

ROCK HILL ECONOMIC DEVELOPMENT CORPORATION
Regular Monthly Meeting

April 5, 2016

The regular monthly meeting of the Board of Directors of the Rock Hill Economic Development Corporation was held on Tuesday, April 5, 2016 at the City Club of Rock Hill. Notice of the meeting was sent to all members, City Council, media and interested citizens. Notice was posted at City Hall on April 1, 2016.

RHEDC Board Members Present:

Greg Austin	Lee Gardner	Andy Shene
Tim Baldwin	Randy Graham	David Vebaun
Myron Brown	Kerry Mast	Cathy Weaver
Bev Carroll	Allan Miller	Chad Williams
Elaine Copeland	Toy Rhea	Dave Williams
Brian Crenshaw	Alice Rigdon	

RHEDC Board Members Absent:

John Black	Luanne Kokolis	Greg Rutherford
Eddie Boulware	Dan Mahony	David Stringer
Doug Echols	Greg Rutherford	Gary Williams
Eddie Brown	Warren Norman	Rob Youngblood
Dawn Johnson	Jim Reno	

Others Present:

Jimmy Bagley, City of Rock Hill
Sally Baker, Financial Analyst
Terrie Boisson, Office Manager
Linda Burke, SC Works
Mike Crowder, WRHI
Kimberly Faust, Winthrop University
John Gast, Keck & Wood
Dan Goudla
Steven Gibson, Assistant City Manager
Jim Hardin
David Lawrence, Knowledge Park Development Manager
Susan Lyle, Performance Manager
Amy Massey, Kimley-Horn
Lucas McFadden, CN2
Rick Norwood, Director of Industrial Recruitment
Janis Pendleton, Clinton College
Paul Rehkow, TD Bank
Stephen Turner, Executive Director
Skip Tuttle,
Wes Tuttle, The Tuttle Company
George Ward, J.M. Cope
David Warner, Technology Incubator Director
Jeremy Winkler, Intergovernmental Manager
Don Worthington, The Herald

I. Call to Order and Welcome

Chairman Greg Austin called the meeting to order at 12:10 pm and welcomed RHEDC Board Members and guests.

II. Approve Minutes of March 1, 2016 Regular Monthly Meeting

The Minutes of the March 1, 2016 Board meeting were approved as submitted.

III. Prospect Reports/Project Updates

Business Parks – Rick Norwood

- Active Prospects: 17 totaling 1,441 jobs and \$138 million investment.
- Active Projects: 14 totaling 1,453 jobs and \$506 million investment.
- Inactive Projects: 8 totaling 999 jobs \$97 million investment.
- Spec Building # 2 in Waterford – starting in Spring of 16
- Active Expansion projects in every Business Park
- Prospect interest already in RHEDC Spec and Scannell Spec
- Atlas Copco Announcement – staying in Riverwalk \$20M Investment 30 net new jobs 400 jobs retained

Technology Incubator @ Knowledge Park – David Warner

- On Friday, March 4th, “Pitch Night” concluded the 2016 student Business Model Competition. Held at Whitton Auditorium in Carroll Hall on the Winthrop campus, 59 students on 18 teams competed for \$7,000 worth of prizes.
- Staff met with two potential business mentors on March 9th in an initial effort to build a network of mentors to provide additional assistance to client companies.
- Participated in a collaboration meeting with representatives from Comporium Communications to explore new initiatives in attracting technology startups to Knowledge Park.
- Conducted one-on-one consultations with client companies Green Generation Group and Lithium Ion Power to build strategies for attracting new capital.
- Worked intensely with P2Ops on negotiating with a strategic partner to manufacture and distribute the TV TOC Box.
- Graduated Dan Gouda of ThoroughCare, Inc. The company has raised over \$300,000 in capital plus they have received funding through SC Launch.
- Conducted the third Business Growth Workshop of the year entitled “The Art of Making Sales.”
- This month’s Business Growth Workshop will be held on Tuesday, April 26th and is entitled “Getting Your Brand Right.”

Knowledge Park – David Lawrence

- Sora Phelps Rock Hill LLC (master developer) and the City continue to work on a new Master Development Agreement and Financing Agreement. The agreements include items such as land purchase schedules (timing and prices), infrastructure investments (planned expenditures, timing, and financial requirements), and credit enhancement for debt issuance, project ownership structures, and planned uses for TIF funds. City Council will consider the Development Agreement/Financing Agreement on April 11 and April 25.
- The master developer is working on a marketing plan for the redevelopment of the Bleachery site including a “fly through” video. A ground breaking event is scheduled for April 25th at 2:00 pm.
- Visits are being planned to learn about the development and operation of co-work facilities, business accelerators, and business incubator facilities in Greenville and Charleston.
- An RFP seeking parking consulting services will be issued to provide recommendations on a revamped parking system in Knowledge Park including an examination of policies concerning new development, financing for capital projects, the designation of exclusive use parking spaces, enforcement approaches, etc.

IV. Committee Reports

Finance – Lee Gardner

The Finance Committee met on March 31.

Consider Approval of RHEDC February 29, 2016 Financial Reports

Sally Baker will be providing monthly financial reports from here forward. In the past, RHEDC has relied on Burkett CPA's to provide the monthly statements. A new financial management system has been put in place, effective January 1, 2016, that will enable in-house reporting. Burkett will still be performing the annual audit for RHEDC.

Sally Baker presented the Statement of Financial Position and the Budget Report for February 29, 2016. Sally noted that her reports do not tie perfectly to the last reports prepared by Burkett as she has made adjustments to the financial statements that Burkett will not make until the completion of the 2015 audit. Over the next few months any discrepancies will disappear as Burkett undertakes the 2015 audit and Sally's records are adjusted, if needed, to conform to the audit. The Committee also received and reviewed a financial report for the Innovation Challenge Grant, dated March 22, 2016.

The Finance Committee presented a motion to approve the Statement of Financial Position for February 29, 2016, the February Budget Report, and the Innovation Challenge Grant report. The motion was unanimously approved.

Consider Policy for Capitalizing Assets

Sally Baker reported that current accounting standards require that organizations establish a policy for determining when tangible assets are capitalized and when they are expensed. This is generally not an issue for RHEDC as its tangible assets are normally limited to real estate. Recently, however, furnishings and equipment were acquired for the Technology Incubator using grant funds. These purchases now necessitate a policy. Sally presented a proposed policy stating that only tangible assets with a value of \$5,000 or greater would be capitalized. This is consistent with the policy of the City of Rock Hill.

The Finance Committee motion to adopt the Policy for Capitalizing Assets was unanimously approved.

Consider Business Park Investment – Legacy West

At the March 1 meeting the Board approved a motion to: 1) authorize the Finance Committee and Executive Council to complete negotiations and execution of a Memorandum of Understanding between RHEDC and Scannell Properties; and, 2) authorize the preparation of contracts based on the MOU that will be considered by the RHEDC Board at a future meeting.

The final version of the MOU was executed on March 21, 2016. Negotiated changes made since the March meeting have increased RHEDC's return from the Legacy West development. Projections presented in March showed RHEDC earning \$331,000 which equated to a 9.2% annualized return. Further negotiations have resulted in the addition of a management fee, payable to RHEDC. This additional fee will push RHEDC's income from the project from \$331,000 to over \$400,000 and its annualized return from 9.2% to 11.4%.

The executed MOU has served as the basis for the development of definitive agreements between RHEDC and Scannell. Key points of Development Agreement:

- RHEDC to receive assignment of contracts and options to purchase 3 tracts of land totaling about 94 acres
- RHEDC to close on purchase of 2 tracts, totaling about 79 acres by June 27, 2016, net cost to RHEDC of approximately \$1.3 million

- Scannell to purchase from RHEDC 2 building sites totaling about 42 acres by July 29 and start construction of two spec industrial buildings
- RHEDC to seek grants to support infrastructure development of the sites
- Scannell to fund infrastructure costs above the amounts provided by grants
- Scannell to manage infrastructure construction
- Scannell to acquire all tracts from RHEDC within 3 years
- RHEDC expects to generate up to \$400,000 in cash to help fund future investments in business park sites
- Scannell and RHEDC to work cooperatively to plan the development of the 300 acre Legacy Park East development

The Development agreement authorizes Stephen Turner and Greg Austin to execute documents as necessary to complete this transaction. The Development Agreement was emailed to Board Members on April 4.

The Finance Committee presented a motion to approve the Development Agreement between RHEDC and Scannell. The motion was unanimously approved.

Report on Spec Building #2 Project

The Committee reviewed the term sheet for a loan from Santee Cooper to finance the construction of a second spec building at Waterford Business Park. The key points of the loan terms are as follows:

- Loan Amount: \$1.3 million
- Security: First mortgage and pledge of \$250,000 debt service reserve fund
- Term: 10 years
- Repayment: Years 1-3, no principal or interest; Years 4-10, equal principal payments (\$185,714.29) plus accrued interest
- No prepayment penalties
- Loan must be repaid once building is sold or leased

The Santee Cooper loan summary and the Corporate Resolution were emailed to Board Members for review prior to the meeting.

The Finance Committee presented a motion to approve the loan terms with Santee Cooper and authorize the Officers and Executive Director of RHEDC to execute documents as necessary to complete financing. The motion was unanimously approved.

Innovation – Jim Hardin

- The Committee has had some membership and staff changes. Melanie Jones joined the Innovation Committee following the departure of Dr. Edie Dille from York Technical College. Tracy Smith with City of Rock Hill has been promoted; Mr. Bryant Ward will be taking over the grant management duties. Emily Crick, a Winthrop University student, has accepted the position of Knowledge Park Social Media Intern working on various marketing aspects associated with Knowledge Park.
- Some discussion took place pertaining to the goals of the committee and how talent development initiatives can be managed after grant funding runs out. Engaging with the leadership of all local education institutions on a regular basis was discussed.
- Planning work is underway on a Tech Talent Job Exchange where job opportunities and resumes can be posted online. An effort is underway to get 25-30 businesses to participate on a pilot basis. This effort responds to the 30,000+ workers who leave York County on a daily basis for employment; many of them would like to stay if jobs/wages were available for them.

Marketing – Brian Crenshaw

The Committee is working to digest and tweak the branding concepts and logo designs submitted by Atlas Advertising. Atlas is working on second renderings due on 4/15. Once vetted by the marketing committee, a presentation will be made to critical stakeholders (RHEDC) for their feedback before moving forward.

V. Adjourn

There being no further business to come before the Board, the meeting was adjourned at 12:50 pm.

Respectfully submitted,

David Vehaun
Secretary/Treasurer

Upcoming Events:	Tuesday, May 3, 2016, 12:00 pm	RHEDC Board Meeting
	Tuesday, June 7, 2016, 12:00 pm	RHEDC Board Meeting
	Thursday, June 16, 2016, 5:30 pm	RHEDC Annual Meeting
	Friday, October 28, 2016, 8:00 am	RHEDC Annual Retreat