Industrial Development Authority
Meeting Agenda
12:00PM • Monday, July 14, 2019
300 Lee Street • Bristol, VA 24201

12:00 P.M.
Call to Order

I. Welcome Chair and Member Comments

II. Approve Regular Meeting Minutes: July 8, 2019

III. New Business:

1. Discussion of GC Pizza Hut No-Net Loss agreements.
2. Discussion of Studio Brew Performance agreement.
3. Discussion of adoption of IDA policy related to incentives.

IV. Adjournment
A meeting of the Bristol Virginia Industrial Development Authority was held at 12:00 p.m. on Monday, July 8, 2019 at 300 Lee Street, Bristol, Virginia.

Industrial Development Authority:  
Dr. Paul Conco, IDA Chair  
Ms. Kelly Robinson, IDA Vice-Chair  
Mr. William Lester, IDA Member  
Mr. Daniel Marciano, IDA Member  
Ms. Carly Thompson, IDA Member

Staff:  
Mr. Randall Eads, City Manager/City Attorney  
Ms. Tamrya Spradlin, CFO  
Ms. Amy Dula, IDA Secretary  
Mr. Gene Christian, AV Specialist  
Mr. Chris Wilcox, Economic Director  
Ms. Nicole Storm, City Clerk

Others:  
Mr. David McGee

Absent:  
Ms. Carly Thompson

Call to Order

I. Welcome Chair and Member Comments

Dr. Conco welcomed staff and IDA members to the regular meeting. Dr. Conco asked for a motion to amend the agenda by adding an additional discussion to item III (c). Mr. Marciano made a motion to amend the agenda by adding an additional discussion to item III (c). Motion was seconded by Mr. Lester and was carried by the following votes:

Ayes: Lester, Marciano, Robinson, Conco

II. Approve Regular Meeting Minutes: June 18, 2019

Dr. Conco asked for a motion to approve the regular meeting minutes of June 8, 2019. Mr. Marciano made a motion to approve the regular meeting minutes. Mr. Lester seconded the motion and was carried by the following votes:

Ayes: Lester, Marciano, Robinson, Conco

III. New Business:

a) Appointment of Chairman and Vice Chairman

Dr. Conco asked for a motion for nominations for Chairman and Vice Chairman.
BRISTOL VIRGINIA INDUSTRIAL DEVELOPMENT AUTHORITY

Mr. Marciano made a motion to nominate Ms. Kelly Robinson to serve as Chairman for the IDA. Motion was seconded by Mr. Lester seconded the motion and carried by the following votes:

Ayes: Lester, Marciano, Robinson, Conco

Ms. Robinson made a motion to nominate Mr. Lester to serve as Vice Chairman. Motion was seconded by Mr. Marciano and carried by the following votes:

Ayes: Conco, Lester, Marciano, Robinson

Chairman, Ms. Robinson, asked for a motion to close the nominations. Mr. Lester made a motion to close the nominations, motion was seconded by Mr. Marciano and carried by the following votes:

Ayes: Conco, Lester, Marciano, Robinson

b) Business Updates
Economic Director, Mr. Chris Wilcox, gave an update on the new businesses in the City.

c) Consider closed session pursuant to §2.2-3711.A6, Code of Virginia, 1950, as amended. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community (unannounced business).

Consider closed session pursuant to §2.2-3711.A6, Code of Virginia, 1950, as amended. Discussion or consideration of the investment of public finds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected (proprietary).

Chairman, Ms. Robinson, asked for a motion to enter into closed session. Dr. Conco made a motion to enter into closed session pursuant to §2.2-3711.A6, Code of Virginia, 1950, as amended. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community (unannounced business), and discussion or consideration of the investment of public finds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected (proprietary). Motion was seconded by Mr. Marciano and carried by the following votes:

Ayes: Conco, Lester, Marciano, Robinson
BRISTOL VIRGINIA INDUSTRIAL DEVELOPMENT AUTHORITY

By roll call, Chairman Ms. Robinson, certified the closed session that only business matters lawfully exempt from open meeting requirements and specified in the motion to cover the closed session were discussed.

Ayes: Conco, Lester, Marciano, Robinson

IV. Adjournment
The meeting was adjourned at 12:57 pm.

__________________________
Chairman

__________________________
Secretary
PERFORMANCE AGREEMENT
CITY OF BRISTOL, VIRGINIA

AGREEMENT

This PERFORMANCE AGREEMENT made and entered this ___ day of ___ 20__, by and among the CITY OF BRISTOL, VIRGINIA (CITY), the CITY OF BRISTOL, VIRGINIA INDUSTRIAL DEVELOPMENT AUTHORITY (IDA), and GC PZZA HUT (APPLICANT), a corporation organized under the laws of ____________.

RECITALS

WHEREAS, the APPLICANT intends to install a restaurant located at 170 Gate City Highway in Bristol, Virginia; and

WHEREAS, the APPLICANT has requested an economic incentive grant award to assist in offsetting startup costs associated with the prospective tenant’s occupation of the property; and

WHEREAS, the Industrial Development Authority (IDA), met on August 12, 2019 to discuss the APPLICANT’S request; and

WHEREAS, the IDA has indicated its desire that the CITY/IDA grant $350,000 to the APPLICANT for its use and benefit, provided that the APPLICANT commits to the achievement of certain goals relating to capital investment as described herein; and

WHEREAS, the IDA, the CITY, and the APPLICANT desire to set forth their understanding and agreement as to the use of the grant, the obligations of each party hereto, the conditions under which the grant must repaid, and the liability of each party hereto in the event of default.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits and promises of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

ARTICLE 1
APPLICANT’S COMMITMENTS AND OBLIGATIONS

1.1 Funding Match Requirements. None

1.2 Announcement. Contemporaneously with the execution of this Agreement the APPLICANT, in coordination with TENANTS, will announce the future opening of the restaurants and establish a ribbon cutting date at the aforementioned location within the city limits.

1.3 Lease/Contract Execution and Terms. Prior to the commencement of the term of this Agreement as provided herein, the APPLICANT shall provide to the Economic Development Director, as an agent for the IDA and CITY, a memorandum of lease by the APPLICANT for a property located wholly within the city limits of Bristol, Virginia.

1.4 Occupation. The APPLICANT agrees that TENANT shall occupy a portion of the facility located at 170 Gate City Highway in Bristol, Virginia of not less than 1,535 square feet, pursuant to the intent of this Agreement, prior to the commencement of the term of this Agreement as provided herein.
1.5 **Capital Investment.** The APPLICANT confirms there will be a direct investment of not less than ONE MILLION DOLLARS ($1,000,000.00) in the occupation, development, outfitting, and operation of the property as a new retail location for TENANT within the term of this Agreement. This amount shall be comprised of expenditures by the TENANT and the APPLICANT, which may include but not be limited to lease payments, development fees, purchase price, utility costs, construction, maintenance, operational stock and employee benefits.

1.6 **Audit Requirements.** The APPLICANT shall provide detailed verification of their progress toward satisfaction of the above Capital Investment requirements. The first report shall be due prior to the commencement of the term of this Agreement as provided herein and shall serve as the baseline for default measurement. The APPLICANT further agrees to cooperate with any other reasonable audit requirements as may be requested by the CITY during the term of this Agreement.

**ARTICLE II**

**GRANTS**

2.1 **No Net-Loss Performance Based Incentive Program.** CITY/IDA agrees to pay to the APPLICANT from its No Net-Loss Performance Based Incentive Program the sum of THREE HUNDRED AND FIFTY THOUSAND DOLLARS ($350,000.00) as a maximum payment for the promotion of economic development within the CITY. Said payment shall be made pursuant to the following terms:

A. **No Net-Loss Performance Based Incentive Program:**
   a. CITY/IDA shall issue payments quarterly to the APPLICANT in an amount equal to 70% of total reported meal taxes receipts for that quarter in FYs 2020, 2021, 2022; 50% in FY 2023; and 25% for the remainder of the term of this Agreement. In any event the incentivized amount will not exceed THREE HUNDRED AND FIFTY THOUSAND DOLLARS ($350,000.00) or a term of 8 years whichever is first.
   b. Each quarterly payment shall be approved and issued by the Economic Development Director, as described above.

**ARTICLE III**

**DEFAULT**

3.1 **Specific Default.** The occurrence of any of the following shall constitute a default by the APPLICANT under this Agreement:

A. The failure of the APPLICANT to help coordinate the announcement of the near future opening of the TENANTS pursuant to Article 1.2 of this Agreement.
B. The failure of the APPLICANT to ensure occupation of leased space pursuant to Article 1.4 of this Agreement.
C. The failure of the APPLICANT and TENANTS combined to satisfy the capital investment requirement pursuant to Article 1.5 of this Agreement.
D. The failure of the APPLICANT and TENANTS to provide required reports and audits as required pursuant to Article 1.6 of this Agreement.

3.2 **Written Notice.** Before exercising any remedies with respect to a default listed above, the CITY/IDA must give the APPLICANT sixty (60) days written notice thereof. In the event that the
APPLICANT satisfies the requirement not theretofore met prior to the expiration of the notice period, such default shall be deemed cured.

3.3 Remedies to the CITY/IDA. In the event that the APPLICANT fails to cure any default after giving the APPLICANT sixty (60) days written notice thereof, CITY/IDA at its sole option may require repayment of any grant monies disbursed to the APPLICANT, by the APPLICANT under the terms of this Agreement.

3.4 Additional Remedies. Notwithstanding any other provisions contained herein, in the event of a breach of the terms of this Agreement by either party, the other party shall have all remedies available to it at law or in equity.

ARTICLE IV
MISCELLANEOUS

4.1 Commencement of Term. The Commencement date shall be the date of the initial payment as described in Section 2.1 (A) (a). The term of this agreement shall be eight (8) years from this commencement date or until the total grant amount is issued, whichever occurs first, pursuant to article II of this Agreement.

4.2 Notices. Any notice permitted or provided for under the Agreement shall be in writing, shall be given by mail, and shall be deemed sufficiently given if and when mailed by registered or certified mail, postage prepaid, addressed to such Party at such address. Any Party designated below may, by notice to the others, change its address for receiving such notices.

Addresses for Notices to

ATTN: 


Addresses for Notices CITY
ATTN: Randall C. Eads
City Attorney
300 Lee Street
Bristol, Virginia 24201

Addresses for Notices to IDA
ATTN: Chris Wilcox
Executive Director
300 Lee Street
Bristol, Virginia 24201

(Remainder of page left intentionally blank)
4.3 **Survival.** This Agreement, its Scheduled and respective covenants and undertakings of the parties shall survive the closing of the transactions contemplated by this Agreement.

4.4 **Governing Law.** This Agreement shall be constructed, performed and enforced in accordance with the laws of the Commonwealth of Virginia.

4.5 **Entire Agreement.** This Agreement, any Schedules hereto and all documents delivered at closing constitute the entire agreement among the parties pertaining to its delivered at closing constitute the entire agreement among the parties pertaining to its subject matter and supersede all prior and contemporaneous agreements, understandings and representations of the parties in connection with it. No change, termination or representations of the parties in connection with it. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon any party unless in writing and signed. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall effect the right of any party thereafter to enforce any other provision or to exercise any right or remedy in the event of any other default, whether or not similar.

4.6 **Successors or Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. The APPLICANT may assign all or a part of its rights and obligations hereunder only upon prior written approval of IDA and/or CITY, which approval shall not be unreasonably withheld or delayed.

4.7 **No Third Party Beneficiaries.** Nothing in this Agreement shall entitle any person or entity other than the parties and their respective, successors and assigns permitted hereby to claim, cause of action, remedy or right of any kind.

4.8 **Time is of the Essence.** Time is of the essence in the performance of this agreement.

4.9 **Severability.** Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement, which shall be enforced to the fullest extent allowed by law.

4.10 **Execution.** This Agreement is signed in triplicate, each of which shall constitute an original.

(Remainder of page left intentionally blank)
IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth above by the duly authorized representatives of the parties.

CITY ADMINISTRATION

By ______________________
Randall Eads
City Manager

CITY COUNCIL

By ______________________
Neal Osborne
Mayor

INDUSTRIAL DEVELOPMENT AUTHORITY

By ______________________
Kelly Robinson
Industrial Development Authority Chairman

APPLICANT

By ______________________
Title: ____________________

(SEAL)
Attest: Nicole Storm
CLERK OF THE CITY OF
BRISTOL, VIRGINIA

By ______________________
Clerk
PERFORMANCE AGREEMENT
CITY OF BRISTOL, VIRGINIA

AGREEMENT

This PERFORMANCE AGREEMENT made and entered this ___ day of ___ 20___, by and among the CITY OF BRISTOL, VIRGINIA (CITY), the CITY OF BRISTOL, VIRGINIA INDUSTRIAL DEVELOPMENT AUTHORITY (IDA), and GC PIZZA HUT(APPLICANT), a corporation organized under the laws of ____________.

RECITALS

WHEREAS, the APPLICANT intends to install a restaurant located at 9 West Circle Drive in Bristol, Virginia; and

WHEREAS, the APPLICANT has requested an economic incentive grant award to assist in offsetting startup costs associated with the prospective tenant’s occupation of the property; and

WHEREAS, the Industrial Development Authority (IDA), met on ______ to discuss the APPLICANT’S request; and

WHEREAS, the IDA has indicated its desire that the CITY/IDA grant $350,000 to the APPLICANT for its use and benefit, provided that the APPLICANT commits to the achievement of certain goals relating to capital investment as described herein; and

WHEREAS, the IDA, the CITY, and the APPLICANT desire to set forth their understanding and agreement as to the use of the grant, the obligations of each party hereto, the conditions under which the grant must be repaid, and the liability of each party hereto in the event of default.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits and promises of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

ARTICLE 1
APPLICANT’S COMMITMENTS AND OBLIGATIONS

1.1 Funding Match Requirements. None

1.2 Announcement. Contemporaneously with the execution of this Agreement the APPLICANT, in coordination with TENANTS, will announce the future opening of the restaurants and establish a ribbon cutting date at the aforementioned location within the city limits.

1.3 Lease/Contract Execution and Terms. Prior to the commencement of the term of this Agreement as provided herein, the APPLICANT shall provide to the Economic Development Director, as an agent for the IDA and CITY, a memorandum of lease by the APPLICANT for a property located wholly within the city limits of Bristol, Virginia.

1.4 Occupation. The APPLICANT agrees that TENANT shall occupy a portion of the facility located at 9 West Circle Drive in Bristol, Virginia of not less than 1,535 square feet, pursuant to the intent of this Agreement, prior to the commencement of the term of this Agreement as provided herein.
1.5 **Capital Investment.** The APPLICANT confirms there will be a direct investment of not less than ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000.00) in the occupation, development, outfitting, and operation of the property as a new retail location for TENANT within the term of this Agreement. This amount shall be comprised of expenditures by the TENANT and the APPLICANT, which may include but not be limited to lease payments, development fees, purchase price, utility costs, construction, maintenance, operational stock and employee benefits.

1.6 **Audit Requirements.** The APPLICANT shall provide detailed verification of their progress toward satisfaction of the above Capital Investment requirements. The first report shall be due prior to the commencement of the term of this Agreement as provided herein and shall serve as the baseline for default measurement. The APPLICANT further agrees to cooperate with any other reasonable audit requirements as may be requested by the CITY during the term of this Agreement.

**ARTICLE II**

**GRANTS**

2.1 **No Net-Loss Performance Based Incentive Program.** CITY/IDA agrees to pay to the APPLICANT from its No Net-Loss Performance Based Incentive Program the sum of THREE HUNDRED AND FIFTY THOUSAND DOLLARS ($350,000.00) as a maximum payment for the promotion of economic development within the CITY. Said payment shall be made pursuant to the following terms:

**A. No Net-Loss Performance Based Incentive Program:**

   a. CITY/IDA shall issue payments quarterly to the APPLICANT in an amount equal to 70% of total reported meal taxes receipts for that quarter in FYs 2020, 2021, 2022; 50% in FY 2023; and 25% for the remainder of the term of this Agreement. In any event the incentivized amount will not exceed THREE HUNDRED AND FIFTY THOUSAND DOLLARS ($350,000.00) or a term of 8 years whichever comes first.

   b. Each quarterly payment shall be approved and issued by the Economic Development Director, as described above.

**ARTICLE III**

**DEFAULT**

3.1 **Specific Default.** The occurrence of any of the following shall constitute a default by the APPLICANT under this Agreement:

   A. The failure of the APPLICANT to help coordinate the announcement of the near future opening of the TENANTS pursuant to Article 1.2 of this Agreement.

   B. The failure of the APPLICANT to ensure occupation of leased space pursuant to Article 1.4 of this Agreement.

   C. The failure of the APPLICANT and TENANTS combined to satisfy the capital investment requirement pursuant to Article 1.5 of this Agreement.

   D. The failure of the APPLICANT and TENANTS to provide required reports and audits as required pursuant to Article 1.6 of this Agreement.

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APPLICANT satisfies the requirement not theretofore met prior to the expiration of the notice period, such default shall be deemed cured.

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3.4 Additional Remedies. Notwithstanding any other provisions contained herein, in the event of a breach of the terms of this Agreement by either party, the other party shall have all remedies available to it at law or in equity.

ARTICLE IV
MISCELLANEOUS

4.1 Commencement of Term. The Commencement date shall be the date of the initial payment as described in Section 2.1 (A) (a). The term of this agreement shall be eight (8) years from this commencement date or until the total grant amount is issued, whichever occurs first, pursuant to article II of this Agreement.

4.2 Notices. Any notice permitted or provided for under the Agreement shall be in writing, shall be given by mail, and shall be deemed sufficiently given if and when mailed by registered or certified mail, postage prepaid, addressed to such Party at such address. Any Party designated below may, by notice to the others, change its address for receiving such notices.

Addresses for Notices to
ATTN: __________

________

________

Addresses for Notices CITY
ATTN: Randall C. Eads
City Attorney
300 Lee Street
Bristol, Virginia 24201

Addresses for Notices to IDA
ATTN: Chris Wilcox
Executive Director
300 Lee Street
Bristol, Virginia 24201

(Remainder of page left intentionally blank)
4.3 **Survival.** This Agreement, its Scheduled and respective covenants and undertakings of the parties shall survive the closing of the transactions contemplated by this Agreement.

4.4 **Governing Law.** This Agreement shall be construed, performed and enforced in accordance with the laws of the Commonwealth of Virginia.

4.5 **Entire Agreement.** This Agreement, any Schedules hereto and all documents delivered at closing constitute the entire agreement among the parties pertaining to its delivered at closing constitute the entire agreement among the parties pertaining to its subject matter and supersede all prior and contemporaneous agreements, understandings and representations of the parties in connection with it. No change, termination or representations of the parties in connection with it. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon any party unless in writing and signed. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall effect the right of any party thereafter to enforce any other provision or to exercise any right or remedy in the event of any other default, whether or not similar.

4.6 **Successors or Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. The APPLICANT may assign all or a part of its rights and obligations hereunder only upon prior written approval of IDA and/or CITY, which approval shall not be unreasonably withheld or delayed.

4.7 **No Third Party Beneficiaries.** Nothing in this Agreement shall entitle any person or entity other than the parties and their respective, successors and assigns permitted hereby to claim, cause of action, remedy or right of any kind.

4.8 **Time is of the Essence.** Time is of the essence in the performance of this agreement.

4.9 **Severability.** Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement, which shall be enforced to the fullest extent allowed by law.

4.10 **Execution.** This Agreement is signed in triplicate, each of which shall constitute an original.

(Remainder of page left intentionally blank)
IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth above by the duly authorized representatives of the parties.

CITY ADMINISTRATION

By __________________________
    Randall Eads
    City Manager

CITY COUNCIL

By __________________________
    Neal Osborne
    Mayor

INDUSTRIAL DEVELOPMENT AUTHORITY

By __________________________
    Kelly Robinson
    Industrial Development Authority Chairman

APPLICANT

By __________________________
    Title: ______________________

(SEAL)
Attest: Nicole Storm
CLERK OF THE CITY OF
BRISTOL, VIRGINIA

By __________________________
    Clerk
To: Bristol Virginia IDA Members

From: G.C. Wilcox/Economic Development Director

Ref: Studio Brew Performance Agreement

Date: 8/12/2019

In late June 2019, the owners of Studio Brew approached me in regards to their Performance Agreement with the City of Bristol, Virginia and BVU Authority. The owners have an opportunity to diversify their business model to be more competitive in their industry. The investors they are working with will not consider additional investment unless the liens are released on the property located at 221 Moore Street. They have a meeting with potential investors on Wednesday, 8/14/2019 to discuss their options. They have requested to be released from the Performance Agreement that was entered into on June 27, 2014.

The following requirements were instituted to protect the investment on behalf of the City.

1. A minimum of $2 million in capital investment.
   a. This requirement has been met.

2. A requirement that they maintain 14 employees, including part-time and full-time positions.
   a. This requirement was met in their first quarter, ending 3/31/2016, and they have continued to meet this requirement through this date.

3. A requirement that Studio Brew would utilize all applicable services available from BVU, including but not limited to Opti-Net, electric, water, and wastewater services.
   a. This requirement has been met.

4. Length of stay was determined to be not less than five years. The date of commencement was defined in the agreement as the date the Studio Brew opened for business. Studio Brew opened for business on 11/20/2015.
   a. While Studio Brew has been working on improving the property for over 5 years they have not occupied the property for five years as the agreement defines the date of commencement. This requirement has not been met.

5. The Performance Agreement states that Studio Brew shall provide the City with revenues from all applicable sales taxes in an amount totaling not less than $100,000 within 5 years from the date of the term of the agreement. To date, Studio Brew has paid over $59,000 in sales and meals taxes and are current in their payments.
   a. This requirement has not been met. As stated, Studio Brew is current on payment of their taxes.

We will discuss this issue on Wednesday, 8/14/2019 to see what the desire of IDA is in regards to allowing Studio Brew to exit this agreement. If the IDA wishes to release its lien on said property by recording a Certificate of Satisfaction in the office of the Circuit Court Clerk, someone will have to make the motion. This action would then have to be discussed and voted on by the City Council and the BVU Board.
PERFORMANCE AGREEMENT

AGREEMENT

This PURCHASE AND PERFORMANCE AGREEMENT made and entered this 27th day of June 2014, by The CITY OF BRISTOL, VIRGINIA, a Virginia municipal corporation (the “CITY”) and STUDIO BREW, LLC, a limited liability corporation organized under the laws of the Commonwealth of Virginia. (“APPLICANT”); the INDUSTRIAL DEVELOPMENT AUTHORITY FOR THE CITY OF BRISTOL VIRGINIA (the “IDA”), organized under the laws of the Commonwealth of Virginia, and the BVU AUTHORITY (BVU) for the purposes and considerations stated below:

RECITALS

WHEREAS, the APPLICANT wishes to purchase the “Fire Museum Building” located at 221 Moore Street in Bristol, Virginia and intends to install a commercial brewery with intent to distribute wholesale as well as limited retail of products and merchandise on site; and

WHEREAS, the APPLICANT has requested an economic incentive grant award to assist in offsetting startup costs associated with the occupation of the property; and

WHEREAS, the City of Bristol, Virginia, through the Economic Development Committee (EDC), met on Monday June 10, 2013 to discuss the APPLICANT’s request; and

WHEREAS, the EDC has indicated its desire that the CITY provide real property as a land grant to the APPLICANT for the APPLICANT’s use and benefit, provided that the APPLICANT commits to the achievement of certain goals relating to employment, capital investment, length of stay, and sales volume as described herein; and

WHEREAS, the EDC has indicated its desire that the BVU BOARD provide an economic development grant and a promotional grant to the APPLICANT for the APPLICANT’s use and benefit, provided that the APPLICANT commits to the achievement of certain goals relating to employment, capital investment, length of stay, and sales volume as described herein; and

WHEREAS, the CITY, the APPLICANT and the IDA desire to set forth their understanding and agreement as to the use of the grant, the obligations of each party hereto, the conditions under which the grant must be repaid, and the liability of each party hereto in the event of default.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits and promises of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:
ARTICLE I
APPLICANT'S COMMITMENTS AND OBLIGATIONS

1.1 Funding Match Requirements. None

1.2 Announcement. Contemporaneously with the execution of this Agreement, the applicant will announce the future opening of Studio Brew and establish a ribbon cutting date at the aforementioned location within the city limits.

1.3 Occupation. The APPLICANT agrees that they shall occupy the facility located at 221 Moore Street in Bristol, Virginia pursuant to the intent of this Agreement, prior to the commencement of the term of this Agreement as provided herein.

1.4 Capital Investment. The APPLICANT agrees that the prospective tenant shall make a direct capital investment of not less than TWO MILLION DOLLARS ($2,000,000.00) in the occupation, outfitting, and operation of the property as Studio Brew including professional office space for the corporate entity within the term of this Agreement. This amount shall be comprised of expenditures by the owner, tenant and the APPLICANT, which may include but not be limited to construction and maintenance costs.

1.5 Employment Requirements. The APPLICANT shall achieve employment of and maintain 14 employees, including part time and full time positions, within the term of this Agreement.

1.6 Jobs Report and Audit Requirements. The APPLICANT shall provide at the APPLICANT's expense detailed verification of its progress toward satisfaction of the above Capital Investment and Employment Requirements. These reports shall be provided annually to the Director of Economic Development and BVU administrative staff. The first report and each report thereafter shall be due prior to June 1 of each year. An initial report shall be required prior to the commencement of the term of this Agreement as provided herein and shall serve as the baseline for default measurement. The APPLICANT further agrees to cooperate with any other reasonable audit requirements as may be requested by the CITY during the term of this Agreement.

1.7 Utility Services. The APPLICANT shall utilize all applicable services available from Bristol Virginia Utilities, including but not limited to OptiNet, electric, water, and wastewater services.

1.8 Length of Stay. The Applicant shall occupy 221 Moore Street and operate the businesses therein as described above for a period of not less than five (5) years.

1.9 Sales Tax Revenues. The Applicant shall provide the City with revenues from all applicable sales tax in an amount totaling not less than $100,000 within five (5) years from the commencement of the term for this agreement.

ARTICLE II
ECONOMIC DEVELOPMENT AND LAND GRANTS

2.1 Economic Development Grants. The CITY, the IDA, BVU and the APPLICANT enter into this Agreement as a one (1) time Job Creation and Capital Investment Grant for the promotion of economic development within the CITY.
2.2 The CITY agrees to convey to the IDA, and the IDA agrees to convey to the APPLICANT the real property located at 221 Moore Street, Bristol, Virginia and more specifically described in Exhibit B attached. Additionally, although not included in the conveyance the APPLICANT shall be provided access to 20 parking spaces adjacent to the building and as depicted and described in Exhibit A attached.

2.3 The CITY agrees to pay to the APPLICANT from its Economic Development Funds the sum of EIGHTY THOUSAND DOLLARS ($80,000.00) as a one (1) time Job Creation and Capital Investment Grant for the promotion of economic development within the City. The City shall render payment within seven (7) days following written request of the applicant.

2.4 BVU agrees to pay to the APPLICANT from its Economic Development Funds the sum of THIRTY SEVEN THOUSAND TWO HUNDRED AND TWELVE DOLLARS ($37,212.00) as a one (1) time Job Creation and Capital Investment Grant for the promotion of economic development within the City. BVU shall render payment pursuant to its Economic Development Policy. The following payment schedule shall be used to govern disbursement of funds:
   (a) First Payment: The first payment shall total $28,000 and shall be payable at the grand opening of the facility and shall be rendered within seven (7) days following written request of the applicant.
   (b) Second Payment: The second payment shall total $9,212 and shall be paid in annual installments. $3,070.85 and shall be payable following 365 days of billable electrical service at the facility. Payment shall be rendered within seven (7) days following written request of the applicant. Each year a payment shall be due on the anniversary of the initial second payment and shall be payable following 365 days of billable electrical service at the facility.

2.5 BVU agrees to pay to the APPLICANT from its Marketing Funds the sum of FORTY TWO THOUSAND DOLLARS ($42,000.00) as a one (1) time Job Creation and Capital Investment Grant for the promotion of economic development within the City. Payment shall be due following satisfactory completion of the following requirements:
   (a) The issuance of a certificate of occupancy by the City of Bristol, Virginia Building official for the renovated facility
   (b) The placement of a permanent plaque advertising BVU, the form, size & placement having been previously approved by BVU

Upon satisfactory completion of the above conditions BVU shall render payment within seven (7) days following written request of the applicant.

2.6 Tax Credits. CITY has elected not to restrict the use of tax credits by the APPLICANT.

2.7 Deed of Trust. Upon transfer of the building at 221 Moore Street to the APPLICANT by the IDA, the APPLICANT will convey said property by Deed of Trust to a Trustee chosen by the IDA to secure to the CITY and the IDA, the APPLICANT's faithful
performance of all the terms and conditions contained herein. The CITY shall remain in
first lien position on said property. The purpose of said first Deed of Trust is to secure the
APPLICANT’s performance of all of its obligations under Article I hereof including, but
not limited to APPLICANT’s occupation of the building and operation of Studio Brew,
for at least five (5) years pursuant to Article 1.8 hereinabove. Upon completion of five (5)
years from commencement, the IDA will release its lien on said property by recording a
Certificate of Satisfaction in the office of the Circuit Court Clerk. Notwithstanding the
foregoing, the City and IDA agree to subordinate such Deed of Trust to any lending
institutions that provides construction financing or operating lines of credit for the Applicant
or its affiliates. This subordination shall be limited to borrowing by the APPLICANT for
the following purposes: (1) establishment of an operating line of credit not to exceed Two
Hundred Thousand Dollars ($200,000); and (2) borrowing to improve the Facility and to
purchase any equipment necessary to install a distillery in the Facility not to exceed Five
Hundred Thousand Dollars ($500,000).

2.6 Right of First Refusal. Upon transfer of the building at 221 Moore Street by the
APPLICANT, the APPLICANT shall grant to the IDA a Right of First Refusal to purchase
the real property together with all improvements thereon subject to the following formula:
Appraised value at the time of sale, minus Two Hundred Seventy Eight Thousand Three
Hundred and 00/100 ($278,300.00) Dollars. This Right of First Refusal shall expire upon
10 years from commencement. The IDA will waive the Right of First Refusal on a sale by
sale basis, as long as the prospective Purchaser is buying the building and the on-going
business, if said on-going business is Studio Brew or a comparable business.

2.8 Assignment by IDA. Immediately following transfer of the grant funds to the
APPLICANT, as set forth in Articles 2.2, 2.3, 2.4 and 2.5 the IDA will assign all of its
right, title and interest in this Agreement, and all related documents, including the Deed of
Trust to the CITY. The parties agree that on such assignment, the CITY will be vested
with all rights powers and authority under this Agreement and assume any and all
liabilities, obligations and duties of the IDA and the IDA will be released and discharged
from any liability, obligations and duties hereunder, all without need of any further action
or instrument.

ARTICLE III
DEFAULT

3.1 Specific Default. The occurrence of any of the following shall constitute a default
by the APPLICANT under this Agreement:

A. The failure of the APPLICANT to sanction the announcement of the future
opening of Studio Brew pursuant to Article 1.2 of this Agreement.
B. The failure of the APPLICANT to ensure occupation of space pursuant to
Article 1.3 of this Agreement.
C. The failure of the APPLICANT to make the direct capital investment
required pursuant to Article 1.4 of this Agreement.
D. The failure of the APPLICANT to achieve the employment requirements
pursuant to Article 1.5 of this Agreement or to provide the required reports
and audits as required pursuant to Article 1.7 of this Agreement.
E. The failure of the APPLICANT to utilize above listed services provided by BVU.
F. The failure of the APPLICANT to satisfy length of stay requirements pursuant to Article 1.8 of this agreement.
G. The failure of the APPLICANT to satisfy sales tax revenue requirements pursuant to Article 1.9 of this agreement.

3.2 Written Notice. Before exercising any remedies with respect to a default listed above, the IDA and/or BVU must give the APPLICANT sixty (60) days written notice thereof. In the event that the APPLICANT satisfies the requirement not theretofore met prior to the expiration of the notice period, such default will be deemed cured.

3.3 Remedies to the IDA and BVU. In the event that the APPLICANT fails to cure any default after giving the APPLICANT sixty (60) days written notice thereof, the IDA and/or BVU at its sole option may require:
   A. Repayment of any monies disbursed to the APPLICANT by the APPLICANT at that time under the terms of this Agreement. If the applicant has partially satisfied the requirements of Article I above then the amount due shall be prorated to reflect partial default. The proration shall be based on one half of the total grant monies awarded being attributed to job creation and one half being attributed to capital investment; and/or
   B. The Trustee as named in the above referenced Deed of Trust to act on their Power of Sale and pursuant to the terms therein to initiate foreclosure proceedings.

3.4 Additional Remedies. Notwithstanding any other provisions contained herein, in the event of a breach of the terms of this Agreement by the APPLICANT, the CITY, BVU and the IDA shall have all remedies available to it at law or in equity.

ARTICLE IV
MISCELLANEOUS

4.1 Commencement of Term. The term of this agreement shall be five (5) years from commencement (except for the Right of First Refusal contained in Paragraph 2.5 hereinabove.) The Commencement date shall be the date of official notice of opening as provided to CITY by the APPLICANT. Official notice of opening shall be in the form of a letter stipulating that the business is open and generating revenue.

4.2 Notices. Any notice permitted or provided for under the Agreement shall be in writing, shall be given by mail, and shall be deemed sufficiently given if and when received by the Party to be notified at its address set forth below, or if and when mailed by registered or certified mail, postage prepaid, addressed to such Party at such address. Any Party designated below may, by written notice to the others, change its address for receiving such notices.

Addresses for Notices to Studio Brew, LLC.
ATTN: Erich Allen
Owner
221 Moore Street
Bristol, VA 24201
4.3 **Survival.** This Agreement, its Schedules and respective covenants and undertakings of the parties shall survive the closing of the transactions contemplated by this Agreement.

4.4 **Governing Law.** This Agreement shall be construed, performed and enforced in accordance with the laws of the Commonwealth of Virginia.

4.5 **Entire Agreement.** This Agreement, any Schedules hereto and all documents delivered at closing constitute the entire agreement among the parties pertaining to its subject matter and supersede all prior and contemporaneous agreements, understandings and representations of the parties in connection with it. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon any party unless in writing and signed. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party thereafter to enforce any other provision or to exercise any right or remedy in the event of any other default, whether or not similar.

4.6 **Successors or Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. The APPLICANT may not assign all or any part of its rights and obligations hereunder without prior written approval of the CITY, the IDA (only the CITY after the assignment contemplated under 2.6 herein) and/or BVU, which approval shall be at the sole discretion of the CITY, the IDA (only the CITY after the assignment contemplated under 2.6 herein), and/or BVU which approval shall not be reasonably withheld or delayed.

4.7 **No Third Party Beneficiaries.** Nothing in this Agreement shall entitle any person or entity other than the parties and their respective, successors and assigns permitted hereby any claim, cause of action, remedy or right of any kind.

4.8 **Time is of the Essence.** Time is of the essence in the performance of this agreement. 4.9 **Severability.** Every provision of this Agreement is severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or
invalidity shall not affect the validity of the remainder of this Agreement, which is enforceable to the fullest extent allowed by law.

4.10 Execution. Five (5) copies of this Agreement are signed, each of which shall constitute an original.

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth above by the duly authorized representatives of the parties.

CITY ADMINISTRATION

By

Tabitha Crowder
Interim City Manager

CITY COUNCIL

By

Guy Odum
Mayor

The INDUSTRIAL DEVELOPMENT OF THE CITY OF BRISTOL VIRGINIA

By

Doug Wooten, Chairman

AUTHORITY

(SEAL)
Attest: Steve Allen,
CLERK OF THE CITY OF BRISTOL, VIRGINIA

By

Deputy

Clerk

APPLICANT

By

Erich Allen
Owner
Studio Brew, LLC.

BVU ADMINISTRATION

By

Mike Bundy
Interim President and CEO

Attest:

Donna Biggs, Secretary
EXECUTIVE SUMMARY

The Bristol Virginia City Council discussed the overall economic development direction for the City and the importance of having an Industrial Development Authority (IDA) Board of Directors’ Economic Development Approval Policy for awarding economic development projects. City Council emphasized the need for a cohesive document that would give continual advice to City Council, employees, commission, and board members in regard to economic development within the City. From those discussions, City Council wanted to see in the policy, “a metrics of how economic funds are awarded, and a method to choose financially feasible projects.”

The Industrial Development Authority (IDA) utilized documents from the Bristol, Virginia Office of Economic Development, Bristol Virginia Utilities Authority (BVUA), the Economic Development Incentive Program of Bristol, Tennessee, the Washington County, Virginia Department of Economic Development, and numerous economic development strategies to create a draft policy template that would be the framework for developing a review policy, with City Council having final approval authority.

The policy is structured on seven areas subjects: (1) Applicant Requirements, (2) Target Activities, (3) Eligible Projects and Activities, (4) Ineligible Projects and Activities, (5) Questions IDA Board Members Should Consider When Reviewing Applications, (6) Application Process and Review, and (7) Conflict of Interest Form. The policy includes a listing and description of the economic development incentive programs available through the City of Bristol, Virginia, Bristol Virginia Utilities Authority (BVUA), Tennessee Valley Authority (TVA), State of Virginia, and Federal Incentive Programs.
Industrial Development Authority Board of Directors' Economic Development Approval Policy

City of Bristol Virginia Economic Development Incentive Structure

The City of Bristol, Virginia's Economic Development Office promotes a variety of incentive programs designed to obtain improved quality of life, a healthy balance of economic growth, business retention, and facilitation of private development. The city may offer incentives to those businesses that choose to locate within our city limits. The strong partnerships with both Bristol Virginia Utilities Authority (BVUA) and the Commonwealth of Virginia allow joint strategies in developing rich and bold incentive programs to help stabilize new and existing businesses. The city's Economic Development Office will identify available incentives and provide a letter of understanding which will clearly state the city's offer and what the city will expect in return.

The Industrial Development Authority (IDA) evaluates performance based grants for economic development projects. Suggested award amounts for performance grants are guided by the project's estimated fiscal benefit to the City of Bristol, Virginia, (equipment, land, building). The value of these incentives are related to the company's business, capital investment and number of created or retained full time jobs. The performance grants are awarded starting in year two and are paid out over a customized performance period. IDA recommended performance grants may be awarded when the City of Bristol, Virginia faces active and realistic competition with another jurisdiction for a business attraction or expansion project. All requests for economic development incentives are to be discussed and approved in public and not in executive sessions. (Exceptions may be evaluated on a case by case basis).
INTRODUCTION AND OVERVIEW

Economic development incentives include a broad range of tools, non-financial and financial, ranging from expedited planning and permitting processes to direct or indirect funding. Cities often use these incentives to pursue specific economic goals such as tax base diversification, job creation, or business retention and expansion. Incentives are usually set by federal, state, local law or practice.

The use of economic incentives must be based on a policy that establishes parameters for their appropriate use in relation to the economic development goals of each jurisdiction. The incentive policy of Bristol, Virginia contains the following elements:

1. **Goals and Objectives.** Goals and measurable objectives create the framework for accountability in the use of economic development incentives. Those goals include: job creation, business retention and/or recruitment, target economic sectors, blight mitigation, improving economically distressed neighborhoods, and environmental improvements.

2. **Financial Incentive Tools and Limitations.** An economic development policy should define the types of incentives and the extent to which the jurisdiction will use them. For example, local governments may choose to provide incentives based on an assessment of individual business needs. It is also important to establish maximum funding for a particular program.

3. **Evaluation Process.** For the purpose of transparency and clarity, it is important for an economic development policy to outline what the evaluation process will entail. Evaluation activities and factors typically include:

   a. How proposals are in alignment with established economic development criteria
   b. A complete cost/benefit analysis
   c. Consideration and analysis of the impact of a project on existing businesses
   d. A determination of whether the project would have proceeded if the incentive is not provided
   e. A list of required documentation for the economic development application and the officials who are a part of the review team
4. **Performance Standards.** An economic development policy should require that specific performance standards be established for each project receiving incentives. These performance standards help each location measure the effectiveness of its overall economic development program, but may also be used to recover promised financial benefits, through clawbacks or linkage agreements, of recipients failing to fulfill their commitments.

5. **Monitoring and Compliance.** This important process should establish regular monitoring of the economic development incentives awarded and the performance of each project receiving incentives. The policy should also provide for organizational placement and staffing of this activity. The monitoring process should examine performance standards relative to each economic development agreement and determine whether the goals for each project are achieved within the defined time frame. Ongoing monitoring of these projects should become part of the overall economic development program.

6. **Committee Members:** Industrial Development Authority (IDA)

7. **Final Approval:** Bristol Virginia City Council

**LIST OF INCENTIVE PROGRAMS**

Available through City of Bristol

1. **No Net-Loss Performance Based Incentive Program** - A grant program that provides cash grants when employment objectives are met. In order to qualify for a cash incentive, companies have to agree to specific economic and job performance measures.

2. **Property Tax Exemption/Reduction** - Virginia does not tax intangible property, manufacturers’ furniture, fixtures, and corporate aircraft. There is also no unitary tax on worldwide profits, and no state tax on real estate or tangible property. The state provides tax exemptions and reductions for certain industry uses such as agriculture, technology, manufacturing, and the film industry.

3. **Land Grant** - city controlled property may be leased/granted to qualifying prospects.

4. **Sales and Use Tax Exemptions** - Virginia offers some of the broadest sales and use tax exemptions in the United States. Certain purchases and uses are provided exemption.
Available through BVU Authority (BVUA)

1. BVU Electric System Funds - BVU is authorized to issue grants for qualifying projects out of local operating electric system funds. All grants are subject to TVA regulatory requirements. The business will submit an application directly to BVU for approval of BVU or TVA funds.

   1. BVU Electric System Funds. BVU is authorized to issue grants for qualified projects out of local operating electric system funds

   2. Tennessee Valley Authority (TVA). Business can submit applications through BVU for various TVA funded economic development programs.

   3. Valley Investment Initiative (VII). This program provides monthly electric credits applied to statements subject to applicant meeting program criteria.

   4. Economic Development Loan Funds (EDLF). This program provides low interest rate loan funds available for construction and acquisition costs.

   5. Consulting and Technical Service. This program provides technical assistance with site selection and design including engineering and site planning economic analysis and market research.

Federal Incentive Programs

Foreign Trade Zone #204 operates under the Alternate Site Framework and has a service area in Virginia covering the cities of Bristol and Norton and the counties of Scott, Lee, Washington, Dickens, Buchanan, Wise, and Russell. The Grantee of #204 is the Tri Cities Airport Authority.

- Reduces or eliminates customs duties
- Reduces paperwork and fees with weekly entry benefits
- Avoid inventory taxes and the hassle of duty drawback
- Save time with direct deliver
Industrial Development Authority Board of Directors’ Economic Development Approval Policy

State of Virginia Incentive Programs

The state of Virginia offers over 23 different incentive opportunities ranging from grants, rail improvements, and job training. The incentives available are Virginia's investment in its economic future and through the following cash grants, the state continues to show its willingness to invest in businesses that invest and reinvest in the Commonwealth.

See Virginia Economic Development Partnership (VEDP) for additional information:

(1) Commonwealth Opportunity Fund (COF) - is a discretionary incentive to secure a business location or expansion project. Grants are awarded to localities on a local matching basis. COF requires that a company make a capital investment of at least $5 million and create 50 new jobs. COF incentives are only based when Virginia faces active and realistic competition with another state for a business attraction or expansion project.

(2) Virginia Economic Development Incentive Grant (VEDIG) - grant to assist and encourage companies to locate significant headquarters, administrative or service sector operations in Virginia. VEDIG requires an investment of at least $5 million (or $6,500 per job) plus job creation thresholds ranging between 300-400 jobs depending on wage.

(3) Tobacco Region Opportunity Fund (TROF) - makes grants to localities in Virginia’s tobacco producing regions to assist with specific projects that result in the creation of new jobs and investment. Grants are made to the community by the Tobacco Region Revitalization Commission that are based on criteria such as:
   - minimum capital investment of $1 million within 36 months
   - minimum of 10 jobs created within 36 months
   - amounts awarded are discretionary and based on company profile

(4) Virginia Jobs Investment Program (VJIP) - is an incentive program offering customized recruiting and training assistance to companies that create new jobs or experience technological change. The program is designed to reduce human resource development cost by providing direct funding to new and expanding companies that meet program qualifications.

(5) Virginia Small Business Financing Authority (VSBFA) - offers programs to provide businesses with access to capital needed for growth and expansion.

(6) Economic Development Access Program - Administered by the Virginia Department of transportation, this program assists localities in providing adequate road access to new and expanding manufacturing and processing companies, research and development.
facilities, distribution centers, regional service centers, corporate headquarters, government installations, and other basic employers.

(7) Corporate Income Tax Credits - Virginia offers numerous tax credits that are available for use against a company’s corporate tax liability.

III. Applicant Requirements
Prior to consideration of awarding any performance grant there are specific requirements each applicant is expected to meet. The requirements are:

1. The business must be located in the corporate limits of Bristol, Virginia
2. Provide average or above wages for industry classification in community
3. Provide full time employment for full time positions in the city of Bristol, Virginia
4 Be licensed or will become licensed through the office of the Commissioner of Revenue
5. All business must be in compliance with all City, State, and Federal Codes

IV. Economic Project Criteria
A. Targeted Markets and Projects
   - General Manufacturing
   - Advanced Manufacturing
   - Transportation-Related Manufacturing
   - International Business
   - Data Centers
   - Food Processing

B. Excluded Markets and Projects. Examples of projects excluded from the program, include but are not limited to:
   - Sexually oriented businesses are not eligible for incentives

V. Use of Funds

The following expenses are eligible for using the funds.
- Acquisition or leasing of land, building, machinery or equipment
- Acquisition of existing business and/or its assets
- New construction, renovation or leasehold improvements
- Construction, reconstruction and rehabilitation of commercial or industrial buildings
- Site improvements
- Utilities or infrastructure

Examples of ineligible projects and activities include, but are not limited to:
- Applicant’s personnel costs including wages, travel, per diem
Industrial Development Authority Board of Directors' Economic Development Approval Policy

- Administrative overhead/indirect costs
- Workshops
- Market research and feasibility studies
- Maintenance and operation expenses
- Annual subscriptions/membership costs
- Costs of promotional items (pens, t-shirts, hats, general merchandise)
- Office supplies, including but not limited to, postage, photocopies, telephone or internet charges
- Loan origination expenses
- Realtor fees and expenses
- Legal Fees
- Broker Fees
- Engineering Fees
- Permit Fees
- Application Fees

VI. Application Process and Review

The approval process consists of the completion of an application along with all documented information. It is to be submitted to the Bristol, VA Office of Director of Economic Development where it will be reviewed and processed. If the application is deemed appropriate, the Director of Economic Development will identify the appropriate incentive program and will make a presentation to the IDA for formal consideration.

Step 1. Applicant must submit application and required materials to the Office of Economic Development including a Conflict of Interest Form.

Step 2. The Office of Economic Development shall review the application for compliance to ensure requested materials are included. The applicant is advised each application is considered on a case by case basis and the time frame can be from 3-8 week time frame (This includes application processing, cost benefit analysis, documentation, verification of application, and IDA consideration).

The Director of Economic Development will complete the following procedures:
- Review the application and identify the appropriate incentive program
- Complete a cost/benefit analysis to determine feasibility of request. The Cost-Benefit Analysis (CBA) has two main purposes:
  (1) to determine if an investment and/or decision is sound (feasible) by verifying whether the benefits outweigh costs and how much
  (2) to provide a basis for evaluate projects - which involves comparing the total expected costs of each option against its total

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Industrial Development Authority Board of Directors' Economic Development Approval Policy

- The Director of Economic Development will prepare a written opinion on the application feasibility
- The Director of Economic Development will include Clawbacks and other Agreement Stipulations Form for review by the IDA.
- Applicant will provide any additional required information.

Step 3. The Office of Economic Development will contact the project contact(s) to notify of meeting date and time of IDA Board meeting to encourage applicant to be present to answer any questions IDA members may have about the proposed project. The IDA Board of Directors meet, in public session, on dates published on the City of Bristol website.

Step 4. The application will be presented to the Industrial Development Authority (IDA) in public session by the Director of Economic Development. Attached to the application given to IDA Board members will be a copy of the specific incentive program along with program eligibility requirements.

Step 5. The IDA will review the application for recommendation to the Bristol Virginia City Council. If the IDA has further questions about the application the applicant may be asked to speak to the board to clarify additional questions; the IDA may need additional time to make a decision. After reviewing the completed application the IDA should be able to:

- Identify the costs and benefits of any business seeking incentives
- Assess whether benefits are greater than business costs
- Assess who bears the benefits and costs
- Assess whether business incentive request is beneficial to city

Step 6. The IDA will make a recommendation based on the information submitted on the application to the Bristol Virginia City Council.

Step 7. The Bristol Virginia City Council will review the application for final approval. If the Bristol Virginia City Council approves the application, the Director of Economic Development will provide the project contact with information including a draft Letter of Agreement (LOA)

Step 8. Final approval is contingent upon the parties (City Council, City Attorney, IDA Chairperson, Applicant) entering a mutually acceptable Letter of Agreement (LOA).
APPENDIX A. CONFLICT OF INTEREST

This Conflict of Interest Form should indicate whether the applicant(s) has an economic interest in, or acts as an officer or a director of, any outside entity whose financial interests would reasonably appear to be affected by their association with IDA Board Member, City Council, or employee of the City of Bristol, Virginia. See Virginia Code 2.2-3100 et al.

Note: A potential or actual conflict of interest exists when commitments and obligations are likely to be compromised by the applicant(s)' interests or relationships (especially economic), particularly if those interest are not disclosed.

The applicant(s) should also disclose any personal, business, or volunteer affiliations that may give rise to a real or apparent conflict of interest.

Please describe any relationships, positions, transactions you hold (volunteer or otherwise), or circumstances that could contribute to a conflict of interest:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

- I have no conflict to report

- I have the following conflict of interest to report (please specify nonprofit and for profit boards you (and your spouse) sit on, any for-profit businesses or which you or an immediate family member are an officer or director, or a majority shareholder, and the name of any businesses you or a family member own:
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

APPENDIX B. IDA APPLICATION REVIEW

Examples of questions and answers that should be ascertained from the application include:
1. Are project costs reasonable?
2. Are all sources of project financing committed?
3. Is the project financially feasible? Does the application support a sound, well-reasoned proposal with a strong indication that the business will enjoy success if economic development funds are received?
4. To the extent practicable, will the return on the investment be unreasonably unrealistic?
5. Are the matching funding sources committed, and are there letters of commitment from each source, and for incurred project costs is documentation included to verify business expenditures?
6. Has the application demonstrated a need for Economic Development assistance?
7. Have all other sources of funding been explored and rejected (documented)
8. For health-care facilities, have the appropriate agencies been contacted? (verification of certification and accreditation?)
9. For loans, is there sufficient equity and collateral to meet the lending requirements of private lending institutions?
10. Can the assisted business contribute sufficient equity to the project to meet the debt/net work requirements of traditional lenders?
11. Has the applicant demonstrated the quality of jobs and wages they will pay?
12. Is the management experienced in the type of business activities it proposed, and has it demonstrated a capacity to successfully manage it?
13. Are the projected earnings realistic and attainable? Are they supported by historical trends and industry norms? Do the projections indicate that cash flow will be sufficient to support the proposed increased debt?
14. If the proposal involves the purchase of a business, has an appraisal been completed, and is there a buy/sell agreement in place?
15. If the proposal involves the purchase of land, has an appraisal been completed?
16. Does the project demonstrate that the investment of public dollars induces private funds?
17. Will the project provide suitable wage levels to the community or will add value to current workforce skills?
18. Will the project be ready to proceed upon notification of tentative award of economic development funds and be ready to begin immediately?
19. Does the application demonstrate that the project will support itself over time and not impose a burden on the City of Bristol, Virginia?
20. Has any owner ever filed for bankruptcy? Is the bankruptcy discharged? Date of discharge?
21. Does the City of Bristol, Virginia have sufficient and adequate clawback clauses in the agreement/contract?
22. Review Conflict of Interest Form
23. Review Clawback and Other Agreement Stipulations Form