

**MINUTES**  
**MT. JACKSON INDUSTRIAL DEVELOPMENT AUTHORITY**  
**June 6, 2002**

Chairman Rick Koontz called the meeting to order at 7 p.m. at the Town Office. In attendance were Messrs. Amoss, Albright, M. Koontz, Shepherd, and Whiting. Guest: Mr. Bruce Wallinger, Managing Partner, Wharton, Aldheizer and Weaver.

Minutes of October 4, 2002, were read and approved as read. Minutes of May 9, 2002, amended and approved as amended.

Bowman Apple Products Company, Inc. Bond Issue

Mr. Bruce Wallinger summarized the legal aspects:

1. Tax Exempt Revenue Bonds were created by the federal and state governments to promote local economy, develop jobs, and other economic development activities.
2. Banks pay no tax on the interest revenue; therefore, they can offer favorable interest rates.
3. The issuer must be a government, which includes IDA's.
4. Bond request is for up \$4.5 million
5. Application was formally made to the IDA on May 30, and the \$4000 application fee has been paid.
6. The Inducement Resolution on tonight's agenda formally starts the process.
7. The Public Hearing is proposed for July 9.
8. The Town Council needs to act on the IDA's issuance on their July 9 agenda.
9. The issue then goes to the state for approval.
10. Further actions of approval will be needed by IDA in August.
11. Settlement would probably be Sept. 1.
12. All debt must, by federal and state law, be paid by Bowman, not the IDA or town. Nothing allows Bowman to cause the town or IDA to incur expenses, including legal fees for issuance and IDA's local attorney review.
13. Pre-issuance expenses incurred by Bowman can be reimbursed from bond proceeds and included in bond amount.

Mr. Ben Amoss of Bowman Apple thanked the IDA and Town for allowing them to issue this bond and summarized the project:

1. The company borrows at this level very infrequently. Last time was at least 10 years ago.
2. Funds will be used to double the line speed of plastic containers and move away from glass containers to plastic containers. This will utilize approximately 75% of the proceeds.
3. Funds will also allow filling of "multiserve" applesauce containers (50 oz.), which is the current industry trend and allows the company to remain competitive.
4. There will also be changes in the way product is processed to make it suitable for the plastic containers, which have different characteristics than glass.
5. These changes will make Bowman more competitive, allow them to handle more volume, and will offer higher pay rates for machine operators on the new machines.

6. Initially there will be no increase in the number of employees, just higher pay, but future growth would probably add personnel and buildings, particularly storage.

**MOTION** by Mr. Whiting, 2<sup>nd</sup> by Mr. Shepherd to adopt the Inducement Resolution and set the hearing date for 7 PM on July 9, 2002. Mr. Amoss abstained. All other members present voted **AYE** by Roll Call vote.

Town Grants to IDA – Mr. Moore summarized the planned \$5000 grant to IDA in the amended FY 2002 Town Budget and mentioned that other grants may be possible in the coming fiscal year.

**RBEG SMALL BUSINESS LOANS:**

Loan #01-2002 – After discussion of the application and the analysis by First Virginia Bank Mr. Shepherd made a **MOTION**, 2<sup>nd</sup> by Mr. Albright, to approve the loan subject to the following conditions:

1. Lender pays all issuance costs.
2. Loan amount to be \$25,000, which is to be secured by a deed of trust on a property with a maximum loan to value ratio of 75%.
3. Interest will be 5% and loan term will be 5 years.
4. Personal guarantee of all shareholders in the corporation is required.
5. Payments will be monthly.

All members present **ADOPTED** the motion, **UNANIMOUSLY** by roll call vote.

Loan #02-2002 – After discussion of the information available and review of the bank analysis the matter was tabled until the next meeting. Mr. Moore is to contact the applicant and advise them that:

1. The maximum loan would be 10% of the purchase price and is to be secured by a second trust on the property,
2. Balance sheets/monthly income statements/financial statements for all parties to the loan will be needed,
3. Personal guarantees of all principals will be required
4. An appraisal will be required (the one from the first trust will suffice)
5. The loan, if approved, will be 5% for 5 years.

Other Business-

Mr. Albright suggested that small loans or even grants might be considered for purchase of a machine or tools or training. The Board concurred with the small loan concept, but deferred action on the grant concept until subsequent meetings.

The meeting adjourned at 8:30 p.m.

Respectfully Submitted,

Charles Moore, Secretary