

JOINT INDUSTRIAL DEVELOPMENT AUTHORITY
Minutes of Meeting
January 26, 2012

The Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat held a regular meeting on Thursday, January 26, 2012, 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
Tom Jones
Foy Patton

Dave Elmore
William F. Snyder
Jennifer Atwell

MEMBERS ABSENT

Dana Pack

EX-OFFICIO MEMBERS PRESENT

None

EX-OFFICIO MEMBERS ABSENT

R. Cellell Dalton, Wythe County Administrator
C. Wayne Sutherland, Jr., Wytheville Town Manager
Michael S. James, Rural Retreat Town Manager

DETERMINATION OF QUORUM

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

**INTRODUCTION OF NEW TOWN OF WYTHEVILLE BOARD MEMBER —
CAROLYN DANKOWSKI**

Chairman DiYorio introduced Ms. Dankowski as the newly appointed Board member from the Town of Wytheville. The current Board members introduced themselves to Ms. Dankowski and stated which jurisdiction they represented. Dr. Hawthorne added that he was pleased to have Ms.

Dankowski as a representative for the Town of Wytheville, as well as representing the manufacturing perspective on the Joint IDA Board. He noted that large corporations are often less likely to be involved with community activities, but noted that Gatorade has been a strong community supporter. Ms. Dankowski is quite interested in the community and has been a pleasure to work with. Dr. Hawthorne added that he looked forward to working with her on the Joint IDA board.

CITIZENS' TIME

Chairman DiYorio asked if there were any persons present who would like to address the Board during citizens' time. There being none, Chairman DiYorio proceeded with the meeting.

APPROVAL OF MINUTES—December 15, 2011

Chairman DiYorio asked if there were any corrections, additions, or questions regarding the minutes of the December 15, 2011, meeting. With there being none, Chairman DiYorio asked for a motion to approve the December 2011 minutes. Mr. Elmore made a motion, seconded by Mr. Jones, to approve the minutes as presented. The motion passed unanimously.

APPROVAL OF INVOICES

Chairman DiYorio asked if there were questions or discussion regarding invoices for December 2011. With there being none, Chairman DiYorio asked if there was a motion to approve the invoices as presented. Mr. Patton made a motion, seconded by Ms. Dankowski, to approve the invoices from December 2011 as presented. With no further discussion, the motion passed unanimously.

**Joint IDA of Wythe County
Check Register
For the Period From January 1, 2012 through January 31, 2012**

Check #	Date	Payee	Amount
6516	1-26-12	Alan R. Hawthorne	4,673.90
6517	1-26-12	Virginia M. Goodwin	1,765.01
6518	1-26-12	Appalachian Power	124.60
6519	1-26-12	Alan Hawthorne - Reimbursement	476.21
6520	1-26-12	Anthem Southeast Dental	59.12
6521	1-26-12	Anthem Blue Cross and Blue Shield	1,035.92
6522	1-26-11	Branch Highways, Inc.	79,097.50
6523	1-26-11	CenturyLink	125.37
6524	1-26-11	ACS/BNY Mellon HSA	587.00
6525	1-26-11	Principal Life Insurance Co.	141.42
6526	1-26-11	Robert G. Moore	1,100.00

6527	1-26-11	Sprint PCS	73.63
6528	1-26-11	Virginia Goodwin - Reimbursement	48.28
6529	1-26-11	Wytheville Enterprise	38.60
6530	1-26-11	Xerox	13.42

Total **\$89,269.98**

OLD BUSINESS

LOT 24 UPDATE

Dr. Hawthorne discussed information regarding the Army Corp of Engineering's (ACE) permit for Progress Park. He gave a brief explanation of the process, obstacles, and progress of the permit to Ms. Dankowski, the new member of the Joint IDA Board. Dr. Hawthorne noted that the permit is before the ACE attorneys for their review.

Dr. Hawthorne mentioned that he had met with the Virginia Economic Development Partnership (VEDP) during the week of January 16 in Richmond to discuss marketing Lot 24. He noted that the lot is now at the stage where it can be a viable site to meet fast-track development projects. Because of the size of projects suitable for location on Lot 24, a key target for marketing will be site consultants. Virginia's aCorridor and VEDP will make consultant marketing a focus of their efforts. Dr. Hawthorne also anticipates making additional consultant visits. Another activity, possibly in April, at the Wytheville Meeting Center will bring together all the various project partners to reinforce the unique attributes of the park so that all of our partner can speak to positive aspects of Lot 24. Individuals from Appalachian Power Company, Norfolk and Southern Railroad, etc. will be asked to participate, as well as various state agencies and funders, to share what their company's capabilities are and what they have to offer to potential customers. Tom Elliott, aCorridor Executive Director and Dr. Hawthorne will be working closely together during the process. He noted that the Lot 24 project will be a priority item for VEDP.

TENURE AWARDS LUNCHEON—THURSDAY, FEBRUARY 23, 2012

Chairman DiYorio updated the Board on the status of the Tenure Awards Luncheon and noted that Mary Rae Carter, Deputy Secretary of Rural Development for Virginia had accepted an invitation to be the keynote speaker for the event. Chairman DiYorio added that she had spoken to Dr. Hawthorne about extending invitations to other industries in the community to attend the event. Dr. Hawthorne spoke to the Wythe Manufacturing Council (WMC) Steering Committee, and they agreed that it would be a good idea to combine the quarterly WMC meeting with the Tenure Awards Ceremony this year. He noted that invitations have been extended to the Wythe Manufacturing Council, as well as the Tenure Award recipients, the members of the Wythe County Board of Supervisors and County Administrator, and to the Town Councils, Mayors, and Town Managers of Wytheville and Rural Retreat. Dr. Hawthorne commented that there has been additional sponsorship offered for the WMC members from Quadrant EPP and Schaffner MTC Transformers. Wytheville Office Supply has agreed, once again, to be the main sponsor of the Tenure Awards Luncheon and that all advertising will feature them as sponsor of the event.

FINANCIAL DISCLOSURE STATEMENTS—DUE JANUARY 15, 2012

Dr. Hawthorne reminded the Board members that their Financial Disclosure Statements were due on January 15 to their respective jurisdictions.

OTHER

None

NEW BUSINESS

EMINENT DOMAIN CONSTITUTIONAL AMENDMENT

Dr. Hawthorne briefly provided background information on the eminent domain amendment to the Constitution of Virginia that was discussed in the article distributed to the Board prior to the meeting. The amendment has been proposed and will be considered by the Virginia General Assembly for the second time during the 2012 session. He also discussed how the amendment will potentially adversely affect economic development. Dr. Hawthorne noted that many organizations have recommended that the amendment be modified before being put on the ballot to be voted on. He will be working with Wythe County, the Town of Wytheville, and Town of Rural Retreat to provide input regarding the amendment.

RECRUITMENT AND HIRING SCHEDULE FOR ASSOCIATE DIRECTOR

Dr. Hawthorne reported to the Board that applications are currently being taken for the associate director position. He added that the position has been posted on the Virginia Employment Commission website and an advertisement was put in the Wytheville Enterprise. Dr. Hawthorne has asked that both Wythe County and the Town of Wytheville add the position to their website, as well as the VML and VACO sites. The position is also posted on the Joint IDA's website along with the job description and application. He noted that applications will be taken until February 24 and that his intent is for the committee assisting with associate director hiring to meet to analyze the applications and call for interviews soon after the ending date. He added that, if everything goes as scheduled, there should be a candidate to present to the Board at the March 2012 Board meeting. Dr. Hawthorne stated that there would need to be a committee chosen/appointed to analyze the applications and assist with interviewing the candidates.

Chairman DiYorio asked if there had been much response to the advertisements and postings. Dr. Hawthorne answered that there have been approximately ten responding candidates to the job posting.

Chairman DiYorio asked if there were any volunteers who would like to serve on the committee. Chairman DiYorio, Carolyn Dankowski, and Dave Elmore will serve on the committee. The Joint IDA staff will contact the committee members when a date needs to be set to begin the process.

2012-2013 BUDGET PROCESS

Dr. Hawthorne noted that Budget Committee would need to be appointed during today's Board meeting. He added that there would be challenges associated with the 2012-2013 budget with continuing tight economic times. Dr. Hawthorne stated that after the appointment of the committee that there would be one or two meetings set up for discussion of the budget. Ms. Atwell asked if there had been a decision made as to who would be funding the Preliminary Engineering Report (PER) for a potential recycled water line. Dr. Hawthorne responded that he has spoken with Wythe County, the Towns of Wytheville and Rural Retreat and that conversations are ongoing. He noted that if the expenses were higher for the PER than the budget amount for the associate director position then the Joint IDA would cover the additional cost. He added that the primary source of funds for the PER project would be those budgeted to the Joint IDA that were not used for the associate director position. The potential for an entity other than the Joint IDA to perform the PER study is also being discussed.

Chairman DiYorio asked if the Executive Committee could be appointed to serve as the Budget Committee again for 2012-2013. Dr. Hawthorne stated that it was customary for the Executive Committee to serve as Budget Committee members. Chairman DiYorio, Vice Chairman Dave Elmore, and Treasurer Jennifer Atwell will serve as the Budget Committee members. The Joint IDA staff will contact the committee members to schedule a meeting date. The meeting will be held in the Joint IDA conference room.

2012 INDUSTRY APPRECIATION GOLF TOURNAMENT—MAY 17, 2012

The Joint IDA Industry Appreciation Golf Tournament has been scheduled for May 17, 2012. Chairman DiYorio asked if there were any volunteers to serve on this year's Golf Tournament committee. All Board members responded that they would serve on the committee and would assist with anything needed for the tournament. The first committee meeting will be held on Friday, February 17, at 10:00 a.m. in the Joint IDA conference room.

QUARTERLY FINANCIAL STATEMENTS

Dr. Hawthorne reviewed the quarterly financial statements, which ran through December 31, 2011, with the Board members. He explained different aspects of the reports including the income differential due to not having an associate director, the Lot 24 project, the TICRC grant for Evatran, expenses, revolving loan fund, and various other items.

Ms. Atwell asked if Mike Forrest from the Southwest Regional Enterprise Center was still operating out of the Joint IDA office. Dr. Hawthorne replied that his office is still located in the Joint IDA office and that he has been successful during the past year in seeing clients and working with individuals wanting to begin their own business.

Ms. Atwell asked about how the Mt. Empire Airport project was coming along. Dr. Hawthorne said that he had not received any updated information since the Board visited the facility in November. Mr. Patton noted that the project is moving along well.

LOCAL COMPETITIVE ADVANTAGE

Dr. Hawthorne gave the board a presentation on “Wythe County’s Competitive Position: A Share Shift Analysis of Employment.” The Share Shift analysis looks at the change in employment within sectors by a locality beyond what would be expected based on what happened in the overall economy and what occurred based on nation-wide sector change. The difference between what actually occurred in locality and what was predicted is attributed to “local competitive advantage.” Results were presented for Wythe County and the Commonwealth of Virginia. The various sectors discussed were manufacturing, accommodation/food services, healthcare/social services, retail, and public administration. Wythe County has a strong local competitive advantage for manufacturing. This analysis reinforces other analyses such as Location Quotient that also indicate that we are highly competitive in the manufacturing sector.

Ms. Dankowski asked how the information he provided was used. Dr. Hawthorne responded that the information is of value in our marketing efforts and is shared with various organizations. Further, it is of value during the budgeting process to indicate the importance of manufacturing to the local economy.

PROJECT UPDATES

Ms. Atwell made a motion to enter into a closed session as permitted by Section 2.2-3711(a)(5) of the Virginia Freedom of Information Act, Code of Virginia to discuss unannounced projects. The motion was seconded by Mr. Jones, and passed unanimously. Ms. Atwell made a motion, and Mr. Jones, seconded, that the Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat certify that, in the closed meeting just concluded, 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. Jones, and passed.

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:

AYES: Linda DiYorio Tom Jones
 Foy Patton Dave Elmore
 Carolyn Dankowski Jennifer Atwell

NAYS: None

ABSENT DURING MEETING: Dana Pack

ABSENT DURING VOTE: Dana Pack

OTHER

New legislation (power lines) - Dr. Hawthorne mentioned information regarding new legislation on 138 kV power lines. As the regulation now stand, a request goes before the State Corporation Commission for approval, and it may take up to two-years before the power line can be extended to a substation. The bill before the General Assembly will allow the power company to obtain local approval instead of SCC approval for extension of 138 kV lines if they so choose. The bill is quite important for us and will allow American Electric Power (AEP) to construct a substation in Progress Park much more quickly than is currently the case. There appears to be no opposition to the bill, and it is expected to pass.

Machinery and tools tax legislation - Dr. Hawthorne spoke briefly about new legislation regarding tax. Currently the Commonwealth of Virginia does not tax intangible property, and there is currently a bill before the General Assembly that would declare machinery and tools as intangible property during the first three years of use. Localities would not be able to tax the M&T during this period. Wythe County and many other localities often use the new tax revenue from incremental M&T taxes as the source of funding for local incentives required to match state GOF grants. Dr. Hawthorne stated that if the legislation goes through then local governments will not have the revenue to match the state financing funds.

Chairman DiYorio asked, that should this legislation pass, did Dr. Hawthorne think that various other organizations would provide the extra funding needed for project incentives. Dr. Hawthorne answered that the impact will be on the localities matching state funding. He added the legislation is directed toward manufacturing and that localities want encourage these projects, but would not have the funds to match the state funding if they lost this revenue source. He added that most localities are not in favor of the legislation, but if the Commonwealth of Virginia passes the legislation all localities will be impacted.

Mike Forrest - Dr. Hawthorne told the Board that Mike Forrest, with the Southwest Regional Enterprise Center (SREC), has been busy seeing new clients during the first month of 2012 and that he had assisted/talked to approximately 60 potential business owners during 2011. He noted that the SREC is currently investigating a micro loan program for individuals looking to open or expand and require a loan in the range of \$10,000 to \$50,000. The SREC has started a survey asking questions such as, where people live, what size loans are needed, etc. The survey will also document interest in the range of \$50,000 to \$150,000, which is the target for the Joint IDA RLF. Dr. Hawthorne noted that it is often a challenge to get individuals to participate in surveys and that several organizations such as the Chamber of Commerce, local banks, the Towns of Rural Retreat and Wytheville, and Wythe County are being asked to post the survey on their website. The survey can be found on the Joint IDA website, and Dr. Hawthorne asked the Board to direct

anyone they know who is interested in opening their own business to the various websites in order to participate in the survey.

ADJOURN

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

Linda DiYorio, Chairman

Attest:

Virginia M. Goodwin, Secretary

Joint IDA of Wythe County
Revenue and Expenses
For six-month period ending December 31, 2011

	General	Special	RLF	Total
Revenues				
Appropriations				
Wythe County	\$72,827.50			\$72,827.50
Wytheville	\$37,014.00			\$37,014.00
Rural Retreat	\$5,772.00			\$5,772.00
		\$115,613.50		
Service Fees				
IDB administrative fees	\$0.00			\$0.00
RLF management fees	\$0.00			\$0.00
CRIFA services	\$25,000.00			\$25,000.00
SBDC office services	\$300.00			\$300.00
		\$25,300.00		
Sales/Leases				
Lease income on bldg	\$450.00			\$450.00
Sale of land	\$0.00		\$0.00	\$0.00
less cost of sales			<u>\$0.00</u>	<u>\$0.00</u>
		\$450.00	\$0.00	
Grants/Reimbursements				
Other grant			\$0.00	\$0.00
WOF grants -			\$0.00	\$0.00
WC - Lot 24		\$1,772,742.45		\$1,772,742.45
TICRC - Evatran R&D		\$210,062.45		\$210,062.45
TICRC - Lot 24		<u>\$321,658.30</u>		<u>\$321,658.30</u>
		\$2,304,463.20		
Reimbursements	\$917.55			\$917.55
		\$917.55		
Contributions/Events				
Contributions-WMC	\$0.00			\$0.00
Contributions-private	\$0.00			\$0.00
Golf tournament-sponsorships	\$0.00			\$0.00
Golf tournament-participants	\$0.00			\$0.00
Awards luncheon sponsor	\$0.00			\$0.00
		\$0.00		
Interest Income				
LGIP interest	\$74.56			\$74.56
MM interest	\$2,329.71			\$2,329.71
Other interest	\$2,465.93			\$2,465.93
		\$4,870.20		
Revolving Loan Fund				
RLF loan interest			\$0.00	\$0.00
RLF LGIP interest			\$503.60	\$503.60
RLF other interest			\$111.76	\$111.76
Total Net Revenue	\$147,151.25	\$2,304,463.20	\$615.36	\$2,452,229.81

	General	Special	RLF	Total
Expenses Summary				
Salaries	\$59,916.00			\$59,916.00
Directors salaries	\$3,150.00			\$3,150.00
Salary Related	\$17,078.44			\$17,078.44
Annual leave accrual	\$0.00			\$0.00
Contract Services	\$7,800.00	\$2,094,400.75		\$2,102,200.75
Copier	\$68.17			\$68.17
Advertising	\$495.00			\$495.00
Advertising – sponsorship	\$0.00			\$0.00
Postage	\$52.14			\$52.14
Telecommunications	\$1,193.15			\$1,193.15
Office supplies	\$91.96			\$91.96
Office rent	\$6,600.00			\$6,600.00
Meeting expenses	\$59.00			\$59.00
Subscriptions/books	\$38.60			\$38.60
Dues/membership	\$14,074.50			\$14,074.50
Depreciation expense	\$0.00			\$0.00
Hosting	\$0.00			\$0.00
Mileage	\$2,923.60			\$2,923.60
Lodging/perdiem	\$1,126.67			\$1,126.67
Conventions/education	\$460.00			\$460.00
Repairs & Maintenance	\$3.75			\$3.75
Park expenses	\$0.00			\$0.00
Surety Bond	\$157.50			\$157.50
Property Insurance	\$62.00			\$62.00
Public Officials/General Liab. Ins.	\$1,021.50			\$1,021.50
Office equipment	\$0.00			\$0.00
Utilities	\$528.60			\$528.60
Job Fair expense	\$0.00			\$0.00
Industry Appreciation Act.	\$375.00			\$375.00
Industry Appreciation-golf	\$0.00			\$0.00
Other Expense–Jr. Achiev. grant	\$0.00			\$0.00
Other Expenses	\$0.00			\$0.00
Purchase discounts	\$0.00			\$0.00
WOF grants		\$0.00		\$0.00
Other grant expenses - R&D grant		\$210,062.45		\$210,062.45
RLF Closing & Other Expenses			\$0.00	\$0.00
RLF Bad Debt Expense				\$0.00
Total Expenses	\$117,275.58	\$2,304,463.20	\$0.00	\$2,421,738.78
Net Income	\$29,875.67	\$0.00	\$615.36	\$30,491.03

Joint IDA of Wythe County
Balance Sheet
December 31, 2011

	<u>General</u>	<u>RLF</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash-petty cash	\$50.00	\$0.00	\$50.00
Cash-checking account	\$679,359.13	\$40,129.40	\$719,488.53
Cash-LGIP	\$106,462.93	\$719,204.39	\$825,667.32
Cash-MM	\$510,565.23	\$0.00	\$510,565.23
A/R	\$25,232.52	\$0.00	\$25,232.52
Accrued interest receivable	\$3,323.24	\$0.00	\$3,323.24
Prepaid insurance	\$2,615.58	\$0.00	\$2,615.58
Total Current Assets	\$1,327,608.63	\$759,333.79	\$2,086,942.42
Inventory			
Inventory-land for sale	\$7,006,003.90	\$0.00	\$7,006,003.90
Inventory-buildings	\$0.00	\$0.00	\$0.00
Total Inventory	\$7,006,003.90	\$0.00	\$7,006,003.90
Property and Equipment			
Fixed assets-furniture/equip.	\$32,384.07	\$0.00	\$32,384.07
Accum. deprec.-equipment	(\$32,384.07)	\$0.00	(\$32,384.07)
Total Property and Equipment	\$0.00	\$0.00	\$0.00
Other Assets			
Deferred payment on land sale	\$0.00		\$0.00
SWAC Loan Balance	\$248,000.00		\$248,000.00
RLF Outstanding Loan Balance	\$0.00	\$0.00	\$0.00
Total Other Assets	\$248,000.00	\$0.00	\$248,000.00
Total Assets	\$8,581,612.53	\$759,333.79	\$9,340,946.32

Joint IDA of Wythe County
Balance Sheet (con't.)
December 31, 2011

	General	RLF	Total
LIABILITIES AND CAPITAL			
Current Liabilities			
Accounts payable	\$79,134.56	\$0.00	\$79,134.56
Accrued annual leave	\$11,118.68	\$0.00	\$11,118.68
Payroll taxes payable	\$3,536.71	\$0.00	\$3,536.71
Other liabilities-Lot 24 retainage	\$325,337.52	\$0.00	\$325,337.52
Accrued interest on VSBFA loan	\$3,323.24	\$0.00	\$3,323.24
Deferred income - TICRC R&D	\$0.00	\$0.00	\$0.00
Deferred income - TICRC Lot 24	\$240,367.48	\$0.00	\$240,367.48
Deferred income - other	\$425.00	\$0.00	\$425.00
Total Current Liabilities	\$663,243.19	\$0.00	\$663,243.19
Long-Term Liabilities			
WC Lot 24	\$6,858,435.06		\$6,858,435.06
VSBFA loan/RD RLF Grant	\$248,000.00	\$500,000.00	\$748,000.00
Total Long-Term Liabilities	\$7,106,435.06	\$500,000.00	\$7,606,435.06
Total Liabilities	\$7,769,678.25	\$500,000.00	\$8,269,678.25
Capital			
Fund balance - BOY	\$782,058.61	\$258,718.43	\$1,040,777.04
Net Fund Change	\$29,875.67	\$615.36	\$30,491.03
Total Capital	\$811,934.28	\$259,333.79	\$1,071,268.07
Total Liabilities & Capital	\$8,581,612.53	\$759,333.79	\$9,340,946.32

Note: Adjustment for unfilled AD position.

	Budget	Actual
General revenue	\$149,388.50	\$147,151.25
less adj. for AD position	(28,564.50)	(28,564.50)
Adjusted Revenue	\$120,824.00	\$118,586.75
Expenses	\$150,773.50	\$117,275.58
less AD position	(28,564.50)	(0.00)
Adjusted Expenses	\$122,209.00	\$117,275.58
ADJ. NET INCOME	(\$ 1,385.00)	\$ 1,311.17

-For Management Purposes Only-