



**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, March 19, 2019 – 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  
Norman Winstead – Chair, Presiding

The Economic Development Authority of Montgomery County, Virginia held a regular meeting on Tuesday, March 19, 2019 at the Montgomery County Government Center, Christiansburg, VA. Those in attendance were: Chair Norman Winstead; and Directors: Eric Johnsen, Tay Taylor, Tommy Loflin, and Steve Baffuto. Also in attendance were: Craig Meadows, County Administrator; Marty McMahon, County Attorney; Brian Hamilton, Economic Development Director; Brenda Rigney, Project Manager; Ashlyn Shrewsbury, Project Manager; Rachel Cline, Economic Development Assistant; and Nancy Turner, Program Assistant. Absent were: Vice-Chair John Tuttle; and Director Ray Tuck. Also absent was: Angie Hill, Finance Director.

**OPENING REMARKS**

**Declaration of Quorum**

Chair Winstead declared a quorum was present, and called the meeting to order at 11:34 A.M.

**Approval of Agenda**

On a motion by Director Taylor, 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 February 19, 2019 meeting- Exhibit Tab 1**

On a motion by Director Loflin, seconded by Director Johnsen, and carried unanimously, the minutes dated February 19, 2019 were approved.

**DEPARTMENT OF ECONOMIC DEVELOPMENT**

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

Mr. Hamilton presented the financial statement dated February 28, 2019, included in the agenda packet. Under the statement of net assets, he pointed out that the total net assets read as roughly \$256,000. On the statement of revenues and expenses, he said that the lease revenue is up to date. He also mentioned that under professional services, about \$3,100 was for Tom Koontz’s work at the TMB, which the County provided funds for, and the rest of that line item was for audit, while the stormwater repairs were separated out into a separate line. Finally, on the cash flow statement, he said that they have gone from about \$56,000 at the beginning of the fiscal year up to around \$88,000, mostly due to funds from the County.

On a motion by Director Taylor, seconded by Director Johnsen, and carried unanimously, the Treasurer’s Report dated February 28, 2019, was 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 2019001
2. Project 2019003
3. Project 2019007
4. Project 2019009

**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 Johnsen, seconded by Director Taylor, 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
Eric Johnsen		Ray Tuck	Ray Tuck
Tommy Loflin			
James Taylor			
Steve Baffuto			

**GENERAL BUSINESS**

**VEDP Rural Initiative – Exhibit Tab 3**

Mr. Hamilton described a new initiative from VEDP looking to target areas of excellence across the commonwealth with a goal of creating 8,600 tech jobs over the next 10 years. The New River Valley was identified as a high-potential target community for their first phase in the initiative due to assets such as the proximity of real estate to universities, strong anchor companies, good sources of funding in the community, and accolades such as Radford University’s nationally ranked Cyber Security Lab and Virginia Tech’s Computer Science program.

Mr. Hamilton said that they seem to be primarily looking for areas with available buildings ready to react quickly when requests come up. Ms. Shrewsbury added that they are working on packaging options for the target communities to be able to market them to possible companies, then bring them in and show them the buildings they could go in to. Mr. Hamilton also reiterated

that the initiative is still in the draft phase, but that it could be very beneficial in growing the IT cluster locally.

#### **Wolverine Performance Agreement Amendment – Exhibit Tab 4**

Mr. Hamilton pointed out an amendment to Wolverine's performance agreement in the agenda packet, which he said they have been pushing to get finished for a while. He reminded the directors of Wolverine's 2014 performance agreement, for which they met their investment criteria but fell short on jobs, meaning they had to repay the state.

In this first amendment, he explained that there will be a dollar to dollar match on incentives, and they have amended the agreement to pay Wolverine a maximum of \$213,750 over five years.

On a motion by Director Taylor, seconded by Director Johnsen, and carried unanimously, the EDA authorized the execution and delivery of the first amendment to the Wolverine performance agreement.

#### **Falling Branch Corporate Park VEDP Grant**

Mr. Hamilton gave a brief recap on the 50 percent matching grant from VEDP for the engineering work on FBCP Phase II, which will help bump the property from a tier three to a tier four in the sites readiness program. He said that one issue is that the Town of Christiansburg has not yet brought the second parcel into the town, which would complicate the process as they would be grading in one locality and filling in the other, so they are hoping to get the parcel brought into the Town soon.

Mr. Hamilton also mentioned that the process through the state is moving a little slowly, as they were originally supposed to announce the grant in December and ended up not hearing back until February, and they have not yet put a performance agreement in place. However, he said that the Board of Supervisors has already appropriated the matching funds for the engineering work.

#### **Technology Manufacturing Building Glass Storefront Repair**

Mr. Hamilton briefly discussed the repairs needed after leaks were found around the glass storefront at the TMB during the process of renovating Luna's kitchen area. He said that they have resealed the area around the storefront and have cut into the side so that it will drain more easily in the future, and that the work from Alvis cost \$2,044.

#### **Luna Letter of Credit**

Mr. Hamilton reminded the directors that in 2014, the EDA spent about \$1.5 million on the Luna upfit, requiring a \$1 million letter of credit over 10 years. He said that Scott Graeff, CEO, has requested that the EDA drop that letter of credit requirement.

Luna's current lease expires on December 31, 2024, and the lease will also increase from \$11 per square foot to \$13 at the beginning of 2021. Mr. Hamilton suggested that rather than dropping the letter of credit altogether, another option might be to reduce it to \$500,000 and increase the

lease rate on July 1, 2019 instead of January 2021. The consensus from the directors was that lowering the letter of credit would be more of an increased risk to the EDA than they are comfortable with. The directors also agreed that they would not want to do away with a line of credit entirely, particularly as there was one in place with Cobham which saved the EDA roughly two years of income when the company left.

The directors instead suggested increasing the lease rate to \$13 per square foot early, as well as asking Luna to put \$750,000 into an interest-bearing account at a local bank that only the EDA has access to, which would be similar to a letter of credit, but also reduces the risk to the EDA. Mr. Hamilton agreed to present the suggestion to Luna as an alternative to dropping the letter of credit altogether.

### **Marketing – Exhibit Tab 5**

Ms. Rigney said that at the directors' request, they sent out letters to eleven realtors regarding the selling of the Technology Manufacturing Building. She explained that, later in the week, they will facilitate a tour of the building for five of the realtors, although there are a few that cannot make it to the tour and may view the building later on.

Mr. Hamilton added that they also need to develop a new marketing package for the building, as the last marketing they did was when the building was either empty or half empty rather than with two tenants, meaning they need a new package showing the building as full with intact leases. He also mentioned that the building is in an opportunity zone, and once the IRS works out the details of their opportunity zone guidance, they can also start marketing the building toward investment companies, as tax deferral can be a big buying incentive.

### **DHCD Broadband Grant**

Mr. Hamilton discussed the \$30,000 broadband grant awarded to Montgomery County, in partnership with Radford and the NRV Regional Commission, to begin studying the broadband needs in the area. He said that the Regional Commission is developing an RFP to select a consultant to review the broadband needs, but that one issue that came up is whose name to put that RFP under.

They are hoping to have the RFP done by the fall when the federal fiscal year flips. Once the RFP is complete and the consultant has reviewed the broadband needs, the localities will be able to better identify solutions and costs, and determine how aggressive they want to be in their spending.

### **Federal EDA Grant**

Mr. Hamilton explained that in 2017, they contracted with the NRV Regional Commission to develop a new industrials grant application. In October 2018, the U.S. Economic Development Administration requested that Montgomery County confirm a commitment to provide matching funds, then awarded a \$65,000 grant to be matched by the County for a total of \$130,000.

This funding will be put toward a search for the location of the next corporate park in Montgomery County, and Economic Development staff will work with the federal EDA to

develop an RFP for the new site search. Mr. Meadows added that the search will identify the ideal properties, not necessarily whether or not the owners are ready to sell, but that it will be much easier to explain to property owners that their land was identified by an in-depth analysis.

Mr. Hamilton said that there had been some delays in the grant process involving errors in communication, but once those are sorted, they can officially accept the grant and begin work on contract documents. That being said, there is not a firm timeline as of now.

#### **Grass Cutting Contract – Exhibit Tab 6**

Mr. Hamilton said that after identifying all of the properties needing work and the requirements for a snow contract at the TMB, a new grass cutting contract was put out for bids and was awarded to a different local company with a one-year contract that is renewable twice. He said that the cost will be lower overall than the previous contract, although the exact total does depend on variables such as rain and snowfall, and explained that typically the County puts in funding for FBCP while the EDA takes care of the TMB property.

#### **EDA Bond Policy**

There was further discussion of the EDA bond policy following recommendations from the bond council that the EDA continue with a policy of one-eighth of one percent on a yearly declining balance and one-sixteenth of one percent for bond reissues.

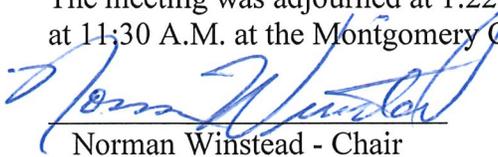
Mr. Hamilton informed the directors that there will be two bond issues in the near future, likely in May, expediting the need to address the bond policy, as the old policy is still currently in place. However, due to questions about what to use as the present value and not being able to come to a consensus on whether to collect bond fees upfront or after closing, the directors agreed to table the discussion until the next EDA meeting and talk to the bond council about getting further clarification.

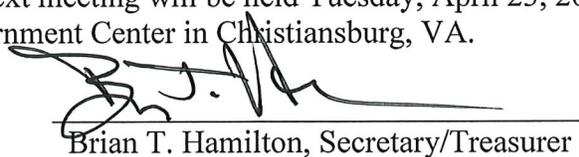
#### **ECONOMIC DEVELOPMENT DIRECTOR'S REPORT**

Mr. Hamilton reminded the directors that due to scheduling conflicts, the April meeting has been moved to April 23, 2019, and the May meeting will be May 14, 2019.

#### **ADJOURNMENT**

The meeting was adjourned at 1:22 P.M. The next meeting will be held Tuesday, April 23, 2019, at 11:30 A.M. at the Montgomery County Government Center in Christiansburg, VA.

  
Norman Winstead - Chair

  
Brian T. Hamilton, Secretary/Treasurer