

**MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF
CAMPBELL, VIRGINIA**

January 24, 2019

The meeting of the Board of Directors of the Industrial Development Authority of Campbell County, Virginia, was held in the first floor conference room of the Citizen Services Building, Rustburg, Virginia, on January 24, 2019.

The Directors present were:

Larry Dalton	Kenny Brown
Greg Morris	Vance Driskill
Steve Shockley	George Rosser

The Directors absent were:

Dennis Rosser

Also present:

Mike Davidson, Campbell County Economic Development Director
Sarah Johnson, Campbell County Economic Development Specialist
Kim Stewart, Campbell County Economic Development Administrative Assistant

// Chairman Vance Driskill called the meeting to order at 7:03 p.m. and turned it over to Mr. Mike Davidson.

// Mr. Steve Shockley motioned to approve the minutes of October 25, 2018, and Mr. George Rosser seconded. With all in favor and none opposed, the minutes passed.

// Next, Chairman Driskill called for a motion to approve the called meeting minutes of November 12, 2018. Mr. Rosser motioned and Mr. Greg Morris seconded. With all in favor and none opposed, the minutes passed.

Matters from the Economic Development Director

// Mr. Davidson reviewed the financial balance statement and recited the current accounts balances and assets as shown below.

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF CAMPBELL, VIRGINIA					
BALANCE SHEET					
January 22, 2019					
Current Assets Per Online Bank Balances 1/22/19:					
Balance in FNB Banker Steel Collateral Account (1015141)				\$161,273.96	
Balance in BOJ Operating Account (3229)				\$50,325.36	
Balance in BOJ Rangoon Rd Account (3226)				\$158,667.88	Previous Balance:
Balance in First National CD (REF. 34222)	2.0%	mat. 12/13/20	\$26,319.63	\$26,189.04	
Balance in First National CD (REF. 34090)	1.2%	mat. 12/22/19	\$34,163.41	\$34,061.51	
Balance in First National CD (REF. 34115)	1.2%	mat. 10/23/19	\$27,428.95	\$27,346.24	
TOTAL OF CURRENT ASSETS:				\$458,179.19	
Fixed Assets:					
Construction (Real Estate)				\$0.00	
TOTAL OF FIXED ASSETS:				\$0.00	
Current Liabilities:					
(Nothing other than reimbursable loan payments)					
TOTAL OF CURRENT LIABILITIES:				\$0.00	
Fixed Liabilities (0948):					
Construction (Real Estate)				\$0.00	
TOTAL OF FIXED LIABILITIES:				\$0.00	
Totals:					
TOTAL OF ASSETS:				\$458,179.19	
TOTAL OF LIABILITIES:				\$0.00	
NET WORTH:				\$458,179.19	
Reconciliations Per December 31, 2018 Paper Bank Statements:					
Account	Beginning Balance	Deposits/ Interest	Fees	Checks	Ending Balance
Banker Steel FNB Collateral	\$300,044.32	\$19,563.30	\$0.00	\$130,889.38	\$188,718.24
Banker Steel BOJ Operating	\$50,318.95	\$6.41	\$0.00	\$0.00	\$50,325.36
Banker Steel BOJ Rangoon	\$221,948.13	\$17,740.39	\$0.00	\$81,020.64	\$158,667.88

*Does not account for Jan. checks #1042, #1043, #1044

// Mr. Davidson explained that the Fixed Assets and Fixed Liabilities show \$0.00 now that Banker Steel has bought the building they were previously leasing from the IDA. He went on to explain that the new Seneca building would not be added to the balance statement until the loan is transferred from a construction loan to a traditional principal and interest loan.

Project Updates: Industrial Development Activity and Projects Activity

// Mrs. Sarah Johnson reviewed the Project Updates included in the meeting packets.

// Mr. Rosser asked for more details regarding the AgriBusiness Grants. Mr. Davidson explained how the Pasture, Crops & Livestock Grant reimburses producers a percentage of their cost for hay barns, grain bins, etc. The next grant will include the same items but will also incorporate cold storage, food handling equipment, squeeze chutes and other related equipment. The new grant will begin being advertised in April and we will begin accepting applications around the beginning or middle of May.

Seneca Building Update

// Mr. Davidson reviewed the financial report for the IDA's Seneca building and announced that the construction on the building is now 100 percent complete except for some final E&S requirements, such as landscaping that cannot be completed until the ground is dry. The final amount owed to Glass & Associates is \$61,152.69. Mr. Davidson informed the members that the IDA would pay the first electric bill and that the electricity had been turned on in late September when construction was still taking place. Mr. Davidson went on to inform the IDA that he will submit the second and final reimbursement request to the Tobacco Commission, which will be \$222,003.59. This must be done before converting the construction loan to a traditional loan. He then suggested applying the majority of that reimbursement amount to the outstanding balance of the loan, bringing the balance down to around \$250,000. He also implored the advice of the IDA members regarding having a 5-year balloon rate, 20-year loan at 3.75%

interest or a ten-year fixed rate at 4.5% interest. Chairman Driskill and Mr. Shockley both recommended the 5-year option.

The IDA now has the Certificate of Occupancy. Some E&S work still needs to be done before the county signs off, but Glass & Associates or their sub-contractor posted an E&S bond, which will guarantee that the work gets done. It was brought to Mr. Davidson's attention recently that the building does not have adequate exterior lighting, so Mr. Davidson will be working with Glass & Associates to have that added. Chairman Driskill and Mr. Shockley offered suggestions of lighting type and pricing.

Simplimatic Automation has signed a one-year lease and will be the IDA's new tenant for the building. Because Simplimatic did not sign at least a three-year lease, Mr. Rick Read, the county's real estate broker, would not negotiate pricing. Simplimatic will pay the full asking price and along with signing a one-year lease have agreed to the potential to sign two more one-year leases.

Mr. Rosser asked how long Mr. Read's contract is with the county and Mr. Davidson answered that it is a three-year contract with two more one-year renewable contracts. Mr. Davidson then answered Mr. Morris's question that Mr. Read gets paid his retainer out of Simplimatic's payment and then sends the remainder of the payment to the IDA. Mr. Read is paid per each individual project.

Mr. Davidson believes Simplimatic has a commitment to get broadband cable through Shentel but Simplimatic wants a cost comparison with Mid-Atlantic Broadband to run fiber down from 29 to the building as well as some of their providers, to see what it would cost Simplimatic to make the connection. The county will have to fund the cost of running the fiber from the road down to the edge of the building lot and then Simplimatic will have to take it from the edge of the property line into the building. Simplimatic wants to be on the entrance sign into the park and will be charged a one-time buy-in fee that will help pay for the sign as well as the panels that will go inside the sign. Additionally, there will be an annual maintenance fee that will cover the electrical costs and grass cutting.

Mr. Davidson will work with Mr. Read to get the Certificate of Insurance. Simplimatic will have to have a \$2 million liability coverage on the property in their name and list the IDA and the bank as additional insured, not because of the bank loan but because of the lease. Simplimatic also must prove that their equipment is insured. Their lease payment will also pay for the IDA's insurance on the building, which covers the property and casualty on the building.

Mr. Davidson has run some preliminary calculations based on the bank loan balance of \$250,000 with 3.75% interest for 20 years. He estimates that the IDA's bank payment will be around \$1,500 per month. With Simplimatic's monthly payment and Mr. Read's portion, the IDA should still make at least \$3,000 to \$4,000 per month, which they will need to save to clean and make any necessary repairs to the building upon Simplimatic's departure. Additionally, once the construction loan is converted to the traditional loan, the IDA will be responsible for paying both the principal and interest, whereas they are just paying the interest on the construction loan.

Mr. Morris asked what kind of lease escalation is built into the lease and Mr. Davidson replied that none was built in. As Chairman Driskill added, Simplimatic is already paying the full asking price and paying the IDA's insurance. Mr. Morris then asked how much advance notice Simplimatic must give before leaving, and Mr. Davidson answered three months at minimum.

Mr. Shockley wondered if Mr. Davidson knows of any interest from Simplimatic to purchase the building. Simplimatic is currently gaining extra work, but they do not know if it is just a "blip" in the market or will last. Mr. Davidson suspects that their decision will be directly influenced by whether the extra work continues or eventually declines within the next three years. Mr. Morris followed up his

question wondering how long the IDA has to keep the building before selling and not have to pay back the Tobacco Commission. Mr. Davidson has not been able to get a final answer from the Tobacco Commission but believes that the number needs to be at least three but maybe five years. They are looking for new jobs created and new taxable income created. Simplimatic has committed to create 10 new jobs combined between the Bedford facility and Campbell County, and the Tobacco Commission has stated that they would count jobs created in either locality in the IDA's favor. Mr. Davidson then stated that the only way the IDA will be able to make money off the building is by leasing it because if they sell, they will only break even. Mr. Morris asked how many times the IDA can continue to request a grant from the Tobacco Commission, and although Mr. Davidson said it could be done every year, only about \$100,000 is available each year. So in order to get a sizable enough grant to help with a large project, he would have to wait about 4 years to request a new grant.

Vice Chairman Dalton asked who gets the nutrient money that the IDA paid for nutrient credits. The answer is that someone has to go in and take a piece of land and do special things to the land that make either DEQ or the Army Corps of Engineers happy. There are certain things that keep nutrients from going into that water shed, for example plants that eat nitrogen and plants that eat other things. Whoever does that work gets the money, but it is his responsibility forever to maintain. DEQ oversees, manages, and approves the projects, but the one doing the work gets the money. The IDA building is in the Staunton River watershed and so that is where the nutrient credits were purchased.

With nothing further to present on the IDA building and no further questions, Mr. Davidson turned the meeting over to Chairman Driskill for matters from the Chairman and matters from the Board. With nothing to present, Chairman Driskill called for a motion to adjourn. Mr. Morris motioned and Mr. Shockley seconded. With all in favor and none opposed, the meeting of the Industrial Development Authority of Campbell County adjourned at 8:10 p.m.

The next regular meeting of the Board of Directors of the Industrial Development Authority of Campbell County, Virginia, will be held on March 28, 2019, in the Citizen Services Building first floor conference room at 7:00 p.m.

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January 24, 2019

Vance Driskill, Chairman

Larry Dalton, Vice Chairman