

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
July 26, 2018

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, July 26, 2018, at 3:00 p.m. in Council Room of the Wytheville Municipal Building at 150 East Monroe Street, Wytheville, Virginia.

MEMBERS PRESENT

David Kause, Chairman
Wes Mabe, Vice Chairman
Charlie White
David Carpenter
Dicky Morgan
Matthew Clarke

MEMBERS ABSENT

None

VACANCY

Representative from Town of Rural Retreat

EX-OFFICIO MEMBERS PRESENT

C. Wayne Sutherland, Jr., Wytheville Town Manager
Stephen Bear, Wythe County Administrator

EX-OFFICIO MEMBERS ABSENT

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. Vice Chairman Mabe offered the invocation and Dr. White led the Pledge of Allegiance.

CITIZENS’ TIME

Chairman Kause welcomed Jennifer Atwell, Wytheville-Wythe-Bland Chamber of Commerce Director, Wayne Sutherland, Manager, Town of Wytheville, Patricia Bevel, Virginia Employment Commission, Dr. Beth Taylor, Mayor of the Town of Wytheville, Mark Bloomfield, Wytheville Town Council Member, Stephen Bear, Wythe County Administrator, to the meeting. Chairman Kause asked if there was anyone who would like to address the Board. Ms. Bevel gave information on the VEC’s upcoming Employer Conference to be held at the Wytheville Meeting Center and invited the JIDA Board to attend. With no other comments, Chairman Kause continued with the meeting.

ELECTION OF OFFICERS FOR FY 2018-2019

Chairman Kause opened the floor or nominations and asked if there was a motion to nominate new officers or to leave the officers as they are now for the 2018-2019 fiscal year. Dr. White made a motion, seconded by Mr. Morgan, to leave the officers as they are for the 2018-2019 fiscal year. With no further discussion, the motion passed unanimously.

APPROVAL OF MINUTES—July 26, 2018

Chairman Kause asked if there were any questions or discussion regarding the minutes from May 2018 and he asked for a motion to approve. Mr. Morgan mentioned that he needed to be changed from “not attending” to “attending” the meeting. Mr. Morgan made a motion, seconded by Mr. Clarke, to approve the July 2018 minutes as corrected. With no further discussion, the motion passed unanimously.

FINANCIAL REPORTS AND APPROVAL OF INVOICES

Chairman Kause asked if there were any questions or concerns regarding the invoices or reports for June and July 2018. Mr. White made a motion, seconded by Mr. Morgan, to approve the invoices for June and July 2018. With no further discussion, the motion passed unanimously.

**Joint IDA of Wythe County
Check Register
June 1, 2018 through June 30, 2018**

Check #	Date	Payee	Amount
EFT	6-28-18	Appalachian Power Company	94.11
EFT	6-28-18	CenturyLink	159.34
EFT	6-28-18	First Bank – MasterCard	1,275.80
EFT	6-28-18	Robert G. Moore	1,100.00
EFT	6-28-18	Xerox Corporation	111.94

7572	6-28-18	Wythe County Technology Center	300.00
7573	6-28-18	Town of Wytheville	16,890.89
7574	6-28-18	West Wind Farm	665.00
7575	6-28-18	Wytheville Office Supply	65.98
7576	6-28-18	Yard Barber Landscape	230.00
Total			\$ 20,893.06

**Joint IDA of Wythe County
Check Register
July 1, 2018 through July 31, 2018**

Check #	Date	Payee	Amount
EFT	7-26-18	Appalachian Power Co.	108.16
EFT	7-26-18	CenturyLink	162.68
EFT	7-26-18	First Bank – Mastercard	2,602.60
EFT	7-26-18	Robert G. Moore	1,100.00
EFT	7-26-18	Xerox Corporation	75.19
7577	7-26-18	Town of Wytheville	23,775.67
7578	7-26-18	VACORP	1,843.00
Total			\$ 29,667.30

STAFF REPORT – ASSOCIATE DIRECTOR

Meetings

B2B Engage – Continued Client Management Software Training
Business Services Unit
Downtown Wytheville Economic Vitality Committee
Enterprise Zone – DHCD Discussion – Annual Report & Boundary Amendment
Industry Wages and Benefits Survey Planning/Follow up
MED – Frank Castanon
Properties - Commercial Real Estate Agents
Property Owners
Retail Coach
Revolving Loan Fund Recipients and possible applicant
Schaffner – Judy Cox
Small Business Assistance
VEDP – Pandey Brazeau, Plastics/Composites Tour Planning
VIAA Site Selector Visit
Virginia Tourism Corporation on the Road Show
Wythe-Bland Young Professionals and Steering Committee
Wytheville-Wythe-Bland Chamber of Commerce – Collaboration Discussion

STAFF REPORTS – DIRECTOR

Executive Director's Activity Highlights for period ending July 25, 2018

New or Expanding Business Activity

- **Responded to inquiries from**
 - VEDP
 - VIAA
 - Entrepreneurs
 - Commercial real estate brokers
 - Developers

- **Business Contacts and Meetings**
 - Wythe County BOS Economic Development Committee
 - Stephen Bear, County Administrator
 - Dan Tolley, Branch Botanicals
 - Scott Bortz, Peed & Bortz
 - Josh Lewis, VIAA
 - John Smolak, AEP
 - Downtown Wytheville Economic Vitality Committee
 - Kim Ellett, VEDP compliance
 - Kara Hart, VEDP Asst. General Counsel
 - Joe Gillespie, VEDP BRE
 - Pandy Brazeau, VEDP
 - Sandy McNinch, VEDP General Counsel
 - Scot Farthing, Wythe County Attorney
 - Aaron Farmer, The Retail Coach
 - Peter Patel, developer and hotelier
 - Mariya Hurwitz, PepsiCo
 - Katherine Goodwin, VEDP
 - David Clark, Seven Sisters Brewery
 - Carter Pennington, Helheim
 - Scott Mecimore, JIDA board appointee
 - Mike Demasi, SP Global
 - Tony Demasi, SP Global
 - Michaela Martin, VEDP
 - Randy Rose, VEDP
 - Jeff Sadler, DHCD
 - Telly Tucker, City of Danville
 - John Kilgore, Scott County

Noteworthy or Other Activities

- End of year report and Q&A w/ Board of Supervisors
- Preparation of work plan for FY 18-19
- Budget work

- Secretary of Commerce and Trade visit
- Site selector visit and tour
- Reviewed and edited minutes
- Reviewed financial reports
- Developed reports for BOS end of year meeting; updating economic benchmarks
- Developed reports for Joint Governing Bodies meeting
- Prepared orientation for Scott Mecimore
- Credit card reconciliation
- Revolving loan fund work, committee meeting, letters sent to delinquent borrowers
- Business plan development work with Helheim
- Project updates with VEDP
- VEDA summer meeting in Danville

Upcoming

- Joint Governing Bodies 7/31/2018

OLD OR UNFINISHED BUSINESS

ADOPTION OF BUDGET

Mr. Manley explained that the Board has a proposed operating budget for FY 2018-2019. It is largely the same as the one circulated in February. The appropriations are reflective of what was granted by the three local governments. Mr. Manley spoke with Chairman Kause and Mr. Carpenter about the budget previously.

Mr. Carpenter made a motion, seconded by Mr. Clarke, to approve the budget as presented. With no further discussion, the motion passed unanimously.

REVOLVING LOAN FUND UPDATE

Mr. Manley noted that there are two Revolving Loan Fund applications that needed to be acted upon. The first agreement is for Matt and Tessie Temple. Mr. Matthews worked with them on the application, so he can answer any questions regarding the loan. Mr. Manley stated that the Temples are a current borrower through their business, Wiffle Pops. The company has a short-term entrepreneurial loan and a longer-term loan for equipment. Wiffle Pops is in a growth mode currently as it has secured a contract with Virginia Tech to provide cold treats at the football games this fall. They will be operating three locations around the stadium. Mr. Manley stated this added venue and expanding in-store services will require the business to add production equipment. Mr. Manley said the Temples have applied for \$20,000 over ten years. The committee thought this would be a bit of a long-term arrangement. He added that the counter proposal from the committee was a consolidated loan for a seven-year term at 0.75% under prime. The total of the loan would be \$37,695.16, of that \$17,695.16 is the amount of the previous loan. Mr. Manley mentioned that the Temples have made payments on time every month and are conscientious borrowers.

Mr. Carpenter asked what the current term was. Mr. Manley answered that it was a ten-year loan at 3.25 percent. Mr. Carpenter added that it would decrease the loan by three years. Chairman Kause noted that the short-term loan would be paid off in two months. Mr. Manley noted that the loan would be accelerated to a more palatable term for this type of business. Mr. Carpenter asked if it was still under prime. Mr. Manley

answered yes. Mr. Carpenter asked if the committee's recommendation was to approve. Mr. Manley answered they recommended approval of a seven-year term at .75 percent under prime. Chairman Kause stated that the committee thought it was best to combine the two and that there was adequate collateral. He mentioned that the committee believed that this would be one of the businesses that could be helped to stay successful. Mr. Manley noted that there was a job creation element. Mr. Matthews answered that there would be one new full-time and two part-time positions added. Vice Chairman Mabe asked if the contract with Virginia Tech was just for one year. Mr. Manley stated that he understood that food vendors are short-term. Mr. Morgan asked if they were going to hire part-time employees to do that. Mr. Manley answered that they will hire one full-time and two part-time employees and then they will staff it however they will need to with the employees they have. Mr. Mabe asked if the current loan was up-to-date. Mr. Manley answered that the Temple's pay promptly every month. Dr. White asked about their income and how they could make \$95,000. He asked if that was made from outside and if it included what they made from the business. Mr. Manley answered that it was the income from both husband and wife and that they do not pull a salary from the business. Mr. Manley asked Ms. Atwell, a member of the loan committee, if she had anything to add. Ms. Atwell mentioned that after their financials were reviewed, nothing was surprising with a new startup business.

Mr. Carpenter asked if there was a motion needed to approve. Mr. Manley stated yes. Mr. Carpenter made a motion, seconded by Mr. Morgan, to accept the application as recommended by the Committee. With no further discussion, the motion passed unanimously.

Mr. Manley presented the information for the second loan. He mentioned that he had been working with Carter Pennington closely during the past two to three months helping him put together a business plan. Mr. Pennington and Jock Songer have operated a haunted attraction in Hillsville for the last three years and prior to that they were involved in the Major Graham Mansion Haunted attraction. Mr. Manley explained that Mr. Pennington and Mr. Songer saw an opportunity to expand their business on the eastern end of Wythe County off exit 77 in the former Galewinds amusement center. Mr. Manley mentioned that they have leased that property and have been making improvements since this past Spring. Their prior attractions were profitable each year and they have an aggressive growth plan. This portion of the property upfit is an \$11,000 project. They are investing \$6,000 of their own money and the Committee recommended their approval for a \$5,000 micro-loan. The Committee feels confident that even if they made what they have in the past they will be able to pay this loan back easily. Mr. Pennington and his wife, Angela, both work for the Town of Wytheville. He added that safety is their number one priority, and they're making investments for that. Mr. Morgan asked if their business was seasonal. Mr. Manley answered that it is, but their business plan calls for growth over the next two to three years to make it a year-round attraction. After limited additional discussion regarding operation and property lease Vice Chairman Mabe made a motion, seconded by Mr. Morgan, to approve the loan as submitted. With no further discussion, the motion passed unanimously.

Mr. Manley reported on the existing loans. He mentioned that there are three delinquent loans, although one did make a payment today. Mr. Matthews mentioned that Ms. Rodgers would like to make payments of \$200 every other week and stated that she is currently working with her bank to be able to do that through automatic funds transfer. Mr. Manley added that he mailed a letter to Sarah Yelton from Root'd Threads and to Vivian Womble, former owner of Coffee and Crumbs, giving them an August 14 deadline to make a payment or means to collect the loans will commence. The Board will be informed of the status of those two loans. Mr. Manley reminded the Board of the discussion during the last meeting regarding Mr. Jensen. He stated that Mr. Jensen did declare bankruptcy and was discharged from all debt. It was a Chapter 7 liquidation with no assets.

Mr. Manley discussed the new report on delinquent accounts that will be distributed each month.

OTHER

None

NEW BUSINESS

SITE SELECTOR VISIT WITH VIAA

Discussed during staff reports.

ENHANCED PROJECT CREDIT REQUIREMENTS AT VEDP

Mr. Manley reported that the Virginia Economic Development Partnership has adopted a more in-depth credit policy. The Joint IDA of Wythe County will also be adopting the same standards of VEDP with projects. JIDA staff created a questionnaire and submitted it to VEDP and they showed their appreciation because they did not yet have a form developed to use that asked various questions. Mr. Manley said the questionnaire requested a wide array of information that was now required as investigative work/due diligence for projects seeking incentives. The form was used for the first time a couple of weeks ago. It has not been returned yet, but he anticipates that it will. The form is a very thorough questionnaire that should make credit analysis and the due diligence process more orderly.

FY 2018-2019 WORK PLAN

Mr. Manley mentioned that the Wythe County Board of Supervisors asked him to present a report on all the Joint IDA’s 2017-2018 work and the plan for 2018-2019. He was also asked to give information on why projects were lost. Mr. Manley shared what limited reasons he was given in open session at the Board of Supervisors meeting. He presented a new work plan and recapped what happened since the Annual Report in February and the Joint Governing Bodies presentation at the end of April. The Board was given a copy of the updated report that will be presented at the July 30 Joint Governing Bodies meeting. Mr. Mabe asked what time and where the Joint Governing Bodies meeting would be held. Mr. Manley answered that it would be on Monday, July 30, at 7:30 pm at the Wytheville Meeting Center. The report will be presented in writing since he and Mr. Matthews have a prescheduled conference to attend.

Mr. Manley also mentioned that the Board had a copy of a letter from Brian Ball, Secretary of Commerce and Trade for the Commonwealth of Virginia thanking the JIDA staff for their hospitality during the VIAA visit.

OTHER

None

PROJECT UPDATES

None

CLOSED SESSION AS PERMITTED BY CODE OF VIRGINIA §2.2-3711(A)(5)

None

ADJOURN

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

David Kause, Chairman

Attest:

Virginia M. Crockett, Secretary