

AT A REGULAR MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA, IN THE COUNTY GOVERNMENT CENTER BOARDROOM, 101C MOUNTS BAY ROAD, AT 3:30 P.M. ON THE TENTH DAY OF AUGUST, NINETEEN HUNDRED AND EIGHTY-THREE.

1. ROLL CALL

Ms. Diane L. Abdelnour, Chairman
Mr. Kenneth H. Axtell
Mr. C. Hammond Branch
Mr. Harold N. Poulsen
Mr. John G. Zimmerman

OTHERS

Mr. Henry H. Stephens
Mr. Frank M. Morton, III

2. MINUTES

Upon a motion by Mr. Poulsen, seconded by Mr. Branch, the minutes of the November 2, 1982, December 1, 1982, January 27, 1983 and March 3, 1983 meetings were approved as presented.

3. PROPOSAL TO AMEND INDUSTRIAL REVENUE BOND APPLICATION

Mr. Stephens explained the proposal to amend the industrial revenue bond application to delete requirements for personal financial statements. No recommendation had been prepared by the staff because it was felt this decision should be made by the members of the Authority. After a brief discussion of the issue of confidentiality with regard to financial statements, Mr. Poulsen motioned that the proposed amendment be denied. Mr. Zimmerman seconded the motion for denial which was unanimously approved.

4. CASE NO. IRB-2-83. WAXFORD LIMITED PARTNERSHIP

Ms. Abdelnour opened the public hearing on this case.

Mr. Alvin P. Anderson spoke on behalf of the Waxford Limited Partnership. He explained the structure of the limited general partnership, its membership, the conditional sales contract entered into by the partnership, the characteristics of the property being purchased, and various letters of support submitted with the application. Mr. Anderson also described the changes to be made to the property and the financial advantages to the County from this project.

Mr. Donald J. Messmer, President of Mid-Atlantic Research, Inc., stated his firm had been asked to do a study on the scope of the tourist industry with particular emphasis on the group tour market, particularly bus tours.

Mr. Messmer focused on the state of the tourist industry on the national, state and local levels. He included the effects of the recession and the growth rate expectations. His firm expects a 4-6% increase in visitations to this area over the next several years. The impact of annexation on James City County and the need for a well organized marketing campaign were then discussed.

Mr. Branch asked Mr. Anderson where this group would acquire the experience for operating a motel.

Mr. Anderson replied that various franchises had been contacted and that they were full service management franchises. He stated further that the marketing effort will be independent of the motel and that others who have done this type of work in the past have been contacted.

Mr. Poulsen noted that the contract was signed by Waxford, Inc. General Partners, Gilbert Granger, while discussion had centered around the limited partnership, i.e. Waxford Limited Partnership.

Mr. Anderson explained the general partner is the corporation, Waxford, Inc. The shares of stock are owned by the same individuals who are in fact the limited partners. The general partner is the responsible individual, the corporation.

Ms. Abdelnour asked Mr. Messmer if his study had determined how many rooms in the area went unoccupied in the months of June, July and August.

Mr. Messmer explained the occupancy rate and why a percentage of the rooms would remain unoccupied so that an occupancy rate of 89-91% means hotels in the area are virtually full.

Mr. Anderson provided additional information in response to Mr. Poulsen's question. He stated that the general partner from the legal standpoint is responsible for anything that happens with the limited partnership. While the letter of credit issued by the commercial bank would guarantee the bonds, the commercial bank is going to require a guarantee from the limited partners to reimburse the bank in case the bank has to pay on the letter of credit. They would require a guarantee from both partnerships. They would in fact be responsible for 110-115% rather than just 100%.

Mr. Poulsen asked about the amount of money that would be put up by the partnership.

Mr. Anderson explained the requirements of the bank and the bond brokers and that he thought the bank would require 15% real equity.

Ms. Abdelnour noted that real equity would be the equity in the property and not just cancelled checks.

Mr. Anderson stated there is a loan to value ration that is applied, but there is also a real equity requirement which is cash.

Ms. Abdelnour questioned the wording in paragraph 9 of the inducement resolution. She asked if the wording of the paragraph would allow the inducement to be assigned to anybody, i.e. that the applicant can assign his right to someone else.

Mr. Smelcer explained the intent of the paragraph which was to allow a change in the corporate structure or partnerships in the current Waxford entity. It could be assigned to anyone related through the principals; however, unlimited assignment would not be possible under the present tax laws. If there were a change in the general partnership, there might have to be another public hearing before the Board of Supervisors but it would not have to come before the Authority again.

Mr. Poulsen asked if the partnership would have to come back to the Authority before the bonds were issued.

Mr. Smelcer replied that they would return to the Authority for the approval of all the documents.

Ms. Abdelnour asked if the financial statements should be passed out before the public hearing was closed. It was agreed that they should be.

Mr. Morton recommended that paragraph nine be struck from the resolution of inducement.

Mr. Poulsen made a motion to strike paragraph nine. It was decided that since there was as yet no motion on the resolution, the motion to strike paragraph nine be held until after the public hearing.

Ms. Abdelnour closed the public hearing.

The Authority recessed to review the financial statements.

When the meeting resumed, the Authority discussed with Mr. Anderson the time frame within which he needed a decision on the resolution so that it could be presented to the Board of Supervisors in time for the partnership to meet its deadlines.

The Authority recessed for further review of the financial statements of the individual partners.

Mr. Poulsen made a motion, seconded by Mr. Zimmerman, to approved the resolution with the elimination of paragraph nine.

Mr. Morton proposed limiting the partnership or corporation by changing paragraph nine. This would be done by putting a period after the word corporation on the last line of page four and eliminating the remainder of paragraph nine.

Mr. Poulsen amended his motion accordingly. Mr. Zimmerman seconded the motion.

The motion to approve the resolution of inducement with the change in paragraph nine as proposed by Mr. Morton was approved unanimously.

Mr. Axtell agreed to represent the Authority at the Board of Supervisors meeting.

5. FINANCIAL REPORT

Mr. Stephens reviewed the memorandum on the financial statement. He informed the Authority that he would make a report for the fiscal year ending June 30, 1983 at the next meeting. It would then go to the Board of Supervisors and filed with the Auditor of Public Accounts in Richmond.

Mr. Stephens suggested the Authority should decide what action should be taken on the funds in the account as they begin to accumulate. The accumulation is due primarily to the elimination of the requirement for an audit. The audits were no longer required of small authorities.

Mr. Poulsen stated that applicants should be advised that they are required to follow the Authority's procedures which was not the case at today's meeting.

Ms. Abdelnour explained she had spoken with Mr. Stephens and had agreed to consider the application with the understanding that she could not guarantee what the action of the Authority would be on the change in procedure.


There was a brief discussion of the expiration status of the cases that had come before the Authority.

6. ANNOUNCEMENT OF SEPTEMBER 1, 1983 MEETING

Ms. Abdelnour reminded the members of the meeting to be held on September 1, 1983 to consider an application from S & N, Ltd.

7. ADJOURNMENT

There being no further business before the Authority, the meeting adjourned at approximately 5:15 p.m.


Henry H. Stephens
Secretary


Diane Abdelnour
Chairman