

Industrial Development Authority of the City of Lexington, Virginia

Monday, June 22, 5:00 p.m.

City Hall, Second Floor Meeting Room

300 East Washington Street

1. Call to Order – Bruce Summers, IDA Chairman
2. Approval of Minutes
 - a. IDA meeting, Monday, February 24, 2020*
3. Appointment of Finance Director Jake Adams as IDA Treasurer
4. Adoption of Resolution Authorizing the Adoption of Procedures for Electronic Public Meetings
5. Consideration of a Block Grant Agreement with Main Street Lexington for a Small Business Support Program – Jim Halasz, City Manager, Jake Adams, Finance Director and Rebecca Logan, Main Street Lexington Executive Director*
6. Adjourn

Minutes
Industrial Development Authority (IDA)
Of the City of Lexington, VA
Monday, February 24, 2020 at 5:00 p.m.

IDA:

Present: Bruce Summers, Chair
Felicia Bush
Buddy Derrick
Katie Shester

Also present:

Staff: Jim Halasz, Secretary
Gary Swink, Treasurer
Daniel Lauro, IDA Attorney

Absent: Dick Halseth
Tammi Hellwig

The Industrial Development Authority (IDA) met on February 24, 2020 in the Second Floor Meeting Room of City Hall. Chairman Bruce Summers called the meeting to order at 5:00 p.m.

Approval of Minutes

Buddy Derrick moved to approve the November 20, 2019 City Council/Industrial Development Authority Work Session and the November 20, 2019 Industrial Development Authority Minutes. Katie Shester seconded, and the motion carried unanimously (4/0).

Consider Review of IDA By-Laws

Chairman Summers said that D. Halseth brought to his attention that it may be time to review the IDAs by-laws. He then suggested establishing a subcommittee to review the by-laws. B. Derrick said that it may be good for Vice-Chairman Dick Halseth to lead the subcommittee given that he brought the by-laws to Chairman Summers attention. Chairman Summers asked if anyone else on the IDA would like to help review the by-laws. F. Bush said that she would not mind being on the subcommittee. Chairman Summers confirmed that D. Halseth and F. Bush will be on the subcommittee to review the IDAs by-laws and invited others who may be interested to let him know.

Update on Status of VDOT Site –

City Manager Halasz explained that in order to move forward with the price of the property, he feels a Phase II Environmental Assessment should be done. He asked if the IDA would consider using their funds to cover the cost of the assessment which is estimated to be between \$10,000 to \$25,000. F. Bush asked if there was any way to get VDOT to split the costs of the assessment. City Manager Halasz said that he could ask VDOT, but as the seller VDOT may not want to reveal that information if they do not have to. He added that VDOT did share two reports saying that there were not any issues on site that they were aware of.

Chairman Summers asked if the assessment would provide an idea of what the cost of remediation of the property would be if needed. City Manager Halasz said that it would tell you what is there

and what some of the substances may be, but not the cost. Chairman Summers asked if there would be a potential to have another assessment if there were contaminants. City Manager Halasz said that if there was potentially a major problem, the City may consider walking away from the property.

K. Shester asked if the City had picked a price point for the property. City Manager Halasz said that the City has not, but the State has told the City how much they would like to get for the property. K. Shester asked if there is a chance that after the IDA pays for the assessment, that the State will not sell the property to the City at a price that the City wants. City Manager Halasz said that the State would likely sell the property to the City for a price we want.

B. Derrick asked if the IDA would be the purchaser on behalf of the City, to which City Manager Halasz confirmed. B. Derrick continued saying that as the buyer you would want the assessment before purchasing the property. K. Shester said that if the City did a more detailed study of the property, then the potential buyer from the City can use that study and save money which could potentially lead to them paying more for the property. City Manager Halasz said the City could have discussions with some of the possible candidates to get their opinions.

F. Bush asked if anything new came out of the VDOT Public Forum on February 18, 2020 and if there was many people from the public in attendance. City Manager Halasz said that not many people from the public were there. Chairman Summers explained that there were breakout groups and a couple groups did say that it would be a good idea to have the assessment before committing to buying the property. He said that he felt the forum resulted in a rich and positive discussion.

Chairman Summers asked if there needed to be a resolution from the IDA allowing the use of funds for an Environmental Assessment not to exceed \$25,000. City Manager Halasz agreed.

Buddy Derrick moved to approve the use of Industrial Development Authority funds to conduct a Phase II Environmental Study on the VDOT property not to exceed \$25,000. Felicia Bush seconded, and the motion carried unanimously (4/0).

Consideration of approval of the “Resolution of the Industrial Development Authority of the City of Lexington, Virginia Authorizing The Issuance of Multifamily Housing Revenue Bonds (Lexington House Apartments), Series 2020” –

Justin Unger of Steele Properties LLC joined the meeting by telephone conference and thanked the IDA for their work and consideration of the Lexington House Apartments project. Chairman Summers thanked J. Unger for the responsiveness of Steele Properties to the IDAs questions. K. Shester asked if T. Hellwig’s questions about carpeting were ever answered. F. Bush directed K. Shester to an email in the IDA packet referring to the carpeting. J. Unger said that the carpeting will be replaced in all the vacant units and the three units where the carpet was in poor condition, this would be a total of thirteen units with carpet replacements. He added that the remaining units

would receive carpet on a gradual basis each year through reserved funds. J. Unger said that they are working with a contractor to clean all the carpets that are not replaced after the rehabilitation of the building is complete.

Finance Director Swink told the IDA that on a weekly basis, all the participants of this financing have had conference calls. He said that the documents have been reviewed thoroughly by IDA Attorney Daniel Lauro and Director Swink.

The Resolution of the Industrial Development Authority of the City of Lexington, Virginia Authorizing the Issuance of Multifamily Housing Revenue Bonds (Lexington House Apartments), Series 2020 was approved unanimously as presented by Roll Call Vote:

AYES: Bush, Derrick, Shester, Summers

NAYS: None

J. Unger invited the IDA and representatives from the City to attend the kick-off meetings for the Lexington House project.

Adjournment

Chairman Bruce Summers adjourned the meeting at 5:24 p.m.

Bruce Summers, IDA Chair

Jim Halasz, IDA Secretary

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
LEXINGTON, VIRGINIA AUTHORIZING PROPOSAL AND AGREEMENT WITH
MAIN STREET LEXINGTON FOR THE AWARD OF SMALL BUSINESS GRANTS IN
RESPONSE TO THE COVID-19 PUBLIC HEALTH EMERGENCY**

WHEREAS, on June 1, 2020, the City of Lexington, VA received funding from the CARES Act Coronavirus Relief Fund (the “CRF”) to be utilized in response to the COVID-19 public health emergency; and,

WHEREAS, guidance from the United States Treasury contained within a memorandum from the Virginia Secretary of Finance, dated May 12, 2020, permits a locality to transfer CRF funds to another government entity and to utilize all or a portion of the funds toward an economic support program to provide grants to small businesses to reimburse the costs of business interruptions due to required closures; and,

WHEREAS, the Industrial Development Authority is a component unit of the City of Lexington and was duly created under the provisions of the Virginia Industrial Development and Revenue Bond Act, Title 15.1, Chapter 33 of the Code of Virginia, for the purpose of promoting industry and developing trade within the City, and is a conduit issuer of public funds to private entities; and,

WHEREAS, at its regular meeting on June 4, 2020, Lexington City Council voted to approve a plan for CRF funding that included a \$129,927 allocation for the Industrial Development Authority toward implementation of a small business grant program in response to the COVID-19 public health emergency; and,

WHEREAS, Main Street Lexington is an entity familiar with the local business community and is well-positioned to distribute grant funding to all eligible small businesses within the City of Lexington; and,

WHEREAS, Main Street Lexington has submitted a Memorandum of Agreement (the “Proposal”), dated June __, 2020, proposing management of a small business grant program on behalf of the Industrial Development Authority; and,

WHEREAS, an Agreement, dated June __, 2020, between the Industrial Development Authority and Main Street Lexington authorizing a block grant for purposes of funding the small business grant program (the “Agreement”) has been discussed and negotiated by City officials and Main Street Lexington staff for consideration by this Board.

WHEREAS, the Directors of the Industrial Development Authority deem it advisable and in the best interest of the Industrial Development Authority for the Board to authorize, ratify and approve each of the Proposal and the Agreement and all terms therein.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Industrial Development Authority as follows:

1. That the Proposal submitted by Main Street Lexington for management of the small business grant program is hereby authorized and ratified.
2. That the Agreement between Main Street Lexington and the Industrial Development Authority for a block grant program not to exceed \$129,927, with all incorporated terms and conditions, is hereby authorized and ratified.
3. That this Resolution shall be effective upon the date of its adoption.

Adopted this 22nd day of June, 2020.

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF LEXINGTON, VIRGINIA

By: _____
Bruce Summers, Chairman

Attest: _____
Jim Halasz, Secretary



Memorandum of Agreement - DRAFT

THIS AGREEMENT (Agreement), dated this ____ day of June, 2020 for identification, is by and between the Lexington City INDUSTRIAL DEVELOPMENT AUTHORITY (IDA), and MAIN STREET LEXINGTON (MSL), a Virginia non-stock, 501(c) 3 corporation, with principal offices at 101 S. Main Street, Lexington, Virginia, 24450.

Main Street Lexington, as tasked by the City of Lexington's Industrial Development Authority, agrees to assist in distributing grants to businesses adversely impacted by the COVID-19 pandemic. Funding for the grants comes to the IDA from the City's federal government Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March.

MSL will create and make available a grant application to the small businesses of Lexington; ***we will need assistance from the City in contacting businesses outside the Commercial C1 district.*** We recommend advertising the availability of this grant in the local newspapers for two weeks. MSL will create a landing page on our website with a link to the application, a PDF of a fact sheet or FAQ, and a place to upload the business P&L. MSL will establish a deadline for applications (to be determined upon approval of this MOA); once applications are received and reviewed, we will make a request to IDA for disbursement of monies to MSL. MSL will then distribute grants to the applicants; these steps may be repeated if necessary.

To be equitable to all businesses, MSL proposes granting funds based on the size of the business as determined by monthly gross sales and percentage of lost revenue. Please review the attached application draft. We feel it is necessary to have applications in hand to

be able to establish the criteria needed to determine funding caps. We are proposing the chart below as an example of criteria:

<u>MONTHLY GROSS SALES</u>	<u>FUNDING CAP</u>
Up to \$5,000	\$1,000
\$5,000 - \$10,000	\$2,000
\$10,000 - \$15,000	\$3,000
\$15,000 +	\$4,000

The above numbers serve as examples only; until we have applications in hand, we don't know what the actual amounts are.

MSL also proposes that we obtain and reimburse a separate amount of funding for expenses incurred directly associated with the pandemic, such as PPE, hand-sanitizers, disinfectant supplies, acrylic shields, etc. This amount will be duly noted in the payout, separate from the loss of income funding.

Duly authorized signatures of the parties:

INDUSTRIAL DEVELOPMENT AUTHORITY

By: _____

Chairman

Date: _____

MAIN STREET LEXINGTON

By: _____

Executive Director

Date: _____



Main Street Lexington Mission and History

MAIN STREET LEXINGTON (MSL) was established in 2013 to improve the vitality, appearance, and economic health of downtown Lexington, Virginia. We are a public-private partnership with a small staff and a large crew of dedicated volunteers.

Over the last six years we've enticed 27 new businesses to open and filled 17 vacant spaces, improved the appearance of downtown with storefront plantings, public seating areas, and alleyway improvements, and created new events such as Restaurant Week, Jingle Bell Run, Rock the Bridge, and the Lexington Science Festival and Maker Faire. We encourage local shopping through the sale of over \$215,000 in downtown gift certificates and the creation of the annual Holiday Lotto promotion. We assist visitors with our downtown maps.

We hold monthly merchant and restaurant meetings and act as a liaison between the business community, city and county officials, schools, and the public. In 2016 we were honored to receive official Virginia Main Street status, which earns us additional exposure, access to state grants, and technical assistance.

Currently we are partnering with our Chamber of Commerce, Tourism, Rockbridge County and the City of Buena Vista as a member of a county-wide Taskforce during the pandemic.

Beginning in March 2020, we have worked with the Community Foundation for Rockbridge Bath and Allegheny to establish a COVID-19 Relief Fund to help county-wide businesses and non-profit organizations struggling financially due to the shutdown. More than \$100,000 has been raised for this effort. To date, MSL has distributed \$15,000 to 27 Lexington city businesses, with one more round of funding this month.

In May, MSL was awarded a Small Business Relief and Recovery Grant of \$10,000 from the Virginia Department of Housing and Community Development's Community Revitalization Office (this is the department that manages the Virginia Main Street program with which MSL is affiliated). With this grant we created the Lift Lex Gift Card Program to assist downtown businesses and their employees who have been impacted economically by the shutdown. Themed packets consisting of five, \$15 gift cards to five different businesses are available for \$65 with an option to pay the \$75 face value or more. All money above \$65 will go into an employee relief fund established through this program. Sales of these packets are already benefiting Lexington businesses and employees; \$9,295 has gone out to businesses and there is \$2,100 in the employee fund. Our goal is to sell 1,000 packages and inject \$70,000+ into our downtown economy.

Board of Directors
July 1, 2019 – June 30, 2020

Board Member

Gregg Amonette
Elizabeth Branner
Anthony Buenafe
Jessica Buhler, *Treasurer*
Paige Gance
Tammi Hellwig
Bobby Hobbs
Jeff Hughes
Melissa Gladwell Sayre, *President*
Natalie Shulkin, *Vice President*

Ex-Officio

Jean Clark (Visitor's Center)

Jamie Goodin (W&L)
Holly Ostby (Chamber of Commerce)
Leslie Straughan (City of Lexington)
Ben Worth (DSLCC)

Staff, Consultants

Rebecca Logan, Executive Director
Kate Emrich, Staff
Joanne Peretti, Staff
Sheila Glaeser, Staff
Betsy Lee, Consultant
Lai Lee, Consultant

Board of Directors
July 1, 2020 – June 30, 2021

Board Member

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Elizabeth Branner
Anthony Buenafe
Jessica Buhler, *Treasurer*
Paige Gance
Bobby Hobbs
Jeff Hughes, *President*
John Kirkpatrick
Holly Ostby, *Vice President*

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Jean Clark (Visitor's Center)

Jamie Goodin (W&L)
Leslie Straughan (City of Lexington)
Ben Worth (DSLCC/Chamber of
Commerce)

Staff, Consultants

Rebecca Logan, Executive Director
Kate Emrich, Part-time Staff
Joanne Peretti, Part-time Staff
Sheila Glaeser, Part-time Staff
Betsy Lee, Consultant
Lai Lee, Consultant

**AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
LEXINGTON, VIRGINIA AND MAIN STREET LEXINGTON AUTHORIZING A
BLOCK GRANT PROGRAM FOR THE AWARD OF SMALL BUSINESS GRANTS IN
RESPONSE TO THE COVID-19 PUBLIC HEALTH EMERGENCY**

This Agreement is made and entered into this 22nd day of June, 2020 by the Industrial Development Authority of Lexington and Main Street Lexington, collectively referred to as the “Parties.”

WHEREAS, on June 1, 2020, the City of Lexington, VA received funding from the CARES Act Coronavirus Relief Fund (CRF) to be utilized in response to the COVID-19 public health emergency; and

WHEREAS, a memorandum from the Virginia Secretary of Finance, dated May 12, 2020, contains guidance from the United States Treasury on eligible uses of this funding; and

WHEREAS, the guidance from the United States Treasury permits a locality to transfer CRF funds to another government entity and utilize all or a portion of the funds toward an economic support program to provide grants to small businesses; and

WHEREAS, at its regular meeting on June 4, 2020, Lexington City Council voted to approve a plan for CRF funding that included a \$129,927 allocation for the Industrial Development Authority toward implementation of a small business grant program; and

WHEREAS, the Industrial Development Authority is a component unit of the City of Lexington and was duly created under the provisions of the Virginia Industrial Development and Revenue Bond Act, Title 15.1, Chapter 33 of the Code of Virginia, for the purpose of promoting industry and developing trade within the City; and

WHEREAS, Main Street Lexington is a 501(c)(3) non-profit organization, created as part of the Virginia Main Street Program, whose mission is to enhance the economic prosperity and cultural vitality of the downtown Lexington area; and

WHEREAS, Main Street Lexington is an entity familiar with the local business community and is well-positioned to distribute grant funding to eligible small businesses,

NOW, THEREFORE, in order to implement an economic support program for the purpose of providing aid to small businesses in response to the COVID-19 public health emergency, the Parties do hereby agree and covenant as follows:

1. The Industrial Development Authority shall authorize a block grant program for the benefit of Eligible Businesses with a total grant funding not to exceed \$129,927.
2. Main Street Lexington shall develop easily accessible grant applications for Eligible Businesses. Upon receipt of a sufficient number of applications, Main Street Lexington shall submit a request to the Industrial Development Authority to receive grant funding

equal to the total combined amount of the submitted applications from Eligible Businesses. Main Street Lexington shall obtain from each applicant and provide to the Industrial Development Authority reasonable documentation supporting each individual grant request. Upon approval of each request, grant funds will be disbursed by the Industrial Development Authority to Main Street Lexington. Main Street Lexington shall then distribute such grant funds in a timely manner to each approved grant applicant.

3. Eligible Businesses shall mean for-profit small businesses whose principal activities and principal place of business are conducted and located within the City of Lexington.
4. Main Street Lexington shall take reasonable measures necessary to ensure that all Eligible Businesses are timely informed of the grant and grant process, including all Small, Women-Owned, and Minority-Owned (SWaM) businesses.
5. Before receiving any grant funding, an Eligible Business shall submit a grant application to Main Street Lexington. The grant application shall state at a minimum, for purposes of eligibility for funding, that the grant applicant has incurred revenue losses from business interruptions due to the COVID-19 public health emergency beginning on March 1, 2020. Grant applicants must provide estimates of revenue losses from March 1, 2020 and certify that any grant funding received through this program shall not be used for the purpose of paying any state or local taxes or public utility payments.
6. Main Street Lexington shall set a cap of \$5,000 on the grant funding amount each Eligible Business may receive in order to maximize the number of grant recipients and create an equitable procedure for distribution of grant funds.
7. The grant process shall be made fully transparent and objective, with Main Street Lexington providing to the Industrial Development Authority and City of Lexington a financial accounting and supporting documentation regarding its distribution and use of grant funds.
8. Main Street Lexington may, at its discretion, submit a written request for reimbursement for any actual and direct reasonable expenses incurred from the administration of this grant program, not to exceed 5% of the total amount of disbursed grant funding, to the City Manager of the City of Lexington once all grant funds have been distributed.
9. Main Street Lexington shall indemnify, defend, and hold harmless the Industrial Development Authority and the City of Lexington for all claims against IDA related to the actions or inactions of Main Street Lexington or its agents.

WITNESSETH, the following duly authorized signatures of the Parties:

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF LEXINGTON, VIRGINIA

By: _____
Chairman

Date: _____

MAIN STREET LEXINGTON

By: _____
Executive Director

Date: _____