

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
June 28, 2012

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, June 28, 2012, at 3:00 p.m. in the Council Room of the Wytheville Municipal Building at 150 East Monroe Street, Wytheville, Virginia.

MEMBERS PRESENT

Linda DiYorio, Chairman
Carolyn Dankowski

Dave Elmore
Tom Jones

MEMBERS ABSENT

Dana Pack
Foy Patton
Jennifer Atwell

EX-OFFICIO MEMBERS PRESENT

None

EX-OFFICIO MEMBERS ABSENT

R. Cellell Dalton, Wythe County Administrator
C. Wayne Sutherland, Jr., Wytheville Town Manager
Michael S. James, Rural Retreat Town Manager

DETERMINATION OF QUORUM

Chairman DiYorio called the meeting to order and determined a quorum to be present. Dr. Hawthorne offered the invocation, and Chairman DiYorio led the Pledge of Allegiance.

CITIZENS' TIME

Chairman DiYorio welcomed Wythe County Board of Supervisors member Tim Reeves to the meeting and asked if there were any persons present who would like to address the Board during citizens' time. There being none, Chairman DiYorio proceeded with the meeting.

APPROVAL OF MINUTES—May 24, 2012

Chairman DiYorio asked if there were any corrections, additions, or questions regarding the minutes of the May 24, 2012, meeting and if there was a motion to approve the minutes as presented. Virginia Goodwin mentioned that she had amended a statement made by Ms. Atwell in the minutes of the reconvened meeting and that she had failed to show that R. Cellell Dalton, Wythe County Administrator, Ex-Officio member was present at the meeting. The changes have been made to the minutes. Chairman DiYorio asked if there was a motion to approve the minutes as amended. Mr. Elmore made a motion, seconded by Mr. Jones, to approve the minutes as amended. The motion passed unanimously.

APPROVAL OF INVOICES

Chairman DiYorio asked if there were questions or discussion regarding the invoices for June 2012, and if there was a motion to approve the invoices as presented.. Dr. Hawthorne noted that there had been a check that had not been received by a vendor and it had not cleared the bank so the check was voided and reissued. Mr. Elmore made a motion, seconded by Ms. Dankowski, to approve the invoices from June 2012 as presented. With no further discussion, the motion passed unanimously.

Joint IDA of Wythe County Check Register For the Period From June 1, 2012 through June 30, 2012

Check #	Date	Payee	Amount
6609V	6/27/12	Robert G. Moore	\$1,100.00
6619	6/28/12	Alan R. Hawthorne	4,658.94
6620	6/28/12	Carolyn J. Dankowski	212.29
6621	6/28/12	David L. Elmore	212.28
6622	6/28/12	Dana R. Pack	212.28
6623	6/28/12	Foy W. Patton	212.28
6624	6/28/12	Jennifer W. Atwell	212.28
6625	6/28/12	Kimberly B. Simmons	2,554.74
6626	6/28/12	Linda DiYorio	212.28
6627	6/28/12	Tom Jones	212.28
6628	6/28/12	Virginia M. Goodwin	1,675.01
6629	6/28/12	Appalachian Power Company	97.59
6630	6/28/12	Alan Hawthorne - Reimbursements	427.81
6631	6/28/12	Anthem Southeast Dental	122.77
6632	6/28/12	Anthem Blue Cross and Blue Shield	1,874.40
6633	6/28/12	Branch Highways, Inc.	500,427.00
6634	6/28/12	CenturyLink	138.15
6635	6/28/12	Kimber Simmons	71.37
6636	6/28/12	ACS/BNY Mellon HSA	861.00
6637	6/28/12	Principal Life Insurance Co.	162.41

6638	6/28/12	Robert G. Moore	2,200.00
6639	6/28/12	Sprint PCS	73.59
6640	6/28/12	VA Economic Dev Assoc.	100.00
6641	6/28/12	Virginia Goodwin - Reimbursement	45.00
6642	6/28/12	Va Municipal League Group	2,705.00
6643	6/28/12	Wytheville Office Supply	41.37
6644	6/28/12	Xerox	15.98
Total			\$518,638.16

OLD BUSINESS

LOT 24 UPDATE

Dr. Hawthorne gave an update on the Lot 24 construction. He noted that there was a progress meeting held at the site prior to the Board meeting and that in the past two weeks the look of the site has substantially changed since the consultants tour. The weather has been dry and Branch Highways, Inc. has been able to accomplish much work at the site. Dr. Hawthorne added that offsite work has started, such as the sewer line extension by DLB, and he stated that the rail corridor work will begin soon. He anticipates that the Wythe County Board of Supervisors will award the road construction contract at their Board meeting at the end of July.

Dr. Hawthorne mentioned that everything is going well with the project, there have not been any issues or concerns, and everything is presently on schedule. Chairman DiYorio asked when was the projected completion date. Dr. Hawthorne answered that the lot would be completed at the end of the construction season, which would be around Thanksgiving or the first of December, unless the season is wetter than normal.

BRIEFING ON SITE CONSULTANTS VISIT—JUNE 5

Dr. Hawthorne reported that a formal debriefing meeting following the site consultants visit on June 5 has not yet occurred, but that Tom Elliott, Executive Director of Virginia's aCorridor, will be setting up that meeting in the near future. He noted that the feedback from the consultants was positive and that they expressed that they were not aware of the favorable physical assets of the region. Dr. Hawthorne said the consultants commended Wythe County for being committed to the Lot 24 project. He added that the group was impressed with the presentation given by Carolyn Dankowski, Operations Manager of Gatorade.

Dr. Hawthorne stated that an MEI project does not come along every week, but when they do, they generally come with a tight deadline. He felt that he will be hearing from the consultants in the near future regarding development on the site. Chairman DiYorio added that the timeline for prospects has shortened and that companies are wanting sites ready in a shorter length of time. Dr. Hawthorne stated that the state of readiness for Lot 24 is such that marketing efforts can be increased. The site remains Virginia's top site for large advanced manufacturing projects needing heavy infrastructure support. Both Virginia's aCorridor and VEDP are stepping up efforts to market Lot 24.

STATUS OF LOT 30 DEVELOPMENT PROPOSAL

Dr. Hawthorne gave a report on the development proposal for Lot 30 (former inland port area). He noted that there have been issues regarding the Economic Development Administration's (EDA) initial grant and the restriction to the site lease to Norfolk Southern. Dr. Hawthorne composed a letter to the EDA that was signed by Cellell Dalton, Wythe County Administrator, asking that Lot 30 be treated in the same manner as the Amcor site and requesting that Wythe County be allowed to sell to a company who would develop a rail-served distribution facility on the property. He noted that we should hear from the EDA regarding the matter soon.

The second area of concern for the site was getting concurrence to develop a project on top of the encapsulated area. The responsibility for this decision rests with Rural Development Administration of the United States Department of Agriculture (USDA), other partners to the agreement include various Indian tribes and the Virginia Department of Historic Resources. Dr. Hawthorne and Mr. Dalton met with the Rural Development Area Director, Travis Jackson, and the environmental representative from that office to discuss concerns regarding developing over the encapsulated area and also discussed the concern to do additional Phase II work on the area. The Rural Development representatives proposed that a certified archeologist be obtained to recommend an appropriate development plan. An expert was procured to work with Peed & Bortz to assess the site, and he stated that nothing further needed to be done to the area because all archeological requirements had been completed on the site.

Dr. Hawthorne noted that this project is somewhat time sensitive due to the need to elevate a building pad while fill material is available from the Lot 24 project. He added that we had received a fixed-price quote last year from Branch Highways, Inc. (BHI) to do this work while they were still working on the Lot 24 site. Dr. Hawthorne stated that the work cannot begin until the USDA Rural Development receives a response from the Department of Historic Resources before the work is actually contracted.

Mr. Jones asked how much fill dirt would be needed for the site. Dr. Hawthorne answered that approximately 50,000 cubic yards would be needed.

Dr. Hawthorne noted that the Tobacco Indemnification and Community Revitalization Commission (TICRC) has grant funds available to potentially support the construction project, but mentioned that the application had to be submitted by July 6. Dr. Hawthorne recommended that the Joint IDA submit an application for a grant to assist with the Lot 30 project. He noted that the Board needed to determine if the Joint IDA should be the entity to apply for the grant. The Board concurred with Dr. Hawthorne to have the Joint IDA be the entity to apply for the grant. The Joint IDA staff will fill out the application and have it submitted by the July 6 deadline.

Mr. Elmore asked if there was a potential project for the Lot 30 site. Dr. Hawthorne answered that he had been working off and on with a project that matched the site. The company would be a distribution center and noted that it was a rare match and that he hoped that their timeline did not move any faster than the Joint IDA's in getting the lot prepared. He added that the site can accommodate a 400,000 sq. ft. building with goods brought in by rail and then distributed through the interstate highway system. Dr. Hawthorne mentioned that the site could handle a project capable of significant employment and capital investment.

OTHER

Surplus property - Chairman DiYorio gave an update on the status of the surplus property mentioned at the joint meeting of the Wythe County Board of Supervisors and the Joint IDA. She noted that Wythe County has spoken with a potential buyer who may be interested in purchasing the Health Department building. She added that everyone is in agreement that a commercial development is most appropriate for the remaining property in Fairview Industrial Park. Chairman DiYorio recommended that the Ivanhoe property be put up for auction. Mr. Elmore stated that he was on the Joint IDA committee to sell or auction the property several years ago and that the Board felt that they could not get a fair price for the property so the idea was tabled. Chairman DiYorio noted that the property's current worth, under the new tax assessment, is \$341,000. She asked what the process would be to put the property up for auction and if that could be a project for the Joint IDA staff to pursue. Dr. Hawthorne stated that there was, at one time, a group that had identified the property as a major tourism asset for the New River and New River Trail. The group felt that there was potential for vendors/businesses to support tourism activities along the river, but that the group was currently inactive. Chairman DiYorio asked if the Joint IDA staff could contact the real estate auction companies for bids. Dr. Hawthorne suggested that there be bids procured from three different auction companies, if the Board so agreed.

Chairman DiYorio asked is there was a motion to allow the Joint IDA staff to procure bids from three separate auction companies for the purpose of possibly auctioning the Ivanhoe property. Mr. Elmore made a motion, seconded by Mr. Jones, that three competent bids be procured for the auction of the Ivanhoe property. With no further discussion, the motion passed unanimously.

NEW BUSINESS

QUARTERLY FINANCIAL STATEMENTS

The quarterly financial statements were distributed to the Board members prior to the meeting. Dr. Hawthorne pointed out that the reports were late in being presented due to the uncertainty of the revenue amounts. He noted that there had been adjustments made to the payments from the jurisdictions due to the unfilled associate director position. Dr. Hawthorne added that the financial statements now reflect the adjustments in revenue from the beginning to the fiscal year 2011-2012. He noted that the expenses included the payments for the Lot 24 construction and that another item highlighted was the Industry Appreciation Golf Tournament revenues that had been received that would be offset by expenses in the next quarterly financial statements.

FY 2012-2013 BUDGET

The revised 2012-2013 budget was distributed to the Board members prior to the meeting. Chairman DiYorio stated that during the reconvened meeting held in June the 2012-2013 fiscal budget was discussed regarding the jurisdictions request for the Joint IDA to use their reserved funds for operating expenses prior to further funding from the jurisdictions. Chairman DiYorio and Dr. Hawthorne met with Wythe County Administrator, Cellell Dalton, Wythe County Board of Supervisors Chairman, Danny McDaniel, Wytheville Town Manager, Wayne Sutherland, and Rural Retreat Town Manager, Michael James, to discuss the Joint IDA's budget status with the jurisdictions. Chairman DiYorio shared insights from the meeting with the board. She added that

the philosophy of Wythe County has changed compared with traditional industrial development authorities, in that the County would own the property located in Progress Park and the Joint IDA would do the work needed or necessary to sell the property to potential industries. The consensus of the jurisdictions was that the Joint IDA use its reserve funds for operations. Danny McDaniel, Chairman of the Wythe County Board of Supervisors, and Wayne Sutherland, Wytheville Town Manager, stated that it was their understanding that this process would be for only one year. Chairman DiYorio noted that this was not what was stated in the letter addressed to the Joint IDA Board. She stated that she had concerns about the jurisdictions showing zero funding for the Joint IDA in their budgets and that once it was taken out, it would be difficult to add it back. She added that Wayne Sutherland, Wytheville Town Manager, suggested that there be a check exchange between the Joint IDA and the jurisdictions and that the budgeted amount of \$238,164 for the Joint IDA funding remain on the 2012-2013 budgets of the jurisdictions. The process would involve the Joint IDA issuing a check from their reserve funds each quarter for the payment amount to the jurisdictions and the jurisdictions in turn issuing a check back to the Joint IDA for the same amount.

Chairman DiYorio reiterated that both Danny McDaniel and Wayne Sutherland stated that this process would only take place for one year and that Cellell Dalton mentioned that the funds should be spent down to a two month reserve.

Tim Reeves, Wythe County Board of Supervisors member, added that Wythe County will be working with a tight budget during the 2012-2013 fiscal year and that they too, were concerned with having a zero balance under funding for economic development.

Dr. Hawthorne drafted a resolution regarding how best to address this issue and read the resolution to the Board. Chairman DiYorio asked if there were concerns, questions, or changes needed to the resolution read by Dr. Hawthorne. There being none, Chairman DiYorio asked if there was a motion to approve the resolution as presented. Ms. Dankowski made a motion, seconded by Mr. Jones, to approve the resolution. With no further discussion, the motion passed unanimously.

**JOINT INDUSTRIAL DEVELOPMENT AUTHORITY OF
WYTHE COUNTY, WYTHEVILLE, AND RURAL RETREAT**

June 28, 2012

WHEREAS the Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat (Joint IDA) is a political subdivision of the Commonwealth of Virginia created by its member jurisdictions and for the benefit of the citizens thereof; and

WHEREAS the mission of the Joint IDA is to initiate, develop, and coordinate industrial and economic development efforts in order to achieve and sustain the optimum quality of life for all of the citizens of Wythe County; and

WHEREAS one key strategy for achieving economic development growth is to develop appropriate and attractive site location product for new and expanding industries; and

WHEREAS in recent years the development component of the Joint IDA's mission has been successfully accomplished by close interaction with and support of development efforts of member jurisdictions; and

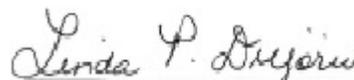
WHEREAS, as a result of this collaborative approach to site development, the Joint IDA no longer

requires the same level of resources to accomplish its mission of site development:

NOW BE IT THEREFORE RESOLVED that the Board of the Joint IDA hereby

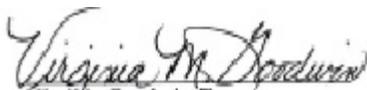
- declare a special dividend payable to the member jurisdictions in an aggregate amount of \$238,164.00
- that the dividend be distributed based upon the most recent pro rata funding of the Joint IDA operations by the member jurisdictions
- that the dividend be paid in four equal quarterly payments during the 2012-2013 fiscal year
- and that the staff of the Joint IDA be authorized and directed to implement the actions of this Resolution

Adopted by the Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat on the 28th day of June, 2012.



Linda DiYorio, Chairman

ATTEST:



Virginia Goodwin, Secretary

PROJECT UPDATES

Dr. Hawthorne mentioned that there was a project interested in Lot 1 in Progress Park several months ago, but that the company changed their requirements and were looking to be closer to their customer and maybe locate in Mexico. The company had recently changed their mind and is again looking at a site in Progress Park. The company will be fairly substantial and is currently considering Lot 1. Chairman DiYorio noted that Lot 1 is graded. Dr. Hawthorne stated that the lot was ready and that minimal grading would be needed should the company decide to locate in Progress Park.

OTHER

Virginia's aCorridor meeting - Chairman DiYorio commented that she had attended the Virginia aCorridor meeting and that Executive Director Tom Elliott reported that there had been ten announcements which consisted of six expansions and four new projects. Food City in Abingdon was one of the projects and there were two in Galax, one being the Albany Furniture Factory which created 335 jobs. Mr. Elliott is working diligently to acquire projects and prospects for the aCorridor area.

July Joint IDA Board meeting - Mr. Elmore mentioned that he would be available during Chairman DiYorio's absence for the July 2012 meeting. It was suggested that the meeting be moved because there would be several Board members absent during the week of July 26. The Joint IDA staff will poll the members to see what date would best fit their schedules, Thursday, August 2, was suggested. The Board members will be contacted once the poll has been taken and the meeting date has been set.

ADJOURN

There being no other business, Chairman DiYorio adjourned the meeting at 4:10 p. m

Chairman

Attest:

Linda DiYorio,

Virginia M. Goodwin, Secretary

Joint IDA of Wythe County
Revenue and Expenses
For nine-month period ending March 31, 2012

	<u>General</u>	<u>Special</u>	<u>RLF</u>	<u>Total</u>
Revenues				
Appropriations				
Wythe County	\$81,646.45			\$81,646.45
Wytheville	\$41,496.16			\$41,496.16
Rural Retreat	\$6,470.96			\$6,470.96
		\$129,613.57		
Service Fees				
SWAC loan admin. fees	\$680.82			\$680.82
RLF management fees	\$0.00			\$0.00
CRIFA services	\$30,396.00			\$30,396.00
SBDC office services	\$450.00			\$450.00
		\$31,526.82		
Sales/Leases				
Lease income on bldg	\$450.00			\$450.00
Sale of land	\$0.00		\$0.00	\$0.00
less cost of sales			<u>\$0.00</u>	\$0.00
		\$450.00	\$0.00	
Grants/Reimbursements				
VEDA grant		\$0.00		\$0.00
WOF grants -		\$0.00		\$0.00
WC - Lot 24		\$1,772,742.45		\$1,772,742.45
TICRC - Evatran R&D		\$210,062.45		\$210,062.45
TICRC - Lot 24		<u>\$421,343.30</u>		\$421,343.30
		\$2,404,148.20		
Reimbursements	\$1,366.50			\$1,366.50
		\$1,366.50		
Contributions/Events				
Contributions-WMC	\$200.00			\$200.00
Contributions-Fairview sign	\$0.00			\$0.00
Golf tournament-sponsorships	\$1,000.00			\$1,000.00
Golf tournament-participants	\$960.00			\$960.00
Awards luncheon sponsor	\$600.00			\$600.00
		\$2,760.00		
Interest Income				
SWAC loan interest	\$6,596.76			\$6,596.76
LGIP interest	\$118.09			\$118.09
MM interest	\$3,098.85			\$3,098.85
Other interest	\$3,064.18			\$3,064.18
		\$12,877.88		
Revolving Loan Fund				
RLF loan interest			\$0.00	\$0.00
RLF LGIP interest			\$797.73	\$797.73
RLF other interest			\$147.79	\$147.79
Total Net Revenue	\$178,594.77	\$2,404,148.20	\$945.52	\$2,583,688.49

—For Management Purpose Only—

Joint IDA of Wythe County
Revenue and Expenses
For nine-month period ending March 31, 2012
(continued)

Expenses Summary	General	Special	RLF	Total
Salaries	\$89,874.00			\$89,874.00
Directors salaries	\$4,725.00			\$4,725.00
Salary Related	\$25,823.08			\$25,823.08
Annual leave accrual	\$0.00			\$0.00
Contract Services	\$7,800.00	\$2,194,085.75		\$2,201,885.75
Copier	\$113.33			\$113.33
Advertising	\$605.20			\$605.20
Advertising – sponsorship	\$0.00			\$0.00
Postage	\$88.52			\$88.52
Telecommunications	\$1,805.06			\$1,805.06
Office supplies	\$145.25			\$145.25
Office rent	\$9,900.00			\$9,900.00
Meeting expenses	\$81.43			\$81.43
Subscriptions/books	\$38.60			\$38.60
Dues/membership	\$20,974.25			\$20,974.25
Depreciation expense	\$0.00			\$0.00
Hosting	\$0.00			\$0.00
Mileage	\$4,105.00			\$4,105.00
Lodging/perdiem	\$1,552.65			\$1,552.65
Conventions/education	\$660.00			\$660.00
Repairs & Maintenance	\$3.75			\$3.75
Park expenses	\$0.00			\$0.00
Surety Bond	\$236.25			\$236.25
Property Insurance	\$93.00			\$93.00
Public Officials/General Liab. Ins.	\$1,532.25			\$1,532.25
Office equipment	\$0.00			\$0.00
Utilities	\$913.86			\$913.86
Job Fair expense	\$0.00			\$0.00
Industry Appreciation Act.	\$1,550.34			\$1,550.34
Industry Appreciation-golf	\$40.00			\$40.00
Other Expenses	\$0.00			\$0.00
Purchase discounts	\$0.00			\$0.00
Interest Expenses (VSBFA)	\$6,601.55			\$6,601.55
WOF grants		\$0.00		\$0.00
Other grant expenses - R&D grant		\$210,062.45		\$210,062.45
RLF Closing & Other Expenses			\$0.00	\$0.00
RLF Bad Debt Expense				\$0.00
Total Expenses	\$179,262.37	\$2,404,148.20	\$0.00	\$2,583,410.57
Net Income	(\$667.60)	\$0.00	\$945.52	\$277.92

—For Management Purpose Only—

Joint IDA of Wythe County
Balance Sheet
 March 31, 2012

	<u>General</u>	<u>RLF</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash-petty cash	\$50.00	\$0.00	\$50.00
Cash-checking account	\$557,690.65	\$40,165.43	\$597,856.08
Cash-LGIP	\$106,506.46	\$719,498.52	\$826,004.98
Cash-MM	\$511,334.37	\$0.00	\$511,334.37
A/R-jurisdictions	\$24,830.15	\$0.00	\$24,830.15
A/R-contributions	\$630.00	\$0.00	\$630.00
A/R-other	\$150.00	\$0.00	\$150.00
Prepaid insurance	\$1,943.54	\$0.00	\$1,943.54
Total Current Assets	\$1,203,135.17	\$759,663.95	\$1,962,799.12
Inventory			
Inventory-land for sale	\$7,105,688.90	\$0.00	\$7,105,688.90
Inventory-buildings	\$0.00	\$0.00	\$0.00
Total Inventory	\$7,105,688.90	\$0.00	\$7,105,688.90
Property and Equipment			
Fixed assets-furniture/equip.	\$32,384.07	\$0.00	\$32,384.07
Accum. deprec.-equipment	(\$32,384.07)	\$0.00	(\$32,384.07)
Total Property and Equipment	\$0.00	\$0.00	\$0.00
Other Assets			
Deferred payment on land sale	\$0.00		\$0.00
SWAC Loan Balance	\$216,600.82		\$216,600.82
RLF Outstanding Loan Balance	\$0.00	\$0.00	\$0.00
Total Other Assets	\$216,600.82	\$0.00	\$216,600.82
Total Assets	\$8,525,424.89	\$759,663.95	\$9,285,088.84

Joint IDA of Wythe County
Revenue and Expenses
For nine-month period ending March 31, 2012
(continued)

Joint IDA of Wythe County
Balance Sheet (con't.)
March 31, 2012

	<u>General</u>	<u>RLF</u>	<u>Total</u>
LIABILITIES AND CAPITAL			
Current Liabilities			
Accounts payable	\$87,845.00	\$0.00	\$87,845.00
Accrued annual leave	\$11,118.68	\$0.00	\$11,118.68
Payroll taxes payable	\$3,904.32	\$0.00	\$3,904.32
Other liabilities-Lot 24 retainage	\$325,337.50	\$0.00	\$325,337.50
Deferred income - TICRC R&D	\$0.00	\$0.00	\$0.00
Deferred income - TICRC Lot 24	\$140,682.50	\$0.00	\$140,682.50
Deferred income - other	\$425.00	\$0.00	\$425.00
Total Current Liabilities	\$569,313.00	\$0.00	\$569,313.00
Long-Term Liabilities			
WC Lot 24	\$6,958,120.06		\$6,958,120.06
VSBFA loan/RD RLF Grant	\$216,600.82	\$500,000.00	\$716,600.82
Total Long-Term Liabilities	\$7,174,720.88	\$500,000.00	\$7,674,720.88
Total Liabilities	\$7,744,033.88	\$500,000.00	\$8,244,033.88
Capital			
Fund balance - BOY	\$782,058.61	\$258,718.43	\$1,040,777.04
Net Fund Change	(\$667.60)	\$945.52	\$277.92
Total Capital	\$781,391.01	\$259,663.95	\$1,041,054.96
Total Liabilities & Capital	\$8,525,424.89	\$759,663.95	\$9,285,088.84