

**AGENDA**

ECONOMIC DEVELOPMENT AUTHORITY

| THURSDAY, FEBRUARY 6TH |

| 8:00 AM |

COUNTY ADMINISTRATION BUILDING @ FIRST FLOOR CONFERENCE ROOM

107 N. KENT STREET WINCHESTER, VA

1. Call to Order
2. Approval of Minutes – December 12<sup>th</sup> || ACTION
3. Treasurer’s Report || ACTION
4. Annual Meeting || ACTION
  - *Election of Chair and Vice Chair and establish days, times, and places for its regular meetings*
5. Northern Shenandoah Valley Talent Strategy || DISCUSSION
  - *Review of plan and recommendations from the Shenandoah Valley Talent Solutions Strategy effort*
6. Resolution of Appreciation - Gary Lofton || ACTION
  - *Action to show appreciation to Gary Lofton for this service to Frederick County’s economic development efforts*
7. Legislative Event || DISCUSSION
  - *Discussion of Richmond event and local event*
8. Small Business Microloan Program || DISCUSSION
  - *Discussion of requested follow-up information from December meeting.*
9. Such other business as may come before this Authority

MINUTES  
ECONOMIC DEVELOPMENT AUTHORITY  
| THURSDAY, DECEMBER 12, 2019 |

A meeting of the Frederick County Economic Development Authority was held on Thursday, December 13, 2019, at 8:00A.M. in the County Administration Building, First Floor Conference Room, 107 North Kent Street, Winchester, Virginia.

**PRESENT:** Stan Crockett, Judy McCann-Slaughter, John Riley, Bryan Fairbanks, Doug Rinker, and Heather McKay

**STAFF:** Patrick Barker and Donna McIlwee, Frederick County Economic Development Authority, Jay Tibbs, Deputy County Administrator, and Michael Bryan, Attorney

**MEETING CALLED TO ORDER:** Chairman Crockett called the meeting to order at 8:00 a.m.

**APPROVAL OF MINUTES**

The minutes from the November 7, 2019, meeting were presented.

On motion duly made by Mr. Rinker and seconded by Ms. McKay, the minutes were approved by the following recorded vote:

|                       |        |
|-----------------------|--------|
| J. Stanley Crockett   | Aye    |
| Robert Claytor        | Absent |
| Bryan Fairbanks       | Aye    |
| Heather McKay         | Aye    |
| John Riley            | Aye    |
| Doug Rinker           | Aye    |
| Judy McCann-Slaughter | Aye    |

**TREASURER'S REPORT**

Mr. Barker submitted the following report:

Checking Account - Bank of Clarke County as of November 30, 2019 - \$6354.77.

Savings Account - Scott & Stringfellow as of November 30, 2019 - \$1,304,666.35.

On motion of Mr. Rinker, seconded by Ms. McCann-Slaughter, the Treasurer's Report was approved as submitted by the following recorded vote:

|                       |        |
|-----------------------|--------|
| J. Stanley Crockett   | Aye    |
| Robert Claytor        | Absent |
| Bryan Fairbanks       | Aye    |
| Heather McKay         | Aye    |
| John Riley            | Aye    |
| Doug Rinker           | Aye    |
| Judy McCann-Slaughter | Aye    |

### **SMALL BUSINESS MICRO-LOAN PROGRAM**

Mr. Barker introduced Christine Kriz, Director, Lord Fairfax Small Business Development Center.

Ms. Kriz explained she is asking the EDA to help support small business by creating a micro-loan program for new and existing businesses. Local commercial banks do not typically want to work with these smaller micro-loans due to federal regulations and laborious paperwork. She is proposing that the EDA partner with Virginia Community Capital (VCC) to create this program.

It is proposed that Virginia Community Capital would prepare the loan application package and make an initial recommendation to the EDA Board. The Board would have full discretion on whether to approve a loan application or not. If approved, VCC would handle management of the loan. The total funding request level is \$50,000 per year.

The Small Business Development Center will work with each applicant to ensure a professional business plan and strategy for repayment are established. Virginia Community Capital will use their expertise to prepare and pre-screen loan applications before they are presented to the EDA Board.

She also stated there are currently several other counties in Virginia that have a similar micro-loan program.

Ms. Kriz then introduced Ms. Leah Fremow, a representative from Virginia Community Capital, who explained that VCC is a community development organization. The EDA Board would set parameters for the program and VCC would package the loans. She then reviewed their Revolving Loan Fund Support Services and pricing.

Mr. Tibbs asked if the program would be restricted to Frederick County businesses or open to all. Ms. Kriz explained the EDA Board would set the guidelines.

Mr. Riley asked if there is a local effort to work with government resources to secure available funding. Ms. Fremow stated the process is tedious.

Mr. Rinker inquired what would be the base amount we would be working with and Ms. Fremow explained that would be up to the EDA Board.



Mr. Riley asked Ms. Fremow to send Mr. Barker the program model being used by Stafford County since they are similar in size to Frederick County.

Mr. Crockett stated he would like more details sent to Mr. Barker so the Board can discuss and make the right decision.

Mr. Rinker asked Mr. Barker to talk to another locality who currently has a micro-loan program to see how much time and staff is involved.

The consensus of the Board was that more information is needed before making a decision. Mr. Barker agreed to check with Roanoke and Stafford County.

### **LEGISLATIVE POLICY**

Mr. Barker stated that last year, the EDA Board created and approved a legislative agenda for the General Assembly session that was unique to the EDA but complimentary to that of Frederick County, the Virginia Association of Counties, and the Virginia Economic Developers Association. In preparation for the 2020 session, staff has updated the agenda for review and discussion. If adopted, a copy will be forwarded to our local legislators.

After review, Mr. Riley asked if the initiatives are consistent with what the BOS wants.

Ms. McCann-Slaughter stated that broadband access and transportation are high on the BOS agenda.

Mr. Rinker made a motion to approve the updated agenda as presented. The motion was seconded by Mr. Fairbanks and approved by the following recorded vote:

|                       |        |
|-----------------------|--------|
| J. Stanley Crockett   | Aye    |
| Robert Claytor        | Absent |
| Bryan Fairbanks       | Aye    |
| Heather McKay         | Aye    |
| John Riley            | Aye    |
| Doug Rinker           | Aye    |
| Judy McCann-Slaughter | Aye    |

### **LEGISLATIVE EVENT**

Mr. Barker presented a background on the legislative event held in previous years. In September, the Board discussed the possibility of having a local event but, due to scheduling conflicts with our legislators, the consensus was to revisit discussion of this event in December after the State elections. Staff is seeking guidance whether there is interest in proceeding with



the annual reception in Richmond in January or should we focus on a local complementary event outside the General Assembly session.

If the Board wishes to proceed with the reception in Richmond in 2020, an appropriation from the Board not to exceed \$5000 would be needed to cover expenses. If the Board wishes to focus on a local event, no appropriation would be needed at this time and staff would refine the agenda and determine a date/time/location and bring it back to the Board for endorsement.

Mr. Riley stated he believes this event has value but it is late in the year to plan anything in Richmond.

Mr. Rinker said he believes we are in a situation where we need to rethink this event and try something different. He suggested we could ask those we normally invite to give suggestions.

Mr. Riley suggested we try a "meet and greet" and social hour one evening somewhere like the GW Hotel and invite clients, CEOs from companies in Frederick County, industry people, and local elected officials as a way to show our appreciation.

Mr. Barker volunteered to check with some other areas to see if they are doing something similar and see how successful their efforts are.

Mr. Crockett stated he feels it is important to get business and State legislators together.

Mr. Riley suggested we wait until the spring after the General Assembly recesses.

Mr. Barker was requested to submit some options for this event.

#### **AMENDMENT REQUEST TO THE CHAPTER 36 TAX EXEMPT PROPERTY OF VA STATE CODE**

Mr. Barker stated that the EDA's business retention activities yielded a request to modify the Virginia State Code pertaining to certified recycling requirements. As it currently reads, a business can request exemption of local machinery and equipment taxes if they are used to manufacture, process, compound or produce for sale recyclable items of tangible personal property at fixed locations in the Commonwealth. A letter from the Department of Environmental Quality must accompany the exemption request, which certifies that the machinery and equipment is integral to the recycling process and for use primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth. As currently stated, if a business had operated any eligible machinery or equipment as of January 1<sup>st</sup> but does not yet have the DEQ letter, the business must pay taxes on that machinery or equipment. There is no provision for reimbursement should the business receive their DEQ letter within a reasonable period.



Staff recommends the EDA Board support a modification to the Virginia State Code 58.1-3361 to permit reimbursement of local taxes paid if DEQ issues a certification letter within 12 months of a business operating eligible machinery or equipment.

Mr. Riley inquired if this was a Frederick County initiative or a State-wide one.

Mr. Riley then made a motion that the EDA support the proposed modification. This was seconded by Mr. Rinker and approved by the following recorded vote:

|                       |         |
|-----------------------|---------|
| J. Stanley Crockett   | Aye     |
| Robert Claytor        | Absent  |
| Bryan Fairbanks       | Abstain |
| Heather McKay         | Aye     |
| John Riley            | Aye     |
| Doug Rinker           | Aye     |
| Judy McCann-Slaughter | Aye     |

### **PERFORMANCE MEASURES**

Mr. Barker reviewed this document and explained its purpose is to measure the success of EDA strategies.

Mr. Riley inquired how interest in Frederick County has been this quarter.

Mr. Barker stated that he is hearing from State officials that there are lots of possible projects but they are just in the information stage.

### **SUCH OTHER BUSINESS AS MAY COME BEFORE THIS AUTHORITY**

Mr. Riley stated there had been no discussion about recognizing Mr. Lofton for his service on the EDA Board. Mr. Crockett asked Mr. Barker to prepare a resolution to do so.

Mr. Crockett mentioned the airport's acquisition of the ProJet hangars. Mr. Bryan stated that the airport can now accommodate large jets and activity at the airport has been good. Negotiations with a user for one of the hangars is ongoing and the other hangar is always full with use by small aircraft. He also stated the airport's goal is to become self-sufficient. Mr. Crockett suggested the EDA hold a future Board meeting at the airport and asked Mr. Barker to check on the availability.

### **ADJOURN**

There being no further business to come before this Authority, the meeting was adjourned at 9:05 a.m.

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Stan Crockett  
Chairman

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Jay Tibbs  
Secretary



DATE: January 31, 2020

TO: Board of Directors,  
Frederick County Economic Development Authority

FROM: Patrick Barker, CEcD  
Executive Director

CC: Jay Tibbs  
Deputy County Administrator

RE: Annual Meeting

The EDA Bylaws call for an annual meeting prior to March 1 of each year. Officers are selected at this time. Officers of the Authority currently include a Chairman (Stan Crockett), a Vice- Chairman (John Riley) and Secretary/Treasurer (Jay Tibbs). Chairman and Vice- Chairman are selected from the membership, whereas, the Secretary and Treasurer, or a Secretary-Treasurer, can be from the membership or not, as they desire.

Article 3 of the bylaws provides a description of the positions.

- The Chairman shall preside at all meetings of the Authority; shall be responsible for notice of meetings to the Directors and officers of the Authority; shall be responsible for all correspondence; shall make committee appointments; may appoint members of the Authority as liaison to any other governmental agencies; authorities and commissions; shall act as signatory on behalf of the Authority when authorized; and shall perform such other duties as are incident to his office or may properly be required of him by the Board of Directors.
- The Vice-Chairman shall, in the absence of the Chairman, exercise all of the Chairman's powers and duties. In the event the office of Chairman shall become vacant, the Vice-Chairman shall immediately become the Chairman.
- The Secretary shall transcribe detailed minutes of every meeting or proceeding of the Authority; shall issue notices for all meetings; shall keep the seal of the Authority and all books and records of the Authority; and shall perform such other duties as may be directed by the Board of Directors.
- The Treasurer shall have the custody of all funds and securities of the Authority, and shall deposit the same in the name of the Authority in such bank or banks as the Directors may from time to time determine; shall sign all checks, drafts, notes and orders for the payment of moneys and shall pay out and dispose of the same under the direction of the Chairman. The Treasurer shall keep suitable records of all financial transactions of the Authority and shall arrange to have the same audited following the end of each fiscal year of the Authority, subject to the approval of the Board of Directors.



DATE: January 31, 2020

TO: Board of Directors,  
Frederick County Economic Development Authority

FROM: Patrick Barker, CEcD  
Executive Director

CC: Jay Tibbs  
Deputy County Administrator

RE: Mr. Gary Lofton's Resolution

At the December meeting, staff was directed to prepare a resolution for Mr. Gary Lofton's service to the Economic Development Authority of Frederick County. The draft resolution is enclosed.



**RESOLUTION OF APPRECIATION  
MR. GARY LOFTON,  
ECONOMIC DEVELOPMENT AUTHORITY  
FREDERICK COUNTY, VIRGINIA**

**WHEREAS**, Mr. Gary Lofton served the County of Frederick, Virginia, faithfully, for as a member of the Economic Development Authority of the County of Frederick, Virginia from January 11, 2012 to November 7, 2019; and

**WHEREAS**, Mr. Lofton performed a valuable role in the economic development of our community without thought of personal gain.

**NOW, THEREFORE, BE IT RESOLVED**, by the Economic Development Authority of the County of Frederick, Virginia, recognize Mr. Lofton for his unselfish service and continued friendship toward this Board and the citizens of Frederick.

**WHEREAS**, this Board will always consider Mr. Lofton a colleague and friend.

**NOW, THEREFORE BE IT RESOLVED**, that the Economic Development Authority of the County of Frederick, Virginia, extends its sincerest thanks to Mr. Gary Lofton and wishes him all of the best in his future endeavors.

**BE IT FURTHER RESOLVED**, that this resolution be spread across the minutes of the Frederick County Economic Development Authority.

**ADOPTED** this 6th day of February 2020.

\_\_\_\_\_  
Stan Crockett  
Chair

\_\_\_\_\_  
John Riley  
Vice Chair

\_\_\_\_\_  
Doug Rinker

\_\_\_\_\_  
Bryan Fairbanks

\_\_\_\_\_  
Heather McKay

\_\_\_\_\_  
Judy McCann-Slaughter

\_\_\_\_\_  
Bob Claytor

DATE: January 31, 2020

TO: Board of Directors,  
Frederick County Economic Development Authority

FROM: Patrick Barker, CEcD  
Executive Director

CC: Jay Tibbs  
Deputy County Administrator

RE: EDA Legislative Receptions

At the December meeting, the EDA discussed past and future engagement activities with State and Federal elected officials. Staff offered to check with some other areas as to their activities and results.

Staff contacted over 10 other economic development entities in Virginia. An overwhelming majority do execute some level of legislative outreach but mostly informal. Most attend/partner with their Chamber's legislative activities. A few engage their State legislative contacts with individual meetings either in Richmond during session or locally off session. All stated significant value and impact from these individual meetings. A few others partner on a regional level with other EDOs and Chambers. One specifically mentioned a regional annual "Legislative Briefing" usually a dinner. Congressional and General Assembly delegations are invited and typically show to report on past year and immediate plans followed by reports on local economic development needs. A keynote speaker from Richmond is typically part.

Based on this feedback and if the EDA wishes to continue engagement with State and Federal elected officials, staff suggests some consideration toward individual meetings and/or enhanced attendance/partnership with the Regional Chamber's legislative activities and/or a regional legislative event. Staff notes that these suggestions would be a departure from past activities, but they are considered best practices based on the feedback from other EDAs and some Richmond based lobbyists.

DATE: January 31, 2020

TO: Board of Directors,  
Frederick County Economic Development Authority

FROM: Patrick Barker, CEcD  
Executive Director

CC: Jay Tibbs  
Deputy County Administrator

RE: Microloan Program

At the December meeting, the EDA heard a request from the Lord Fairfax Small Business Development Center for funding to help support small business by creating a micro-loan program for new and existing businesses. Additional information on the other programs in Stafford and Norfolk was requested. Specifically, staff was directed to inquire about time involvement of their programs. Staff is expected to conclude these conversations for reporting at February's meeting.

Virginia Community Capital did provide details to services and their costs. This information can be found in the attachment.

# Packaging & Loan Servicing Support

## Background:

Frederick County’s Economic Development Authority (EDA) is establishing a revolving loan fund to fill a financing gap in the market for entrepreneurs to either start or expand their business. The program is designed to create and support sustainable businesses, develop quality jobs, and improve the living conditions of residents in the community.

## Objectives:

The EDA is seeking support from VCC/LOCUS to underwrite, package, and service commercial loans. The desired outcome is an orderly process to underwrite applicants with the highest likelihood of success and deploy the funding efficiently.

## Scope of Work:

Based on preliminary consultation, we propose the following support activities for the RLF.

| LOAN PACKAGING DESCRIPTION & DELIVERABLE               | COST   |
|--|--|
| <p>Support Underwriting Framework and Process</p>      | <ul style="list-style-type: none"> <li>• Provide guidance on the application template, ensuring collection of all information required for underwriting</li> <li>• Develop a Credit Memo template to use with the Revolving Loan Fund Committee (RLFC)</li> <li>• Develop a risk matrix for the RLFC to use</li> <li>• Develop and provide a term sheet template</li> </ul> <p style="text-align: right;"><b>\$2500</b><br/>Set-up Fee<br/>(one-time)</p>  |
| <p>Conduct Underwriting for Selected Loan Packages</p> | <ul style="list-style-type: none"> <li>• Consolidate application documents and review for completeness.</li> <li>• Review/Analysis of key factors, including:                             <ul style="list-style-type: none"> <li>○ Credit score and history</li> <li>○ Personal and business tax returns</li> <li>○ LTV and other risk metrics</li> <li>○ Entity P&amp;L and balance sheets</li> <li>○ Applicant experience</li> <li>○ Financial background of guarantor/principle</li> <li>○ Collateral being considered</li> <li>○ Business plans</li> <li>○ Any additional capital resources in the project</li> </ul> </li> <li>• Prepare Credit Memo for review by RLFC</li> </ul> <p style="text-align: right;"><b>\$800</b><br/>Per Application</p> |

# Packaging & Loan Servicing Support

## LOAN SERVICING DESCRIPTION & DETAILS

**Deposit Accounts:** The EDA will open two deposit accounts, maintaining a minimum total of \$50,000 at VCC Bank. The accounts will be designated as follows: (a) payment account to collect borrower loan payments; and (b) an interest-bearing money market deposit account that will hold idle RLF program funds- which qualifies as a legal investment for public funds under the Investment of Public Funds Act, Virginia Code Section 2.2-4500, et seq. Collected funds in the payment account will sweep into the money market deposit account. Disbursements will be funded by withdrawing funds from the money market deposit account. If necessary, the EDA will open a third deposit account, a disbursement account, to facilitate large volumes of loan disbursements.

**Onboarding:** LOCUS will receive from the EDA, in electronic format, all relevant required information/documentation to service the portfolio, including but not limited to a summary form, promissory note, loan agreement, and other collateral documentation. LOCUS will report any errors in writing to the EDA, and the EDA will promptly make the corrections. LOCUS will not book any loans that are missing the required documents or have unsigned documents such as a promissory note. LOCUS will scan into the respective active file on the servicing system all loan documents, including any updated documents. The EDA will retain all original account documents. LOCUS will provide one amortization schedule for each borrower at the time of onboarding.

**Borrower Billing Invoices:** Based on the information in the servicing system, LOCUS will generate and mail: (a) billing statements to customers 30 days prior to the applicable payment due date based on the payment terms of the agreement; and (b) one past due notice (if applicable). LOCUS will notify the EDA whenever return mail is received, and the EDA will endeavor to obtain updated billing contact information accordingly.

**Disbursements:** LOCUS will process disbursements on loans based on information provided by the EDA. Prior to posting a disbursement, LOCUS must receive the disbursement request and appropriate approval documentation from the EDA, including but not limited to approval from the EDA's authorized check signers and completion of the "call back" verification process by the EDA. The EDA is responsible for providing documentation of proper approval of all account disbursements, and LOCUS shall have no obligation to make an advance without the proper documentation and verification responses.

**Payments:** Borrowers will be strongly encouraged to make payments via ACH, initiated by VCC Bank. If a borrower requests funds be drawn from their bank account, the EDA will provide LOCUS with all the necessary information and borrower authorizations so that LOCUS can initiate ACH payments automatically or generate manual drafts when necessary.

# Packaging & Loan Servicing Support

**Reporting:** On an annual basis, provide agreed-upon standard portfolio information contained in the loan servicing system to satisfy ED 209 reporting requirements. Monthly, provide agreed-upon standard portfolio reports. Additional reporting requirements would be subject to a one time set design fee of \$150/hour, not to exceed \$500.

**Charge Off's/ Non-Accruals:** When LOCUS receives the required instruction from the EDA, LOCUS will cause an account to be placed in non-accrual or charged-off status. All efforts to foreclose on or recover collateral, continue the perfected status of liens, make appropriate bankruptcy filings and otherwise to collect any accounts, or prosecute the EDA's rights as creditor with respect to any account, obligor, or collateral, are the sole responsibility of the EDA.

|                              |                                       |
|------------------------------|---------------------------------------|
| <b>New Client Set-up Fee</b> | One time set up fee \$2500            |
| <b>Set-up Fees Per Loan</b>  | One time set up fee per loan of \$200 |
| <b>Monthly Admin Fee</b>     | \$30 per loan per month               |

\*The servicing fees for two loans, at a minimum, will be charged each quarter

## Additional Roles & Responsibilities:

While VCC will provide the framework and expertise, and lead the development of the packaging process, the EDA is the ultimate decision-maker and owner of the program. The following section outlines additional roles and responsibilities assigned to the EDA:

- Providing access to EDA staff and leadership by supplying information, problem-solving, and making decisions regarding program guidelines and administration
- Managing communication with loan applicants, including gathering and screening all required application documents
- Forming an Investment Committee to review underwritten applications
- Making final decisions on all applications



# Packaging & Loan Servicing Support

## About Virginia Community Capital

Virginia Community Capital (VCC) is a Community Development Financial Institution (CDFI) dedicated to fostering vibrant local communities and improving the quality of life. With offices in Richmond, Christiansburg, and Norfolk, our organization offers innovative and flexible financing tools throughout the state. In addition, VCC provides professional advisory services to individuals and organizations in low-to-moderate income and underserved communities. VCC's subsidiary bank, VCC Bank, is an FDIC-insured, certified bank offering products tailored to socially conscious investors, along with personal and business checking, savings, and certificate of deposit accounts. VCC is also certified B Corp.

## About LOCUS

LOCUS Impact Investing (LOCUS) is a wholly-owned subsidiary of the nonprofit community development financial institution, Virginia Community Capital (VCC), a \$350M certified CDFI loan fund and regulated, FDIC-insured CDFI bank with over \$100M in deposits. As a nonprofit consulting firm and a registered investment advisor, LOCUS sees a role for place-focused institutions to lead communities across the country in achieving a more prosperous and vibrant future and is committed to helping make that happen. VCC launched LOCUS in May 2017 to help place-focused institutions harness the CDFI's understanding of local markets and unleash their capital for community betterment. LOCUS provides an array of services to our clients – from strategic consulting to deal sourcing and underwriting to back-office investment servicing.