



Economic Development Authority
101-D Mounts Bay Road
PO Box 8784
Williamsburg, VA 23187
P: 757-253-6607

yesjamescitycountyva.com

M E M O R A N D U M

To: Records Management
From: Economic Development Authority
Date: April 9, 2015
Re: IDA-EDA Minutes – October 29, 1981

The following minutes for the Industrial Development Authority of James City County dated October 29, 1981 were missing an approval date because the date was not listed in the December 11, 1981 meeting minutes.

These minutes, to the best of my knowledge, were approved at the December 11, 1981 Industrial Development Authority meeting and are the official minutes for the October 29, 1981 Industrial Development Authority meeting.

Please accept these minutes as the official record for October 29, 1981.

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 AT 3:30 P. M. ON THE TWENTY-NINTH DAY OF OCTOBER, NINETEEN HUNDRED AND EIGHTY-ONE.

1. ROLL CALL

Mr. Paul Dresser, Chairman
Ms. Diane Abdelnour
Mr. John Barnett, Jr.
Mr. C. Hammond Branch
Mr. John Zimmerman

ALSO PRESENT:

Mr. Henry H. Stephens, Secretary/Treasurer
Mr. Frank M. Morton, III, County Attorney

2. MINUTES

Mr. Dresser pointed out that on page two, second paragraph of the July 30, 1981 minutes, it should read "the Authority had no set policy on office buildings ..." instead of no "clear" policy.

Upon a motion by Mr. Branch, second by Mr. Zimmerman, the minutes were then approved.

3. CASE NO. IRB-4-81. MIDDLE PLANTATION OF WILLIAMSBURG, INC.

Mr. Hab Baker, III, president of Middle Plantation of Williamsburg, Inc., stated that up to \$3,000,000 of industrial revenue bond financing would be used to finance the construction of golf, tennis, and racketball facilities in the Middle Plantation residential community, with the concept of making the Williamsburg and James City County areas the golf capitol of Virginia.

Mr. Baker stated that the Board itself would have to answer if the financing of the golf course and club facility is a proper use of bonds under the statute. And if the answer is yes, would it be in the best interest of the County? To assist the Board in making this determination. Mr. Baker introduced Mr. George Consolvo, applicant's bond counsel to address the questions.

Mr. Consolvo said the purpose of the statute is stated to be, among other things, the inducing of manufacturing, industrial, governmental, and commercial enterprises. The court has found that commercial enterprises are financible under the statute, and further, that the Supreme Court of Virginia also agreed with this position and held that shopping centers and retail sales facilities could be financed under the statutes. The golf course, tennis facilities, and restaurant and pro shop would be operated as a commercial venture.

Another question Mr. Consolvo addressed was whether the bond proceeds would be used to finance the acquisition of the land. He said the applicant already owns the real estate, and customarily when you have a corporation that already owns the real estate or has entered into contracts prior to inducement, that particular item is not financed.

Mr. Consolvo further stated that tax exempt bonds generally can be used only to finance expenses incurred after the resolution is approved, but that by forming a new partnership to own the land, the \$350,000 value of the golf course site can be included. The partnership, he said, would include Middle Plantation of Williamsburg, Inc. and the lending institution that finances the project. Mr. Consolvo said that he is satisfied such an arrangement would meet Federal tax regulations, but he was not ready to give an opinion on whether it conforms to State regulations.

Mr. Dresser asked, if the Authority approved the resolution of inducement at this time, would Mr. Consolvo's firm be willing to write an opinion before bonds are issued on this matter?

Mr. Consolvo answered in the affirmative to the Federal question but regarding the State, he felt was unresolved.

Mr. Baker stated that, if the land acquisition cost question is not resolved in the affirmative, the applicant is prepared to go forward with that portion taken out of the bond issue.

Mr. Baker stressed the economic activity increase that this facility would produce, such as jobs with an employment base of 43½, which in turn would produce more jobs, and increase the tax base and tourism.

Mr. Baker said that there are currently insufficient golfing facilities in the area to accommodate all who wish to play golf, and that motel/hotel management has asked for more facilities. He felt this additional facility in the community would intercept the flow that now goes further south for such activity. He referred to Williamsburg as becoming a "golf destination" spot.

Mr. Baker introduced Mr. John Rutledge of American Realty Trust of Arlington, Virginia, owner of The Hospitality House. He, too, expressed concern regarding the lack of athletic facilities for tourists in Williamsburg. He felt the ability to offer an athletic package to tourists would aid James City County, the general area, and the vacationers.

Mr. Baker said that the intention is not to take the \$3,000,000 in bonds and construct the facility in one phase. The first phase will be the golf course and pro shop. The probable expenditure would be \$1,619,000 with six individuals employed. He emphasized that bond money would not be used for completing roads and providing utilities for housing. This phase will take about 10 to 12 months to complete.

Phase II, Mr. Baker said, would include tennis, racquet ball and handball facilities; probable expenditure \$503,000; employment would top off at 18½ persons with salary level of \$204,000 per year. Phase III, would expend \$633,000 with the employment topping off at 43½ with full facilities and maximum usage.

Mr. Baker said that, except for the land acquisition question which will be resolved prior to issuance of the bonds and a firm opinion stated by counsel, this budget can be financed with industrial revenue bonds and does fit under the statute.

In a question and answer period, Mr. Baker said that the facilities would be open to the public at large but primarily to tourists until the number of residents increase. Also that "lifetime memberships" may be considered.

Mr. Stephens reviewed the staff report, which is appended hereto, at Mr. Dresser's request.

Mr. Dresser said he felt income estimates based on projected usage seemed like "pie-in-the-sky."

Mr. Baker responded that while the tennis and racketball facilities were high, the golf projects were under "by a long ways." He said it was his understanding that last year the Golden Horseshoe and Kingsmill played more than 35,000 rounds and that he is projecting 25,000 rounds.

Mrs. Abdelnour asked if Middle Plantation, Inc. intended to convey the real estate on which the facilities are to be located to the limited partnership and if Middle Plantation, Inc. would be giving up most of its interest to that land because it will then have a nominal interest and the limited partner will have the primary interest.

Mr. Baker said that Middle Plantation, Inc. will be taking control of the operation but the actual deed and title will pass to the limited partnership. He said it is necessary to convey some partnership interest to the lender today -- it must be a joint venture in this financial market.

Mrs. Abdelnour asked if the property involved is owned by Middle Plantation or is some of it common area.

Mr. Baker responded that it is owned by Middle Plantation of Williamsburg, Inc.

Mr. Dresser asked, with the payment of the \$350,000 release fee, would Middle Plantation be able to convey clear title of the land.

Mr. Baker responded that it would. He further assured the Authority that there was no need for concern regarding cash flow. Asked about a commitment on the purchase of the bonds, Mr. Baker said that while there is interest there is no commitment. He said he must first have the inducement resolution but that he did have interest from the First Mortgage Corporation.

Mr. Dresser asked if the taxes indicated to be paid to the County of \$22,500 was an incremental increase over what the property is currently paying.

Mr. Baker responded that it was.

Mr. Dresser said that he would like to know what would happen in Phase I in terms of number of people and the dollar impact to the County.

Mr. Baker responded that in Phase I, once the paper work is done and the bonds are placed, bids will be taken and very little activity will happen until the bids are let. Most likely, he said, they will start off by redoing the surface of the golf course & finishing the irrigation system to the golf course. There will be a "hold" on the pro shop. Twenty to thirty employees will be on the payroll. The maintenance mechanic will be in place when the equipment is put on and will begin to maintain the surface. He also said the County tax base will increase during this time. Mr. Baker assured the Authority that there would be a pro shop with restrooms and some dining facilities (snack bar).

Mr. Dresser asked Mr. Baker how he felt about the possibility of the Authority requiring much shorter life bonds for such things as golf carts, trucks, and other equipment where an asset could not live the life of the bonds.

Mr. Baker said he felt very comfortable with that concept and that the bond holder will require exactly the same thing.

Mr. Dresser asked about question 20 in the application regarding the type and amount of outstanding bonds, stating that the nature of the question is to try to get to whatever debt obligations Mr. Baker has, in addition to servicing the debt that he is getting ready to take on. Mr. Dresser said the application read "none, other than the obligation shown on the attached financial statement." The latest financial statements, Mr. Dresser said, were dated June 30, 1980 and are unaudited, and from what he understands, continues to be unaudited to this date. He said he was not comfortable with what Mr. Baker's obligation are, in addition to what he is taking on.

Mr. Dresser said it was not the primary obligation of the Authority for financial viability; that is up to the lender, but should these bonds carry the name of James City County, no one would like to see these bonds be the first to not make it through. That is why, he said, the Authority asks such questions -- because they like to see financial viability.

Mr. Baker responded that the 1980 auditors were coming to a close soon and that the 1981 will follow pretty quickly. He said, due to interest rates and the housing market, it has been a fairly unactive year. He said quite a bit of property has been sold and that as a closely held corporation tends, to the legal extent possible, to elect accounting options that do not show profit because if profit is shown they will be taxed on it.

The corporation, Mr. Baker said, elects accounting options that tend to defer profits so that the maximum amount of revenues can be used for infrastructure. He said they did not buy with the contemplation that the first year or the third year or the fourth year a profit would be shown, but with the contemplation that half way through, they would have all debts paid off and begin to show a profit. He said a development of this sort is a long term thing and cannot contemplate turning a profit until the fifth or sixth year.

In response to a question by Mr. Dresser, Mr. Baker responded that it was reasonable to assume that if the inducement resolution was approved at this time, before any bonds were signed the Authority would have access to the audited 1980 and 1981 statements.

Mr. Dresser also commented that Mr. Baker signed the application on July 30th and asked if, under miscellaneous regarding litigation or proceedings, had anything new occurred since the date of application that was not revealed in terms of litigation or other proceedings that Middle Plantation might be involved in of significant nature.

Mr. Baker responded that Middle Plantation is not presently the subject of any orders, decrees, or judgements of the court. He stated his registration with HUD and said that the suit in question was resolved.

Mr. Dresser informed the Authority that because of the change in bond counsel the resolution of inducement had been changed. Mr. Morton, County Attorney, said he was comfortable with the resolution.

Mr. Barnett made a motion, seconded by Mr. Zimmerman, to approve the resolution of inducement. With Ms. Diane Abdelnour abstaining, the motion passed with a 3-1 roll call vote, with Mr. Dresser voting nay.

4. CASE NO. IRB-5-81. HANDY CORPORATION ICE PLANT

Mr. Geddy, on behalf of the applicant, Mr. David Hooker, requested that this case be deferred until the next meeting.

5. CASE NO. IRB-3-81. ANDERSON OFFICE COMPLEX

The Authority and the applicant agreed on November 11, 1981 at 3:30 p. m. for closing on this case.

6. CASE NO. IRB-2-81. MT. PLEASANT ASSOCIATES

Mr. Phillips introduced Ms. Nancy Griffin, bond counsel from Hunton & Williams, who presented the bond resolution to the Authority for its consideration. Ms. Griffin explained the terms of the financing and the terms of the agreement between the Authority and Mt. Pleasant Associates.

Mr. Zimmerman indicated that because his employer was participating in the financing of the project, he would abstain from all discussion and votes on the resolution.

Mr. Dresser stated that this was the first application for revenue bond financing the Authority had considered that had reached the point of closing on its financing. He congratulated the applicants for being number one.

Upon a motion by Ms. Abdelnour, seconded by Mr. Dresser, with Mr. Zimmerman abstaining, the Authority approved the resolution, as presented, by a 4-0 vote.

7. ATTORNEY GENERAL'S OPINION - AUDIT

Mr. Stephens made this presentation, stating that the Attorney General's opinion indicates that the Authority is required to have its financial records audited.

Asked by Mr. Dresser if the Authority should have another audit or if they should ask for another bill to correct this situation, Mr. Morton, County Attorney, responded that the Authority should have an audit.

The Authority voted unanimously that the financial records be audited.

Ms. Abdelnour asked that the Authority instruct the secretary to write to the legislature requesting that the code be amended to allow industrial development authorities to take advantage of the audit exemptions available to other authorities.

Mr. Morton suggested that a more effective approach might be to submit the request to the Board of Supervisors to have it included in the County's legislative package. The County lobbies for the passage of this legislation at the General Assembly.

Upon a motion by Ms. Abdelnour, the Authority voted unanimously to submit a request to the Board of Supervisors that appropriate legislation to allow industrial development authorities to be eligible for audit exemptions be included in the Boards' legislative package.

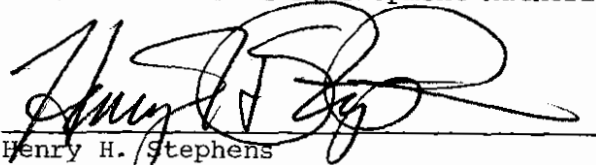
8. STATUS OF OUTSTANDING RESOLUTIONS OF INDUCEMENT

Mr. Stephens presented this report giving a brief summary of the following:

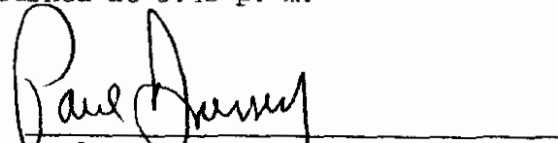
- Case No. IRB-2-80. Wythe Green Corporation. Factory Outlet Shopping Center. Project at a standstill because of high interest rates. The applicant's agent indicates that they hope to proceed when interest rates fall (no expiration date).
- Case No. IRB-3-80. David W. Ware. Factory Outlet Shopping Center. Interest rates have stopped this project also. Mr. Savage, a partner in the project, projects January 1982 as a target date for issuing the bonds (expires August 5, 1982).
- Case No. IRB-1-81. Badische Corporation - expansion of plant. Financing has been secured and the company expects to proceed with the project. The tentative date for both issuing the bonds and for construction is December 1982 (expires April 29, 1983).
- Case No. IRB-2-81. Mt. Pleasant Associates. Medical Office Complex. Bonds to be issued this meeting - October 29, 1981.
- Case No. IRB-3-81. Old Colony Professional Center Office Complex. Mr. Alvin Anderson. Bonds to be issued this meeting - October 29, 1981.

9. ADJOURNMENT

There being no further business, the October 29, 1981 meeting of the Industrial Development Authority adjourned at 5:45 p. m.



Henry H. Stephens
Secretary/Treasurer



Paul A. Dresser
Chairman