

**MINUTES OF SPECIAL MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE TOWN OF ST. PAUL
FRIDAY, MAY 15, 2015
TOWN HALL – 5:00 P.M.**

IDA Members

Robert Harrison – Chairman

J. D. Cassell

Harry Kelly

Bill Wallace

Jack Kiser-Absent

Mike Jessee

Frank Molinary

Linda Tiller - Attorney

Debora Baca – Secretary

Rob Jones – Sustainable Development

Kyle Fletcher - Mayor

Chairman Harrison called the meeting to order at 5:00 p.m.

The public notice was read by Chairman Harrison, stating the reason for the special called meeting was to address the Virginia Coalfield Economic Development Authority (Vceda) application for the Willis Building Project. The application must be submitted by May 18th, which is before the next IDA meeting.

Chairman Harrison explained that each county has money allocated to them from the coal severance tax and a resolution is needed from the Wise County supporting the funding request to VCEDA. Chairman Harrison, Todd Morgan, Bill Wallace, Harry Kelly, Mayor Fletcher and Project Administrator Rob Jones went before the WC IDA to present the Willis Building Project Development Plan by Creative Boutique Hotels (CBH) and to request a resolution supporting a \$3,000,000 VCEDA application for funding.

Copies of a letter from the Wise County IDA and the responses to that letter was handed out and are attached to the minutes. Rob Jones met with Wise County IDA Executive Director Carl Snodgrass and VCEDA Executive Director Jonathan Belcher the day after the IDA meeting to review a list of requirements that the Wise County IDA felt were necessary before they could go forward with a resolution. Chairman Harrison commented that the requirements were much more restrictive than anticipated. Todd Morgan of CBH sent a response agreeing to meet all of the requirements that applied to CBH. The last requirement was asking that the Town of St. Paul participate in revenue sharing of all taxes on the building. Since Wise County would get more in tax dollars than the town, Chairman Harrison said there is uncertainty exactly why or how they would want to share tax revenues. A formal letter was sent to the Wise County IDA addressing each of the requirements.

Chairman Harrison participated in a conference call with Todd Morgan, Rob Jones, and Jonathan Belcher to discuss the Wise County IDA Resolution and the VCEDA application. Mr. Belcher suggested that the VCEDA application would be better received if it comes from the St. Paul IDA. Very few developers have gone before VCEDA and Mr. Belcher felt it would carry more weight if the St. Paul IDA were the applicant.

Rob Jones said the VCEDA application deadline is Monday, May 18th and Jonathan has agreed to give us a couple of days to submit the Resolution from Wise County IDA because their next meeting is May 19th. Mr. Jones said it is important to get this done so the application can be considered at the VCEDA June meeting because the next one after that will be sometime in the fall. Mr. Belcher indicated there are other hotel projects coming up and, if we wait until fall, this project would be competing with several others. Mr. Jones discussed the reasons it is preferred that a local IDA be the applicant and the importance of spinning this project as an economic development project. Mr. Jones said he doesn't believe Item #7 is realistic or expected. He commented on the political nature of the situation, noting that some feel the detailed restrictions are issues that should be addressed by the VCEDA Board rather than the Wise County IDA. Mr. Jones pointed out that this project is very high on the radar at the state level and he feels the WC IDA will provide a Resolution even if it includes some restrictions. The plan is to submit the VCEDA application on May 18th and to attend the Wise County IDA meeting on May 19th to request the Resolution.

Mr. Jones explained that if the St. Paul IDA is the VCEDA applicant, the loan would be in the IDA's name, but would be passed on to the developer through the agreement with the same assurances and guarantees that would have been provided otherwise. Chairman Harrison asked if the building ownership should be transferred from the Town to the St. Paul IDA. Mr. Jones said that would probably be the cleanest way to handle it. CBH would start out with a long term lease and there would be no tax revenue as long as the IDA owned the building. There was a brief discussion about the performance agreement and how long it would be before the building ownership could be transferred to CBH. The performance agreement is being reviewed by their attorney at this time. Mr. Jones also discussed other financing options including The Tobacco Commission. He has also met with Virginia Community Capital and they are very interested in the project, but are limited in loaning to CBH because they have other projects financed with Hal Craddock.

During discussion about support of the Wise County IDA, Mr. Wallace said they all voted for it the last time, but gave Mr. Snodgrass the liberty to respond with restrictions. Mr. Jones said he believes we will get a resolution, but it might not be for the amount requested. Following further discussion about the support of the Wise County IDA and VCEDA, a motion was offered by Mr. Wallace that the St. Paul IDA proceed with the VCEDA application in the amount of \$3,000,000 and authorize Chairman Harrison to sign the application. The motion was seconded by Mr. Kelly and a roll call vote was taken: Cassell-Aye; Kelly-Aye; Wallace-Aye; Jessee-Aye; Molinary-Aye; Kiser-Absent. The motion passed 5-0.

The meeting was adjourned by Chairman Harrison.

Chairman

Secretary