

Walter M. Gardner, Jr.
Mayor

John Freeman
Administrator

TOWN OF WARRENTON
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January 24, 2011 Board of Commissioners Special Meeting Minutes

The January 24, 2011 special meeting of the Town of Warrenton Board of Commissioners was held at Town Hall.

Those present were:

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| Mayor Walter M. Gardner, Jr. | John Freeman, Town Administrator |
| Commissioner and Mayor Pro Tem Woody King | |
| Commissioner Jules Banzet | Jennifer Harris, Warren Record |
| Commissioner John Blalock | |
| Commissioner Robert Davie | |
| Commissioner Audrey Tippet | |
| Commissioner John Mooring | |

Absent: Commissioner Mary Hunter

Also in attendance: Rick Seekins, Kerr-Tar COG and administrator of its revolving loan fund

Mayor Gardner called the meeting to order at 7:02pm. He restated the purpose of this special meeting which was to consider a resolution in support of a proposed application to the USDA for a Rural Business Enterprise Grant to establish a revolving loan fund that would be administered by the Town. The resolution would be required to accompany the application which would be due two days later on January 26, 2011. As Commissioner Davie had done a great deal of work on this grant Mayor Gardner asked him to lead the discussion. He said that the USDA reportedly had some funding for these grants this year, unlike last year, but that he had been told there would likely be 10 applicants now compared with 3 then. He said there was considerable interest among downtown business people from whom he had received promises of letters of support. In answer to Commissioner Blalock's question he said there was considerable flexibility about what the fund could support, including building renovation, inventories and capital equipment. Mayor Gardner then introduced Rick Seekins of the COG who is familiar with this grant and said it was a virtual certainty that no applicant would be awarded the theoretical maximum of \$75,000. There followed discussion about the importance of committing matching funds to improve the Town's point scoring on the application, with Commissioner Mooring doubting that the Town could afford any. There followed discussion about security of the loans and Mayor Gardner said the COG takes liens against homes, life insurance and property to secure its loans. He said the key for the meeting's discussion was whether to commit matching funds and to authorize the mayor to draft and sign a resolution of support. There was some discussion about the timing of the matching funds and Seekins said it would be well into the next fiscal year before awarded funds would be available. Seekins also noted it would be difficult to achieve the stated goals, first to improve downtown buildings and second to help small businesses, saying it would be difficult to do both. He advised requiring a business plan from applicants, but helping them where necessary, cautioning against making it so tough that no one would apply. He said the COG would never lend for inventory and that working capital, while necessary, was "iffy" to lend. He also suggested that once established it would be possible to seek

other funds to build up the fund. There was agreement that a loan review board would need to be established to set criteria, review all applications and recommend awards to the BOC; Seekins advised including members of the local business community because of their expertise and the importance of their buy-in to support the program. Town staff would manage the details of tracking loans which Commissioner Davie said should not be as difficult as some thought. Attorney Styers suggested that each loan could include a \$500 administration fee that could be used to contract with a CPA to administer. Commissioner Mooring equated the discussion of matching funds to a pennies of tax assessment, about \$7,000, asking what would be the threshold for pain. Mayor Gardner suggested that the application be for \$25,000 with a 26% match of \$6500 that would maximize scoring points while being manageable. Commissioner Mooring so moved; Commissioner King seconded the motion which passed unanimously. Commissioner Banzet then moved that the Board authorize Mayor Gardner to draft and sign the required resolution stating the Board's direction; Commissioner Davie seconded the motion which passed unanimously.

The business of the special meeting having been completed Commissioner Mooring moved to adjourn and Mayor Gardner declared the meeting adjourned at 7:40pm.

Respectfully submitted,

John Freeman
Town Administrator