

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

1. ROLL CALL

Mrs. Diane L. Abdelnour, Chairman
Mr. John Barnett, Jr.
Mr. C. Hammond Branch
Mr. Paul Dresser
Mr. Harold N. Poulsen
Mr. John G. Zimmerman

OTHERS PRESENT

Mr. Frank M. Morton, III
Mr. John McDonald

2. PUBLIC HEARING - CASE NO. 5-84, SERVICE METAL FABRICATORS, INC.

Mr. Poulsen indicated that he wished to have the record note that he objected to the waiver of the thirty-day notice for the applicant. Mrs. Abdelnour responded that, at her suggestion, the members were polled and the majority had agreed to the waiver. In a response to a question from Mrs. Abdelnour, Mr. Morton indicated that the operating procedures of the Authority should state how the thirty-day requirement could be waived.

Mrs. Abdelnour opened the public hearing and asked if anyone in the audience wished to speak.

Mr. David Richardson of McGuire, Woods and Battle addressed the Board. He expressed the appreciation of the applicant for the Board's consideration of the project even though the application was not received within the normal 30-day period. The acceleration was necessary in light of lead times for ordering the equipment and the changing statutory environment.

Mr. Ed Roesch emphasized the need for the equipment to add to and supplement existing equipment. After closing, the monies would be used to acquire and install several pieces of equipment over the next year. The bonds would be in the amount not to exceed \$500,000.

In response to a question from Mrs. Abdelnour, Mr. Roesch stated that he expected that seven new employees was a minimum figure and that he actually expected more. Mr. Roesch said he expected to come back to the IDA for a building in two years and wanted to be able to prove to his projections on this issue.

Mr. Poulsen asked whether the bank would continue to consider loans for such a highly leveraged operation. Mr. Roesch replied that the bank had been responsive and that the equipment had a high collateral value. He further indicated that the current notes had a three and seven year payout, the expected IDA issue would be in the 10-12 year range, consistent with regulations and the economic life of the machine.

Mr. Barnett commented that the success of the business seemed to be anchored by return customers. Mr. Roesch emphasized that they were responsive to customer requirements, including short lead times, and they had a good deal of repeat business.

In response to Mr. Poulsen, Mr. Roesch described the advantage of the Subchapter S corporate organization and elaborated on the salaries as shown in the financial statements. He indicated that without the lower financing costs under an IRB, he could not afford the expansion.

Mr. Steve Turner explained that the new equipment would allow the Company to expand into new areas, do prototype and production runs at the same time and to limit the risk of lost production due to downtime on the current equipment. He illustrated these points by describing a contract with Volvo to produce parts for their new buses.

Mr. William Brown indicated that he normally did not speak on Corporate Center issues before the Authority but felt that he could because this issue did not involve the sale of land. He emphasized the corporate history, the hard work of the two partners in pursuing an active business and suggested that the project was a classic IRB application, deserving of financing.

There being no further comments, Mrs. Abdelnour closed the public hearing.

Mr. Poulsen suggested that the Authority would not want to offer false hopes to people and indicated his reluctance to approve resolutions when the Authority had no bond authority. Mrs. Abdelnour suggested that each of the applicants was aware of the issues and that the Authority had not hidden anything. Each applicant had been advised of the uncertainties and each bond counsel knew of the legislative impacts.

Mr. Barnett indicated his support of the application — a local business with a good application, providing employment opportunities and diversification for the County's economic base.

On a motion by Mr. Dresser, seconded by Mr. Zimmerman, the resolution of inducement was approved by a 6-0 roll call vote.

Mr. Dresser then suggested that the Kubicki resolution of inducement be rescinded because the project did not seem to merit tax-exempt financing. Mr. Morton pointed out that a member of the Authority who had voted for the original resolution should make that motion. Mr. Branch then moved the Authority rescind the resolution of inducement, seconded by Mr. Poulsen. Mr. Branch stated that he had reconsidered the resolution and that he could not support it. Mr. Poulsen advised the Board that he too would not have voted to approve the resolution had he been in attendance at the July meeting.

Mr. McDonald then indicated the apparent advantages of the Kubicki proposal — the relocation and expansion of an existing County business and a quality commercial office building that was consistent with the development of the Corporate Center.

Mrs. Abdelnour indicated that she would not support the motion because it would be unfair to consider rescinding the resolution without the applicants being advised.

Mr. Branch then revoked his motion to rescind, Mr. Poulsen revoked his second and Mr. Branch moved to reconsider the resolution at the next meeting of the Authority. With Mr. Poulsen seconding the motion, the motion passed on a 6-0 vote.

Mr. McDonald was requested to notify Mr. Axtell, who had planned on presenting the matter to the Board of Supervisors on the 13th, and to also notify the applicant.

3. DISCUSSION OF ALLOCATION PRIORITIES

Mrs. Abdelnour stated that the issue of priorities was again before the Authority and asked for comments.

Mr. Dresser indicated that the first, second, and third priorities should be jobs. He noted that he favored manufacturing applications over commercial ones and that he favored pollution control issues.

Mr. Zimmerman indicated that there appeared to be a need to break out certain of the service industries. An office building housing a corporate headquarters relocating to the County might be viewed in a different way than the Kubicki office building.

Mr. Barnett suggested that a distinction might be made on the basis of year-round employment. He stated that tourist/service-oriented employees are taxed to the limit. New jobs were filled by moving from one local business to another and that the work force was very mobile. He compared that to a 2 percent turnover in his manufacturing operation. The Authority should induce improvements for employment in the winter months and the shoulder months. In that regard each project should be considered on its own merits and its own demonstrated need.

Mr. McDonald offered to try to develop a consensus position, and after discussion with the Chairman, provide it to the Board of Supervisors for the August 13 worksession.

4. ADJOURNMENT

There being no further business, the meeting adjourned at approximately 5:45 p.m.

John E. McDonald
Secretary-Treasurer

Diane L. Abdelnour
Chairman

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