

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
November 30, 2017

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, November 30, 2017, at 3:30 p.m. in Council Room of the Wytheville Municipal Building at 150 East Monroe Street, Wytheville, Virginia.

MEMBERS PRESENT

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

MEMBERS ABSENT

John Silva

EX-OFFICIO MEMBERS PRESENT

C. Wayne Sutherland, Jr., Wytheville Town Manager

EX-OFFICIO MEMBERS ABSENT

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

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 Patricia Bevil with the Virginia Employment Commission, Jennifer Atwell, Wytheville-Wythe-Bland Chamber of Commerce, and Wayne Sutherland, Wytheville Town Manager to the meeting. Chairman Kause asked if there was anyone who would like to address the Board during citizens' time. There being none, Chairman Kause continued with the meeting.

APPROVAL OF MINUTES—October 26, 2017

Chairman Kause asked if there were any questions or discussion regarding the minutes from October 2017 and he asked for a motion to approve. Mr. Mabe made a motion, seconded by Mr. Clarke, to approve the minutes as presented. With no further comments, 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 November 2017. He asked if there was any discussion or a motion to approve. Ms. Crockett noted that she had distributed new reports from what was sent previously because a check had been missed during printing.

Mr. Carpenter pointed out that under accounts receivable on the Balance Sheet there is an accounts receivable on account 11000 in the amount \$287.50. He noted that is to People, Inc. for their share of the catering for the Manufacturing Career Fair which will be reimbursed.

With no further discussion Chairman Kause asked if there was a motion to approve the financial reports. Mr. Morgan made a motion, seconded by Mr. Mabe, to approve the financial reports as discussed and presented. With no further discussion, the motion passed unanimously.

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

Check #	Date	Payee	Amount
EFT	11-30-17	Appalachian Power	87.12
EFT	11-30-17	CenturyLink	158.62
EFT	11-30-17	First Bank – MasterCard	1,047.38
EFT	11-30-17	Robert G Moore	1,100.00
EFT	11-30-17	Xerox Corporation	28.89
7529	11-30-17	The Retail Coach	17,666.76
7530	11-30-17	David Manley	459.03
7531	11-30-17	John Matthews	522.12
7532	11-30-17	Kathy's Kustom Katering	575.00
7533	11-30-17	Robinson Farmer Cox	4,945.00
7534	11-30-17	Town of Wytheville	17,205.19
Total			\$ 43,795.09

STAFF REPORT – ASSOCIATE DIRECTOR

Workshops

IEDC Business Retention and Expansion Course – November 2-3, Atlanta, GA
Work Ready Communities Academy Kickoff – November 28-29, Abingdon, VA

Meetings

Economic Vitality Committee – Evolution Wytheville
Manufacturing Career Fair & FAM Tours Planning
Properties - Commercial Real Estate Agents
Property Owners
Retail Coach

Upcoming Events

Manufacturer Round Table – January 17, 8-9:15 am at the Wytheville Meeting Center

STAFF REPORT – EXECUTIVE DIRECTOR

New or Expanding Business Activity

- **Responded to inquiries from**
 - VIAA
 - VEDP
 - Entrepreneurs
 - Existing Industry

- **Business Contacts and Meetings**
 - Josh Lewis, Virginia's Industrial Advancement Alliance
 - Downtown Wytheville Economic Vitality Committee
 - Crystal Morphis, Creative Economic Development
 - Stephen Bear, County Administrator
 - Stephanie Surrect, SVAM Center of Excellence
 - Marty Holliday, NR/MR Workforce Development Board
 - Dan Tolley, Branch Botanicals
 - SWVA Wedding group
 - Rosa Lee Jude, Wytheville CVB
 - Millwald Theater working group
 - Aaron Farmer, The Retail Coach
 - Mayor Trent Crewe
 - Mike Hamlar, New Virginia Economy/WLSL NBC 10
 - Will Kline, The Retail Coach
 - Rob Morgan, Independent forester
 - Stacey Richardson, Virginia TRRC
 - Scot Farthing, Wythe County Attorney
 - Michelle Jenkins, Office of Congressman Griffith
 - Andrew Crowder and Russell Simpson, Guest, Incorporated hotel management

- Mariya Hurwitz, PepsiCo
- Lennie Gail Mitcham, SVAM
- Tommy Miller, VEDP
- Dean Sprinkle, WCC
- Cullen Reed, WSLs NBC 10
- John Kilgore, Scott County Ec. Dev.
- Jeff Perry, Wythe County Public Schools
- Becki James, Wythe County Public Schools
- Samantha Quig, Virginia Chamber of Commerce
- Tim Pfohl, Virginia TRRC
- Sandi McNinch, VEDP general counsel
- Corbin Stone, RFC accountants
- Scott Bortz, Peed & Bortz
- Dale Clark, Wellmont Health System
- Lindsay Hurt, VEDP
- Teresa Martin, Virginia Community Capital
- Jeff Dunnack, Somic America
- Matt Clarke
- Susan Magliaro, Virginia Tech Institute for Creativity, Arts, and Technology
- Lori Deel, Mt. Rogers PDC
- Kathi Boatright, DHCD

- **Noteworthy or Other Activities**

- TV appearance – two segments on The New Virginia Economy with Mike Hamlar (WSLS Roanoke, now on YouTube)
- VEDA conference call re: JLARC report responses
- Mt. PCD economic development strategic plan update meeting
- Audit review for JIDA
- Chaired meeting of SWVA manufacturing Legislative Council
- VIAA economic developers lunch meeting
- Manufacturing Career Fair
- Chamber annual dinner – award for American Tire (will re-invite to Feb. luncheon)
- DHCD Governor’s Housing Conference – mandatory attendance for grant management
- VA-1 tourism conference (in conjunction with above)
- Submitted proposal for Project Hunter
- Reviewed and edited minutes
- Reviewed financial reports
- Credit card reconciliation
- Revolving loan fund work

- **Retail Consulting**

- Retailer match list being edited in real-time
- Two new prospects: one general merchandise and one clothing/accessories retailer
- Update with working group scheduled

- **Upcoming**

- Christmas open house @ JIDA: December 14
- Office closed: December 22 and 25, January 1
- Next meeting: January 25
- Awards luncheon: February 22

OLD BUSINESS

RETAIL CONSULTING UPDATE

Mr. Manley reported that the time for the next official call with the committee will be on December 13. He noted that there was a report received from the staff about their most recent ventures. They do have two businesses that are interested than average parties. One is general merchandise and the other would sell clothing/clothing accessories. The retail consultants expect one will visit soon and of course the Joint IDA will be involved in that visit. Mr. Manley stated that also on the morning of December 13 the committee will get a full list update and they will go over all the actual responses they have gotten from everyone they have reached out to, to educate the retail working committee.

Mr. Manley informed the Board that he would send out a written report as soon as possible. The report was given in a telephone call this morning and the report has not been finalized.

REVOLVING LOAN FUND UPDATE

Mr. Manley stated that as directed during the last meeting two things were sent out to the revolving loan fund borrowers. One was a memo to all the borrowers informing them of the late fee assessment that will begin on December 15, 2017 and secondly was a sternly worded letter that was sent to the borrowers who are in arrears, namely Vivian Womble and Don Jensen. He stated that there has not been any communication from either of them, although Ms. Crockett did run into Ms. Womble recently and she stated that she would be in touch. Mr. Manley noted that to date Ms. Womble has made no attempt of communication and Mr. Jensen has not been in contact at all.

Mr. Morgan asked if Ms. Womble had opened her business in Radford. Mr. Matthews answered that she had.

Mr. Carpenter asked if any of the collateral that was used for the loan procurement is still at the store. Mr. Manley stated he could not answer that, but all the equipment that was in the Wytheville store has been removed and he presumed that it is in the location in Radford. He noted that he asked for clarification on the equipment in the letter sent to Ms. Womble.

Chairman Kause asked if something different needed to be done. Mr. Manley stated that the next step could be legal action or collections based on the board's judgment. Mr. Morgan asked if the collateral could be procured. Mr. Manley stated that if the equipment has been sold, Ms. Womble is in breach of contract and there is a personal guarantee and any property can be secured for the loans, anything she owns. Chairman Kause advised the staff to stay vigilant with the loans. Mr. Manley stated that the staff will continue to contact the borrowers.

AMENDMENT TO BRANCH BOTANICALS LOCAL PERFORMANCE AGREEMENT

Mr. Manley mentioned that all Board members has a copy of the amendment that the Wythe County Attorney Scott Farthing prepared. It is for our approval today where the County opted to replace the collateral that was in the form of a letter of credit with a piece of property. The piece of property's value far exceeds what the letter of credit provided, and this is just the JIDA's ascent to the change to the performance agreement. Mr. Manley noted that the Deed of Trust has been recorded and secured.

Chairman Kause asked if this was releasing the TRRC (Tobacco Commission) funds to Branch Botanicals. Mr. Manley stated that those funds had been released and that this document is just amending the performance agreement to reflect the new collateral. He noted that the JIDA is not involved in the enforcement of this collateral, and that our assent to it is a formality. Mr. Morgan asked if this was approved by the Wythe County

Board of Supervisors. Mr. Manley stated that it was. Chairman Kause asked why the JIDA is involved since it has already been approved. Mr. Manley answered that the grant funds had to come through the JIDA for payment to Branch Botanicals so the JIDA was involved as a party to the original agreement. The amendment was authored so that any repayment would bypass the JIDA and go directly to the County. Dr. White had a concern regarding the RLF loan to Branch Botanicals, if it was safe. Mr. Manley stated that it is a separate financial matter from this grant funding but that any RLF default would be handled on its own. Mr. Carpenter asked if this agreement was in writing. Mr. Manley answered that the JIDA has a promissory note and a personal guarantee. Mr. Carpenter stated that there is no assigned land. Mr. Manley stated that there was never assigned land, only a personal guarantee which allow the JIDA to pursue and obtain a lien on any available repayment means to cover the loan. All property comes into questions when you have the personal guarantee. Mr. Morgan asked if this amendment affected the JIDA in any way. Mr. Manley stated that the amendment has nothing to do with the JIDA RLF loan, it if only for the Tobacco grant that Branch Botanicals received previously. Mr. Manley stated that this amendment is a separate business deal from the JIDA RLF loan. Mr. Mabe asked if the amendment is based on the employment figures and if they have been reached at a certain level then Branch Botanicals will keep the grant. Mr. Manley confirmed that. Mr. Manley stated that the amendment essentially just changes the collateral from a letter of credit to real estate. He added that the JIDA would no longer have any enforcement responsibility for the grant, that that would be done by the County if necessary. Mr. Morgan asked why the JIDA's name is on the amendment. It was answered because the JIDA was the original fiscal agent for grant funds for the benefit of the Branch Botanicals project.

Mr. Mabe made a motion, seconded by Dr. White, to approve the amendment as presented. Chairman Kause asked if there were any further discussion. There being none, the motion passed unanimously.

OTHER

CLAWBACKS - Mr. Manley drew attention to another handout that was distributed to the Board. He mentioned that the list is all claw-back activity taking place throughout the Commonwealth by VEDP. He added that the money listed was being pursued for failure to comply with a given performance agreement. The only one related to Wythe County previously is Evatran. Mr. Manley noted that Evatran is no longer in Southwest Virginia and moved to Richmond. There are no claw-back activities under way in Wythe County.

NEW BUSINESS

OTHER

Mr. Manley noted that activity has been rather slow for the past few weeks. Chairman Kause asked if the group that was to look at Lot 24 ever came back. Mr. Manley answered that they are regrouping at the executive level, that the project is not dead, but being reworked.

Mr. Manley stated that he is looking to have Corbin Stone from Robinson Farmer Cox to come and discuss the audit after the first of the year and that Josh Lewis will be invited in February to give any update on VIAA.

Mr. Morgan asked about submitted projects to GO Virginia. Mr. Manley noted that there were none submitted for our region and he was told that would not reflect on future projects or funds. Mr. Manley noted that in February Mr. Lewis will be able to answer any questions because he serves on the GO Virginia Board.

Mr. Carpenter asked about local economy. Mr. Manley noted that Wythe County's unemployment rate is steady and stable. There is not a lot of growth and is close to what many consider nominal full employment.

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 4:10 p.m.

David Kause, Chairman

Attest:

Virginia M. Crockett, Secretary