

Directors
James Taylor
Ray Tuck
Tommy Loflin
Eric Johnsen
Steve Baffuto



Norman Winstead
Chairman
John Tuttle
Vice-Chairman
Brian T. Hamilton
Secretary/Treasurer
Martin M. McMahon
Attorney

Minutes
Tuesday, August 21, 2018 – 11:30 A.M.
Board of Directors Regular Meeting
Economic Development Authority of Montgomery County, Virginia
Montgomery County Government Center
755 Roanoke Street, Suite 2H, Christiansburg, VA
Doug Winstead - Chair, Presiding

The Economic Development Authority of Montgomery County, Virginia held a regular meeting on Tuesday, August 21, 2018 at the Montgomery County Government Center, Christiansburg, VA. Those in attendance were: Chair Norman Winstead; and Directors: Tommy Loflin, Eric Johnsen, and Tay Taylor. Also in attendance were: Brian Hamilton, Economic Development Director; Craig Meadows, County Administrator; Marty McMahon, County Attorney; Angie Hill, Finance Director; Brenda Rigney, Project Manager; Ashlyn Shrewsbury, Project Manager; and Rachel Cline, Economic Development Assistant. Absent were: Vice-Chair John Tuttle; and Directors: Steve Baffuto and Ray Tuck.

OPENING REMARKS

Declaration of Quorum

Chair Winstead declared a quorum was present, and called the meeting to order at 11:33 A.M.

Approval of Agenda

On a motion by Director Johnsen, seconded by Director Loflin, and carried unanimously, the agenda was approved.

Introduction of Guests

There were no guests present.

CONSENT AGENDA

Approval of Minutes of the July 10, 2018 meeting- Exhibit Tab 1

On a motion by Director Taylor, seconded by Director Johnsen, and carried unanimously, the minutes dated July 10, 2018 were approved as presented.

DEPARTMENT OF ECONOMIC DEVELOPMENT

755 Roanoke Street, Suite 2H • Christiansburg, Virginia 24073-3184
(540) 382-5732 • Fax (540) 381-6888 • Toll Free (866) 270-9185
E-mail: info@yesmontgomeryva.org

www.yesmontgomeryva.org

Review and Acceptance of the Treasurer’s Report – Exhibit Tab 2

Ms. Hill presented the financial statements dated June 30, 2018, and July 31, 2018, included in the agenda packet. Mr. Hamilton pointed out that the June report reflects the end of fiscal year 2018, while July shows where they stood at the beginning of fiscal year 2019. He also explained that although the EDA reserve fund is listed at \$93,000, it has actually been lowered by \$62,500 for the stormwater repairs. He said that they have received the funds, but have not yet executed the contract.

Ms. Hill showed that last year’s statement of revenue went up by \$3 million, but that is mostly because of the County’s contribution on the Cox property. She said that on the July report, almost everything was the same. She said that they had keyed in invoices to pay debt payment to Union and the electric bill, which is what made up the \$79,000 in accounts payable. She also mentioned that because it was the start of a new year, the income statement only shows one month of prorated budget in the budget column.

When asked about the fact that professional services already seemed to be over budget, Ms. Hill said indicated that part of it is contributed to the fact that they asked Hutton and Williams (*) to look at some financing related to evaluating a large retail project, and that it would not be a recurring item to pay. In regards to repairs and maintenance, Mr. Hamilton said that half of the cost was for a Trane payment where they pay approximately \$6,000 every quarter, and that they have also had some maintenance throughout July, although it was nothing significant.

On the cash flow statement, Ms. Hill pointed out the roughly \$43,000 in net increase in cash and cash equivalents, saying that it was mostly just a timing difference, and that if they had paid all of the accounts payable at the end of July, there actually would have been a decrease of about \$30,000. She also added that the June report does not have audit adjustments yet, so those numbers will likely change.

On a motion by Director Loflin, seconded by Director Johnsen, and carried unanimously, the Treasurer’s Reports dated June 30, 2018, and July 31, 2018, were accepted as presented.

INTO CLOSED MEETING

On a motion by Director Johnsen, seconded by Director Loflin, and carried unanimously, BE IT RESOLVED, The Economic Development Authority hereby enters into Closed Meeting for the purpose of discussing the following:

§2.2-3711

- (5) Discussion concerning a prospective business or industry or the Expansion of an existing business or industry where no previous announcement has been made of the businesses or industries interest in locating or expanding its facilities in the Community

1. Project 2018013
2. Project 2018021
3. Project 2018024
4. Project 2018026

OUT OF CLOSED MEETING

On a motion by Director Johnsen, seconded by Director Loflin, and carried unanimously,

BE IT RESOLVED, The Economic Development Authority hereby ends its Closed Meeting and returns to Regular Session.

CERTIFICATION OF CLOSED MEETING

On a motion by Director Taylor, seconded by Director Johnsen, and carried unanimously,

WHEREAS, The Economic Development Authority of Montgomery County, Virginia has convened a closed meeting on this date in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia requires certification by the Economic Development Authority of Montgomery County, Virginia that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED, That the Economic Development Authority of Montgomery County, Virginia hereby certifies that, to the best of each Director’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 certification resolution applies; and (ii) only such public business matters as were identified in the motion conveying the closed meeting were heard, discussed, or considered by the Economic Development Authority of Montgomery County, Virginia.

The vote on the foregoing motion was as follows:

<u>Aye</u>	<u>Nay</u>	<u>Absent During Vote</u>	<u>Absent During Meeting</u>
Norman Winstead		John Tuttle	John Tuttle
Tommy Loflin		Ray Tuck	Ray Tuck
Eric Johnsen		Steve Baffuto	Steve Baffuto
James Taylor			

GENERAL BUSINESS

VEDP Site Characterization Contract – Exhibit Tab 3

Mr. Hamilton reminded the group that now that VEDP has started a ranking system for available sites, the former Cox property required a site characterization study. The EDA was also awarded a \$2,000 grant to cover half the engineering costs.

Mr. Hamilton said that Hurt and Proffitt had sent everything off to VEDP, but that VEDP had not yet responded. He believes that FBCP Phase II will be ranked as a three out of five once VEDP reviews the characterization study, and said that the property could move up to a four if there were a set of plans in place for grading and water and sewer that had been approved by the Town of Christiansburg.

Technology Manufacturing Building Stair Repair/Replacement

Mr. Hamilton explained that due to the wear and tear of daily use and from erosion caused by salt laid down in the winter, some of the exterior staircases at the TMB are experiencing extreme rust, the worst of which recently had a railing fall off entirely. He reminded the group that the tenants maintain their individual portions of the interior of the building, but that the EDA is responsible for the exterior. There are six staircases in total, two of which are in fairly bad condition.

Mr. Hamilton said that they had a welder reattach the broken railing, and while the staircases are not in bad enough condition that he expects anyone to fall through them in the imminent future, he would like to get them taken care of in the next six months or so. He explained that they can either repair the stairs by cutting out the metal on the landings and replacing it, or they could replace the staircases entirely. He said that the main problem that they are running into with just repairing the stairs is that the existing plans are not up to today's code, meaning they would have to be modified before they could be used for repairs. If the designs will have to be reengineered either way, they may be better off replacing the stairs entirely with something that will last longer, such as galvanized grates that would help prevent ice from forming without extensive salt treatments.

Ms. Shrewsbury said that she has started asking around for quotes on replacing the stairs, and one welder estimated the cost at \$6,200 per staircase based on his design, but did not say what it would cost to repair the stairs based on the current design. Mr. Hamilton said that it is at the EDA's discretion whether they also pursue estimates on repairing rather than replacing, and that he believes a redesign would be less than \$3,000. He also said he would like to engage an architect before taking anything to the Town of Blacksburg for approval.

Falling Branch Corporate Park

Lot 7

Mr. Hamilton informed the directors that Gay and Neel were withdrawing their purchase offer on Lot 7 in the FBCP. He said that he had spoken with Mr. Neel the previous week, and he had indicated that speaking to their landlord about getting an extension on their lease, the landlord offered to sell them the building instead, meaning they would not have to wait for construction on a new building or move from their current location.

Stormwater Pond – Exhibit Tab 4

Mr. Hamilton said that they received bids on repairing the forebay damage in the FBCP stormwater pond on July 10, 2018. He said that the bid they went with was \$62,500 from a group out of South Carolina, as the other bids were \$169,000 and \$250,000. Although the contract gives them 90 days, once the work gets underway, it should take about a week to complete, they'll just need a week of nice weather where rain is not impacting the pond. PSA drained forebay two down several feet for the contractors to see the damage, but for the actual repairs, it will have to be pumped down much further.

Smartscale Application – Exhibit Tab 5

Mr. Hamilton explained that the Town of Christiansburg had submitted a Smartscale application to VDOT. He said they had submitted an application two years ago for the Parkway Drive extension that was not awarded, but now that the EDA has purchased the former Cox property, it will likely aid in the application process.

Mr. Hamilton said that they had Hurt & Proffitt do a design of what the road would look like going through the property. They would do a two-lane road with a walking trail, which would be beneficial because many of the FBCP tenants have asked about a walking trail for employees to use. He said that they should find out if Christiansburg's application was approved by the first of next year.

DISH Network Update

Mr. Hamilton reminded the group that DISH Network is moving out of their building in the FBCP to a space in the NRV Mall around September, leaving behind a 100,000 square foot building. Crest View Funds, the group out of Nashville that had expressed interest in the property, has decided not to purchase the building. The building will remain for sale at \$3.7 million, or \$7 per square foot for lease triple net. Mr. Hamilton said that they are scheduled to show the space to an existing industry this week to see if they would be interested in leasing.

MBC Development Corporation Loan

Ms. Rigney explained that Mr. Hamilton had attended a meeting with the MBC the previous day to discuss the possibility of the EDA applying for an MBC loan. She said that with the MBC's revolving loan fund, any undistributed income is taxed, and because they have not yet made any loans this year, they are looking at being taxed heavily.

Mr. Hamilton suggested a loan to the EDA to cover the cost to replace between four and six rooftop units at the TMB. The MBC said that they offered an \$100,000 loan with a ten-year amortization, a five-year balloon, and a four percent interest rate. The EDA would make monthly payments of roughly \$1,000, and the MBC also requested a letter from Mr. Meadows stating that if the EDA defaulted on the money, he would approach the Board of Supervisors about stepping in. Mr. McMahon clarified that such a letter would not constitute a moral obligation that the BOS would be required to pay, only that Mr. Meadows agreed to go through the process of asking for their help.

The directors discussed where the \$1,000 monthly payments would be taken from in the budget, as well as the potential savings of installing four to six new units versus just maintaining what is already there, and they were hesitant to accept the MBC's loan terms. Mr. Hamilton reminded them that they were under no obligation to move forward with the loan, and that they would really just be doing a favor to the MBC to help them avoid being heavily taxed. Ms. Rigney added that the MBC has roughly a year to loan out \$100,000, and that if no loans are made by this time next year, they will have to pay taxes on the money. Mr. Hamilton suggested that if the MBC is still looking for someone to take out a loan later into next year, they may be willing to offer better loan terms. The directors agreed, deciding to pass on taking out a loan for the time being, but to possibly discuss the matter again next year if the MBC is still looking to lend.

The directors also questioned whether or not now might be a good time to start looking at marketing the TMB again, particularly as Blacksburg property rates have gone up since the last time the building was marketed. Mr. Hamilton explained that the building is still valued at \$2 million under what they owe, but that they would begin looking at the value of selling versus maintaining.

ECONOMIC DEVELOPMENT DIRECTOR'S REPORT

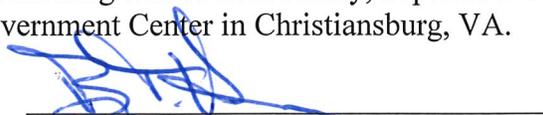
The directors were reminded that the Chamber golf tournament will take place on September 17, 2018, and that the next EDA meeting is a breakfast meeting rather than lunch on September 21, 2018.

ADJOURNMENT

The meeting was adjourned at 1:16 P.M. The next meeting will be held Friday, September 21, 2018, at 8:30 A.M. at the Montgomery County Government Center in Christiansburg, VA.



Norman Winstead - Chair



Brian T. Hamilton, Secretary/Treasurer