

A meeting of the Botetourt County Economic Development Authority was held on **Friday, June 30, 2023**, at 2:00 p.m. at the Botetourt County Administration Center at Greenfield in Room 229.

Members Present:

Mr. John Kilby - Chairman	Mr. David Bryan
Mr. John Griffin – Vice Chairman	Mrs. Mary Bess Smith
Mr. Jeff Emry	Mr. John Alderson

Members Absent:

Mr. Lyn Hayth

Others In Attendance:

Dr. Richard Bailey	Mr. Luke Campbell
Mr. Gary Larrowe	Ms. Kim Stewart
Mr. Jon Lanford	Ms. Isabela Myers – Botetourt County Summer Intern
Mr. Webster Day (remote)	
Mr. Ken McFadyen	

Call to Order and Public Comment

Mr. Kilby called the meeting to order and asked if anyone would like to make public comment. Mr. McFadyen introduced guest Isabella Myers as an intern for the Recreation Department who is a junior at George Mason University, a resident of Botetourt County, and majoring in Public Administration. She is trying to spend as much time with all the County departments and programs as she can. She spent the day with Economic Development earlier in the week and Mr. McFadyen made her aware of the EDA meeting and encouraged her to attend.

Approval of Meeting Minutes of May 26, 2023

Mr. Kilby asked if everyone had reviewed the minutes from the May 26, 2023, meeting and called for a motion for approval. Mr. Alderson motioned and Mr. Griffin seconded. With all in favor, the motion passed.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan

NAYES: None

ABSENT: Mr. Hayth

ABSTAINING: None

Approval of Financial Reports: May 31, 2023, Bank Statement and May 31, 2023, Financial Statements

Mr. McFadyen explained that he has asked the pre-auditor Mary Earhart and the accountant PBS to address some of the items in terms of detail, for instance the Line 1020 Due to the County. They are working together to verify the amount of \$1,065,248.00. He also thinks the EDA will need to see a correction on Line 1035 Note Receivable from J.M. Industrial. He thinks the number should be \$271,800, not \$407,000. The goal is to have all the questions answered and the numbers correct by the June 30, 2023, financial statement for the end of the fiscal year. With no questions presented, Mr. Kilby called for a motion the financials be approved. Mr. Alderson made the motion and Mr. Emry seconded, and with all in favor and none opposed, the motion passed.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan

NAYES: None

ABSENT: Mr. Hayth

ABSTAINING: None

Altec Incentive Disbursements – Ken McFadyen

Mr. McFadyen explained that the EDA has the final incentive disbursement to Altec for their 2018 expansion which involved a capital investment of \$30.2 million dollars and 180 jobs. The Virginia Economic Development Partnership reviewed the final closeout report on the final performance against these targets of \$30.2 million and

180 jobs, and included in the meeting packet is correspondence from Kim Ellett with VEDP authorizing the release of the final installment of the Commonwealth Opportunity Fund grant to Altec in the amount of \$87,500. We also have a local incentive to recommend disbursement. However, some clarification of the agreement is needed because the way the local performance agreement reads, 100% of the capital investment—not a percentage thereof—is necessary to then provide that final disbursement. However, in doing that the EDA would not be able to match the State's incentive, which would create a problem. Mr. McFadyen has talked with Mr. Lockaby about it in relation to the County's transfer of funds, and instead of the full amount of the local incentive of \$87,500, taking 97% of the capital investment target that has been met, and assigning that to the local disbursement gives us \$81,500. So it would be six thousand dollars less than what is in the local performance agreement. Mr. McFadyen then went on to recommend the EDA approve releasing the \$81,500 and also approve the final Commonwealth Opportunity Fund grant installment of \$87,500. With no questions presented, Mr. Kilby called for a motion the two amounts be approved. Mr. Griffin motioned and Mrs. Smith seconded, and with all in favor and none opposed, the motion passed.

AYES: Mr. Kilby, Mr. Griffin, Mr. Alderson, Mrs. Smith, Mr. Bryan

NAYES: None

ABSENT: Mr. Hayth

ABSTAINING: Mr. Emry

FY 24 EDA Budget Recommendation – Ken McFadyen

Mr. McFadyen reviewed the projected FY24 budget for the EDA and asked for questions. Mr. Alderson asked if there were any significant differences from last year. Mr. McFadyen said the EDA is closing out the first broadband grant with Lumos and that the EDA still needs to disburse the retainage, which is accounted for in the draft budget, and that is probably the biggest item. He said the department is bringing forward the Business Ready Sites from the FY23 budget to the FY24 budget since staff still has that grant to draw down and other items on that project to administer. Mrs. Smith asked if Mr. McFadyen expects the budget to change much based on the results of the next EDA Finance Committee meeting and he did not think so. He is expecting JM Industrial to sell the property to HCA soon and there would be a quarterly interest payment due in August for that. He continued that if the closing does not take place in August then it could accrue more interest. Mr. Bryan asked for the interest rate, and Mr. McFadyen said it is variable, tied to prime, and is a point above prime.

Mr. Kilby asked if the EDA could pool the funds in the current checking account into a higher-interest-bearing account. Mr. McFadyen suggested the EDA do a cash-flow analysis to account for all the monies flowing in and being paid out for the several grant programs the EDA is involved in and see what could be put toward an interest-bearing account. The consensus was for staff to investigate options and bring that back to the EDA. With no further comments or questions presented, Mr. Kilby called for a motion the budget be approved. Mr. Alderson motioned and Mr. Emry seconded, and with all in favor and none opposed, the motion carried.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan

NAYES: None

ABSENT: Mr. Hayth

ABSTAINING: None

Mr. McFadyen added that it is a pleasure to work with Altec Industries and that the local company management does an excellent job.

Amendment to the Fiscal Control Policy – Ken McFadyen

Mr. McFadyen informed the EDA that the Finance Committee had met a couple weeks prior to discuss a situation where an invoice was printed and paid twice by the accountant and wasn't immediately caught. Staff does not have access to the bank account or to the accountant's QuickBooks records. So the staff was not able to see the mistake until the following month when the bank statement arrived in the mail and showed the two payments made. Thankfully, the business that received double payment reimbursed the EDA for the second payment. However, in an effort to prevent a similar situation reoccurring, the Finance Committee is recommending the

EDA approve amending the Fiscal Control Policy to require staff to hand-deliver printed invoices to the accountant's office, pick up unsigned checks with the invoices, and for staff to obtain signatures from the chairman and vice chairman, mail the payments, and keep a paper record in the Economic Development office of all transactions and dates performed. The EDA was hesitant to revert to a paper system when the accountant's program should have caught the double-payment. The explanation for why the double payment wasn't caught was that there was not an invoice number to entered into the system. The EDA decided to amend the policy to try this hands-on approach for getting invoices paid. Mr. Kilby called for a motion the policy be amended. Mr. Griffin motioned and Mrs. Smith seconded. With all in favor and none opposed, the motion passed.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan
NAYES: None
ABSENT: Mr. Hayth ABSTAINING: None

VA Telecommunications Project 1 With Lumos - Approval of State-funded Payment Through EDA to Lumos

Mr. McFadyen reminded the EDA that at last month's meeting, the EDA approved the disbursement of the County's share of the second invoice dated April 15, 2023, in the amount of \$183,424.49. Mr. Zerrilla has since submitted the pay request to the State for the State's share of this invoice, in the amount of \$669,897.54. These two payments would be sent as one check to Lumos today, June 30, the last day of the fiscal year. The EDA is budgeting retainage on the first VATI project with Lumos to be paid in next fiscal year, and the EDA won't pay that final retainage until there is a final closeout with the Department of Housing and Community Development, which should occur after the audit on July 6, 2023. Mr. McFadyen recommended the EDA approve releasing the State funds of \$669,897.54 to Lumos. Mr. Kilby called for a motion the EDA approve disbursement of \$669,897.54 and pay it along with the \$183,424.49 today. Mr. Emry motioned and Mrs. Smith seconded. With all in favor and none opposed, the motion passed.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan
NAYES: None
ABSENT: Mr. Hayth ABSTAINING: None

Consideration of Approval of Land Transfer by JM Industrial- Ken McFadyen

Mr. McFadyen pointed the EDA to a copy of the Restrictive Covenants the Authority attached to the Avery Row property that was sold to JM Industrial in 2020. JM Industrial applied for a special exception permit to the County to allow HCA to purchase the property for a behavioral health facility and that special exception permit was approved this week at the Board of Supervisors meeting. Staff anticipates the transfer of the property from JM Industrial to HCA to occur at any time and the next step is for the EDA to approve that transfer. Mr. Alderson asked what staff knows about the facility, and Mr. McFadyen said it is an \$80 million dollar investment for a behavioral health facility that would provide short-term assistance starting with 80 beds and to increase up to 130 beds. This is through Lewis Gale, who currently has this facility located in Salem, but it is outdated and they do not have room to grow. So this new facility would allow for better assistance to patients in a location that has more room, has updated systems, and will have the therapeutic benefits afforded by a naturally beautiful environment. Mr. Day added that he thinks HCA's title company will want something recorded. He asked if all the covenant restrictions are being waived or just those that would be in conflict with Botetourt County's special use permit. He asked Mr. McFadyen if he has been in communication with the business at all, and he has not except that the business had asked for the EDA to approve the transfer before their special use permit application went before the Board of Supervisors. His response to that request was that it would need to wait until after the business went before the Board of Supervisors and ultimately until they received a special exception permit. Mr. Day asked if Mr. McFadyen knows when the business plans to close on the property. Mr. McFadyen reached out to the owner of HCA to request that information for Mr. Day. Mr. Kilby asked if the EDA could include the verbiage in the motion that the waiving of restrictions is subject to this one sale only, and that if it falls through, it will not pertain to any future buyer. Mr. Day did not think this would be a problem but stated that it would be good for the motion to include that the chairman, vice chairman, and executive director of the EDA to sign the appropriate

documents that would allow the special uses. Mrs. Smith asked for clarification of who currently owns the property. JM Industrial owns the property currently and plans to transfer the property to HCA Lewis Gale; and JM Industrial requests the EDA to approve the transfer of the property to HCA. Mr. Kilby called for a motion for approval of the transfer to HCA including the terms Mr. Day suggested. Mr. Griffin motioned and Mr. Alderson seconded, and with no more questions and all in favor, the motion passed.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan
NAYES: None
ABSENT: Mr. Hayth ABSTAINING: None

Update on Old Colonial School Property to Six Forty Group – Jon Lanford

Mr. Day and Mr. Spigle recorded the transfer of the Old Colonial property to the Six Forty Group on Tuesday, June 27th, 2023. Mr. Griffin asked if Mr. Lanford knew if any work has been done to the building yet by the new owners and Mr. Lanford thought a contractor was there to do some roof work and thought they have done some restoration work of hardwood floors in the gym as well as some painting.

Closed Session

Mr. Kilby then called for a motion to go into Closed Session:

Motion to go into closed session to discuss the acquisition and disposition of real property for purposes of economic development, in the Amsterdam district (including Greenfield) and Buchanan districts where discussion in an open meeting would adversely affect the Authority's bargaining position or negotiating strategy, pursuant to Section 2.2-3711 (A) (3) of the Code of Virginia of 1950, as amended.

Motion to go into closed session to discuss prospective businesses or industries or the expansion of existing businesses or industries, in the Amsterdam (including Greenfield) and Buchanan districts where no previous announcement has been made of the businesses' or industries' interest in locating or expanding facilities in the community, pursuant to Section 2.2-3711 (A) (5) of the Code of Virginia of 1950, as amended.

Motion to go into closed session for consultation with legal counsel regarding specific legal matters requiring the provision of legal advice regarding the Roanoke Valley Broadband Authority, pursuant to Section§ 2.2-3711 (A) (8) of the Code of Virginia of 1950, as amended.

Mr. Alderson made the motion, which was seconded by Mr. Emry, and which passed unanimously.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan
NAYES: None
ABSENT: Mr. Hayth ABSTAINING: None

Return to Open Session

Mr. Kilby read the following resolution:

BE IT RESOLVED, it is certified that to the best of each Authority member's knowledge only public business matters lawfully exempt from open meeting requirements and only such matters as were identified in the motions to go into Closed Session were heard, discussed, or considered during the Closed Session.

The EDA then returned to Open Session with Roll Call:

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan
NAYES: None
ABSENT: Mr. Hayth ABSTAINING: None

Roanoke Valley Broadband Authority Budget Consideration

Mr. Kilby called for a motion for the budget presented by the Roanoke Valley Broadband Authority to not be approved. Mr. Griffin motioned and Mr. Alderson seconded and with all in favor and none opposed, the motion carried.

AYES: Mr. Kilby, Mr. Griffin, Mr. Emry, Mr. Alderson, Mrs. Smith, Mr. Bryan

NAYES: None

ABSENT: Mr. Hayth

ABSTAINING: None

Adjournment

Hearing no further topics presented and no questions or comments provided, Mr. Kilby called for a motion to adjourn. Mr. Alderson motioned and Mr. Emry seconded. With all in favor and none opposed, the meeting was adjourned.