that. Mr. Manley stated that they would not, in his opinion. Dr. White stated that he thinks it is a good idea to ask for collateral, so the money would be able to be collected if something were to fail. Chairman Kause added that he thought it was a good opportunity for the Board to approve this with the verifiable, acceptable collateral and that he would entertain a motion to accept or reject the loan. Mr. Mabe asked how long is the JIDA allowing to accept the acceptable, verifiable collateral. Mr. Manley answered that there is no time specified, but he said a reasonable period would be approximately 30 days. Dr. White asked if the money would be given before that time. Mr. Manley answered that no funds would be exchanged until the collateral is obtained and explained that it is based on receiving collateral first. Mr. Mabe asked if that could be brought to next month's meeting where the Board can take final recognition of the collateral or would it have to be voted on again. Mr. Manley answered that if the Board approved it today with verifiable collateral the loan would not be released until the collateral is verified and it is attached to the loan. Mr. Carpenter asked how strong his clientele was. Mr. Manley answered that he sells primarily to builders, but also to developers who are building large lodge and retreat type properties. He mentioned that is usually a builder as opposed to a homeowner, but the doors are sold at events like log home and cabin type home shows. Mr. Carpenter asked if Mr. Jensen was distributing the doors for resale or was selling to just contractors and builders for their use. Mr. Manley answered that he is not distributing doors, per se, he is selling at home shows and directly to builders, etc. Dr. White asked why he cannot get his funds from his vendors or establish credit with his suppliers. Mr. Manley answered that Mr. Jensen likes to be paid in advance and pay cash in advance for his orders. Mr. Carpenter reiterated that the new loan length was for five years and that the current loan is for five also, so he has paid almost one year. Chairman Kause stated that it was. Mr. Carpenter asked if the loan can be held until one year of payments is complete on the other loan. Mr. Manley stated that based on what the

Board action is today the JIDA will ask Mr. Jensen to provide the collateral that was asked for and there is a reasonable amount of time before the loan will be processed. Mr. Carpenter stated that Mr. Jensen is not saying exactly what he needs the funds for other than cash flow, that the JIDA is financing cash flow. He asked what the original loan was used for. Mr. Manley stated it was for the same thing, but included the launch of his business and marketing materials. Chairman Kause added that in his business launch he needed to acquire samples, be able to travel to attend the trade and log home shows and be able to give payments to the vendor companies to build the doors. He mentioned that it seems like his venture is thus far a success. Chairman Kause stated that the committee took that information into account during its consideration and the feeling was that his sales continue to increase and he is very active in the business. Mr. Mabe asked if Mr. Jensen has any intention of hiring any additional employees. Mr. Manley stated that he did not think that was proposed. Mr. Carpenter asked if that was fine from the JIDA's standpoint. Mr. Manley stated that a loan like this would be supporting small business. Mr. Carpenter asked if the loan supported a person and not necessarily a small business. Mr. Manley answered that in this case it was supporting Solid Wood Doors LLC and any vendors he pays. Mr. Carpenter stated that he questions a lot of different things. Chairman Kause stated that Mr. Jensen does use a local tax and accounting service, he does live in Wytheville, and is a member of the Chamber of Commerce, he believes. Mr. Manley stated that it is the Board's decision and the JIDA will proceed with whatever they decide to do.

Chairman Kause reminded the Board that the committee recommendation was approval with acceptable with acceptable and verifiable collateral. Mr. Carpenter asked what acceptable collateral would be, and has it been determined what is acceptable. Mr. Manley answered that based on precedent it would be something that the JIDA could verify the value of that could be attached to the loan using fair market value. Mr. Carpenter asked what the legal ramification based on that with requiring collateral, will there be a legal hold on it. Mr. Manley stated that it could be a lien, UCC filing or something of that nature and or if it were to be a vehicle it would be something a little simpler. The JIDA will take action to attach it legally. Mr. Carpenter asked if the JIDA will be paying for the UCC filing. Mr. Manley answered that the JIDA will find out the cost and make a determination noting that costs could be split keeping it equitable for both parties and noted that the RLF fund does have income to offset such expenditures. Mr. Carpenter made a motion, seconded by Mr. Mabe, to accept the loan with it being fully collateralized with acceptable and verifiable collateral. With no further discussion, the motion passed unanimously.

TOWN OF WYTHEVILLE PAY ADJUSTMENTS

Mr. Manley mentioned that he had received a letter from Sherry Shelton, HR Director for the Town of Wytheville, stating that the Town approved a two percent pay adjustment for all Town employees which will include the JIDA staff pursuant to the agreement with the Town of Wytheville. The increase was included in the budget for 2016-2017 with the expectation of that increase happening. He noted that this did not require any Board action except for them to be aware that is happening. Chairman Kause stated that the increase was anticipated and that Mr. Manley did include it in the budget and that no further action would be required.

MARKETING PLAN DEVELOPMENT

Mr. Manley explained that since the JIDA has the Strategic Plan in place he will be developing a marketing plan to support it. He mentioned that the JIDA staff will be undertaking that process over the next couple of months. The marketing plan will be developed to effectively use the marketing funds over the next year to support the JIDA's mission. Mr. Manley mentioned that he and Mr. Matthews met with Bill O'Connor and a person from his firm who developed the new website, The O'Connor Group. They also work with economic development agencies and they came to present an ad campaign idea with Southern Business and Development magazine. He added that Southern Business and Development magazine was the publication that named the JIDA of Wythe County as one of the top three best small town economic development sites in Virginia. There were three

different accolades that Wythe County was noted for at the first of 2016 by this publication. He stated that he has spoken with Mr. Randle who publishes the magazine on a few occasions. Mr. O'Connor came personally and separately to this organization and suggested the JIDA's participation in that publication. He noted that the City of Martinsville and Henry County have been doing quite a bit with them and he believes that they have gotten some positive feedback. Mr. Manley stated that he is looking at what the JIDA can do, how we can do it, and how it would fit into our greater marketing scheme. Mr. Morgan asked what it was basically for. Mr. Manley answered that it would be advertising since the JIDA has not done much advertising other than online and noted that this would be in print and online. He noted that the publication is about the southeastern US in economic development and is widely used by site selectors, companies looking to expand, commercial real estate brokers, and others, and might be a good vehicle to reach them and let them know what Wythe County has to offer. He added that the JIDA has not advertised in several years on that scale and that it was time to return to the marketplace beyond what had been done recently. Mr. Morgan asked if it was a duplication of what VEDP was proposing. Mr. Manley stated that this would just be a Wythe County, Wytheville, Rural Retreat, local ad saying what is offered here and where to find more information about it. Mr. Manley noted that he is sure there will be a creative angle as with any good advertising campaign, but it will be just one route to spend some of the marketing funds in the next year that he was considering. Mr. Mabe asked that Mr. Manley return to the board before proceeding further with this project.

Mr. Manley mentioned that he would like to draw everyone's attention to the website analytics for the month. He explained all information showing on the report. Activity has increased steadily in most every measurable way.

PROJECT UPDATES

None

OTHER

Audit – Mr. Manley noted that approval has been received and signed for the audit this year. It will be returned the Robinson, Farmer, Cox as soon as possible. The audit will be held in August.

CRIFA Management Agreement – Mr. Manley noted that the Management Agreement with CRIFA has been renewed for the 2016-2017 year.

ADJOURN

There being no other business, Chairman Kause adjourned the meeting at 4:34 p.m.

David Kause, Chairman

Attest:

Virginia M. Crockett, Secretary