

Approved 10/25/2018

Industrial Development Authority of the Clarke County Virginia
Board of Directors
April 26, 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, April 26, 2018, at 1:00 PM.

Directors Present: Mark Cochran, Brian Ferrell, Paul Jones, David Juday, English Koontz, William Waite

Directors Absent: Paul Jones, Rodney Pierce

Board of Supervisors Liaison Present: David Weiss

County Staff Present: Lora Walburn

Others Present: Rob Goldsmith

1. Call to Order

At 1:00 pm, Mark Cochran called the meeting to order.

2. Adoption of Agenda

David Juday, seconded by English Koontz, moved to adopt the agenda as presented. The motion carried by the following vote:

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

3. Presentation by People Inc.

Highlights of presentation by Rob Goldsmith, Executive Director, People, Inc., and Board discussion include:

- People Inc. is a nonprofit corporation, 501c3, educational, charitable organization.
- Started in 1963 as a community improvement group in a small, rural community.
- Known as a community action agency requiring:

- Anti-poverty mission.
- A particular structure for the Board of Directors:
 - A third representing persons served.
 - A third representing the community at large.
 - A third representing the localities having designated People Inc. as its community action agency.
 - Colleen Hillerson is Clarke County's representative on the Board of Directors.
- Main office located in Abingdon, Virginia. Shenandoah Valley Region served out of the Woodstock office.
- Offer the following services in Clarke County:
 - Volunteer income tax preparation – free service.
 - Earned income tax credit outreach program.
 - Offer loans as an alternative to pay-day lenders.
 - Provide budget and financial counseling to persons with financial challenges.
 - Key is to make loans at a much more moderate interest rate, consumer loans are prime plus 5%, to meet immediate needs and aid persons to get back on track.
 - Provide financial / housing counseling to persons wanting to become first-time home buyers.
 - Persons seeking counseling generally have credit issues.
 - Assist persons to formulate a plan to deal with credit issues to improve credit score so that they might qualify for a mortgage.
 - Do not provide permanent financing for home ownership.
 - Assist in preparing loan applications.
 - Work with Virginia Housing Authority and USDA Rural Development.
 - Provide down-payment assistance to persons provided counseling, typically running at about \$10,000 per household. Financial assistance provided as a forgivable loan; and if the buyer lives in the home over five years, the loan will be forgiven 20% for each year lived in the home.
 - Small business and micro enterprise lending services.
 - English Koontz worked with People Inc. on a community development block grant [CDBG] project.
 - No active CDBG in Clarke County at this time; however, there are grants currently available in Culpeper, Fauquier, Rappahannock, and Warren Counties.
 - Have not made any loans to persons in Clarke.
 - Currently, working with a couple of entrepreneurs in Clarke.

- Provide loans to persons unable to get a bank loan.
- Loans are prime plus 3%.
- Typically amortized over 10 years.
- Purpose of loans is to create jobs for low- to moderate-income persons and to help low- to moderate-income entrepreneurs to create wealth and equity in their businesses.
- Depending on the amount of money on hand, loans can be made up to a couple hundred thousand dollars.
- Currently, focusing on smaller loans.
- \$50,000 cap on microenterprise loans.
- Make approximately forty to fifty loans per year.
- Rules for loan include the applicant cannot get a bankable application and business cannot be engaged in anything illegal.
- Business type is entirely up to the entrepreneur.
- Majority of entrepreneur loans are for service businesses.
- Some retail but retail takes more money to have a viable storefront operation than People Inc. lends.
- On occasion, do participate in bank loans if above what People Inc. can loan.
- Cameron Gill is the contact persons on staff for business lending activities.
- Mr. Gill has been working in Clarke County with persons interested in business startups in conjunction with Len Capelli, Economic Development Director.
- Bank referrals are a source of a significant number of good loan applicants.
- Funding Sources:
 - Small Business Administration is the largest funding source.
 - Community development block grant programs.
 - Commercial banks.
- New markets tax credits. Only a tiny portion of Clarke residents are eligible under federal rules.
- Lord Fairfax Community College Small Business Development Center.
 - People Inc. works closely with LFCCSBDC.
 - Provide referrals to each other.
 - LFCCSBDC provides training and technical assistance to people but it does not have a source of lending.
- Not currently involved in any community revitalization projects, which are important and very rewarding.

Chairman Cochran expressed the Authority's appreciation for the presentation.

In conclusion, Mr. Goldsmith thanked the Authority for its time. He asked the Directors to help the organization find entrepreneurs and communities to work in. He noted that the communities in which it has been most effective are those communities where it had the strongest relationships with local government.

David Weiss informed the Authority that People Inc. would be addressing the Board of Supervisors at its May 15 meeting to provide its annual report. He commented that People Inc. was a good organization and has done very good work rehabbing old school buildings, including two in Shenandoah County.

English Koontz remarked that she periodically refers clients to People Inc. She opined that it was a wonderful program and the block grant program was phenomenal.

Treasurer Bill Waite, noting potential investment opportunities for People Inc., put forward that the Authority currently had \$150,000 that could be used to assist persons interested in growing and creating opportunities that would generate revenue and jobs.

4. Approval of Minutes

Bill Waite, seconded by David Juday, moved to approve the January 25, 2018, minutes as corrected changing David Weiss from Absent to Present. The motion carried as follows:

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

Bill Waite, seconded by David Juday, moved to approve the April 11, 2018, minutes of the Finance Subcommittee as presented. The motion carried as follows:

Mark Cochran	-	Aye
David Juday	-	Aye
William Waite	-	Aye

5. Treasurer's Report

FY2018 YTD Check Log:

Action: The Treasurer recommends acceptance.

FY	Status	Check No.	Date	Description	Category	Credit	Debit	Balance	Additional Information
2018	Y	537	7/28/2017	Mark Cochran	Director Fees	\$ -	\$ 150.00	\$ 64,578.93	Meeting 02/20, 04/27, 7/27
2018	Y	538	7/28/2017	David Juday	Director Fees	\$ -	\$ 150.00	\$ 64,428.93	Meeting 02/20, 04/27, 7/27
2018	Y	539	7/28/2017	English Koontz	Director Fees	\$ -	\$ 100.00	\$ 64,328.93	Meeting 04/27, 7/27
2018	Y	540	7/28/2017	Rodney Pierce	Director Fees	\$ -	\$ 100.00	\$ 64,228.93	Meeting 02/20, 04/27
2018	Y	541	7/28/2017	Brian Ferrell	Director Fees	\$ -	\$ 100.00	\$ 64,128.93	Meeting 02/20, 07/27
2018	Y	542	7/28/2017	Allan Frederickson	Director Fees	\$ -	\$ 50.00	\$ 64,078.93	Meeting 07/27
2018	Y	543	8/14/2017	LFSBDC	Civic Contributions	\$ -	\$ 6,000.00	\$ 58,078.93	
2018	Y	Dep	9/13/2017	Grafton School	Bond Fees	\$ 18,322.50	\$ -	\$ 76,401.43	
2018	Y	Dep	9/18/2017	LFCC	Bond Fees	\$ 16,147.00	\$ -	\$ 92,548.43	
2018	Y	544	11/16/2017	Mark Cochran	Director Fees	\$ -	\$ 50.00	\$ 92,498.43	Meeting 10/26/2017
2018	Y	N/A	10/31/2017	Bank of Clarke County	Bank Fees	\$ -	\$ 18.00	\$ 92,480.43	Duplicate Bank Statements
2018	Y	545	11/16/2017	Robinson Farmer Cox	Audit	\$ -	\$ 1,635.00	\$ 90,845.43	FY16 Audit
2018	Y	546	11/16/2017	Brian Ferrell	Director Fees	\$ -	\$ 50.00	\$ 90,795.43	Meeting 10/26/2017
2018	Y	547	11/16/2017	Paul Jones	Director Fees	\$ -	\$ 50.00	\$ 90,745.43	Meeting 10/26/2017
2018	Y	548	11/16/2017	David Juday	Director Fees	\$ -	\$ 50.00	\$ 90,695.43	Meeting 10/26/2017
2018	Y	549	11/16/2017	English Koontz	Director Fees	\$ -	\$ 50.00	\$ 90,645.43	Meeting 10/26/2017
2018	Y	550	11/16/2017	Rodney Pierce	Director Fees	\$ -	\$ 50.00	\$ 90,595.43	Meeting 10/26/2017
2018	Y	Transfer	11/16/2017	Checking to Infinex Investments	Transfer	\$ -	\$ 50,000.00	\$ 40,595.43	
2018	Y	Dep	12/5/2017	Shenandoah University	Bond Fees	\$ 19,537.50	\$ -	\$ 60,132.93	Outstanding
2018	Y	Dep	12/29/2017	Shenandoah University	Bond Fees	\$ 3,907.50	\$ -	\$ 64,040.43	2017 Fees
2018	Y	551	1/25/2018	Robinson Farmer Cox	Audit	\$ -	\$ 1,675.00	\$ 62,365.43	FY17 Audit
2018	Y	Dep	2/8/2018	Lord Fairfax Community College	Bond Fees	\$ 3,563.49	\$ -	\$ 65,928.92	2017 Fees
2018	Y	Transfer	3/15/2018	MMDA Account Closure	Transfer	\$ 1,532.45	\$ -	\$ 67,461.37	Close account

Treasurer Bill Waite stated that for transparency the check log would be included in the quarterly meeting packets so that Directors and the public could see checking account activity.

English Koontz, seconded by Brian Ferrell, moved to accept the Treasurer’s report. The motion carried as follows:

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

Investments:

Action: The Finance Subcommittee recommends acceptance of the following:

- Transfer \$15,000 from checking to investments increasing investment balance to \$100,000.
- Continue to maximize dividends / interest to cover operating costs.
- Divide funds equality across portfolio.
- Review portfolio on an annual basis with Board of Directors.

Bill Waite briefly summarized the discussion from the April 11 Finance Subcommittee meeting specific to the Authority’s investments. He informed the Directors that he would meet with Janice Kuhn at least twice per year.

David Juday, seconded by English Koontz, moved to adopt the recommended investment strategy. The motion carried as follows:

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

FY2019 Budget:

Action: The Finance Subcommittee recommends approval.

Industrial Development Authority of the Clarke County, Virginia
Proposed FY2019 Budget

<u>Expenditures Category</u>	<u>Amount</u>	
Advertising	\$ 400	Public Hearings
Audit	\$ 1,675	RFC
Civic Contributions	\$ 6,000	SBDC LFCC
Director Fees	\$ 1,400	Meeting Attendance
Insurance	\$ 1,300	VACorp
Postage	\$ 25	
Professional Services	\$ 1,250	Legal
Total Expenditures:	\$ 12,050	

<u>Revenues</u>	<u>Estimated Amount</u>	<u>Bond Balance as of 12/2017</u>
Bonds:		
Grafton School, Inc. Bond	\$ 1,100	\$ 3,035,000
LFCC Bond	\$ 3,400	\$ 7,714,039
Shenandoah University Bond	\$ 3,800	\$ 7,815,000
	\$ 8,300	
Interest Income:	\$ 3,000	
Total Revenue:	\$ 11,300	

Bill Waite reviewed the proposed budget noting that revenue and expenditure projections were subject to change.

English Koontz, seconded by Brian Ferrell, moved to approve the FY2019 Budget as recommended by the Finance Subcommittee. The motion carried as follows:

Mark Cochran	-	Aye
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Approved 10/25/2018

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

Bonds Update:

Action: Information only.

Industrial Development Authority of the Clarke County, Virginia
Outstanding Bonds

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	\$1,517.50	\$3,035,000	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	\$ 3,563.49	\$ 7,714,039.14	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	\$3,907.50	\$7,815,000	12/27/2017
				\$8,988.49		

Treasurer Bill Waite stated that the Board was back on track with all bond fees current.

Bank of Clarke County Accounts – Signature Authority.

Action: Bank of Clarke County no longer requires countersignature. The Treasurer recommends amending Industrial Development Authority of the Clarke County, Virginia Bylaws Section 405: Remove “All check or money transfers exceeding \$499 shall be countersigned by the Treasurer and Chair.”

Treasurer Bill Waite, authorized signatory, explained that the Bank of Clarke County can no longer accept a dual signatory for checks of \$500 or greater. He put forth that since the check log would be reported quarterly it was transparent and he recommended that the requirement be removed from the Bylaws.

Mark Cochran, Chair, will complete the requisite paperwork to become an authorized signatory on the account.

David Juday, seconded by English Koontz, moved to approve the change to the Bylaws eliminating the secondary signature and continuing the practice with two authorized signatures. The motion carried as follows:

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

6. Old Business

Waterloo Area Water and Sewer Availability Fee Subsidy Program.

Action: The Finance Subcommittee recommends approval of program document and application form.

Highlights of review:

- Added a checkbox on the application form for new or existing business.
- Amended the application fee amounts.
- Mike Legge, Clerk to the Clarke County Sanitary Authority, reviewed the proposed program and application and supports approval of the documents.
- When approved, the documents will be added to the Authority's webpage on the County website.
- One Waterloo-area business has expressed interest in making application.

English Koontz, seconded by Bill Waite, moved to approve the program document and application form as presented. The motion carried as follows:

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

Waterloo Area Water and Sewer - Availability Fee Subsidy Program

The Industrial Development Authority of the Clarke County, Virginia [IDA], in conjunction with the Clarke County Sanitary Authority [CCSA] and at the direction of the Clarke County Board of Supervisors, have developed this program to assist businesses in locating to the Waterloo Area. Interested owners shall make application to the IDA following the process below.

Application: shall include:

- A. The amount of the subsidy requested.
- B. A financial statement of the Owner. *In the case of a closely held corporation, partnership, or limited liability company, financial statements shall be filed for each owner of the entity holding an ownership interest of 10% or more.*
- C. Itemized listing of the local tax revenues that the Owner expects to generate during the contractual period to offset the subsidy amount. *The business owner shall provide detailed documentation to support the tax revenue projections.*
- D. A description/business plan of the business to be operated.
- E. Projected timetable for construction and for commencement of business operations.
- F. An Application Fee of \$250 or one percent (1%) of the total subsidy requested, whichever is greater. *Note: Applicant shall be responsible for legal fees, recording costs, and other incidental costs if incurred.*

Prior to Application Review: An Owner shall participate in a pre-application meeting with County staff and/or representatives from the IDA and CCSA to receive initial feedback on the application and to develop a draft payment schedule.

Application Review: The IDA shall review and act upon the application.

- The IDA may deny the application if it finds, in its sole discretion, that the Owner does not have sufficient financial strength to meet its financial commitments under the program or that the local tax revenue projections of the Owner are not reasonably realistic.
- The IDA may approve a subsidy for an amount less than requested by the Owner.
- Upon approval of an application, the IDA shall enter into an agreement with the Owner. *The IDA and CCSA may require a letter of credit or other form of surety for the Owner's obligations under the agreement, if deemed warranted by the IDA based upon its review of the financial information submitted by Owner.*

Waterloo Area Water and Sewer Availability Fee Subsidy Application

Application Date: _____ New Business Existing Business

Business Name of Applicant: _____

Owner Name: _____

Approved 10/25/2018

Name of Business Contact: _____

If different from owner

Mailing Address: _____

E-mail Address: _____

Telephone Number: _____

Business Name for which
subsidy being sought: _____

If different from business name of applicant.

Physical Address for which
subsidy being sought: _____

If different from business address above

Water subsidy requested: _____

Sewer subsidy requested: _____

Total subsidy requested: _____

Application Fee: _____

*\$250 or 1% of total subsidy requested whichever is
greater**

Attach the following:

- ✓ A financial statement of Owner. *In the case of a closely held corporation, partnership, or limited liability company, financial statements shall be filed for each owner of the entity holding an ownership interest of 10% or more.*
- ✓ Itemized listing of the local tax revenues that the Owner expects to generate during the contractual period to offset the subsidy amount. *The business owner shall provide detailed documentation to support the tax revenue projections.*
- ✓ A description/business plan of the business to be operated.
- ✓ Projected timetable for construction and for commencement of business operations.

*Note: The Authority has relied on the representations of the Applicant and has not independently verified the information contained in this application, including the financial records. The Authority makes no representation as to the accuracy of the information supplied by the Applicant or the creditworthiness of the Applicant. A valid application must be submitted signed by a representative of the Applicant having the authority to bind the Applicant. *Further, to induce the Industrial Development Authority of Clarke County, Virginia to consider this application, the Applicant agrees to pay all legal fees, recording fees, and other incidental costs of the Authority if applicable.*

Applicant Signature: _____

7. New Business

Director of Public Information

David Weiss told the Directors that the County had hired Cathy Kuehner as its first Director of Public Information, a new full-time position with the County. He remarked that the Supervisors felt that citizens and the County both believed that a centralized way to get out information to

citizens was a needed, necessary step. He indicated that duties were still to be defined; but, in the long-term, it would be good to have all areas utilize this position as a central source.

Mr. Weiss informed the Directors that Ms. Kuehner had held a similar position with a local university for approximately twenty years. He opined that she wrote well referring to her work covering Clarke County for the Winchester Star newspaper.

Mr. Weiss further noted that Ms. Kuehner would meet with the Authority in the future to help determine needs.

David Juday suggested that the Authority discuss at that time what information to provide to businesses interested in locating in Clarke.

Mr. Weiss commented that the Board of Supervisors included \$25,000 in the FY2019 Budget to revamp the County's website.

Hotel Study - Town of Berryville

Highlights of comments include:

- Due to time constraints, Christy Dunkle was unable to prepare a presentation for the Authority's April meeting.
- Questioned bringing in another consultant to perform a marketing study or review demographic information when it seems clear in the last study and clear in all the work that has been done by both the Town and County.
- Questioned updating the study without taking some action on the information already available.
- The Authority hopes to hear that there is an investment group interested in moving forward, and, then, to determine what it can do to assist in moving the project forward.
- The Authority needs to facilitate action.

Next Meeting

Chairman Cochran reminded the Board that the next meeting was scheduled for Thursday, July 26, 2018, at 1:00 pm.

8. Adjournment

At 1:53 pm, **English Koontz, seconded by Bill Waite, moved to adjourn. The motion carried by the following vote:**

Mark Cochran - Aye

Approved 10/25/2018

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

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