

Mount Jackson
Economic Development Authority Meeting

July 24, 2024

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Chairman Rick Koontz called the meeting to order at 3:03 PM in the council chambers at 5901 Main Street. Authority members present were Mike Jones, Mike Koontz, Steve Povlish, and Rod Shepherd. Also in attendance were Olivia Hilton, Town Manager; Greg A. Beam, Assistant Town Manager; Mario Rosso, Finance Director; and Barbara Riggelman, Town Clerk. Ashley Driver and Jasmine Hardesty were visitors.

Agenda Additions/Deletions/Changes: Ms. Hilton requested that General Expectations be moved to follow New Business, and the A.D. Engineering Expansion Request be moved to the first item of New Business to accommodate Mr. Driver and Ms. Hardesty who were present. Request was granted.

Old Business: None

Approval: Minutes of May 11, 2023

Authority member Koontz MOVED, seconded by Authority member Jones to APPROVE the minutes of the meeting on May 11, 2023. All members present signified approval by saying AYE, motion carried unanimously.

New Business:

1. A.D. Engineering Expansion Request

Mr. Driver and Ms. Hardesty gave an overview of A.D. Engineering, including products, shipping, and details of their expansion. They have a second line currently being built, and plan to start that line up in late August, which would double their capacity. In their 3-4 year plan, they hope to create 30 full-time positions in Mount Jackson, depending on fast they are able to grow. Mr. Driver stated that they plan to add Line 3 around the end of this year and Line 4 probably next summer. The building is 40,000 sq. ft. which is starting to get tight already. Ms. Hardesty stated that they are in a 4-year lease at their current location with Todd Holtzman, but at the end of the lease, they hope to build in another location in Shenandoah County. Mr. Driver stated that the majority of their products ship regionally, however they are shipping to the West Coast almost daily.

Ms. Hardesty stated that they had a breakdown of the money that they are looking for. They have already put in a request with Jenna French and the Shenandoah County IDA. Mr. Driver shared their expense request list and stated that they are requesting \$175,000 to finance Line 2 and \$250,000 in operating cash. With what is left in their line of credit, they need this additional \$250,000 of additional cash flow to finance their inventory build. Mr. Driver stated that he knows this can't come from one direction and would need to be pieced from different entities. Ms. Hardesty stated that they hope to have the line partially funded from their IDA application and they are asking the Mount Jackson EDA to consider helping them meet their cash flow, the operating cash, as it may be a more fluid request. Authority member Koontz inquired if the SDA had a lien on their assets. Mr. Driver answered that they do on the current assets (Line 1), but not on what is being built. The SDA does not have a lien on accounts receivable and some of the more fluid assets. All of the copper inventory, which is the majority of the cost, is on a 90-day consignment, so they don't pay for it on site. When it is pulled out, they basically have Net 10 terms to pay for what they use. Mr. Driver explained this process. Ms. Hardesty stated that with the operating cash, they would like to build up their inventory in their stock for larger orders.

Ms. Hilton requested Mr. Driver and Ms. Hardesty to describe the rush on their request. Ms. Hardesty stated that their funding is good and they feel secure, but the bills are coming in for Line 2, which is being

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built, and are coming due the end of this month and potentially mid-August. There are accounts receivable which are due at the end of August, so that is where they are finding themselves in a gap, creating some urgency in finding funding. Ms. Hardesty stated that they are searching for short-term loans, which is the request to Shenandoah County, for about a 6-month term to pay the bills until the accounts receivable come in. In terms of the operating cash, Ms. Hardesty stated that she and Mr. Driver have discussed possibly a line of credit with the EDA on an as-needed basis. There is not a specific request for the EDA as Ms. Hardesty stated that they don't have any guidelines to follow. They thought it best just to explain their needs and their situation.

Chairman Koontz inquired that, not knowing all they need to know at this point, ideally, what their request would be. Mr. Driver answered that ideally, they would need \$175,000 for Line 2 and \$250,000 for operating cash, understanding that this request will need to come from more than one group. Chairman Koontz inquired which one is the more pressing need. Mr. Driver answered that the operating cash is the more pressing need, depending on how things flow. Ms. Hilton inquired if that request was eligible for the County IDA. Mr. Driver answered that it was not; the County IDA could help with Line 2, but they would need other assistance for operating cash. Ms. Hardesty stated that their ask would be for a line of credit to access operating cash with terms that would best suit the EDA. Ms. Hardesty stated that they are hosting the Shenandoah County IDA on Monday morning and invited the Mount Jackson EDA to join them. Mr. Driver and Ms. Hardesty thanked the EDA for their time and consideration and left the meeting.

Authority member Koontz stated that this is not a bankable request and should be looked at as an unsecured loan. Chairman Koontz inquired into what funds the EDA has available. Mr. Rosso answered that the EDA bank account has \$250,000; \$99,950 is cash from the Rural Business Enterprise grant, but there were some bad loans made with that money, so the net amount of the RBE grant is \$89,000. Mr. Rosso stated that he was not sure if that money could be used for this request. Authority member Koontz stated that he thought it may have been before, but those rules have changed. Mr. Rosso stated that if you take that money out of the \$250,000, the cash available is about \$160,000 which would be the total funds available. Discussion ensued on these funds and the original grant.

Chairman Koontz asked Authority member Koontz how much the County IDA is looking to help with; Authority member Koontz answered possibly \$175,000 to \$200,000. The IDA will be securing a deed of trust on Mr. Driver and Ms. Hardesty's house. Chairman Koontz stated that no matter how you look at it, it would still be an unsecured loan. Ms. Hilton stated that the other requests under New Business are grants, so it comes down to what the Authority is willing to risk. Discussion ensued on interest rates.

Authority member Koontz suggested waiting on this request until after the Shenandoah County IDA meets and see what they are going to do. The IDA will meet on Monday, July 29 and will make a decision at that time. Consensus was that a set amount for a loan rather than a line of credit would be preferable. Authority members agreed to table the request until the next EDA meeting.

2. Randy's Hardware Façade Enhancement Grant

Ms. Hilton stated that the applicant is requesting half of the costs for a new sign, which would be \$500. Authority member Koontz stated that he would be willing to agree to the full \$1,000 amount to show that the EDA is trying to support businesses.

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Authority member Koontz MOVED, seconded by Authority member Povlish, to APPROVE a façade enhancement grant totaling \$1,000 to Randy's Hardware for a new sign. All members present signified approval by saying AYE, motion carried unanimously.

3. SEARCH Thrift Store Façade Enhancement Grant

Ms. Hilton stated that this was a similar application, seeking \$1,518 for a new sign. She was willing to help them get other quotes for a new sign with Public Works helping with installation. Chairman Koontz commented that the price for this smaller sign does seem high compared with the request from Randy's Hardware for a sign, which would be lighted where this one would not.

Authority member Koontz MOVED, seconded by Authority member Shepherd, to APPROVE a façade enhancement grant totaling up to \$1,518 to SEARCH Thrift Store for a new sign, contingent upon them receiving other quotes. All members present signified approval by saying AYE, motion carried unanimously.

4. Proctor Mill Façade Enhancement Grant

Authority member Koontz stated that this request was for \$25,000 for façade work. Ms. Hilton stated that she had reached out to Ms. Proctor requesting new estimates; a screenshot was received indicating painting the metal roof, priming and painting siding, repairing foundation, and power washing for \$27,000. There is obviously more work needed at the mill, but Ms. Proctor didn't give a breakdown on that. Chairman Koontz inquired what the future of the mill would be. Ms. Hilton stated that some businesses, including the Mount Jackson 5 initiative, have toured the mill. Ms. Proctor would like to have 3-4 small businesses on the first floor, second floor perhaps housing a restaurant down the road.

Chairman Koontz inquired if this request was also for a grant; Ms. Hilton answered affirmatively that it is a 1:1 request. Authority member Koontz stated that he would be in favor of paying invoices as they come in rather than giving a lump sum. Mr. Rosso stated that originally this was what the façade grant was for – the business owner gets the work done and then brings in receipts.

Authority member Jones pointed to the application turned in by Ms. Proctor where it is clearly states "applications will not be considered if work has already begun on the proposed improvement" and some of this work is already done. Ms. Hilton stated that work had begun the same week she suggested Ms. Proctor complete an application. Authority member Jones stated that it clearly states on the application that the EDA is requesting that it won't be considered if work has been done. Chairman Koontz stated that on the application, the applicant has written that work has begun, and stated other improvements listed by the applicant. Ms. Hilton stated that there is still a lot of work to do and the best feedback for Ms. Proctor would be what the EDA may be willing to support, and if it is for work that is coming, that the Town is able to verify that it is being completed by a licensed and insured contractor.

Authority member Koontz stated that he was in favor of matching dollar for dollar, just to make sure it is done. Chairman Koontz agreed with this statement as at least you would know it has been done, though where it would go from there is uncertain. There may be no room for contingencies once businesses are moved in. Ms. Hilton stated that the next conversation from Staff may be when renters can move in. Chairman Koontz stated that Ms. Proctor would need to get an occupancy permit. Ms. Hilton stated that she would also need to have utilities turned back on, though water has been turned on by a contractor.

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Ms. Hilton stated that if the Authority would like to table this request until the next EDA meeting, she will work to get some of these details and a better idea of where Ms. Proctor is as far as occupancy. Authority member Koontz stated that he wanted to make sure funds given went into the building, just in case Ms. Proctor is not successful and someone else takes over the building.

Authority members discussed tabling this request until the next EDA meeting. Authority member Koontz stated that Ms. Proctor can keep moving forward with repairs. Authority member Jones inquired if there was a maximum amount the Authority could do. Authority member Koontz stated that he felt \$25,000 was a good number. Ms. Hilton stated that Ms. Proctor had only submitted \$12,500 of eligible funding, so she would need to submit more estimates or invoices. She should show \$50,000 worth of receipts in order to receive half that amount by way of a grant. Authority member Koontz inquired if there was anything currently in the building. Ms. Hilton stated that she moved her real estate office there in order to allow the former Zen Den to be rented.

Authority member Jones inquired if there would be a perceived conflict, seeing as how the Authority had just approved two other applications at 100% of the cost vs. the amount requested. Ms. Hilton stated that if they were all for the same thing there might be an argument, but this is a different type of façade request. Discussion ensued on signage vs. façade. Authority member Shepherd stated that the requests approved today for signage were clearly defined with a specific amount for completion. The other requests are shorter on specifics. Authority member Jones stated that he was only asking for consistency. Authority member Povlish stated that if Ms. Proctor had a lot more specifics, he would feel more comfortable moving forward; it just feels like there is too much missing. Ms. Hilton stated that ideally there will be more façade applications rolling in.

Authority members agreed to table this request until the next EDA meeting, which was set for Wednesday, August 7, 2024 at 3:00 PM.

General Expectations: Ms. Hilton stated that this could be deferred to the next meeting. She requested the Authority members consider their needs and expectations and let her know how she can support them, how often they are open to meeting, and what their goals would be. Chairman Koontz stated that today's meeting was a good start. Authority member Jones stated that it was nice to have some applications. Murals in town were briefly discussed.

Chairman Koontz adjourned the meeting at 4:07 PM.

Submitted By:
Barbara Riggelman
Secretary