

MINUTES  
TOWN OF ST. PAUL INDUSTRIAL DEVELOPMENT AUTHORITY  
MONDAY, MARCH 28, 2016  
TOWN HALL – 6:00 p.m.

IDA

Robert Harrison – Chairman  
Frank Molinary  
Harry Kelly  
Mike Jessee  
Jack Kiser  
Bill Wallace  
J. D. Cassell

Debora Baca – Secretary  
Wayne Stillwell – Stillwell Robotics  
Kyle Fletcher – Mayor

Chairman Harrison called the meeting to order at 6:00 p.m.

A motion was made by Mr. Kiser, seconded by Mr. Cassell to approve the agenda as presented. The motion passed unanimously.

Mr. Cassell moved to approve the February 22, 2016 minutes as presented. The motion was seconded by Mr. Molinary and passed unanimously.

Spearhead Trails representatives were not present.

Wayne Stillwell of Stillwell Robotics, Drone and Software Education and Innovation, spoke to the Board about his vision for using the St. Paul High School building as a Technology Innovation Center of Excellence to host K-12 training and competitions. Mr. Stillwell asked the IDA Board to assist with the financial backing to take care of maintenance, insurance, and utilities for two or three years until the facility gets on its feet. The project would be able to move forward pending a contract with the Wise County School Board for use of the building and assurance of financial assistance. Mr. Stillwell asked the IDA Board to guide him on how to apply for this type of assistance. The group worked with Wise County on a \$60,000 cyber security grant that was not awarded. Chairman Harrison asked Mr. Stillwell if he had a pro forma or any type of business plan or estimate of the maintenance and utility costs. Chairman Harrison also advised that the IDA Board would need to review the lease agreement as well. Following questions and further discussion regarding the project concept, Chairman Harrison said more detail would be necessary to consider the request. Mr. Stillwell said he hopes to have the lease and funding commitments in place by the end of April in order to make a location decision. He agreed to provide the IDA with the requested information as he receives it.

Chairman Harrison gave an update on the Willis Building Project. The VRA approval of the Tobacco Commission loan/grant is still pending. One of the conditions of the 2.2 million dollar loan from Virginia Community Capital (VCC) is a resolution to borrow up to 2.2 million dollars. The loan proceeds will come to the IDA and the IDA will loan the funds to the Creative Boutique Hotel entity to cover the construction and development costs per the Development Agreement between the Town and Willis Properties, LLC. Ms. Baca said VCC asked for a resolution authorizing two or three people to open the deposit accounts. Chairman Harrison asked for a motion to adopt the Resolution for the IDA to borrow up to 2.2 million dollars from Virginia Community Capital of Virginia. The motion to adopt the resolution was made by Bill Wallace, seconded by Harry Kelly. A roll call vote was taken: Cassell – Aye; Kelly-Aye; Wallace-Aye; Jessee-Aye;

Molinary-Aye; Kiser-Nay; Harrison-Aye. The motion passed by a vote of 6-1. A motion was made by Bill Wallace to adopt the resolution authorizing the IDA to open deposit accounts for the VCC funds. The motion was seconded by Mr. Kelly and a roll call vote was taken: Cassell-Aye; Kelly-Aye; Wallace-Aye; Jesse-Aye; Molinary-Aye; Kiser-Abstain; Harrison-Aye. The motion carried 6-0 with Mr. Kiser abstaining. Chairman Harrison said VCC has requested an appraisal and the report should be forthcoming very soon. MB contractors have cleaned out the building to prepare for the interior demolition. Chairman Harrison also advised that the Fletcher house is being purchased by Todd Morgan's company to house workers for MB Contractors during the construction. Ms. Baca said all of the conditions of the IRF and ARC grants have been met and the money is available for drawdown.

Ms. Baca reviewed the 2015 audit report. The IDA received a clean audit, meaning there were no significant or material weaknesses found. The change in net position for the fiscal year ending June 30, 2015 is (\$28,738), leaving a net position of \$777,924. The note receivable from B&D Repair was \$7,547 at June 30, 2015, and the note receivable from Petroleum Marketers, Inc. had a balance of \$27,083 at June 30, 2015. The Petroleum Marketers, Inc. note is forgiven \$5,000 annually unless the company relocates outside the town, then the balance less the accumulated forgiveness of debt is due immediately. Mr. Cassell moved to approve the audit report. The motion was seconded by Mr. Kelly and passed unanimously.

A motion was made by Mr. Cassell, seconded by Mr. Kelly, to enter into closed session to discuss Acquisition & Disposition of Property under VA Code Section 2.2-3711(A)(3). The motion passed by unanimous vote.

Mr. Molinary moved to enter back into open session, certifying that the only matter discussed in closed session was Acquisition & Disposition of Property under VA Code Section 2.2-3711(A)(3). The motion was seconded by Mr. Kelly and passed by unanimous vote.

Mr. Kiser asked who will own the Willis building in the end. Ms. Baca explained that the Creative Boutique Hotel (CBH) group will own the building with VCC having the first lien, VCEDA the second lien, and DHCD has agreed to be subordinate to VCC and VCEDA. We are not yet sure about the Tobacco Commission money. The Town will be in last position. She explained that the funding will come to either the Town or the IDA and the money will then be loaned to CBH, who will be required to make the payments to the town or IDA, who is acting as a pass through agent. Ms. Baca also said the CBH group may seek one loan at a lower interest rate and pay off all of the notes.

There being no further business, Mr. Kelly moved to adjourn. The motion was seconded by Mr. Wallace and Chairman Harrison adjourned the meeting.

\_\_\_\_\_ Chairman

\_\_\_\_\_ Secretary