

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
March 23, 2017

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, March 23, 2017, 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
Wes Mabe, Vice Chairman
David Carpenter
Dicky Morgan
Matthew Clarke

MEMBERS ABSENT

John Silva
Charlie White

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

DETERMINDATION 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 Jennifer Atwell, Wytheville-Wythe-Bland Chamber of Commerce Executive Director to the meeting. Chairman Kause asked if there was anyone who would like to speak during citizens' time. There being none, he continued with the meeting.

APPROVAL OF MINUTES—February 23, 2017

Chairman Kause asked if there were any questions or discussion regarding the February 23, 2017, meeting minutes. Chairman Kause noted that there was a spelling error on page 48 where Mr. Carpenter's name is plural. The changes will be made by staff. Mr. Carpenter made a motion, seconded by Mr. Mabe, to accept the minutes with the stated correction 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 concerns regarding the financial statements for February 2017. Mr. Carpenter mentioned that on the financial statements it shows that office supplies are over budget and equipment and technology is way under. He asked if something had been miscoded. Mr. Manley stated that figures are estimates based on previous years' expenses and that office supplies are a little underestimated. Mr. Carpenter asked if there was anything placed in office supplies that could be moved to equipment. Mr. Manley stated that it had not been misplaced. Mr. Manley stated that a budget amendment could be made to move funds from one to another to keep it under the one-hundred percent. Mr. Carpenter asked about the Southern Economic Development Council, if the charges were for annual dues. Mr. Manley answered that it is the first year for Mr. Matthews so the price was cut by \$50.00, after this year it will return to \$250. Mr. Carpenter stated that is annual dues and the other expenses were for the seminar. Mr. Manley answered that was correct. Chairman Kause asked if everyone was paid up-to-date on the RLF loans. Mr. Manley answered that there was one who was given a one month break to that was requested due to financial hardship. The borrower promised to double next month. Mr. Carpenter asked if it was reflected on the report. Mr. Manley stated no it was not, because no entry can be made for a non-payment in QuickBooks. There is a record of payments and non-payments kept parallel to the payments system by Ginny. Mr. Mabe asked about the individual who was late. Mr. Manley stated it was Coffee and Crumbs. The Financial Reports for the RLF loans were discussed and further explained. Chairman Kause asked if there were any further questions or concerns and if there was a motion to approve the financial reports as presented. Mr. Carpenter made a motion, seconded by Mr. Morgan to accept the financial reports as presented. With no further discussion, the motion passed unanimously.

**Joint IDA of Wythe County
Check Register
March 1, 2017 through March 31, 2017**

Check #	Date	Payee	Amount
EFT	3-23-17	Appalachian Power Co.	122.60
EFT	3-23-17	CenturyLink	157.68
EFT	3-23-17	First Bank-MasterCard	2,146.34
EFT	3-23-17	Robert G. Moore	1,100.00
EFT	3-23-17	Xerox Corporation	77.21
7468	3-23-17	David Manley	283.02
7469	3-23-17	SEDC	920.00

7470	3-23-17	Virginia Crockett-Reimbursement	201.60
7471	3-23-17	Wytheville Office Supply	101.87
7472	3-23-17	Town of Wytheville	15,989.94
Total			\$ 21,100.26

STAFF REPORT – ASSOCIATE DIRECTOR

Meetings

Community Development Block Grant
Downtown Vitality Committee
Properties - Commercial Real Estate Agents
Crisp Manufacturing
Zachary Cochran
Revolving Loan Fund Recipients and Applicants
Technology Center Meeting – Becki James, Ricky Skeens, Anthony Sykes
VEDP Marketing Meeting
Wythe-Bland Young Professionals and steering committee

Wythe Manufacturing Council

The Wythe County Technology Center would like to invite the Wythe Manufacturing Council to tour their Welding, Precision Machining, Engineering Automotive Technology, and Building Trades programs on April 5th. A light breakfast will be provided by the Technology Center’s culinary program starting at 8:45 am, and the tour will begin at 9:15 am.

Manufacturing Career Fair

The career fair on March 8 at the Wytheville Meeting Center was a success. In attendance were 24 companies and 206 job seekers. Surveys sent out to those companies following the career fair were returned with positive feedback and encouraging news that interviews and hires had already been made. Another survey will be sent out between 60 and 90 days after the event. We have already had requests to host another career fair in the fall.

STAFF REPORT – ADMINISTRATIVE ASSISTANT

Ms. Crockett reported on the WEDN Conference (Women’s Economic Development Network Conference) she attended in February 2017.

STAFF REPORT – EXECUTIVE DIRECTOR

New or Expanding Business Activity

- Responded to inquiries from
 - VIAA
 - Downtown Business owners

- Alternative energy company
 - Int'l consulting firm
 - VEDP
 - Real estate broker
 - Va. Tobacco Region Revitalization Commission
 - VEDP
 - Brewery prospect
 - International prospect
- **Business Contacts and Meetings**
 - Paul Reagan Governor's Chief of staff
 - Todd Haymore, Secretary of Commerce and Trade
 - Stephen Versen, AFID Coordinator
 - Jay Langston, VEDP advisor
 - Deborah Flippo, Draper Aden Assoc.
 - Aviva Shapiro Frye, Virginia-Israel Advisory Board
 - Kimber Simmons, NC/MR Workforce Investment Area
 - Kelly Cofer, the Retail Coach
 - Mat Petro, Retail Strategies
 - Josh Lewis, Virginia's Industrial Advancement Alliance
 - Mary Jane Umberger, HR Alliance LLC
 - Downtown Wytheville Economic Vitality Committee
 - Stephen Bear, County Administrator
 - John Smolak, Ec. Dev. Director – AEP
 - Jon Griffith, Engineer – AEP
 - Dan Tolley, Branch Botanicals
 - Chuck Johnson, Acrylife
 - Stephanie Surrect, SVAM CoE
 - Pandy Brazeau, VEDP
 - Todd Wolford, Downtown Wytheville
 - Connie Long, VEDA
 - Mark Bloomfield
 - Stacey Richardson, Va. TRRC
 - Tim Pfohl, Va. TRRC
 - Chris Piper, Va. TRRC
 - Sara Williams, Va. TRRC
 - Eric Chapman, CowanPerry PC
- **Noteworthy or Other Activities**
 - Governor's reception for Virginia economic development partners
 - Site visit to existing building in Fort Chiswell
 - Manufacturing Career Fair
 - Planning website expansion/update with O'Connor Group
 - Continued work on developing 2016 annual report; updating data and activities
 - Final edits on marketing plan
 - Coordinating JIDA Rural Retreat meeting
 - SVAM CoE board of directors
 - Meeting w/Tobacco Commission staffers
 - Revolving loan fund meetings, recommendations
 - Meeting with RLF applicants

- Consultation with legal counsel
 - Budget planning for FY 17-18
 - Reviewed and edited minutes
 - Reviewed financial reports
 - Credit card reconciliation
 - Met with loan applicant/borrowers
 - WC BOS Economic Development Committee
 - CDBG working group with County
- **Retail Consulting**
 - Ongoing discussion with localities
- **Upcoming**
 - VEDA Spring meeting in Charlottesville, March 30-31
 - Budget hearing Monday, March 27 @ 11:15 for Wythe County
 - April 5 – Wythe Co. Tech. Ctr. Tour w/manufacturers
 - Ongoing: DCBG working group
 - Workforce Development Board appointment

OLD BUSINESS

MANUFACTURING CAREER FAIR

Discussed during Staff Reports.

MARKETING PLAN ADOPTION

Mr. Manley stated that he has made all the changes that were sent to him for the marketing plan. He asked that the draft be approved so that when grants are applied for, there is a plan to use. Mr. Manley added that this is an internal document and is not something that is handed out, it guides the Joint IDA marketing. Chairman Kause asked if there was a motion to accept the Marketing Plan as presented. Mr. Mabe pointed out a grammar error and stated the page numbers are out of order. Mr. Manley noted that he will correct the mistakes. Mr. Carpenter made a motion, seconded by Mr. Mabe, to approve the Marketing Plan as presented with corrections. With no further discussion, the motion passed unanimously. Mr. Carpenter suggested that the plan be reviewed annually and possibly renewed every two to three years.

RETAIL CONSULTING STATUS

Mr. Manley said he received a letter from Stephen Bear, Wythe County Administrator, stating that in the last Board of Supervisor's meeting they approved the agreement to cooperate with the other two jurisdictions and to allocate the funds and to go ahead and proceed with the retail consulting project. He mentioned that the Town of Rural Retreat has not yet acted because they are waiting on some clarification from Wythe County regarding some statements that were made and when that is complete, they will act. Mr. Manley asked Mr. Sutherland about the Town of Wytheville. Mr. Sutherland stated that the Wytheville Town Council had approved the retail consulting project a month ago. Mr. Carpenter stated that what he understands there has not been a decision made about who will be the consulting firm. Mr. Manley answered that yes, the firm has been agreed upon and that was how the cost was determined. The Retail Coach, LLC, of Austin, TX, and Tupelo, MS, was selected by the working group. Mr. Manley noted that he had sent a copy of the article printed in the Wytheville Enterprise to everyone. Chairman Kause asked if there was a timeline for the Town of Rural Retreat to have their

vote. Mr. Manley stated that was a question for Rural Retreat, but he hoped that at the next council meeting a decision would be made.

Chairman Kause asked Mr. Manley to walk the Board through the process. Mr. Manley stated that there will not be a long-term agreement with a consultant, it will be on a year-to-year basis. This firm's proposed price was about two-thirds of the competing firm's price. Mr. Manley added that the jurisdictions could quit within 30-days if the process does not provide what is needed or expected. He doesn't anticipate this being an issue, however. He mentioned that the plan would begin with kickoff meetings with stakeholders and the working group which would lead to an in-depth study over 90+/- . At that point, the firm would return with a plan to work over the remainder of the year. If the jurisdictions like the plan they will proceed with it and over the next nine months in that year to market the area. If the work of the firm is satisfactory the working group from the jurisdictions can opt to extend it in year-long increments up to two years. The Joint IDA will be the point organization who will contract for the work and be the day-to-day contact. Governance and guidance will come from the working group of the three jurisdictions. Chairman Kause asked if the funds will come through the Joint IDA as a pass-through. Mr. Manley stated that it would.

ANNUAL REPORT DRAFT

Mr. Manley stated that each Board member has a copy of the new annual report. Mr. Manley gave Mr. Matthews the credit for the updates and improvements made on the report. There have been more facts and figures added as well as graphs. Mr. Manley mentioned that he believes the report tells the Joint IDA's story very well for what has been done over the last year. He added that this report is what would be sent out to citizens, media, interested groups, or local governing bodies, if needed. Mr. Manley added that he intends to use the report on Monday at the Wythe County Board of Supervisors budget hearing, if there was no objection. Mr. Mabe stated that he felt that it should be used to show the Board what has been done.

Mr. Clarke and Chairman Kause agreed that the report was well done.

GOLF TOURNAMENT REPORT

Mr. Mabe reported that he has spoken with Don Goode, Wytheville Golf Club Manager, and the restaurant staff. The Joint IDA is on schedule for the May 18th Industry Appreciation Tournament. He mentioned that he had asked that the restaurant manager to pull last year's invoice and that he and Mr. Matthews will take some time during the next couple of weeks to sit down and prepare a menu for the reception. He noted that Mr. Matthews was in the process of sending out announcements. Mr. Matthews stated that he hoped to have the letters out prior to the Board meeting, but time has been spent updating contacts and they will go out next week.

OTHER

Website - Mr. Manley stated that he did not run a report this month, but he did look at it last month. He noted that his focus was on time spent on the website and it was up to an average 2 minutes and 32 seconds. Mr. Manley added that he will bring a full report to the next regular meeting.

Mr. Matthews added that there was a page added to the site for the Manufacturing Career Fair which might have been one of the reasons for the increase in time spent. Chairman Kause suggested that the information regarding the May meeting at Rural Retreat Depot be added to the website.

Bristol Herald Courier article – Mr. Manley stated that he had circulated a copy of the Bristol Herald Courier article which came our Monday listing the appointees to the Go Virginia Council for this region. He noted that Wythe County is the eastern most point of the region. He added that there are at least five or six appointees

that he personally knows that are on the council. Those with Wytheville connections include WCC President Dean Sprinkle, Grayson National Bank CEO Allan Funk, and Josh Lewis of VIAA. He mentioned there were several options for people he could reach out to comfortably. Mr. Mabe asked if Wythe County was in Region 1. Mr. Manley stated yes, it was Region 1.

NEW BUSINESS

WYTHE COUNTY TECHNOLOGY CENTER TOUR

Discussed during staff reports.

JOINT IDA MEETING IN RURAL RETREAT

Discussed during staff reports.

REVOLVING LOAN FUND COMMITTEE REPORT

Mr. Manley stated that there were two applications. The first application was an approval and the other one was modified.

The first application is for Wanda Rodgers who purchased Skeeter's. She took over last March from the Smiths. She is looking to expand her kitchen and expand her offerings. Specifically, she is going to purchase a self-contained fryer that does not require the installation of a hood. She is going to purchase some ice cream equipment, some retail items for resale, and there are small updates to the building that she is planning on doing. The project is estimated to cost \$17,723 and Ms. Rodgers is investing about 15 percent of that. She has asked for \$12,500 over five years and then a micro-loan of \$2,500 for 18-months at zero percent interest. Most of the funds will be used for equipment purchases. She has offered up the equipment as collateral. The Joint IDA would sign a secured loan agreement and attach the equipment as collateral. The committee had very little concern about the risk on this loan. Mr. Manley mentioned that this is a business decision by Ms. Rodgers because the rates really are appealing. He noted that he knew that she could get it financed through a bank as an alternative. Chairman Kause asked what the correct spelling of her name was. Mr. Manley stated it was Rodgers. Chairman Kause asked since it had been approved by the committee, did there need to be a vote. Mr. Manley stated there was no second required since it is a recommendation from committee. Mr. Mabe asked about the project being able to create three jobs, will there be two full-time and one part-time job created. Mr. Manley answered yes that was what her plan was. Mr. Morgan asked if Ms. Rodgers was going to expand the space. Mr. Manley answered no, physical improvements will be made, such as rewiring and work around the front of the building and its facade. Mr. Carpenter asked if there was a deal for store front facade with the downtown revitalization going on. Chairman Kause asked for a roll call vote. Mr. Mabe, yes; Mr. Clarke, yes; Chairman Kause, yes; Mr. Carpenter, yes; Mr. Morgan, yes. There were no nays and the loan was approved.

Mr. Manley started discussion regarding the second loan to Southern Tire and Muffler and the gentleman's name is Carey Cook. He mentioned that the recommendation is a little more tempered. Mr. Cook originally applied for \$30,000 over 10 years. The committee was unwilling to recommend that loan be approved. The committee would recommend loaning only what collateral could be proven. The estimate of what he has offered is \$16,500. The loan would not be made without the security of collateral. Southern Tire and Muffler moved into the old Atkins Tire/Smoking Guns location on West Main Street and they used to be at 4th and Monroe Streets in the old 4th Avenue Exxon site. Mr. Clarke said that he assumed that any tools purchased, at an estimate of almost \$22,000, would be used for collateral also. Mr. Manley noted that the quote was primarily for lifts and an air compressor and there was a diagnostic piece of equipment. Essentially, whatever collateral

that he wanted to offer that would meet the loan approval that this Board felt. The committee's recommendation was to give the amount of the loan that he could collateralize. The estimate of what he offered initially was \$16,500. Mr. Morgan stated that he sees that he would be purchasing the most expensive tools. Chairman Kause stated that he would not be able to do that with the \$16,500. Mr. Carpenter mentioned the amount of liabilities, one being a noted in the amount of \$18,000 and a \$4,500 revolving loan debt. Mr. Manley added that the \$18,000 of debt is why the committee did not feel comfortable approving the entire \$30,000. Chairman Kause stated that the primary concern was the amount the major outstanding debt. Chairman Kause stated that they denied the idea of doing \$30,000 and debated on whether to make the loan at all, but the committee felt secure in having the collateral that there was something that could be attached and recoup if he failed to pay his loan. Chairman Kause also mentioned that he did not mention anything about increasing jobs. Mr. Carpenter noted that he had two jobs listed and maintain what he has currently. He also asked if the references checked out. Mr. Manley stated that references have not yet been checked. Chairman Kause stated that the committee felt that the prices of what he was looking out through Snap-On Tool could probably be purchased for less from another vendor. Mr. Manley stated that the air compressor is approximately two and one-half times more expensive than it should be. Mr. Mabe asked if he wanted two. Mr. Manley stated yes, but the price at Tractor Supply for a comparable machine was considerably lower. Mr. Carpenter explained where he could possibly get the equipment at a lower price. Other means of purchase were also discussed. Mr. Carpenter mentioned that on the Profit and Loss statement the proprietor is a Holly D. Pickle. Mr. Manley stated yes, but he did not think they were a business unit anymore. Mr. Morgan was looking at the profit and asked if he was making enough to pay off his loans. Mr. Manley stated that was one of the concerns of the committee. Mr. Carpenter asked if he were going to pay off his loans with the RLF loan. Mr. Manley stated that the borrower can essentially do what they want with the proceeds. Mr. Carpenter mentioned that the companies that he is purchasing equipment from usually finance. Mr. Manley stated that is a possibility although the JIDA would not have first interest in the equipment and could not use it for collateral. He suggested one possibility and that was if the Board were to vote to approve the loan, if collateral is not met, the loan will not be made. There was discussion regarding the collateral that is available and current. Mr. Clarke mentioned that put on his application that he "would like to stay in business and provide good service." He stated that if he is reading that correctly he is making a comment that he has some question that he will stay in business if he does not get this loan. Mr. Carpenter stated that he believes the application needs some work.

Chairman Kause stated that the committee recommended that the loan be approved in the amount of \$16,500 based on the collateral available. He mentioned that judging from previous loans that have been done with collateral that they felt confident that if something did happen the amount of the loan could be recouped. Mr. Morgan mentioned if the \$16,500 was loaned it would not cover the amount of equipment he needed to purchase. Chairman Kause stated that technically if the Board votes to say yes on \$16,500 it may not be a \$16,500 loan when all is said and done. Mr. Carpenter added that he was maybe looking at an amount of \$10,500, unless he has a current compressor valued at \$2,000 and he has a lift, he must have those to currently operate. Mr. Manley mentioned that the amount is fair market value equivalent to what he was going to purchase. He stated that he looked all over the country for different prices and that is a pretty middle of the road fair market value. Mr. Carpenter added that he is currently operating now and this is not a new business, he just moved from one place to another. He mentioned that the reason he asked about checking references, because he had heard there were financial difficulties. Mr. Clarke stated that this is his first discussion on a revolving loan fund application and that his primary concern is that all of the financial documents are in someone else's name and not the name of the potential borrower. He also suggested that not knowing whether the applicant was authorized to borrow the money raised concerns. Mr. Clarke mentioned confirming ownership of the business would be prudent. Mr. Manley mentioned that there is a list of things that he must provide before any checks would be written and that could be added to it. Mr. Clarke said without the proof of ownership and borrowing authority, he could not support making the loan. Mr. Carpenter stated that he feels the committee needs to approach him again because there are too many questions that need to be answered.

The circumstances of the loan were discussed further. There were concerns, suggestions, and more questions that need answering prior to giving the loan.

Chairman Kause asked if the Board wanted to table the loan application or send it back to committee. Mr. Carpenter had a strong feeling about it going back to committee with the Board's suggestions. Mr. Manley did ask that the Board members collect the information that they would like to see in the application and email them to him. Chairman Kause asked for a vote to send back to committee. The votes were: Mr. Mabe, yes; Mr. Clarke, yes; Mr. Carpenter, yes; Mr. Morgan, yes; Chairman Kause, yes. There were no nays. The application will return to committee for additional review.

OTHER

None

PROJECT UPDATES

Mr. Manley stated that two new projects have been received. One is employment of over 1,000, one-half billion-dollar investment and Wythe County has made it through the first screening round of questions. The second one arrived last night, questions will be answered and returned.

IF NEEDED: 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 4:40 p.m.

David Kause, Chairman

Attest:

Virginia M. Crockett, Secretary