



**MEETING MINUTES
BEDFORD COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**Bedford County Administration Building Board Room
122 E. Main Street
Bedford, VA 24523
May 16, 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

:Absent: Kristy Milton - Dist. 7

:Staff Present: Traci Blido – EDA Secretary; Carl Boggess –County Administrator; Jessica Hupp – Transcriber; Susan Crawford – Director of Fiscal Management; Sheldon Cash - Director of Public Works

:Staff Absent: None

:Guests: Charlie Kolakowski – Town Manager; Dawn Dehart - Virginia Community Capital; Carolyn Howard - Draper Aden Associates

(1) APPROVAL OF AGENDA

Mr. Walton asked for approval and/or amendments to the Authority's May 16, 2016 agenda. Mrs. Blido stated we would like to add Consideration of Library Land to (8), Ratification of Blue Ridge Optics incentive to (9) and move Budget Review to (10).

Mr. Braud moved, seconded by Mr. Novitzke, to approve the May 16, 2016 EDA agenda, as amended.

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

Voting no: None

Adopted Unanimously

(2) APPROVAL OF MEETING MINUTES – April 7, 2016

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

Mr. Lusk moved, seconded by Mr. Braud, to approve the April 7, 2016 meeting minutes, as presented.

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

Voting no: None

Adopted Unanimously

(3) REPORTS

A. Economic Development Director's Report

Mrs. Blido reported that the Board of Supervisors approved the Fiscal year 2016-2017 budget and the EDA will receive the same amount as last year, which is \$163,055. Mrs. Blido reported that she applied for the Tobacco Commission's Southside Economic Development grant for the cyber-security initiative at the CAER. The subcommittee met last week and made a recommendation to the full commission to approve it. The commission will meet again next week for a final vote. The grant was for \$40,000, and the EDA agreed to put in \$10,000 to match a private investment of \$10,000.

Mrs. Blido reported that she and Carl met with Rhonda English from BRWA about water and sewer gaps. They were surprised to learn that there were only two areas lacking, one near Phillips Circle and along route 221 where Apocalypse Ale Works and Carol's Place are located. Discussions are continuing and Staff is asking local businesses for information about development costs for future consideration with the EDA.

Mrs. Blido stated she has a prospect visit planned on Wednesday with a company from the UK that works in failure analysis, similar to what Innerspec does. Staff will be taking them on a tour of industries to meet company leaders in the region, including stops at the CAER, Simplicatic, SE&M, Innerspec, and also Novatech and Areva's Technical Training Center.

Mrs. Blido reported she is scheduled to attend several events with Lynchburg Regional Business Alliance's Megan Lucas. This week, they are welcoming two site selectors for a planned familiarization tour. Megan has planned a flyover of industrial parks in the region with the site selectors, who are the people that know about and work with expanding companies and get paid to help find them new corporate locations.

Mrs. Blido will be attending the MD&M East tradeshow in New York City from June 14-16 as well as the Select U.S.A. event in D.C. with site selectors who have active projects. In addition, Bedford County was shortlisted with a VEDP prospect from Germany. The company will likely be coming to see the former Trident Seafood building later this month.

Mrs. Blido reported that the Bedford Regional Rail Initiative study that was completed had excellent results. The RRRI Committee stated there is a solid business case for having a rail stop in Bedford, and the study projected 26,000 increased ridership, making it 13th among 22 Amtrak stations in terms of ridership. The annual economic development impact is an estimated \$4.5 million annual benefit. The next steps will be meeting with the Department of Rail and Public Transportation, among other requirements.

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

Ms. Hupp reported that our business appreciation event will be next Thursday at the Elks Lodge from 5:30 to 7 p.m. Staff has partnered with the Elks Lodge and the D-Day Memorial to put on this event with the money the EDA set aside. The event will be catered by Liberty Station. We also purchased headphones with our Bedford County logo on them, which has been left at each of the EDA members seats. They've been sent out to many of our businesses as a token of our appreciation. In addition, we placed an ad in the Bullet, Bulletin, and Forest Focus to thank our businesses and remind them to attend the event.

Ms. Hupp reported that the Bedford Area Chamber of Commerce's Annual Job Fair was amazing as usual and it was a great opportunity to talk to some of our local businesses. Simplimatic stated they have doubled in size, just hired five engineers, and are looking to hire five more engineers. They stated that conveyor engineers are actually a difficult position to fill. Ms. Hupp stated she also met Dan Arthur from Ambassador Enterprises in Montvale and hope to schedule an appointment with them soon.

Ms. Hupp provided a Cintas expansion update, saying the company has invested \$1.8 million in equipment, \$3.4 million in the facility and added six jobs so far. Cintas was given a \$50,000 EDA grant with \$25,000 in the beginning and \$25,000 once it meets its performance agreement measures. The company has stated that they will report back next year for the second incentive phase.

(4) WASHINGTON STREET

A. Update of demolition project

Mr. Cash stated the demolition contractors started on April 19 and finished on Friday, May 6. The EDA gave the contractor 60 days to complete the demolition but they had it finished in two to three weeks. Mr. Cash stated they did have a change order for fixing a drop inlet in the middle of the parking lot for \$4,000. Mr. Cash stated they had anticipated finding one or two underground tanks, and they thankfully only found one. They did however have some contamination from the fuel tank and had to excavate two cubic yards of contaminated soil. The environmental company the EDA is working with is currently consulting with DEQ. There could be an additional expense, but they don't expect it. If we have to use additional funds for anything related to the contaminated soils, we may be able to access some state funds. Mr. Cash stated that the County employees have enjoyed having the additional parking spaces, and Vista Foods will not have to worry about county employees taking up customer parking.

Mrs. Blido stated Staff received an email right before the meeting from Bedford Main Street regarding the Washington Street space. They have recommended using Frazier Associates to design a plan for the space, as they can access these services for free as a designated Main Street community. Mrs. Blido stated we will be bringing this to the EDA at the June or July meeting.

B. Ratification of Vista Foods lease

Mr. Walton stated that two memos were included in the packet, one of which they saw last month. Mrs. Blido stated the EDA needs to ratify the consensus email to allow Vista Foods to pay 0.01% of annual sales versus what they paid traditionally. Mr. Walton asked if they would be on a yearly lease. Mrs. Blido

stated she believes that was what Vista Foods agreed to and Mr. Boggess can confirm that when he arrives tonight.

Mr. Braud moved, seconded by Mr. Lusk, to allow Vista Foods to pay 0.01% of annual sales as its additional yearly revenue to the EDA, contingent upon the signing of a 1 year lease.

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

Voting no: None

Adopted Unanimously

(5) TOWN OF BEDFORD UPDATE

Mr. Kolakowski reported his appreciation for the efforts on the Washington Street demolition. He stated it is a definite improvement of the site and the block as a whole. The Town also adopted their budget, including funds for targeted incentives for older commercial areas in the downtown district, including \$10,000 or up to 10% of the investment for those completing improvements to the buildings in the downtown area. The Town is trying to do their part to incentivize development. This is separate from Main Street's zero interest loan program. Monies from the Town will be a grant, not a loan. They will be testing it out for a limited time period and hope to kick start some development activity.

A. Bedford Brewery IRF loan update

Dawn Dehart stated at this point Virginia Community Capital (VCC) has approved two loans, one for \$700,000 to the EDA and one to Dave McCormack for \$400,000 as a bridge loan. To recap the terms on both loans, the EDA may look at the last page of the packet which shows the sources and uses. The project total is \$1.9 million, and you can see the breakdown and all the sources for this to happen. The EDA has already been awarded the IRF grant from DHCD for \$600,000, and Dave is bringing in his own cash equity of \$200,000. VCC has issued two commitment letters at this point that need to be signed by both entities by May 22. This date was chosen to coincide with grant negotiations through DHCD.

Dawn explained that Dave is signing over real estate to the EDA at a 4.85% fixed construction loan for 18 months. Once the construction is complete, the loan will turn into a permanent loan with payments on 30-year amortization at 4.75% fixed for the first five years. There will be a rate change every five years based on the five year treasury rate. Collateral will be the first deed of trust on real estate, the assignment of a lease between the EDA and Bedford Brewing Company, and a lien on first year filing for furniture's and fixtures being funded by loan proceeds. There are a number of conditions mirrored in the commitment the EDA sees today.

Dawn stated that all conditions prior to closing have to have approval from the Department of Historic Resources and the National Park Service to modify the building in a way that's approved so that Dave will receive the historic tax credit equity. That is why VCC is giving him the bridge loan until the project is finished.

After all of that has taken place, VCC will order an appraisal, and they expect the loan to close on October 1. The loan will be funded as a typical construction loan with draws. All draws will be managed through Fiscal Management's office.

A discussion followed with the EDA and Dawn Dehart in regards to the loan. Mr. Boggess said they just received the documents on Friday, and there are a lot of things in the documents they need to address. Mr. Boggess says they will try to get it done by this Friday.

(6) BEDFORD CENTER FOR BUSINESS

A. Preliminary plan update - Carolyn Howard, Draper Aden Associates

Carolyn reported that as the EDA may recall, they did not have very many positive soil results in the Bedford Center for Business. A couple observations they noted are that the existing pad is not on good soil, and only has a bearing capacity of 200 pounds per square foot. It may be proficient for a one story building, but if any equipment is added it could not hold. Carolyn stated they can blend good soil with poor soils, but there's just not enough for the entire site to increase the bearing capacity.

Draper Aden sees two options at the moment. Option 1 is that they could grade the entire site based on that option of expanding the currently graded site to 29 acres, which would cost \$3 million to move existing dirt and bring good dirt in, which costs around \$100,000 per building pad acre. The EDA could extend the existing graded pad by about five feet, amend soils, and make a 4.4 acre site, and any unusable material can be placed on the first site to settle. They would still be looking at \$100,000 per buildable pad acre.

Mrs. Blido stated the EDA could either try to clear off the small lot in Bedford Center so Staff can have at least one small lot to market, or they can shift their attention to New London and finish grading a site or two there. Mrs. Blido stated there has been a fair amount of interest in the Bedford Center because the Town is running out of vacant buildings conducive for manufacturers. Eventually people will have to begin to build.

(7) CLOSED SESSION

Mr. Lusk moved, seconded by Mr. Johnson, 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

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,

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 7th 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 7th 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

Kelly Harmony

VOTE:

Yes

Yes

Yes

Yes

Yes

Yes

(8) CONSIDERATION OF MONTVALE LAND

Mr. Boggess stated we have had no takers in our commercial land in the Montvale park, and expects it will end up being a little community center for Montvale. He would like to place a library on the first lot in the park and have the EDA grant this lot of land to them for the project. He estimates the library will be around 3,000 square feet and expects this project to be completed by next year sometime.

(9) RATIFY BLUE RIDGE OPTICS PERFORMANCE AGREEMENT

Mr. Braud moved, seconded by Mr. Lusk, to ratify the EDA incentive from the previous meetings' closed session to Blue Ridge Optics for a capital investment of \$540,000 and 15 net new employees.

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

Voting no: None

Adopted Unanimously

(10) BUDGET REVIEW

Ms. Hupp stated that not much has changed for the budget next year, aside from CVCC's lease income and Maxel High Fashions lease income. Mr. Boggess stated he plans to visit this week to talk to the man at Maxel High Fashions.

Ms. Hupp stated they left a few line items open for the EDA to consider, including the reserves for Bedford Center for Business. Last year, the EDA set aside \$100,000, and to date have spent \$65,000 of the \$100,000. An additional \$15,000 was spent on paint at CVCC. Ms. Hupp and Mr. Cash looked over the property maintenance plan, and realized that some small items had not been completed like exhaust fans at East Coast, in addition to the carpet and lighting at CVCC with the renegotiation of their lease. Ms. Hupp reported that the lighting at CVCC is outdated, and they need to replace bulks with T8 bulbs.

Sheldon mentioned it may save the EDA money if they were to replace at least half the lighting at CVCC with LED. With that being said, staff suggests the EDA set aside \$120,000 in reserves this year.

Ms. Hupp reported that carpet replacement could cost anywhere between \$30,000 and \$50,000, and the slab needs to be repaired in some places. Sheldon estimated a conservative \$50,000. For updated lighting, if replacing with half LED and half T8's, it will cost about \$50,000. If the EDA wanted to replace all lights with LED it would cost \$130,000.

Mr. Walton double checked the EDA would not be operating at a deficit if they were to include the \$120,000. Ms. Hupp stated they would still be positive of \$42,000. Mr. Johnson suggested putting \$120,000 aside. Mr. Braud asked if items all had to be done at the same time. Ms. Hupp stated that the lights need to be taken care of within the next year because current lighting is being discontinued. Ms. Hupp stated she would get a recommendation from Sheldon for replacing the lighting.

Mr. Johnson moved, seconded by Mr. Braud, to approve the fiscal year 2016-2017 proposed budget.

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

Voting no: None

Adopted Unanimously

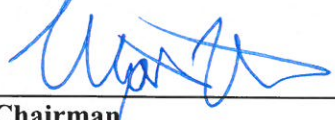
(11) ALL OTHER EDA BUSINESS AS MAY BE APPROPRIATE

Mrs. Blido stated the next meeting will be in two weeks from now. Mr. Boggess stated he would leave the meeting on for June 2 and cancel if the board changes their minds.


(12) ADJOURNMENT

-7:50 p.m.

APPROVED:



Chairman



Secretary