

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
January 26, 2017

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, December 1, 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	Jennifer Atwell
Charlie White	Dicky Morgan

MEMBERS ABSENT

John Silva

EX-OFFICIO MEMBERS PRESENT

C. Wayne Sutherland, Jr., Wytheville Town Manager

EX-OFFICIO MEMBERS ABSENT

Stephen Bear, Wythe County Administrator
Jason Childers, Rural Retreat Town Manager

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 Bevel from the Virginia Employment Commission to the meeting and asked if there was anyone present who would like to address the Board. There being no discussion, Chairman Kause continued with the meeting.

JOSH LEWIS, VIRGINIA'S INDUSTRIAL ADVANCEMENT ALLIANCE – UPDATE

Josh Lewis, Executive Director of Virginia's Industrial Advancement Alliance (VIAA), formerly known as Virginia's @Corridor, gave a presentation on the changes being made in the organization. He explained the VIAA's new initiatives, how and when the organization was original formed and how it is operated, and explained how the VIAA will be working for the region in the future. Mr. Lewis showed the Board an informative presentation which included a view of the new website for VIAA. The Board thanked Mr. Lewis for his presentation and stated that they looked forward to working with him in the future. Mr. Lewis thanked the Joint IDA for being a good partner with VIAA.

APPROVAL OF MINUTES—December 1, 2016

Chairman Kause asked if there were any questions or discussion regarding the December 1, 2016, meeting minutes. Mr. Mabe made a motion, seconded by Mr. Morgan, to accept the minutes with corrections as presented. With no further discussion, the motion passed unanimously.

FINANCIAL REPORTS AND APPROVAL OF INVOICES

Chairman Kause asked if there were any questions or discussion regarding the financial reports for December and January. Mr. Mabe had a question regarding the year-to-date figure of the Professional Development and Education expenses. He stated that he knew that the JIDA Staff were trying to keep up on education throughout the year and asked if there were any plans to continue with education throughout the rest of the year. Mr. Manley explained that the JIDA Staff has won some scholarships that have offset the normal spending which would change the equation a bit. He added that there are more educational classes coming up soon and mentioned that some of the classes needed are not offered every year, so he must take what is available. Mr. Carpenter asked if education was the only expense that goes toward that category, and not driving, room and board, etc. Mr. Manley stated that he had spoken to the auditor and he had stated that categorization was left to the discretion of the JIDA Director. He mentioned that generally is was just the expenses for education and mileage and that normally meals, hotels, etc., were broken out separately. Mr. Carpenter stated that maybe all expenses for education should be lumped together and maybe the other funds can be reported together. Mr. Manley agreed to investigate how that would affect the budget.

Mr. Carpenter stated that he had questioned the CenturyLink bill and with the credit card. He noted that Ms. Crockett assured him that everything was corrected along with a reclassification for a check for employee reimbursement. Mr. Carpenter noted that it was only for clarification. Mr. Mabe noted that he liked the fact that the food items used at the Christmas open house were spread among the vendors of the area.

Mr. Kause asked if there were any further questions or concerns and if there was a motion to approve the invoices. Mr. White made a motion, seconded by Mr. Mabe, to approve the payment of invoices. With no further discussion, the motions passed unanimously.

**Joint IDA of Wythe County
Check Register
For the Period from December 1, 2016 through December 31, 2016
January 1, 2017 through January 31, 2017**

Check #	Date	Payee	Amount
EFT	12-28-16	Appalachian Power Company	129.25
EFT	12-28-16	CenturyLink	193.60
EFT	12-28-16	First Bank MasterCard	902.37
EFT	12-28-16	Robert G Moore	1,100.00
EFT	12-28-16	Xerox	65.60
7452	12-28-16	Radford University	125.00
7453	12-28-16	Robinson Farmer Cox	4,800.00
7454	12-28-16	SVAM	50.00
7455	12-28-16	Town of Wytheville	17,657.82
7456	12-28-16	Virginia M. Crockett	20.36
7457	12-28-16	W-W-B Chamber of Commerce	136.50
EFT	1-26-17	Appalachian Power Company	194.70
EFT	1-26-17	CenturyLink	193.56
EFT	1-26-17	First Bank MasterCard	2,373.82
EFT	1-26-17	Robert G. Moore	1,100.00
EFT	1-26-17	Xerox	31.43
7458	1-26-17	David Manley	630.28
7459	1-26-17	Mt. Rogers Development Partnership	7,308.75
7460	1-26-17	Town of Wytheville	22,876.10
Total			\$ 59,889.14

STAFF REPORT – ASSOCIATE DIRECTOR

Workshops

DHCD Community Revitalization Office Roadshow – January 19 at the Wytheville Meeting Center

Meetings

Business Services Unit

CRIFA

Jordan Snelling (DHCD – Enterprise Zone)

Properties –

Commercial Real Estate Agents

Eric Crowgey

K-Mart/Mountain View Square Shopping Center

Simply Home

Smith Enterprises

Retail Strategies

Revolving Loan Fund Applicants & Inquiries

Wythe-Bland Young Professionals and steering committee

Wythe Manufacturing Council

A WMC meeting is scheduled for February 16 at Wytheville Community College in Fincastle 123 from 12-1pm. Perry Hughes will give a short presentation and a tour of the machining facilities, but the main focus will be round table discussion for the manufacturers. Lunch will be provided by the JIDA.

Manufacturing Career Fair

The career fair will be held on March 8 at the Wytheville Meeting enter from 9am-12pm. We are working to recruit manufacturers in the region who are or will be hiring.

STAFF REPORT – EXECUTIVE DIRECTOR

New or Expanding Business Activity

- Responded to inquiries from
 - Appalachian Power Co.
 - VIAA
 - Downtown Business owners
 - Alternative energy company
 - Int'l business consultant
 - VEDP
 - Site selection consulting firm

Business Contacts and Meetings

- Aviva Shapiro Frye, Virginia-Israel Advisory Board
- VEDA Board of Directors meeting
- VEDA legislative reception
- VEDA day at the Capitol
 - Legislators visited by SW delegation (Lewis, Harris, Manley): Sen. Carrico, Sen. Chafin, Del. Campbell, Del, O'Quinn, Del. Kilgore (Del. Pillion after the fact)
- Organized meeting between Branch Botanicals and Appalachian Power Co. engineering
- SVAM-CoE board conference call
- VEDA public policy update and webinar
- Raki Wright with the O'Connor group about expanding website; reworking news section
- Brokered and participated in multiple calls and meetings with land owner/developer for major project
- Rosa Lee Jude, Wytheville CVB/Tourism Director
- Scot Farthing, County Attorney
- Kimber Simmons, NR/MR Workforce Investment Area
- Matt Petro, Retail Strategies
- Josh Lewis, Virginia's Industrial Advancement Alliance
- International business prospect (x2)
- Many Jane Umberger, HR Alliance LLC
- Downtown Wytheville Economic Vitality Committee

- Stephen Bear, County Administrator
- John Smolak, Ec. Dev. Director – AEP
- Dan Tolley, Branch Botanicals
- Chuck Johnson, Acrylife
- Eric Crowgey
- Lori Deel, Smyth County Economic Development Director
- Stephanie Surrent, SVAM CoE
- Jay Langston, VEDP
- Katherine Goodwin, VEDP
- Lennie Gail Dunlop, SVAM
- Barbara Sewell, Three Rivers Media
- Todd Wolford, Downtown Wytheville, Inc.
- Rob Catron, Alcalde & Fay
- Debbie Melvin, VJIP/VEDP/VEDA
- Connie Long, VEDA
- Mark Bloomfield

Other Activities

- Project update with VEDP (can discuss in closed session if board wishes)
- New RFI for Project DOL
- Two in-person prospect meetings this week
- Finished draft of Tactical Marketing Plan
- Developing 2016 annual report; updating data and activities
- Updated VEDP announcement database through end of calendar year
- Update website section on Enterprise Zone
- Began budget planning for FY 17-18
- Appeared on Danny G. morning show – WYVE
- Appeared on Thom Moore morning show – WYVE
- Reviewed and edited minutes
- Reviewed financial reports credit card reconciliation
- Loan committee meeting
- Met with two loan applicants
- WC BOS Economic Development Committee
- WC BOS regular morning meeting

Retail Strategies [OTHER]

- Second quote gotten from The Retail Coach
- Circulated to Chief Administrative officials late December
- No movement, no comments since

Upcoming

- Joint Governing Bodies meeting – 1/30/2017
- Visit from Stephen Moret, CEO of VEDP – 2/8/2017-2/9/2017
- Manufacturing Career Fair – March 8, 2017 @ Wytheville Meeting Center

OLD BUSINESS

MARKETING PLAN UPDATE

Mr. Manley stated that prior to the meeting he had emailed an individual copy of a draft of the Marketing Plan and that each Board member should also have a paper copy that was passed out. He noted that he did not expect any discussion on the plan today, but it is the third draft and he asked that all members look it over and come back with comments before the next meeting. If comments can be received before the next meeting the plan can be altered and perhaps adopted at the February meeting.

HOLIDAY OPEN HOUSE – UPDATE

Mr. Manley noted that the Holiday Open House was a tremendous success with lots of positive feedback. The guests sat and talked for a long time. He added that he thought it was a very festive event and everyone enjoyed their time together. Food was sourced from local vendors.

NEW BOARD MEMBER APPOINTMENT

Mr. Manley noted that there is nothing to report on a new board member. He mentioned that there still has not been an appointment by the County, although it was on the Board agenda, no action was taken and action may not be taken anytime in the near future according to the County.

TENURE AWARDS LUNCHEON REMINDER

Mr. Manley reminded the Board that the Tenure Awards Luncheon will held at lunch time prior to the February 23 Board meeting. He noted that communication has gone out to the awardees and awards have been ordered. He added that official invitations will be sent to the Board members and the jurisdiction members shortly. Mr. Carpenter asked about the location. Mr. Manley that it would be at the Bolling Wilson Hotel ballroom again this year. Our chief event sponsor, Mr. Roop enjoyed having it there for the past two years.

Mr. Manley mentioned that the Joint IDA Board planned on presenting Mr. Danny Gordon with a resolution and instead of having it done at a regular Board meeting, he felt that it would be more appropriate to present it to Mr. Gordon at the Tenure Awards Luncheon. The Board agreed.

RETAIL CONSULTING STATUS

Discussed earlier in the meeting. No changes, nothing to report.

OTHER

None

NEW BUSINESS

REVOLVING LOAN FUND COMMITTEE RECOMMENDATION

Rock Star Gems – Mr. Matthews stated that he would like to begin with the micro loan from Rock Star Gems. They are asking for \$5,000 and being a micro-loan it is an 18-month term with zero percent interest. The loan is

to basically expand her inventory and to increase available working capital to counterbalance general startup costs.

Chairman Kause stated that the Revolving Loan Committee had acted to approve the loan for Rock Star Gems. Ms. Atwell asked about StartUp Wythe In and Mr. Carpenter asked if they won anything from that program. Chairman Kause added that they were not a winner in that contest. He mentioned that the support of this business with the potential to add a couple of jobs over the next few years is something that the Joint IDA as an organization was designed to support and obviously, we have the working capital to support them with. He asked if there were any questions or discussion regarding Rock Star Gems. Mr. Carpenter asked about the revolving loan debt of \$30,000, is it bank security. Mr. Mabe asked why she brought the amount down of the loan down from \$7,000 to \$5,000. Mr. Matthews answered that she decided to take it down to \$5,000 to acquire the 18-month term with no interest. Ms. Atwell asked if the assets were owned or just values, such as the real estate. Mr. Matthews answered that the committee -- taking in the totality of the income statement -- had no concerns in that area. Additionally, since no subject property was needed as collateral the committee saw no impact. Mr. Carpenter asked about total liabilities being \$3,101,800. It was answered that the three was not fully scribbled out on the handwritten application and that the actual the liabilities were \$101,800. Mr. Morgan asked about the business plan. Chairman Carpenter stated that the committee thought that Rock Star Gems would be able to handle the \$195.00 per month repayment, which is paramount in the weighing of granting the loan. Mr. Morgan asked if collateral was needed. Mr. Manley stated that for the microloan it was not required. Mr. Carpenter asked about the \$30,000 revolving loan debt. Chairman Kause stated he understood it to be was credit card debt. Mr. Manley added that credit cards are typically recognized as revolving loan credit. Chairman Kause asked who was in favor of the loan. All Board members voted in the affirmative to make the loan.

Wiffle Pops – Mr. Matthews explained that the next loan was for Wiffle Pops and noted they were in the Startup Wythe In competition and received \$10,000 as first prize winner. He stated that they purchased some manufacturing equipment with those funds, but they have an additional list of equipment that they are looking to purchase to round out their storefront operation. Wiffle Pops has applied for a \$5,000 micro-loan and a \$20,000 long term loan. They are willing to put the equipment they are purchasing up for collateral. The committee chose to go ahead and approve the micro-loan of \$5,000 and then for the \$20,000 request on the 10-year term, there would be approval for up to \$20,000 with demonstrated collateral. Mr. Matthews stated that what they could show estimates for or invoices for the committee felt comfortable with approving. Mr. Manley stated that the approval essentially meant that if the equipment ended up being valued at \$18,000, they would receive \$18,000 and if it is \$20,000 plus, they would only receive up to the \$20,000 secured with the collateral. Chairman Kause mentioned that this is how others' loans have been handled. Ms. Atwell mentioned that the application is in both of their names then asked whose salary was used in the financial statement. Mr. Matthews stated that it is only Ms. Temple's salary was taken into account. Mr. Temple is listed as a co-applicant, but her information is being used in the loan underwriting.

Chairman Kause mentioned that the thinking and discussions in committee reflected that they have acquired a storefront pursuant to their agreement with Downtown Wytheville as part of Startup Wythe In. He added that the need for the freezer is understood, displays, and other items for the store. He believes that a lot of the \$20,000 will cover those expenses of the things they will need to buy to open in the storefront retail location. Mr. Matthews mentioned that there is a section of notes that list the equipment that they have already purchased with other funds. They do have approximately \$19,000 worth now. Chairman Kause asked again where the shop will be located. Mr. Matthews mentioned that it will be across the street from the former Petals location on Tazewell Street in space owned by Mark Secrest. Formerly, the area was the appliance display area for Kincer Miller Hardware. Mr. Mabe asked if there was any projection on how many jobs will be incorporated with this business. He noted that he knew the other one would have two full-time and two part-time. Mr. Matthews mentioned that in looking through the business plans, he does not believe that they have an outline

of the number projected and that family labor was instrumental in their model. Mr. Mabe stated that since they are working full-time jobs, that this business will be in addition to their jobs. Mr. Morgan asked if when they are at their full-time jobs, someone will be looking after the shop. Mr. Manley answered that as he understands they will be doing vending out and about on the streets also and at special, so there will be employees out selling remotely for the store.

Mr. Matthews explained their product line that they will be doing the popsicles and one of the pieces of equipment that they have already purchased allows them to also create gelato, so they will be able to do both the popsicles, gelato, and they have purchased an espresso machine. He added that they will be able to offer coffee products. Mr. Matthews mentioned that they are making strong efforts towards being a dessert/treat kind of destination. Dr. White asked if it would be basically a summer business. Mr. Matthews pointed out that they have their sales projections listed in the packet and he believes they are aware of when their product will be more popular. Mr. Mabe added that it looks as though they have noted their peak seasons to be between May through October based on their estimates. Mr. Matthews mentioned that they have not determined if they will keep the storefront open for the full year or if they will just be opened seasonally. Chairman Kause also mentioned that they sell at the Farmer's Market.

Mr. Carpenter asked if the committee felt comfortable with the loan. Mr. Manley answered that with the collateral that is going to be required, they did not see much risk. Chairman Kause noted that the committee recommended the approval of the micro-loan with no questions asked and then the \$20,000 approval would be (as Mr. Manley stated) contingent upon proving collateral. For example, if they only have \$18,000 collateral they will receive \$18,000, if more than \$20,000 in collateral they will receive the full \$20,000. He added that they stated in their application that the equipment they are purchasing would be easily resold.

Chairman Kause asked if there was any further discussion and if not he would call for a vote for yes or no. There will be two separate votes. The first vote will be for the micro-loan, all Board members voted yes. Mr. Carpenter asked what their winning amount from Startup Wythe In was, it was answered that it was \$10,000. The second vote for the up to \$20,000, was a no from Mr. Mabe, and yes from Ms. Atwell, yes from Chairman Kause, yes from Dr. White. Mr. Carpenter asked if they had considered leasing the equipment and not purchasing. Mr. Manley stated they were looking to purchase. Mr. Carpenter answered yes. Mr. Morgan had concerns, but thought that if there was reasonable collateral then he thought the Board should give it a try and he voted yes.

There was further discussion regarding who is responsible for deciding to repossess equipment. Mr. Manley stated that he would administer the loan in a responsible manner. Rural Development of the US Department of Agriculture funding the core money of the Revolving Loan Fund and it was expected that not every loan would succeed. Ms. Atwell noted that there was a default previously, prior to Mr. Manley's tenure. There was further general discussion regarding the loan program. Mr. Manley noted he would endeavor to find legitimate fair market value for reselling like equipment in calculating collateral.

ANNUAL REPORT DRAFT

Mr. Manley mentioned with the high level of activity during the past few weeks he does not have an annual report to distribute at the current time. It is being produced and when completed it will be emailed to all Board members and then it will be circulated only upon Board approval.

OTHER

None

PROJECT UPDATES

Mr. Mabe made a motion to enter into a closed session as permitted by the Code of Virginia Section 2.2-3711(a)(5), also known as the Virginia Freedom of Information Act, to discuss undisclosed, unannounced projects. The motion was seconded by Ms. Atwell, and passed unanimously. The meeting entered discussion in closed session.

Upon conclusion of the closed meeting, Mr. Mabe made a motion, and Dr. Carpenter seconded, that the Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat, certifies that, in the closed meeting, nothing was discussed except the matter (1) specifically identified in the motion to convene in a closed meeting and (2) lawfully permitted to be so discussed under the provisions of the Virginia Freedom of Information Act cited in that motion. The motion was seconded by Mr. Carpenter, and passed via unanimous roll call vote.

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Joint Industrial Development Authority of Wythe County, Wytheville and Rural Retreat has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia requires a certificate by the Joint Industrial Development Authority of Wythe County, Wytheville and Rural Retreat that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Joint Industrial Development Authority of Wythe County, Wytheville and Rural Retreat, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certificate resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Joint Industrial Development Authority of Wythe County, Wytheville and Rural Retreat.

Motion was passed with the following roll call vote:

The following roll call vote was required after the motion for certification:

AYES:	David Kause	Wes Mabe
	David Carpenter	Dicky Morgan
	Charlie White	Jennifer Atwell

NAYS: None

ABSENT DURING MEETING: John Silva

ABSENT DURING VOTE: John Silva

ADJOURN

There being no other business, Chairman Kause adjourned the meeting at 5:00 p.m.

David Kause, Chairman

Attest:

Virginia M. Crockett, Secretary