

Industrial Development Authority of the Clarke County Virginia  
Board of Directors  
January 25, 2018, Minutes

A meeting of the Industrial Development Authority of the Clarke County Virginia held in the Berryville/Clarke County Government Center, Berryville, Virginia, on Thursday, January 25, 2018, at 1:00 PM.

Directors Present: Mark Cochran, Paul Jones, David Juday, Rodney Pierce, William Waite

Directors Absent: Brian Ferrell, English Koontz

Board of Supervisors Liaison Present: David Weiss

County Staff Present: Len Capelli, Lora Walburn

Others Present: Janice Kuhn, Christy Dunkle, Cathy Kuehner

1. Call to Order

At 1:00 pm, David Juday called the meeting to order.

2. Adoption of Agenda

**On a motion by Rod Pierce, seconded by Mark Cochran, the agenda was adopted by the following vote:**

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

3. Organizational Items

2017 Chair David Juday turned over the 2018 nominations to Lora Walburn, IDA Clerk.

Elect Chair

Lora Walburn, IDA Clerk, called for nominations for 2018 Chair.

David Juday moved to nominate Mark Cochran to serve as 2018 Chair.

Rod Pierce moved to close the nomination David Juday

David Juday, seconded by Rodney Piece, moved to nominate and elect Mark Cochran to serve as 2018 Chair.

Lora Walburn, Clerk, called for vote on the motion to nominate and elect.

The motion carried by the following vote:

Mark Cochran	-	Abstain
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

Following the vote, the meeting was turned over to the Mark Cochran.

#### Elect Vice Chair

Chairman Cochran called for nominations for 2018 Vice Chair.

Rod Pierce moved to nominate Brian Ferrell to serve as 2018 Vice Chair.

David Juday, seconded by Paul Jones, moved to close nominations and elect Brian Ferrell to serve as 2018 Vice Chair.

The motion carried by the following vote:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

#### Elect Secretary/Treasurer

Chairman Cochran called for nominations for 2018 Secretary / Treasurer

Following discussion, **David Juday**, seconded by **Rod Pierce** move to combine the positions of **Secretary and Treasurer**. The motion carried by the following vote:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Abstain

**Rod Pierce**, seconded by **David Juday**, moved to nominate and elect **William "Bill" Waite** to serve as **2018 Secretary / Treasurer**. The motion carried by the following vote:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Abstain

#### Set Meeting Date, Time and Location

By affirmation, the Board adopted the schedule as presented.

#### 2018 Meeting Schedule

April 26

July 26

October 25

1:00 pm, 4th Thursday Quarterly. Meeting Room AB

#### Adopt Bylaws and Rules and Procedures of the Industrial Development Authority of the Clarke County, Virginia

Staff Recommendation:

- Section 304: Add Finance subcommittee section.
- Section 405: Add "All check or money transfers exceeding \$499 shall be countersigned by the Treasurer and Chair."

Following review, **William Waite**, seconded by Rod Pierce, moved to adopt the Bylaws and Rules of Procedure revision dated January 26, 2018, as presented. The motion carried by the following vote:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Aye
Rodney Pierce	-	Absent
William Waite	-	Aye

#### 4. Approval of Minutes

**William Waite**, seconded by David Juday, moved to approve the October 26, 2017, minutes as presented. The motion carried as follows:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

#### 5. Economic Development Director Update

- Hydroponic Greenhouse Facility
  - o No status adjustment or statement.
  - o No application made and no action before the County.
- Town of Berryville: Researching impact of rezoning.
- GoVirginia: Working with regional entities to develop a proposal for a manufacturing, incubator, and training facility.
- Shenandoah Valley Tourism Partnership: Tremendous amount of interest generated from participation.

#### 6. Treasurer's Report

From IDA check log:

Approved 04/26/2018

Status	Check No.	Date	Description	Category	Credit	Debit	Balance	Additional Information
Y	N/A	6/1/2017	Balance	Balance	\$66,061.93	\$-	\$66,061.93	
Y	536	6/28/2017	VACorp	Insurance	\$-	\$1,333.00	\$64,728.93	
Y	537	7/28/2017	Mark Cochran	Director Fees	\$-	\$150.00	\$64,578.93	Meeting 02/20, 04/27, 7/27
Y	538	7/28/2017	David Juday	Director Fees	\$-	\$150.00	\$64,428.93	Meeting 02/20, 04/27, 7/27
Y	539	7/28/2017	English Koontz	Director Fees	\$-	\$100.00	\$64,328.93	Meeting 04/27, 7/27
Y	540	7/28/2017	Rodney Pierce	Director Fees	\$-	\$100.00	\$64,228.93	Meeting 02/20, 04/27
	541	7/28/2017	Brian Ferrell	Director Fees	\$-	\$100.00	\$64,128.93	Meeting 02/20, 07/27
Y	542	7/28/2017	Allan Frederickson	Director Fees	\$-	\$50.00	\$64,078.93	Meeting 07/27
Y	543	8/14/2017	LFSBDC	Civic Contributions	\$-	\$6,000.00	\$58,078.93	
Y	Dep	9/13/2017	Grafton School	Bond Fees	\$18,322.50	\$-	\$76,401.43	
Y	Dep	9/18/2017	LFCC	Bond Fees	\$16,147.00	\$-	\$92,548.43	
Y	544	11/16/2017	Mark Cochran	Director Fees	\$-	\$50.00	\$92,498.43	Meeting 10/26/2017
Y	N/A	10/31/2017	Bank of Clarke County	Bank Fees	\$-	\$18.00	\$92,480.43	Duplicate Bank Statements
Y	545	11/16/2017	Robinson Farmer Cox	Audit	\$-	\$1,635.00	\$90,845.43	FY16 Audit
Y	546	11/16/2017	Brian Ferrell	Director Fees	\$-	\$50.00	\$90,795.43	Meeting 10/26/2017
Y	547	11/16/2017	Paul Jones	Director Fees	\$-	\$50.00	\$90,745.43	Meeting 10/26/2017
Y	548	11/16/2017	David Juday	Director Fees	\$-	\$50.00	\$90,695.43	Meeting 10/26/2017
Y	549	11/16/2017	English Koontz	Director Fees	\$-	\$50.00	\$90,645.43	Meeting 10/26/2017
Y	550	11/16/2017	Rodney Pierce	Director Fees	\$-	\$50.00	\$90,595.43	Meeting 10/26/2017
Y	Transfer	11/16/2017	Checking to Infinex Investments	Transfer	\$-	\$50,000.00	\$40,595.43	
Y	Dep	12/5/2017	Shenandoah University	Bond Fees	\$19,537.50	\$-	\$60,132.93	Outstanding
Y	Dep	12/29/2017	Shenandoah University	Bond Fees	\$3,907.50	\$-	\$64,040.43	2017 Fees

From Bond Database:

Borrower	Bond Type	Date Issued / Resolution	Original Amount \$MM	2017 Fees \$K	Outstanding Balance 2017 \$MM	Date OB
BCCGC County of Clarke	Lease Revenue Bond	5/16/2007	\$4,822,000	N/A	-	6/30/2016
BCCGC Town of Berryville	Lease Revenue Bond	5/16/2007	\$2,327,000	N/A	-	6/30/2016
Grafton School, Inc.	Tax-exempt Educational Facilities Revenue Refunding Bonds Series 2010	Loan 5/1/2010; Issued 5/28/2010	\$9,225,000	-	-	12/3/2010
Lord Fairfax Community College Educational Foundation, Inc.	Educational Facilities Revenue Bond Series 2012A [Tax-exempt] \$8,400,000	11/14/2012; 12/28/2012	\$8,400,000	-	-	12/28/2016
Shenandoah University Project	Educational Facilities Revenue Bonds, Series 2011	12/08/2011; 12/15/2011; 12/27/2011; Issue Date 5/31/2012	\$7,815,000	\$3,908	\$7,815,000	12/27/2017

\$3,908

Following review, **David Juday**, seconded by **William Waite**, moved to accept the Treasurer's Report as presented. The motion carried as follows:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

## 7. Old Business

### Investment Options Review with Janice Kuhn

- Distributed and reviewed current account information.
- Two hypothetical options were developed at the request of the IDA Finance Subcommittee.
- Highlights of review:
  - o First option includes three funds:
    - More conservative model.
    - Divided equally across funds.

- Conservative, dividend-driven funds.
- Second option includes four funds:
  - Growth component added.
  - Funds not distributed equally in this option.
- Hypotheticals provide an idea of how to diversify funds for a better rate of return.
- Current investments are completely liquid.
- New money must be held for one year and subject to a 1% fee.
- Options developed 60 days ago; however, nothing has dramatically changed.

### Guiding Principles

Bill Waite summarized his preliminary draft of the guiding principles. Highlights of review and discussion include:

- Document provides structure without setting forth a fixed plan.
- The Authority should not be stockpiling cash in the bank but using to invest in the County.
- Guideline conforms with discussion by the Finance Subcommittee at its the November 16 meeting.
- Guideline does not obligate the Board to any specific action.
- The Board will continue to approve investments.

David Juday, seconded by Rod Pierce, moved to adopt the Investment Guiding Principles as presented. The motion carried by the following vote:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

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## **Clarke County Industrial Development Authority (IDA) Investment Guiding Principles**

### **BACKGROUND:**

The Clarke County Industrial Development Authority (IDA) issues bonds, refinances bonds, buys and sells property, and otherwise conducts appropriate and authorized

business as set forth in the code of Virginia. These activities can and do generate funds that the IDA maintains generally in the following two ways:

- 1) A checking account with the Bank of Clarke County used primarily for financing annual operating costs, as well as the initial account for the receipt and distribution of funds.
- 2) An investment account with Eagle Investment Group, a subsidiary of Bank of Clarke County, to maximize total return with prudent levels of risk during the pursuit of investment opportunities to achieve the stated IDA mission. These funds are specifically endorsed by the IDA Finance Committee. Average risk tolerance consistent with other investments made in the name of Clarke County.

In order to fulfill its statutory mission to serve the citizens of Clarke County and the Commonwealth of Virginia “through the increase of the their commerce, or through the promotion of the safety, health, welfare, convenience or prosperity,” the IDA further considers reinvesting the proceeds from its activities to retain and recruit business and other qualifying enterprises, including manufacturing, industrial, governmental, nonprofit and commercial enterprises and institutions, and the further use of the County’s agricultural products and natural resources, the IDA follows certain investment guiding principles.

#### **INVESTMENT GUIDING PRINCIPLES:**

The amount of the funds vary according to distribution needs but are generally divided into 4 groups:

- 1) Account balances under \$50,000 of liquid funds in the checking account to provide flexibility for the IDA Committee to access funds promptly without penalty.
- 2) Account balances in excess of \$50,000 and less than \$100,000 should be invested in financial instruments that can be accessed within 6 months without penalty. This investment is intended to generate a satisfactory, safe return to focus on short term investment opportunities.
- 3) Account balances in excess of \$100,000 and less than \$150,000 should be invested in financial instruments that can be accessed within one year without penalty. This investment, due to the term of the investment, is to generate slightly higher but safe returns to meet longer high-value investment opportunities.
- 4) Account balances in excess of \$150,000 should be referred immediately to the IDA committee for discussion. Consistent with the mission of the IDA, special attention should be paid to distribute these funds as soon as possible to promote worthy opportunities aligned with the IDA mission.

In addition, the Authority’s Board of Directors should target being self-sufficient by generating enough investment income to offset annual operating expenses.



Janice Kuhn requested a copy of the guiding principles.

In response to David Weiss, Board of Supervisors liaison to the Industrial Development Authority, as to when the Board anticipated reassessing its investments, the following was put forth:

- Provide a proposal within the next 30 days.
- Finance Subcommittee may make recommendation.
- Board of Directors may be polled individually.

8. New Business

FY2019 Budget Discussion

FY2019 Budget - Preliminary Draft

Expenditures Category	Amount	
Advertising	\$400	Public Hearings
Audit	\$1,675	RFC
Civic Contributions	\$6,000	SBDC LFCC
Director Fees	\$1,400	Meeting Attendance
Insurance	\$1,333	VACorp
Postage	\$25	
Professional Services	<u>\$1,000</u>	Legal
	\$11,833	

Revenues	Estimated Amount	Bond Balance 12/2016
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**Bonds:**

Grafton School, Inc. Bond	\$1,758	\$3,515,000
LFCC Bond	\$3,857	\$7,714,039
Shenandoah University Bond	<u>\$3,907</u>	\$7,815,000
	\$9,522	

Actions identified during review:

- Schedule presentations and funding requests for the April 26 meeting from:
  - o Town of Berryville Funding Request
  - o People, Inc. Update

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- o LFCC Small Business Development Center
- Add budget discussion to the April 26 meeting agenda.

#### Preliminary Notification of Potential Funding for the Town of Berryville

Bill Waite advised that he had been approached by Town representatives to put before the Board of Directors a request to consider \$10,000 in funding to update a market study.

Christy Dunkle, Town of Berryville Planner, advised that the Town received a grant for the Market Study with Financial Projections Proposed Hotel Berryville, Virginia prepared by Nichols Hospitality Consulting Inc. December 11, 2013. Ms. Dunkle provided the following:

- The 2013 study was conducted using a USDA Rural Business Enterprise Grant.
- In 2013, there was an entity interested in building an hotel in Clarke County; and properties throughout the County were considered including locations on Route 50 and 340. There was no interest from the owners of the two properties identified as the best locations. Since that time, an interested property owner has been identified and they are actively doing engineering work on the property.
- Changes since the 2013 study include:
  - o Trip generation on Route 7.
  - o No accommodations between Winchester and Leesburg.
  - o Rosemont is now doing over 70 weddings per year.
  - o Business Park is full with one business lodging visitors at the George Washington Hotel in Winchester
  - o Lucketts Fair has relocated and become the largest event in Clarke County.
  - o Town adopted Tourism Zone Incentives:
    - Zones identified: the downtown area, entrance corridors, and First Street.
    - Ability to pay water and sewer availability fees over a ten-year period.
    - Reduction in BPOL tax.
    - Reduction in Planning and Zoning fees from the Town.
- Updating the plan may generate more interest.
- Study is used by developers, recruiters, and investors.

Highlights of review include:

- Overnight accommodations are a need in the county.
- Define what has changed since the last study.
- Define what will be done with the study after completion.

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- Determine impact of environmental and economic changes since the 2013 study.
- Narrowing the scope is critical.
- Consider how to attract investors.
- Consider whether a hotel will add economic value.
- The 15-room Battletown Inn is now closed.
- Consider impact and ways to engage the community.

Following review, the Board of Directors agreed to entertain further discussion on study funding at its April 26 meeting.

#### Potential Joint Meeting of the EDAC and IDA Discussion

Following discussion, the Industrial Development Authority asked staff to invite the Economic Development Advisory Committee to attend the April 26, 2018, Quarterly Meeting.

#### Next Meeting

The next meeting is scheduled for Thursday, April 26, 2018, 1:00 pm.

#### 9. Adjournment

At 2:17 pm, **David Juday**, seconded by **William Waite**, moved to adjourn. The motion carried by the following vote:

Mark Cochran	-	Aye
Brian Ferrell	-	Absent
Paul Jones	-	Aye
David Juday	-	Aye
English Koontz	-	Absent
Rodney Pierce	-	Aye
William Waite	-	Aye

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Minutes recorded and transcribed by: Lora B. Walburn, Executive Assistant - County Administration