



**MEETING MINUTES  
BEDFORD COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**Bedford County Administration Building Board Room  
122 E. Main Street  
Bedford, VA 24523  
April 7, 2016  
5:30 p.m.**

**Economic Development Authority:**

**:Present:**

Dennis Novitzke - Dist. 1; Mickey Johnson, Vice-Chairman - Dist. 2; Wyatt Walton, Chairman - Dist. 3; Matthew Braud - Dist. 4; Jim Lusk - Dist. 5; Kelly Harmony - Dist. 6; Kristy Milton - Dist. 7

**:Absent:** None

**:Staff Present:** Traci Blido – EDA Secretary; Carl Boggess –County Administrator; Brigitte Luckett – Administration Staff

**:Staff Absent:** Jessica Hupp – Transcriber

**:Guests:** Charlie Kolakowski – Town Manager; Andy Dooley – District 6 Supervisor; Walter Siehien & Justin Siehien – Blue Ridge Optics; Dave McCormack – Developer; Susan Crawford – Director of Fiscal Management

---

**(1) APPROVAL OF AGENDA**

Mr. Walton asked for approval and/or amendments to the Authority's April 7, 2016 agenda.

**Mr. Braud moved, seconded by Mr. Novitzke, to approve the April 7, 2016 EDA agenda, as presented.**

**Voting yes: Mr. Novitzke, Mr. Johnson, Mr. Walton, Mr. Braud, Mr. Lusk, Mrs. Harmony, Mrs. Milton**

**Voting no: None**

**Adopted Unanimously**

**(2) APPROVAL OF MEETING MINUTES – February 4, 2016**

Mr. Walton asked for approval and/or amendments to the Authority's February 4, 2016 meeting minutes.

**Mr. Braud moved, seconded by Mr. Novitzke, to approve the February 4, 2016 meeting minutes, as presented.**

**Voting yes: Mr. Novitzke, Mr. Johnson, Mr. Walton, Mr. Braud, Mr. Lusk, Mrs. Milton, Mrs. Harmony**

**Voting no: None**

**Adopted Unanimously**

### **(3) SPECIAL APPEARANCE – DAVE MCCORMACK, BREWERY/RESTAURANT PROJECT**

Mrs. Blido informed the EDA that staff and the Chairman met with DHCD staff last week and they walked us through the expectations and specific conditions of the IRF grant.

Mr. McCormack reported that after having received the grant, the next step would be meeting the May 22, 2016 deadline to secure financing, which is currently on schedule. The operation would include a 30-barrel brew house, which is on the larger side for other breweries in the area. Mr. McCormack stated many small breweries are opening small restaurants, and he doesn't want to rely too heavily on the tap room component as it is his goal to distribute out into the state. The brew house itself will be larger than the tap room. Mr. McCormack conservatively expects to add 8 new jobs, but believes it will likely be more. There are a couple administrative tasks that need to get done in order to meet project goals, including environmental analysis and branding, which is also on schedule. Mr. McCormack believes we will break ground in six to seven months (by October) because the tanks take about six months to get to the U.S. Mr. McCormack would like to have the brewery open by June 2017. The project will cost a total of \$1.7 million.

Mr. Lusk asked how much beer is produced by 30 barrels. Mr. McCormack explained that a barrel is 31 gallons, so a 30-barrel run would make about 900 gallons of beer. The goal is to produce about 20,000 barrels a year. If the operation just ran once a day or a few times a week it would still be a sizeable business. Mr. McCormack expects it to take four years to get to the 20,000 barrels a year mark. Mr. Novitzke asked what the breakeven point would be. Mr. McCormack stated the breakeven point is 2,500 barrels, which should be done in the first 12 months. He believes the operation would be on target to hit 4,000 barrels after first year.

Mrs. Blido stated that Dawn Dehart of Virginia Community Capital will be meeting with her committee next week for approval of the funding proposal. Mrs. Blido stated they should plan to move the EDA's regular May meeting so that Dawn is able to come speak with them. She agreed to keep the board informed on potential reschedule dates when she heard back from Ms. Dehart.

Mr. Walton reiterated that the EDA would serve as a conduit, as the loan money would flow through the EDA's books. The loan is for a \$700,000 match to the grant from DHCD, which includes a contingency of 75,000. Mrs. Blido stated the loan would have a 4.85% fixed interest, and the permanent loan is 4.75% fixed for five years with re-pricing at the five year treasury rate (today's treasury rate is 1.27%). The loan would begin as a construction loan for a term of 18 months, and become a permanent loan with a 10 year maturity and 30 year amortization. Mr. McCormack estimates the EDA's monthly rate would be \$3,500. Mr. McCormack is also putting \$200,000 cash equity into the project, which will act as a match for a separate loan of \$200,000, to equal the \$1.9 million needed for the project.

Mrs. Milton stated that Virginia Tech is beginning a brewery program, and wondered if they may be a source for Mr. McCormack to provide internships. Mr. McCormack hopes so, and stated he would like to collaborate with the community. Mr. McCormack stated he has three employees in his Petersburg brewery that have come from programs similar to Virginia Tech's.

A discussion followed about the economic impact.

#### **(4) SPECIAL APPEARANCE – BLUE RIDGE OPTICS**

Mrs. Blido introduced Walter and Justin Siehien from Blue Ridge Optics. Blue Ridge Optics was voted one of the most resilient companies in Virginia in 2013 at UVA's Darden School of Business and they have grown from two to 22 employees since 2006.

Justin Siehien thanked the EDA for inviting them to talk about the company. Justin serves as a Business Development and General Manager. Justin explained that Blue Ridge Optics is a manufacturer and supplier of optics, which can be found in projectors, glasses, laser systems, etc. Many components in a laser are made of glass and fabricated in a particular way to affect how they reflect light. BRO does coatings for all optics. The process begins with raw materials such as crystal, which they outsource, and then shape and polish. Justin stated when you look at eye glasses they look perfectly clear, but if you were to put an eye glass under a microscope, you would see its imperfections. The optics they create have no waves on the surface of the glass, which allows laser beams to pass through and become more powerful. After the optics are fabricated, the lenses get film coated inside chambers at the facility. When the lenses go in the chamber, which has a pressure similar to outer space, it deposits a very thin layer of metals or oxide onto the optic.

BRO stated it is positioned well in the industry. Due to sequestration, they diversified and restructured their market. Surveillance is a big industry right now using high-power laser optics for geological studies. Military defense is the largest industry they work with, including Northrop Grumman and Lockheed Martin. They also work with the medical and life science industry, and are in a position to be competitive. They also work with industrial markets, including Central Virginia Manufacturing which uses laser cutting machines, and makes them a prime supplier for many businesses in the area.

Justin stated BRO started in 2006 with two employees making a \$200,000 a year. By 2008, they had their first government contract and have doubled that since. In 2010, they reached \$1.2 million in sales with nine employees, acquired their third government contract, and invested in ISO qualifications for polishing and coating crystals. In 2012, they began their first renovation on the Center St. property and added an SAP EV system which tracks manufacturing through every process and helped them to be able to turn around quotes in less than 24 hours. In 2013, BRO began manufacturing optics, which gave them a nice pump up in sales and manpower. Justin explained a lot more manpower is needed in polishing. At the end of this year, they will have 15 government contracts, and they expect that number to double because of their research and development. BRO is aiming to grow, polish, and coat soon because businesses in the optics industry that can grow crystals can make them very strong at a fraction of the cost and they don't have to rely on anyone if they're their own supplier. Justin explained they really don't have a sales team, as they mostly grow on their reputation. In the next 5 years, BRO would like to be 75% vertically integrated and outsource less than 5% from overseas.

At present, BRO has invested \$150,000 in the Longwood facility they purchased, and will spend \$540,000 on CNC machinery which would increase revenue to \$1.5 million and require 10-15 employees to operate such machines. Justin stated their numbers are conservative since they already have the clients, but they want to bring in more clients and bring supply back to the U.S. The average salary of the new employees would be \$40,000 a year. BRO pays 100% of employee health care, have a 401k with 3% match and dental. BRO expects a 10% return on their investment in the first three years, and 30% by years four and five. Justin stated they are looking for 10% of their machinery capital, and that any funds received would be used to secure against the credit line they have now. They're already pre-approved for the loan, so any funds would go into a CD and they would be drawn on only after hitting milestones, such as jobs.

Justin explained phase two of their expansion will be crystal growth. They plan to continue building a relationship with the EDA, as that phase would be another \$2 million investment. At the present day, there are no other companies that do all the growing, polishing and coating themselves and it would make Blue Ridge Optics even more competitive.

**(5) CLOSED SESSION**

**A. Mr. Lusk moved, seconded by Mrs. Milton, that the Bedford County Economic Development Authority go into Closed Session pursuant to Section 2.2-3711 (A)(3) and (5), for discussion or consideration of the acquisition or disposition of real property for a public purpose, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body; and for discussion or consideration of 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 industry's interest in locating or expanding its facilities in the community.**

**Voting yes: Mr. Novitzke, Mr. Johnson, Mr. Walton, Mr. Braud, Mr. Lusk, Mrs. Harmony, Mrs. Milton**

**Voting no: None**

**Adopted unanimously**

**Authority member Mr. Braud made a motion, seconded by Authority member Mrs. Milton, to go back into regular session.**

**Voting yes: Mr. Novitzke, Mr. Johnson, Mr. Walton, Mr. Braud, Mr. Lusk, Mrs. Harmony, Mrs. Milton**

**Voting no: None**

**Adopted unanimously**

**On a motion made by Authority member Mr. Lusk, which was seconded by Authority member Mr. Braud, which carried on a vote of yes, the following resolution was adopted:**

**Whereas, the Bedford County Economic Development Authority has convened a Closed Meeting on this the 7<sup>th</sup> day of April 2016, pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and**

Whereas, §2.2-3712 of the Code of Virginia requires a certification by the Bedford County Economic Development Authority that such closed meeting was conducted in conformity with Virginia Law.

Now, Therefore Be It Resolved on this 7<sup>th</sup> day of April 2016, that the Bedford County Economic Development Authority does hereby certify 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 certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting was heard, discussed or considered by the Bedford County Economic Development Authority.

**MEMBERS:**

**Dennis Novitzke**

**Matthew Braud**

**Wyatt H. Walton, III, Chairman**

**James A. Lusk**

**Mickey Johnson, Vice-Chairman**

**Kristy Milton**

**Kelly Harmony**

**VOTE:**

**Yes**

**Yes**

**Yes**

**Yes**

**Yes**

**Yes**

**Yes**

**(6) REPORTS**

**A. Economic Development Director's Report**

Mrs. Blido reported that we have some international prospects coming from the UK to visit this month and they plan to look at New London. Mrs. Blido thanked Mickey, Wyatt, and Kristy for attending the Bedford Chamber Awards dinner to see GP Big Island win for Best Large Business. Mrs. Blido stated that Gross' Orchard won Best Agribusiness, and Dr. Bower won for Citizen of the Year.

The Board of Supervisors will be giving a framed resolution to GP at their meeting on May 9 for 125 years of business in Bedford County. Mrs. Blido stated that she worked with Bob Bailey to submit the Southside Economic Development Fund grant and will be attending the tobacco commission meetings later this month with the CAER. She will keep the EDA posted on details. If it goes forward, the EDA will implement the \$10,000 incentive it previously committed to the project.

Mrs. Blido stated she sent the EDA info about changes taking place at the Virginia Economic Development Partnership. These changes were discussed at the Federal Economic Development Forum this past week and there are concerns that the new regulations may be a hindrance to companies coming to Virginia.

Mrs. Blido reported that Senator Newman and Delegate Scott Garrett were at the legislative breakfast last week, and they praised the CAER and its efforts to re-energize the Integrated Systems Test Loop. The Department of Energy has been on the premises asking some questions and getting information, which is a good sign.

Mrs. Blido stated she has been attending the TRC meetings to be a business advocate for businesses expanding in the county. There is one she believes she might have to come back to the EDA to discuss a sewer build out. Mr. Boggess and Mrs. Blido plan to meet with Rhonda English and Bryan Key to talk



conceptually about how private, County, and BRWA money could be used to fill in sewer gaps in the Forest area. In the future, they would like to get the EDA to meet with a comparable board from the BRWA.

#### **B. Monthly Financial Report**

Mrs. Blido reviewed the monthly financial report with the EDA.

#### **C. Monthly Accounts Payable Report – Bills that have been paid**

Mrs. Blido reviewed the accounts payable report with the EDA.

#### **D. Existing Business Report**

Mrs. Blido stated Ms. Hupp was not in attendance but left her report at each EDA member's seat. Mrs. Blido stated she would send the EDA more information on the Business Appreciation event.

### **(7) WASHINGTON STREET**

#### **A. Ratification of demolition contract approval**

Mr. Cash stated that he had sent an email out about the bids received and the EDA had reached a consensus on moving forward with the demolition. As of now, they are working on getting everything finalized. Mr. Cash stated that the bid came in below what they expected at \$74,710 with Paul Shively Inc. They received the final signed contract today and are now ready to issue a notice to proceed. The asbestos abatement is complete, which was estimated to cost \$15,675. Mr. Cash stated they don't have a final total yet, but know the project came under budget.

Mr. Cash stated they know the Washington Street property has at least one underground fuel tank that will need to be dealt with. If they execute its removal with little contamination there may be some grant funds available from the state.

Mr. Cash stated that the demolition contractor applied for the demolition permit this morning and stated it will be about two weeks before they're on site. The contract time is 60 days, but they want to get it done as soon as possible, and are aiming for 30-day project. The finished surface will be gravel. If any parking is created, it will be used for county employees because we have such limited parking. During the demolition, the parking lot adjacent to the property will be closed and the parking lot behind Vista Foods will be closed. They will also have to close Washington Street temporarily once it is time for the front of the buildings to come down. The only thing Mr. Cash needs tonight is a ratification of the demolition contract approval.

**Mr. Lusk moved, seconded by Mr. Johnson, to ratify the demolition contract with Paul Shively, Inc.**  
**Voting yes: Mr. Novitzke, Mr. Johnson, Mr. Walton, Mr. Braud, Mr. Lusk, Mrs. Milton, Mrs.**

**Harmony**

**Voting no: None**

**Adopted Unanimously**

#### **B. Maxel High Fashions Update**

Mr. Boggess stated the County has some real space issues in our maintenance department, and is suggesting the EDA consider taking over Maxel High Fashion's space to be used for county employee offices. Mr. Braud asked how much notice the lease requires. Mr. Boggess stated the lease requires 30 days, but he would prefer giving them at least 90 days. Mr. Cash stated maintenance is scattered between several different county buildings, and Maxel would be an ideal space that could fit everyone. Mr. Braud asked what timeline we would be looking at. Mr. Boggess stated he wanted to bring it up to them first to think about, and find out from them what a reasonable timeline would be.

### **C. Vista Foods Lease Update**

Mr. Boggess stated he sent the EDA a memo showing how gross sales at Vista Foods have decreased since 2008. Holly, the owner, has never really given a firm number on what she's looking for, but Mr. Boggess believes a smaller percentage of sales from the base year would be helpful to Vista Foods success. Mr. Boggess stated they are beginning to work on renewing the lease and it will likely be another year contract.

**Mr. Lusk moved, seconded by Mrs. Milton, to continue Vista Foods lease at \$30,600 a year, with a lowered adjustment of .75% over the base year, contingent upon the signing of a 1 year lease.**

**Voting yes: Mr. Novitzke, Mr. Johnson, Mr. Walton, Mr. Braud, Mr. Lusk, Mrs. Milton, Mrs. Harmony**

**Voting no: None**

**Adopted Unanimously**

### **(8) TOWN OF BEDFORD UPDATE**

Mr. Kolakowski reported that Main Street has started its Business Bootcamp program for current and new businesses. Classes are being held tonight in the downstairs conference room. The hope is that potential business owners will learn the skills of running a business before they try to start one.

Mr. Kolakowski stated the Town will be tearing down another building in the town at the corner of the county building, near the church on Washington Street. The Town hopes this will encourage business owners to take care of their storefronts downtown.

Mr. Kolakowski stated that the rail stop feasibility study will be released tomorrow. The numbers in the study were encouraging as far as the number of people who would utilize the rail stop from Bedford and the additional people from outside of Town that would utilize the rail stop. Senator Newman included something in the state budget asking the transportation department to look at the study. Mr. Walton asked when we might know if the rail stop will happen or not. Mr. Kolakowski stated likely in a year, as it has to get approval and then we'd have to have further discussions with Norfolk Southern.

### **(9) MONTVALE CENTER FOR COMMERCE**

#### **A. Water Quality Status Update**

Mrs. Blido stated she has been working with the County Engineer, Kevin Leamy, on the existing storm water management pond in the Montvale Center for Business, built in the early 2000s. Mr. Leamy stated they needed to see if the Department of Environmental Quality (DEQ) would continue to recognize it as a

regional stormwater pond. If so, any new prospect to the adjacent lots would not have to put in BMPs, which would be a huge selling point. Mr. Boggess stated we are vested.

**(10) BEDFORD CENTER FOR BUSINESS**

**A. CVCC lease update**

Mr. Boggess stated that unfortunately he had to send a letter to CVCC terminating the lease. If a letter was not sent, the EDA would have been locked into another year at the current lease rate. Due to the termination, CVCC is now in a month to month lease with the EDA until it's renegotiated. Mr. Boggess reported that they had been making progress on the lease negotiation before John Poole retired, but then it got turned over to Tom Buschly who is in charge of maintenance. CVCC has appointed a new Vice President for Finance today, which will likely be his new contact. There was an issue with CVCC needing extra space, but after some changes within the college the extra space will no longer be needed. We expect to be reimbursed for the money invested in plans for expansion. Mr. Walton asked what the square footage rate is in the current lease. Mr. Boggess stated that Mrs. Milton assisted in choosing an appropriate rate, since our lease with CVCC includes the landlord paying utilities (about \$3/ft). Mr. Boggess stated that for the space CVCC has and including landlord providing services the rate should be in the \$12-\$14 square foot range. Mr. Boggess believes \$14 is fair. In addition, the EDA needs to get some money either by rent or additional assistance from CVCC to prepare for replacing a very expensive HVAC system. The biggest issues over there at this point are mostly mechanical. If the EDA continues to pay utilities the lease is really only \$11 per square foot. Mr. Braud asked if it is possible to earmark some revenue in reserves for the project. Mr. Boggess stated he plans to do so. Mrs. Milton stated that CVCC has indicated this is the most profitable location outside of Lynchburg largely due to the early college program. Mr. Cash stated we put replacing the carpet on hold until the new lease is negotiated.

**(11) NEW LONDON BUSINESS & TECHNOLOGY CENTER**

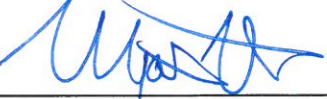
**(12) ALL OTHER EDA BUSINESS AS MAY BE APPROPRIATE**


Mrs. Blido stated she will email the EDA to see what dates may work for the next EDA meeting.

**(13) ADJOURNMENT**

**-7:43 p.m.**

**APPROVED:**

  
\_\_\_\_\_  
**Chairman**

  
\_\_\_\_\_  
**Secretary**