



Economic Development Authority
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MEMORANDUM

To: Records Management
From: Economic Development Authority
Date: April 9, 2015
Re: IDA-EDA Minutes – September 11, 1983

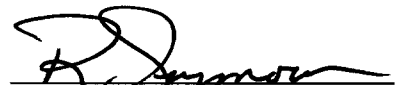
The following minutes for the Industrial Development Authority of James City County dated September 11, 1983 were missing an approval date.

These minutes, to the best of my knowledge, are the official minutes for the September 11, 1983 Industrial Development Authority meeting.

Please accept these minutes as the official record for September 11, 1983.



Robin D. Carson, Vice Chair



Russell C. Seymour, Secretary

AT A REGULAR MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA, IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101C MOUNTS BAY ROAD, AT 3:30 P.M. ON THE FIRST DAY OF SEPTEMBER, NINETEEN HUNDRED 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
Mr. Paul A. Dresser

OTHERS:

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

2. MINUTES

Upon a motion by Mr. Branch, seconded by Mr. Axtell, the minutes of the August 10, 1983 meeting were approved as presented. Mr. Axtell requested that the minutes reflect that S & N General Partnership was actually C & N General Partnership.

3. Case No. IRB-3-83. C & N Partnership

Ms. Abdelnour indicated that the staff report was in the package of materials received by the Authority members. She opened the public hearing.

Mr. David Short, Attorney for C & N General Partnership, presented application to the Authority. Mr. Short explained that the partnership was made up of Sam Canavos, Mr. Nick Theodor and their wives. He indicated that bond council for the partnership was Willcox, Savage, Dixon, Hollis, & Eley from Norfolk, Virginia. Mr. Short described the project as a 96 room motel. Design for the project was being done by Forrest Coile Architects; the plans and specifications should be complete by mid-September. The project should be constructed by late spring of 1984 if the Authority approves industrial revenue bond financing. He indicated that the site for the motel was presently owned by the partnership and was adjacent to the partnership restaurant located on Route 60 and proceeds of the bond would not be used for land purchase. He indicated that the motel would be operated and managed by the partnership, however, it was likely that the motel would affiliate with a national franchise motel chain. Mr. Short explained the tourist market to the Authority as his clients saw it. He said that the length of stay of tourists in Williamsburg had increased and that charter bus service had increased. However, the most significant indicator of the strength of the

local motel business, according to Mr. Short, was that there were no motel properties presently on the market. He indicated that sales prices of motels had increased dramatically, reflecting the strength of the business they were doing. In 1977-1980, Mr. Short stated that the average per room selling price for motels was between \$10,000-\$20,000 per unit. However, between 1980 and 1982, prices increased to a low of \$28,000 per unit and a high of \$43,000 per unit. He noted that present owners of motels were expanding their motels and purchasing new properties. Mr. Short stated that he had been associated with the motel business, both as an investor, and as an attorney in Newport News for some years and that a significant part of the Newport News motel market was overflow business from the Williamsburg area. Mr. Short indicated that revenue bond financing was necessary to allow the partnership to secure the necessary financing for the project with a straightline interest rate. He introduced Mr. Jerry Copes of Virginia National Bank. A letter from Virginia National Bank indicating their willingness to participate in financing of the project using industrial revenue bonds was part of the application. Mr. Short indicated that he would answer questions from the Authority and he would explain the tax benefits to James City County for the proposed motel. The County staff had made adjustments to the tax revenue estimates in the application in the staff memorandum. He said that he agreed with the county staff assessments that the project would generate approximately \$45,000 of local tax revenues and employment benefits of the project would be 15 new jobs. Mr. Short introduced Mr. Canavos to the Authority.

Mr. Sam Canavos addressed the Authority explaining that he had been in the restaurant business for 37 years and was a partner in six restaurants. He said that he was on the Board of Directors of the Virginia Restaurants' Association. He indicated that in addition to the 15 new jobs that would develop at the motel, that he anticipated as many as 15-20 new jobs available to college students in his restaurant adjacent to the motel because of the increased business for the restaurant generated by motel guests. He explained that his marketing philosophy was to provide a reasonable meal at reasonable prices in a family atmosphere. He hoped to continue that philosophy in his motel business. He referred to his motel as a family motel. He explained that he had many contacts in the motel business who expressed confidence that he could make a success at a motel on Route 60 East. He said that he was willing to make this significant investment on a section of road which had not developed as rapidly as the County had anticipated.

Mr. Zimmerman asked Mr. Canavos if the motel would be open year round.

Mr. Canavos indicated that it was his intention to run the business year round.

Mr. Poulsen stated that he had reviewed the revenue figures in the performance statement attached to the application. He said that at \$36 average price per room, occupancy projections for the motel were 63%. He asked why average occupancy was used for projecting revenues rather than the more commonly used in the area - 60% of occupancy.

Mr. Short stated that the occupancy projections were based on 60%; however, the rate varied between \$36 and \$45 per room/night.

Mr. Dresser asked if the new jobs indicated in the application reflected the new jobs at the motel.

Mr. Short stated that the motel jobs were stated in the application; however, Mr. Canavos had indicated that he hoped to increase employment at the restaurant as well, and these would be additional jobs not in the application.

Ms. Abdelnour stated that the application indicated that the cost of the motel at \$2.7 million; however, the financing request was for \$2.5 million. She asked where the difference would come from.

Mr. Short said that the land was being put up as part of the equity in the project, but indicated that he wanted it to be clear to the Authority that the partnership did not wish to close the door to seeking additional financing to help defray some of the additional costs, but at the present time there was no more additional financing.

Mr. Poulsen asked, if the Authority did not approve the revenue bond financing, would the project still go forward.

Mr. Short indicated that he did not know; however, because of the difficulty in finding acceptable terms for financing without industrial revenue bonds, it is questionable whether the project would be viable.

Mr. Dresser asked what terms the partnership expected to receive on financing.

Mr. Short indicated that discussions with Virginia National Bank to this point had led them to expect to be able to acquire, with the use of industrial revenue bonds, a ten year fixed rate with payments made on a 30 year amortization schedule with a balloon payment due at the end of ten years.

Mr. Guy L. Findell, attorney with Willcox, Savage, Dixon, Hollis & Eley, addressed the Authority and indicated that his firm had reviewed the application and found the project eligible for industrial revenue bond financing. He distributed a resolution of inducement which deleted reference to the acquisition of land. He said that the amendment was made at the request of Mr. Morton. He also indicated that there was another amendment made, at Mr. Morton's request to the resolution of inducement which indicated that bonds would only be issued for items which met the requirements of state and federal laws of revenue bond financing.

Mr. Dresser moved that the amended resolution be approved. The motion was seconded by Mr. Zimmerman.

Ms. Abdelnour questioned the language in paragraph 2 of the resolution stating that the language tended to infer a commitment by the Authority which was stronger than that in past resolutions.

Mr. Morton, responding to Ms. Abdelnour's question, stated that he had reviewed the language and felt that the Authority retained the right to approve or deny the bonds at a later date. He said that although the language differed from past resolutions, he did not feel that it was significant.

Mr. Dresser stated that he found the most significant factor influencing his decision to support the application was that the motel would be a significant investment on an underdeveloped corridor. He felt that the applicants' willingness to make that investment was important and that he hoped it would encourage further investment along the Route 60 area.

On a voice vote, the motion to approve the resolution of inducement, as amended, passed unanimously.

4. Financial Report

Mr. Stephens presented a draft of the financial statements of the Authority as well as a memorandum summarizing the Authority's activities for the past fiscal year. He stated that the report was complete except it required letters from the bank acting as trustees for outstanding bonds issued by the Authority. He expected to receive those letters shortly.

On a motion by Mr. Zimmerman, seconded by Mr. Axtell, the Authority voted unanimously to accept the financial statements and annual report.

Mr. Dresser asked if the fees the Authority received for applications were sufficient to cover the cost.

Mr. Stephens indicated that if the staff time is taken into consideration, it was unlikely that the fees and closing costs come close to covering the costs.

Mr. Dresser stated that he felt that the Authority should be billed by the County for each meeting it held and that these costs be passed on to applicants.

Mr. Morton stated that he had long felt that the fees charged by the Authority were too low. He indicated that in a neighboring jurisdiction by a private council handle all the Authority's legal work and each applicant was billed \$5,000 in legal fees for each bond issue.

Mr. Poulsen requested that the staff review the fee structure and report back to the Authority so that the fee structure might more closely reflect the actual costs.

5. Election of Officers

Ms. Abdelnour stated that the present slate of officers had served for the past year. She indicated that although the Authority has no by-laws mandating elections of officers on an annual basis, she felt officers should be elected annually. She opened the floor for nominations.

On a motion by Mr. Zimmerman, seconded by Mr. Poulsen, present officers of the Authority, Ms. Abdelnour, Chairman; Mr. Axtell, Vice-Chairman, and Mr. Stephens, Secretary-Treasurer were nominated for a second term. The motion passed unanimously.

Upon a motion by Mr. Poulsen, seconded by Mr. Axtell, the nominations for officers was closed. The present slate of officers was approved unanimously.

6. Matters of Special Privilege

Ms. Abdelnour asked if an Authority member could be present at the September 12th meeting of the Board of Supervisors to present the C & N General Partnership application to the Board.

Mr. Dresser indicated that he would make the presentation on behalf of the Authority.

Mr. Stephens indicated that Case No. IRB-3-80, The Wythe Corporation, had had a resolution of inducement approved with no expiration date. He explained that the Authority had indicated to the applicant that failure to close bond issue and begin construction by the third anniversary of the resolution of inducement would cause the Authority to rescind its resolution. He stated that the third anniversary of the resolution of inducement for The Wythe Corporation was on May 7, 1983. He presented a resolution to withdraw the resolution of inducement adopted by the Authority on May 7, 1980.


On a motion by Mr. Zimmerman, seconded by Mr. Axtell, the motion to withdraw the resolution of inducement on behalf of The Wythe Corporation passed unanimously.

Mr. Stephens explained that the Chamber of Commerce was discussing the possibility of contracting to have a Quality of Life brochure printed for the Williamsburg area. The brochure was in magazine form and would be financed by advertisements from local businesses. The proposal included that surplus advertising revenues was returned to the Chamber for the purpose of promoting business development in the community. Mr. Stephens explained that there had been some problems arranging for the booklet and indicated that the Industrial Authority may be asked to support the development of such a book, jointly with the York County Industrial Development Authority.

The Authority, by consensus, agreed that it would consider cooperating in a production of the Quality of Life book and supporting such a project; however, it would be necessary that the project be presented formally to the Authority prior to any commitment. The Authority expressed hope that the project could be accomplished through the Chamber of Commerce.

7. Adjournment

There being no further business of the September 1, 1983 meeting of the Industrial Development Authority, the meeting was adjourned at 5:25 P.M.


Diane L. Abdelhour, Chairman


Henry H. Stephens, Secretary-Treasurer

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