

AT A SPECIAL MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA, IN THE COUNTY GOVERNMENT CENTER BUILDING A CONFERENCE ROOM AT 3:30 P.M. ON THE FIFTH DAY OF SEPTEMBER, NINETEEN HUNDRED AND EIGHTY-FOUR.

1. ROLL CALL

Mr. Kenneth Axtell, Vice Chairman
Mr. John Barnett
Mr. Paul Dresser
Mr. Harold Poulsen
Mr. John Zimmerman

OTHERS:

Mr. John E. McDonald, Secretary/Treasurer
Mr. Frank M. Morton, III, County Attorney

Mr. Axtell indicated that he would act, in Ms. Abdelnour's absence, as chair of the meeting and suggested that the Board proceed directly to item number 3 on the Agenda - the public hearing.

3. PUBLIC HEARING - ROBERT J. AND JANICE A. KUBICKI

Vice Chairman Axtell opened the public hearing and asked if anyone wished to speak.

Mr. Alvin Anderson spoke on behalf of the applicants. He indicated that three years ago the Authority had approved, on an application by his parents, an 18,000 square foot office building. That approval had been consistent with various legal interpretations that had concluded that commercial office space may be financed with IRBs. The IDA had indicated, in approving the project, that the building had met certain prerequisites for financing - properly zoned, access to public utilities, approved plans, approved financing, and new employment opportunities. The office building had provided needed space to a growing business and had resulted in new employment.

Mr. Anderson then made a presentation on the important issues relating to the Kubicki project:

1. That it is proposed as a Class A, quality commercial building, suggesting that Mr. Tom Tingley and Mr. Roger Guernsey, architects, would elaborate. The Class A designation implies premium location, architecture, and rental charges with a comparatively low vacancy rate.
2. Year-Round Employment: Mr. Anderson illustrated the calculation of 80 year-round employees expected in the occupancy of the building.

3. Need for Tax-Exempt Financing: Mr. Anderson compared rental rates necessary to recover costs under three conditions:

\$2,000,000 tax-exempt	\$15.21 per sq. ft.
\$1,322,500 tax-exempt	16.70
Commercially financed	19.26

4. Enhancement of Local Taxes: Mr. Anderson indicated that the calculation of the projected tax benefits to James City County had been increased by estimating the personal property and business license taxes of the expected tenants.
5. Commitment for Financing: Mr. Larry Fowler of Dominion Bank was introduced and Mr. Fowler confirmed Dominion's intent to finance the project.
6. The Applicants: Mr. Anderson introduced Mr. and Mrs. Kubicki, successful County businessmen operating RJK, Inc. and employing County residents.

Mr. Roger Guernsey presented sketches of the building and described it as a unique, quality building unlike any in James City County. The building contained two office modules separated by a high-ceilinged glass atrium.

Mr. Guernsey, in response to Mr. Poulsen, indicated that the building, even with the large amount of glass, was designed to be energy efficient. The lighting requirement, as well as the collection of light and body heat in the dead space of the atrium both contributed to the efficiency. In responding further to a question from Mr. Barnett, Mr. Guernsey indicated that the glass was tinted and recessed 18 inches to avoid direct sunlight on the walls. He indicated that the atrium corridor was almost an out-of-doors type of space.

Janice Kubicki, responding to a question from Mr. Dresser, indicated that the 16,000 square feet of rental space was secondary to the need for RJK to expand. She stated that the attractive quality of the rental space had been conceived to meet the needs of what people, whom she knew, were looking for in office space. She also stated that the exact number and alignment of suites had not yet been determined and would not be until leases were finalized. The inducement in this proposal would be to relocate 4 or 5 Peninsula-area businesses or perhaps others not now nearby.

Mr. Kubicki clarified the employee projection, that the 80 employees included the employees of RJK.

Responding to a question from Mr. Poulsen, Mr. Brown indicated that Corporate Center rents were in the \$10 to \$12 range, making these rents somewhat high. Mr. Anderson indicated that the rents, while high, compared favorably with Class A rents on the southside.

Mr. Fowler, answering Mr. Poulsen, indicated that Dominion Bank had committed to the financing. The last step would be a review of the final plans by the loan committee. The loan, he stated, would be structured as to principal payment to match the applicant's requirements and would be for 20 years.

Mr. Anderson stated that Mr. Poulsen was correct in assuming that an earlier March, 1984 sales contract on the land had been cancelled. The inducement resolution had to come first.

Mr. Barnett indicated his concern on utility costs, given the building design, and that these costs might go too high for renters to pay.

Mr. Guernsey indicated that the HVAC system was a hybrid - gas fired boiler plus 20 water to air heat pumps. He did not know the R-value but indicated that his background included much architectural work on solar and other energy-efficient systems.

Mrs. Kubicki indicated that the HVAC design is as important as the building design and that stick-built, small-windowed buildings can also be inefficient.

There being no one else who wished to speak, Mr. Axtell closed the public hearing.

Mr. Dresser, seconded by Mr. Poulsen, moved to approve the resolution of inducement for an amount of \$1,300,000.

Mr. Dresser commented that the recent changes in the Federal Tax Law reflected a more conservative approach to tax-exempt financing and, in light of the Federal deficit, an effort to curtail the use of industrial revenue bond financing. Mr. Dresser stated that the recent presentation offered some compelling arguments in favor of the project and the benefits to the County and the Corporate Center. He commented that the amendment proposing \$1,300,000, instead of the \$2,000,000 requested, was appropriate given the conservative legislative environment and further, that it was his opinion that 100% tax-exempt financing was not needed.

Mr. Poulsen indicated his general agreement with Mr. Dresser's comments.

Mr. Richardson asked whether the Board wished to revise the resolution, as presented. After discussion, and with the agreement of Mr. Dresser and Mr. Poulsen, the resolution was amended to incorporate the original resolution of inducement and to strike the language that suggested a revocation of the inducement resolution based on pending Federal and State legislation.

Upon a roll call vote, the resolution of inducement for \$1,300,000, as amended, passed on a 5-0 vote.

2. MINUTES - MAY 9, JULY 11, AUGUST 8, 1984

Mr. Dresser moved the approval of the minutes, as presented, with one change. He requested that the minutes reflect that his comments on penalties for IRB issuers who did not produce the projected employment goals were directed at actions that other Authorities were considering. The minutes suggested that he had recommended that the Authority consider these penalties. With that amendment, seconded by Mr. Poulsen, the minutes were approved by a 5-0 voice vote.

4. ALLOCATION OF THE CAP

Discussion centered on the role of the IDA in allocating bonding limits set under the new legislation. By consensus, the Board indicated that a recommendation should be made to the Board of Supervisors suggesting that the IDA be delegated the responsibility of allocating bond limits under the CAP provisions. Mr. Axtell indicated that he would present the recommendation to the Board of Supervisors at its meeting on September 10, 1984 and would represent the Authority in requesting approval on the Kubicki project.

5. ADJOURNMENT

There being no further business, the Board adjourned at approximately 5:30 p.m.

John E. McDonald
Secretary/Treasurer

Kenneth Axtell
Vice-Chairman