

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY

Minutes of Meeting

June 27, 2013

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, June 27, 2013, 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
William Dixon
Foy Patton
David Kause

Tom Jones
Dana Pack
Jennifer Atwell

MEMBERS ABSENT

None

EX-OFFICIO MEMBERS PRESENT

C. Wayne Sutherland, Jr., Wytheville Town Manager

EX-OFFICIO MEMBERS ABSENT

R. Cellell Dalton, Wythe County Administrator
Michael S. James, Rural Retreat Town Manager

DETERMINATION OF QUORUM

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

CITIZENS' TIME

Chairman DiYorio asked if there was anyone present who would like to address the Board. There being none, Chairman DiYorio proceeded with the meeting. Chairman DiYorio welcomed Wayne Sutherland, Wytheville Town Manager, to the meeting.

INTRODUCTION OF NEW TOWN OF WYTHEVILLE BOARD MEMBER—DAVID KAUSE

Chairman DiYorio introduced and welcomed David Kause who replaced Carolyn Dankowski as the appointee from the Town of Wytheville. Mr. Kause gave the Board a brief synopsis of his employment background. The members welcomed Mr. Kause to the Joint IDA Board.

APPROVAL OF MINUTES—May 23, 2013

Chairman DiYorio asked if there were any corrections, additions, or questions regarding the minutes of the May 23, 2013, meeting and if there was a motion to approve the minutes as presented. Mr. Kause mentioned that there was an error as to where Ms. Dankowski relocated. He stated that she had moved to Nebraska instead of Oklahoma. There will be a correction made to the May 23 minutes. Chairman DiYorio asked if there were any other corrections to the minutes, there being none, Chairman DiYorio asked for a motion to approve the minutes as amended. Mr. Pack made a motion, seconded by Mr. Dixon, to approve the minutes as amended. With no further discussion, the motion passed unanimously.

APPROVAL OF INVOICES

Chairman DiYorio asked that Dr. Hawthorne explain the invoices so that Mr. Kause would understand what each item entailed. Dr. Hawthorne gave a brief explanation of the expenses for the month of June 2013 and answered questions presented by the Board regarding some of the invoices. Chairman DiYorio asked if there were any further questions or discussion regarding the invoices for June 2013, and if there was a motion to approve the invoices as presented. There being none, Mr. Pack made a motion, seconded by Mr. Jones, to approve the invoices for June 2013. With no further discussion, the motion passed unanimously.

Joint IDA of Wythe County Check Register For the Period From May 31, 2013 through June 30, 2013

Check #	Date	Payee	Amount
6820V	6-17-13	Branch Highways, Inc.	\$47,000.00
6871	5-31-13	Crigger Roofing and Siding	525.00
6872	6-17-13	Branch Highways, Inc.	47,000.00
6873	6-27-13	Alan R. Hawthorne	4,445.29
6874	6-27-13	Dana R. Pack	207.79
6875	6-27-13	Foy W. Patton	207.79
6876	6-27-13	Jennifer W. Atwell	207.79
6877	6-27-13	Kimberly B. Simmons	2,494.22
6878	6-27-13	Linda DiYorio	207.79
6879	6-27-13	Tom Jones	207.79
6880	6-27-13	Virginia M. Goodwin	1,698.16
6881	6-27-13	William M. Dixon	207.79
6882	6-27-13	Carolyn J. Dankowski	138.52

6882V	6-27-13	Carolyn J. Dankowski	-138.52
6883	6-27-13	David A. Kause	69.26
6883V	6-27-13	David A. Kause	-69.26
6884	6-27-13	Carolyn J. Dankowski	138.52
6885	6-27-13	David A. Kause	69.26
6886	6-27-13	Appalachian Power	73.22
6887	6-27-13	Alan Hawthorne - Reimbursement	443.67
6888	6-27-13	Anthem Southeast Dental	69.78
6889	6-27-13	Anthem Blue Cross and Blue Shield	2,163.67
6890	6-27-13	Branch Highways, Inc.	650,279.50
6891	6-27-13	CenturyLink	135.49
6892	6-27-13	County of Roanoke	1,000.00
6893	6-27-13	Kimber Simmons - Reimbursements	223.74
6894	6-27-13	ACS/BNY Mellon HSA	850.00
6895	6-27-13	Principle Life Insurance, Co.	42.81
6896	6-27-13	Robert G. Moore	1,100.00
6897	6-27-13	Virginia Goodwin - Reimbursements	36.60
6898	6-27-13	VML Insurance Program	2,585.00
6899	6-27-13	Wytheville Office Supply	144.16
6900	6-27-13	Xerox	21.00

Total **\$669,785.83**

OLD BUSINESS

LOT 24/LOT 30 UPDATE

Dr. Hawthorne updated the Board on the status of Lots 24 and 30. He noted that Lot 30 is close to completion with only eight more working days projected. Dr. Hawthorne added that the Tobacco Indemnification and Community Revitalization Committee (TICRC) has been invoiced for \$150,000 for the grant that was received for the Lot 30 project and that Wythe County had been billed for the balance of the invoice from Branch Highways. Dr. Hawthorne added that the remaining balance of the Lot 24 project provided by Wythe County has been invoiced and all other payments will be billed to the TICRC grant. His best estimate for the completion of Lot 24 is mid-August. He has spoken to Branch Highways regarding an event to celebrate the completion of the project and Branch Highways has agreed to sponsor the event. Dr. Hawthorne stated that tentative plans have been discussed to set-up tents and to also serve lunch. He added that various speakers and dignitaries would be invited and that there would be a ribbon cutting (or something similar) included in the festivities. He mentioned that there has been discussion of a media event in the morning with an open house being planned for that afternoon for the general public to take bus tours of the site. Dr. Hawthorne noted that this would be an excellent way to show the citizens of Wythe County what they have invested in. He stated that the event will more than likely occur around mid-September to allow a few weeks for the grass to begin to come up.

Dr. Hawthorne asked the Board if they would like to participate in such an event and if they agreed to allow the Joint IDA staff to contact necessary dignitaries and officials to see if they

would be available to attend and to begin planning for the festivities. Chairman DiYorio asked if there was a motion to allow the Joint IDA staff to begin preparation and send invitations to the Lot 24 event to be held in mid-September. Mr. Dixon made a motion, seconded by Mr. Patton, to allow the Joint IDA staff to begin planning the celebration of the completion of Lot 24. Chairman DiYorio asked if there was any discussion or questions regarding the motion. Mr. Kause asked where the buses would be parked. Dr. Hawthorne stated that parking etc., would have to be planned out once the lot is completed. With no further discussion, the motion passed unanimously.

MT. EMPIRE AIRPORT UPDATE

Dr. Hawthorne gave an update on the Mt. Empire Airport. He noted that on June 18, Chairman DiYorio, Mr. Pack, and he attended the Wythe County Board of Supervisors (BOS) Public Hearing regarding the Mt. Empire Airport. He noted that a presentation was made by the Joint IDA stressing the importance of the airport to economic development in Wythe County. He noted that the Wythe Manufacturing Council poll results regarding the airport were also reported to the BOS. Dr. Hawthorne stated that the motion to cut funding failed and that there was a continuance for further discussion. He added that there would be a joint meeting between the Wythe County Board of Supervisors, the Wytheville Town Council, the Smyth County Board of Supervisors, and the Marion Town Council, to further discuss the airport. Wayne Sutherland, Wytheville Town Manager, stated that the meeting would be held on Thursday, July 11 at 11:00 a.m.

Dr. Hawthorne emphasized to the BOS how important it was to have a good infrastructure for the manufacturers and industries in Wythe County. Chairman DiYorio noted that there were a total of about ten speakers at the hearing encouraging the BOS to keep the airport in their budget. Mr. Dixon asked where the negativity was coming from. Mr. Sutherland stated that the Mt. Empire Airport Commission is six years overdue in supplying an audit report and a business plan to their funding partners. Chairman DiYorio noted that there was a lack of communication between the airport commission and their funding partners, and she asked how the commission members were appointed. Mr. Sutherland stated that it was a pro-rata percent with Wythe County and the Town of Wytheville funding half of the local costs and Smyth County and the Town of Marion funding half of the cost.

Chairman DiYorio asked if there were other questions or concerns regarding the airport. There being none, the meeting was continued.

7X24 EXCHANGE DATA CENTER CONFERENCE

Dr. Hawthorne reported that he recently attended the 7x24 Exchange Data Center Conference in Florida. He noted that this was a big event with important key factors regarding data centers being highlighted at the conference. He added that in addition to himself, there was also attendance by representatives from American Electric Power (AEP) and Jill Loope, Acting Director of the Roanoke County Department of Economic Development, and the consultants who performed the qualification work for AEP. Dr. Hawthorne stated that he had the opportunity to have dinners and meetings with members of various groups of people including AEP, consultants, and company representatives who are heading the building of the data centers and various other contacts throughout the conference. He noted that the conference was very interesting and mentioned that even though neither AEP nor the Joint IDA had a specific booth, a table was provided for material to be placed regarding the data center sites in both Progress Park and Roanoke County. He added that many of the booklets and one page information sheets showcasing Progress Park were taken.

Dr. Hawthorne mentioned that Progress Park could be a prime location for a data center due to its location, which is approximately 200 miles away from Washington, DC. He noted that practically all of the fiber connections currently travel through Ashburn, VA, which is close to Washington, but not too close. He mentioned that since AEP emphasized and have been working hard on the data center designations, TVA Power has also implemented a qualification program for data centers. Chairman DiYorio asked if TVA had chosen or designated any locations or sites as meeting the data center criteria. Dr. Hawthorne stated that he was not sure if they had named any sites or if they had just listed the criteria.

WORKING SESSION HIGHLIGHTS—STRATEGIC PLANNING JOINT MEETING WITH JURISDICTIONS, JULY 2013

Chairman DiYorio mentioned that the next working session will be held on Thursday, July 11, 2013, at 3:00 p.m. until 5:00 p.m. at the Heritage Center located across the street from Spiller Elementary School. Dr. Hawthorne stated that Tom Elliott has offered to be the facilitator of the meeting. Chairman DiYorio added that the Council Members from both the Town of Rural Retreat and Wytheville, and the Wythe County Board of Supervisors will be invited to attend the working session.

OTHER

None

NEW BUSINESS

FY 2013-2014 BUDGET ADOPTION

Dr. Hawthorne discussed the proposed FY 2013-2014 budget. He noted that the proposed budget was and approved several months ago. The presented budget for final adoption contains a few revisions relative to specific line items. Dr. Hawthorne mentioned that there was an additional increase of \$508 in expenses health insurance premiums beyond what had been estimated. He further indicated that there is the potential for the Joint IDA to obtain coverage under the new health insurance exchange as early as January 1, 2014. He stated that the Joint IDA could switch over, but the exchange plans would have to be investigated first, when the information became available. Their current plan might be continued until June 30, 2014. As additional information becomes available this fall, he will brief the board on possible options.

Dr. Hawthorne added that the all other insurance premiums either decreased or stayed the same as last year. He mentioned that another component was that the Joint IDA will no longer offer long-term disability to its employees due to not qualifying for the benefit with the insurer. He recommended that the cost of the insurance premium be added to the employees wages to allow them the opportunity to purchase disability insurance if they desired. This option will be less attractive as the employees will have to pay income and FICA taxes on the premium amounts.

Dr. Hawthorne also mentioned that there had been changes on the revenue side of the budget due to the payment of the special dividend to the jurisdictions. He summarized by saying that the revenue and expense totals have not changed from the original proposed budget, just some

shifting of specific line items due to more accurate insurance cost information. Chairman DiYorio asked if there were any questions or comments regarding the budget and asked if there was a motion to approve the budget as amended. Mr. Dixon made a motion, seconded by Mr. Pack to approve the budget as amended. With no further discussion, the motion passed unanimously.

EXISTING INDUSTRY UPDATE—Kimber Simmons

Kimber Simmons, Joint IDA Associate Director, gave an update on the activity of the existing industries program. She commented that the unemployment had come back down from what it was in January. She added that she had made several visits to some of the existing industries and highlighted some of the information that she had collected from her visits. Ms. Simmons stated that current industries are showing some stabilization and small growth, increased efficiency, new products and new markets, and that some were talking about future expansion. Mr. Dixon asked if employees are being hired. Ms. Simmons noted that some of the companies are hiring. Dr. Hawthorne mentioned that a lot of the companies are concerned about the affordable health care program and the companies are making sure that their part-time employees are at or below 30 hours per week. Mr. Dixon discussed how the community colleges are handling the issues with part-time employees.

Ms. Simmons noted that some of the industries are facing some challenges such as uncertainty about future expansion, slow recovery in the construction industry, and difficulty in hiring and recruiting for positions requiring advanced skills. Mr. Pack asked if the community colleges were working on programs for advanced technology. Dr. Hawthorne noted that more technical programs may be what is needed. Mr. Dixon added that most of the engineering students/prospects usually move to where they could make more money. Dr. Hawthorne mentioned that Virginia Tech is currently working on a study for the Workforce Investment Board (WIB) regarding skills gaps in the area workforce between what is needed by the employers and what is available within the workforce, including an analysis of Science, Technology, Engineering, and Mathematics (STEM) skills supply and demand. He noted that the study should help the WIB strengthen the flow of various skill sets. Mr. Dixon stated that according to the literature that he had seen, many individuals are taking basic skills education classes when they first enter college. Dr. Hawthorne stated that some companies are doing on-the-job training instead of requiring college education classes for certain positions.

Ms. Simmons mentioned that she had also attended the Wythe Manufacturing Council meeting held in May, which included a presentation by Va Tech and the WIB. The meeting discussion was centered around information regarding the Skills Gap Analysis. She added that she had volunteered to assist with the Wytheville Community College Student/Alumni Career Fair on March 13 held at the Wytheville Meeting Center, and had attended the Wythe-Bland Substance Abuse Coalition meeting. Ms. Simmons will be attending the Southwest Virginia Alliance for Manufacturing (SVAM) breakfast being held on July 16 at Wytheville Community College. Ms. Simmons noted that she had assisted with the annual Industry Appreciation Golf Tournament, is updating the Virginia Scan site, has made an outreach to local Realtors, is filling out the Enterprise Zone annual report, and is working on website updates. She mentioned that Mr. Kause has offered to assist with the local trucking company updates for the website.

TICRC UPDATES

Dr. Hawthorne updated the Board on the activities of the Tobacco Indemnification and Community Revitalization Commission's (TICRC) and the status of the Tobacco Region Opportunity Fund (TROF) program. He noted that the TROF grant program was similar to the Governors Opportunity Fund program in that it was based on performance parameters of a company. Until recently, TROF grants were approved by the TROF committee, but now they must be approved by the entire Commission, and this could have an adverse effect on a project. He stated that the reasons for this change are unclear. He stated that the TICRC is working on ways to make the TROF program more efficient. Chairman DiYorio stated that the TICRC is engaged in trying to understand the problems and are talking with different individuals about the program. She noted that Tom Elliott, Executive Director of Virginia's aCorridor, is presently in Richmond working with individuals regarding the TROF program. Dr. Hawthorne stated that approximately one hundred grants had been issued through the TROF program and that Wythe County has received a significant number of those grants. He feels that we have always been able to work well with the TROF committee.

Dr. Hawthorne mentioned that the Southwest Economic Development committee (SWED) will be accepting grant applications through July and that he has been working with a project that may be able to qualify for this grant. He is working to see which funding opportunity will best fit the project. He added that he has been speaking with Wythe County regarding the proper site for the project. Dr. Hawthorne noted that he will apply for the SWED grant as a possibility for the project and that he would update the Board during the July meeting. Chairman DiYorio stated that she could get into the details regarding the TROF funds, but that the information would be lengthy and that the most important thing was for the TICRC to make sure that the localities get the funds quickly. She added that she would know more about the TROF grant funding after the September meeting of the TICRC.

PROJECT UPDATES

Dr. Hawthorne update the Board on project activity. He noted that he has been working with a company that involves Tobacco Region Opportunity Funds (TROF) and that he is working on a performance agreement with the company. The company is presently working to complete the information needed regarding the project. Once everything is completed there may be an event involving the TROF grant and other support partners to announce the project. Dr. Hawthorne mentioned that there was another significant proposal that he is putting together and that site options are being looked at. He added that there has been a pickup in activity from potential prospects in the past few months, which is very encouraging as the spring activity was much slower than expected.

OTHER

VEDA membership meeting June 5 - Kimber Simmons reported that she attended the Virginia Economic Developers Associations's membership meeting on June 5. She mentioned that the program was focused on "Smart Ideas to Market Your Community." She noted that some of the information discussed was the communities need to be consistent in their message with anyone

who may be marketing the community locally. She added that if the communities only have the time and money for a certain target that it should be centered on site selectors. She stated that site selectors are easy to find, but not necessarily inexpensive. Dr. Hawthorne added that both the regional and state representatives are focused on site selectors at the present time. He mentioned that two significant things going on in Wythe County at the present time are the marketing of Lot 24 and American Electric Power's (AEP) efforts in marketing data center sites. He noted that there are several site selectors who are now familiar with both Lot 24 and the qualification of Progress Park as a potential data center site, but that there was not as much activity going on at the present time as he would like to see. Ms. Simmons also mentioned that speed is an important factor for a projects progression once the decision is made for a site, noting that the companies expect to be ready to build as soon as possible. She added that a unique proposition needed to be communicated along with an important story of accessibility.

ADJOURN

There being no other business, Chairman DiYorio adjourned the meeting at 4:30 p.m.

Linda DiYorio, Chairman

Attest:

Virginia M. Goodwin, Secretary