

**BOARD OF DIRECTORS MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY
Of the Town of Front Royal and County of Warren, Virginia
dba as the Economic Development Authority
[March 23, 2018, 8:00 a.m.](#)**

OFFICIAL - MINUTES

Attendance, Directors: Bill Biggs, Mark Baker, Gray Blanton, Greg Drescher, Bruce Drummond, Ron Llewellyn and Thomas Patteson.

Absent: None

Officials, Staff & Others: Jennifer McDonald, Doug Stanley, Joe Waltz, Dan Whitten, Hollis Tharpe, and Missy Henry.

CALL TO ORDER: Greg Drescher

ADDITIONS/DELETIONS TO AGENDA:

Mr. Gray Blanton requested the following be added to the EDA agenda:

Section 2.2-3711.A.8: To add a discussion on commercial development within the town limits.

ON A MOTION BY MR. BIGGS (SECOND BY MR. LLEWELLYN) THE BOARD VOTED TO ACCEPT THE ADDITION.

VOTE: ALL "AYE"; NONE OPPOSED; MOTION CARRIED

APPROVAL OF MINUTES: February 2018

ON A MOTION BY MR. BIGGS (SECOND BY MR. LLEWELLYN) THE BOARD VOTED TO APPROVE THE MINUTES.

VOTE: ALL "AYE"; NONE OPPOSED; MOTION CARRIED.

FINANCIALS: February 2018

Ms. McDonald reminded everyone the numbers will fluctuate due to the New Market Tax Credits and the projects that we are doing for the Town and County. Numbers also fluctuate due to the timing of when we receive invoices and when we cut the checks.

ON A MOTION BY MR. LLEWELLYN (SECOND BY MR. DRUMMOND) THE BOARD VOTED TO APPROVE THE FINANCIALS.

VOTE: ALL "AYE"; NONE OPPOSED; MOTION CARRIED.

Budget Update:

Mr. Drescher stated that he and Ms. McDonald have discussed how the EDA could help support the County with their budgeting for FY 2018-2019.

Ms. McDonald advised the EDA has a Certificate of Deposit at United Bank that she could cash in for this next fiscal year to help offset the costs. What she and Mr. Drescher are recommending is a 50% cut to the EDA operating budget. We currently have requested \$108,000.00 from the County. Because of the CD, we could cut that request to \$54,000.00. We have made it clear with this motion, and to Mr. Stanley, that this agreement would be for this fiscal year only.

Mr. Drummond voiced concern that if the EDA Board were to agree to this, how difficult will it be to return to the \$108,000.00 funding the following year.

Mr. Stanley advised that he will present this as a one-time deal. He also stated that the County Board has been supportive of the EDA funding in the past.

Ms. McDonald said she did a spreadsheet for the Warren County Supervisors and it showed the funding over the years and what the capital and operating funding has been:

In the beginning-	EDA was funded 100%	by the Town and County
2007	EDA was funded 56%	by the Town and County
2008	EDA was funded 26%	by the Town and County

From 2009, we have remained under 25% since that time for our operating budget. This will now bring us to 12.5%. This is one of the roles of the town and county, paying the debt service on our properties then when we are able to sell one of those properties, we can then reimburse ourselves for the insurance and others things that we paid on those properties.

ON A MOTION BY MR. BLANTON (SECOND BY MR. PATTESON) THE BOARD VOTED TO AGREE TO CUT THE OPERATING BUDGET REQUEST FROM THE COUNTY BY \$54,000.00. THIS WILL BE FOR FISCAL YEAR 2018-2019 ONLY.

VOTE: ALL "AYE"; NONE OPPOSED; MOTION CARRIED.

COUNTY ADMINISTRATOR UPDATE: Doug Stanley

Land Conservation Panel – A session on land conservation will be held on Saturday, March 24, 2018 at 1:00 PM at Samuels Public Library. The discussion will focus on ethical land use and ways in which land-use choices impact each other and our region as a whole.

FY 2018-2019 Budget – The Board of Supervisors will hold a budget work session today at 10:00 am. Our next meeting will be held on Tuesday, March 27th at 7:00 PM to advertise the budget.

Front Royal Golf Club – The County received one proposal for management and use of the Front Royal Golf Club property. County staff has met with the vendor and has requested additional information to complete the review and make a recommendation to the Advisory Committee and eventually the Board.

Eastham Trail – The National Park Service has completed construction of the Dickey Ridge Connector Trail that connects the Eastham Trail to the Dickey Ridge Trail in Shenandoah National Park. Due to inclement weather, we rescheduled the ribbon cutting for the trail until a date to be determined in April. Information will be forthcoming.

FY 2018-2019 Capital Improvement Plan – The Planning Commission held a public hearing on the proposed FY 2018-2019 Capital Improvement Plan at its meeting on March 14th. They have forwarded the Plan to the Board with a recommendation of approval. The schedule has the Board holding a public hearing of the draft plan on April 17th. It will be presented to the Board at a work session on April 3rd.

Project Updates

Ressie Jeffries Elementary School – Roof/Addition/Parking Lot Project – The building addition and roof project is 99% complete, and the site work project is 99% complete. The contractor is currently working on the punch list. We would hope to have all work completed by April 1st.

Ressie Jeffries Elementary School – Playground Project – Plans for the project have been completed. County staff started work on the project in September and hope to have the site work completed in April. Phases I and II of the project should be completed early spring. Thanks to a \$5,000 donation and a 5-year \$25,000

donation match, Phases III and IV will be fully funded if the school can raise another \$25,000-\$30,000.

Health and Human Services Complex – The County is currently out to bid for renovations for portions of the building to accommodate the Voter Registrar’s Office and the Brighter Futures alternative school program. The approximate area for the renovation of the Voter Registrar area is 4,500 SF (4,000 SF of office and 500 SF of restrooms). The alternative school program space includes 6,800 SF (6,200 SF of office and classroom area and 600 SF of restrooms). The County held a non-mandatory pre-bid meeting earlier this week and will accept bids until 10:00 am on Thursday, March 29, 2018.

Shangri-La Revenue Sharing Project – Construction of the project is on schedule to start this spring. County staff is currently working with our engineer to order the box culvert for the project and start tree removal. We hope to be able to mobilize the contractor in May.

Lake Front Royal Revenue Sharing Project – VDOT is planning to start construction this spring on the project. County staff is working with property owners to obtain necessary signatures for right-of-way dedications so that the Board can certify the right-of-way to VDOT. Once this is completed, VDOT can proceed to schedule the start of the project.

VDOT/Marlow-Silek Revenue Sharing Project – The project will widen a portion of Route 340/522 South from the crossover in front of Shenandoah Motors to the Crooked Run Boulevard entrance by adding a 3rd lane and right turn lane. The project will also extend the left turn lane for the crossover. W&L Construction started work the week of October 9th and has made significant progress. They will come back in the spring to complete the final paving and drainage pipe replacement under Route 340/522 starting the week of April 2nd.

VDOT/Morgan Ford Bridge – The bridge and roadway opened to traffic on January 22nd. Work remaining to be completed includes staining the concrete bridge rails, final asphalt surface, seeding, and final pavement markings. All work and schedules are heavily dependent upon weather conditions and temperature. Motorists are advised to use caution while traveling through the work zone. The project remains on schedule for completion in June 2018.

VDOT/Happy Creek Road – The public hearing for the project has been moved up and will be held late this spring. This will allow VDOT to move up the

advertisement date for the project to January 2021.

Commercial Projects – Work continues on the following projects:

- Royal Farms Convenience Store – Building and fuel canopies are under construction – Spring 2018 Completion
- Marriott/TownePlace Suites – Winter 2018 Completion
- Chick-fil-A – Winter 2018 Completion

Project	Ad/Bid Date	Cost	Estimated Completion Date	Status
FRWC Airport Obstruction Removal	Summer 2016	\$804,000	Spring 2018	Under Construction
Morgan Ford Bridge	12/2016	\$9,713,152	Spring 2018	Under Construction
Ressie Jeffries Renovations	Fall 2016	\$5,405,885	Winter 2018	Under Construction
Rockland Park Athletic Fields	N/A	\$300,000-\$400,000	Spring 2018	Under Construction
Rockland Park Bathhouse Renovation	N/A	\$75,000-\$100,000	Fall 2018	Under Design
WCSO/WCFR – Radio System Upgrade	N/A	\$1,509,022	Spring 2018	Installation

DPS

TOWN MANAGER UPDATE: Joe Waltz

Rt. 522 Corridor Water Upgrade/Reliability – The Town has completed the hydraulic water study to determine connectivity to our existing water system identified in the (PER) preliminary engineering review for redundancy and reliability. The evaluation of the hydraulic model and the options will be discussed with Council in April.

Afton Inn – Mode development is currently evaluating demo, tax credits and etc. before proceeding. The BAR denied the application for demolition submitted by the EDA on September 12, 2017. The EDA filed an appeal to Council on the decision and Council discussed at the work session on September 18, 2017. Town council voted to appeal the decision from the BAR on September 25, 2017.

Community Development Block Grant (CDBG) – The Town has been awarded a grant for the Front Royal Business District Revitalization project. The request was for \$1Million which the Town received \$700K in the grant. The Project Management Team is currently negotiation the contract with the Virginia Department of Housing and Community Development.

Criser Road Bridge Replacement – The project has been advertised for construction with a bid date of April 10, 2018. Construction timeframe is approximately 90 days and will be scheduled during the summer break for the school system.

Criser Road Trail – The project is 99% completed with the remaining work entailing landscaping and a bus shelter at Criser Apartments. The Town plans to have a ribbon cutting ceremony in April.

Happy Creek Road Phase II – The Town is working with Pennoni on reviewing and updating road design for phase II of Happy Creek Road. The Town has requested VDOT to release remaining funds from the Phase I project and staff has submitted revenue sharing for the project for the upcoming years.

IT Federal Project – Lift station – The Town released the bid for the pump station and other infrastructures associated with the lift station on February 23rd with bid opening on April 3rd. The Town expects a construction time frame to be approximately 6 months.

Main Street Extension – The Town plans to issue the bid for construction next week for the first phase of Main Street Extension.

Police Department Building – The Town's contractor, Dustin Construction, continues with site work, excavation of foundations and pier footings. The completion date for the project has slipped to December 31, 2018 due to weather and soil conditions encountered on site.

Washington Gas & Light – WGL has been approved by SCC to do a pilot project to Front Royal in 2017. Progress meeting with WG&L on March 13, 2018 to discuss their efforts to bring natural gas to the community. They are currently conducting three studies; population projections; route options; and economic impact model. All studies will be complete by summer for future consideration.

Westminster Sidewalk Project (VDOT)- Staff has completed the first phase of the

project with removal of trees along the sidewalk project. Due to federal funds, the Town will not be able to advertise until October 25, 2018.

WWTP Upgrade – On February 14, 2018, the project reached substantial completion (99% complete), with a few minor punch list items. The most important item remaining is performance testing of the ATAD & BioMag equipment. The performance testing will take up to 90 days.

If you have any questions, or need additional information please feel free to contact me.

Chamber of Commerce: No report

(8:35 a.m.)

EXECUTIVE DIRECTORS REPORT: Jennifer McDonald

The following is a snapshot of the EDA financials and projects. The EDA is a quasi-governmental agency and receives 25% of its operational budget by government (County) funds.

EDA Projects:

Workforce Housing:

This EDA announced the Aikens Group as the developer of the project. We have all approvals and now await signature from Mr. Hudson on easement. Joe Silek is working with us to accomplish that task. Paperwork should be completed by Mr. Silek by March 27th. Aikens plans to break ground in 2018.

ITFederal:

ITFederal continues construction of their first 10,000 sf building. Blueline Construction is the contractor for the job. Plans have been submitted to DEQ for the second phase. Phase two building and phase 3 buildings will be 18,000 sf each. Total job count will remain the same.

Afton Inn:

The EDA is currently working with a developer on the Afton Inn location. The plan would include a themed restaurant on the first floor and apartments on the 2nd and 3rd floor. To date the EDA has expended \$10,369.40 on the Afton Inn property development.

MODE Developers and the EDA are working on paperwork to complete the renovation of the Afton Inn.

506 & 514 E. Main Street:

The EDA is currently working on a 3-year lease for the building. The EDA hopes to have an announcement on the building soon. The EDA currently owes \$470,640.34 on the

property. Starting May 2017 the EDA is responsible for the payment of \$2,029 plus liability and flood insurance which adds another \$7,800/year. This is funded solely by the EDA no Town or County funds are used for this project.

Until a new owner has taken over the property, the EDA will continue to collect rent from the apartments and storage units to help offset the cost of the debt service. Once the new tenant takes over they will take over the role of landlord. The EDA has informed the State of the current situation and they are amenable to the EDA controlling the apartments until a new tenant has taken over. If not, tenants of 13+ years would have to be displaced.

Leach Run Parkway:

The Leach Run Parkway was opened on June 26th, 2017. The EDA currently has mortgages on the Parkway properties in an amount totaling \$1,910,637.09 and invoices that were paid previously totaling \$988,312.41 giving a total to Leach Run Parkway assets of \$2,931,298.63. This project is being funded by the Town and County and a split formula of 66% County and 34% Town.

The EDA, Pennoni, and Branch continue to work on the punch list items for the Parkway.

West Main Street extended:

The EDA continues to work with the Town and Pennoni Engineering on design plans for West Main Street extended. VDOT has approved a revenue sharing project and will contribute up to \$650,000 to the project. \$500,000 of unmatched funds and \$150,000 of matched funds. The \$150,000 matched funds will come from ITFederal.

This a Town project and will be funded by the Town. A tax is being collected to offset the cost of this road. A total of \$109,101.69 has been paid in this Fiscal Year by the EDA for this project.

The Town hopes to break ground on this road in 2018.

McKay Springs:

The EDA helps market the McKay Springs property that is owned jointly by the Town and County. In 2016, the EDA purchased an additional 2 acres behind the property (formerly Eastep Trailer Park) to help recruit a commercial user to the site and provide better access to the property. The purchase price of the property totaled \$67,966.70.

The EDA had 1 inquiries in the months of February/March.

522/340 Revenue Sharing Project:

The EDA has entered into a Memorandum of Understanding with the County to participate in a revenue sharing project for road improvements along 522/340 for the Royal Farms Convenience site. The EDA will be the administrator of the project.

Work continues on the project. Ultimately this will be the location of Royal Farms.

Development Review Committee:

Committee continues to meet the fourth Wednesday of each month at the County building. Last meeting was held on February 28th. The next meeting is scheduled for March 28th at 10am in the government center caucus room.

Miscellaneous Items:

Executive Director continues to work on the Front Royal Golf Club committee that meets the third Thursday of each month.

The EDA Director met with the State Partnership representatives three times in late-February to mid- March. The EDA has responded to four RFPs since the last Board meeting.

The EDA has identified a grant opportunity for the Town that will help offset the cost of equipment at the new Police headquarters. Working with the USDA to apply for the \$25,000 grant for the new equipment. Received word from USDA on December 7, 2017 that our full application has been confirmed and we will get notice if the grant has been approved in February 2018.

EDA received word from Cindy Hines with the USDA that the Town was not selected for the grant because of the “cash on hand” listed in the Town’s 2017 audit. Mrs. Hines said we could apply again in October.

Mortgage Liabilities:

506&514 E. Main Street: \$470,640.34

400 Kendrick Lane: \$29,795.57

Combined Loan: Balance: \$3,772,354.19 and that number includes the following properties and balances of each;

- Success Park Loan- \$186,210.08
- 404 Fairground Rd.- \$275,353.41
- Happy Creek Industrial Park- \$448,625.31
- Stephens Park- \$617,907.75
- Baugh Drive- \$344,441.78
- Ramsey property- \$836,577.92
- 1497 Happy Creek Rd- \$314,123.20
- NVA- \$235,522.12

- Benson- \$24,936.65
- 1425 Happy Creek- \$132,201.00
- 1433 Happy Creek- \$356,454.97

Liabilities:

Avtex- \$2,060,000. This amount will be owed at the time of sale of the property to FMC/EPA after the EDA has been reimbursed expenses incurred over the past 25 years. This remains a liability and shows on our financials because it is due immediately upon the sale of the property and EDA reimbursement

Line of Credit- The EDA keeps an open line of credit of \$2,000,000 for any potential land purchases that the Town or County may request or for any leach run parkway or west main street invoices that the EDA will pay on behalf of the Town and/or County.

IRP program- The EDA keeps a \$500,000 liability on its financial statement for the IRP program. That is the total amount borrowed from the USDA. Currently the balance of that loan is \$398,416.42.

RBEL program- The EDA currently has \$185,927.91 in the RBEL account. We currently have 22 active loans totaling \$192,419.33. The EDA just approved new loans to The Apple House in the amount of \$45,000 and to Main Street Travel in the amount of \$10,000.

New Market Tax Credit-The EDA will keep a liability on the financial statement for the new market tax credit program. This program will help fund Ressie Jeffries renovations, the new police department, sidewalks, happy creek phase 2, and leach run parkway. Currently the EDA shows a liability of \$7,903,887.33 for NMTC projects to date. The total liability for the EDA is \$12,000,000.

Snapshot:

EDA operational budget: \$438,669.

County funds: \$108,117 or 25%

Town funds: \$0

EDA funds remaining portion of \$330,552 with rental income, interest income, and land sale profits.

EDA capital budget: \$614,671

County Funds: \$372,681 or 61%

Town Funds: \$141,390 or 23%

EDA Funds: \$100,600 or 16%

The Town/County portion of the EDA capital budget is split as follows; if the property is located within the town limits the County pays 66% and the Town pays 34%, if the property is located outside the Town limits the County pays 80%, the Town pays 20%. The capital budget is subject to change throughout the year as projects come along or requests for land purchases and/or new projects by the Town and County are received.

The New Market Tax Credit Program will change our capital budget as the projects move forward.

STAFF COMMENTS:

DIRECTOR COMMENTS:

(8:35 a.m.)

MOTION TO GO INTO CLOSED MEETING

I, Gray Blanton, move that the Board of the EDA vote to go into Closed Meeting under the provisions of Section 2.2-3711 of the Virginia Freedom of Information Act for the following purpose(s):

Section 2.2-3711.A.1: Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body such discussion shall be limited to the EDA Director.

Section 2.2-3711.A.5: Discussion concerning a prospective business or industry or expansion of an existing business or industry where no previous announcement has been made of the business's or industry's interest in locating or expanding its facilities in the community. Such business to be located on the Avtex site, Stephens Industrial Park and the Happy Creek Technology Park.

Section 2.2-3711.A.8: Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. I further move that discussion be limited to the discussion of EDA Loan Programs and on commercial development within the town limits.

Section 2.2-3711.A.29: Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body. I further move that discussion be limited to the contract for demolition and construction on the Afton Inn property.

ROLL CALL VOTE: BAKER, "AYE"; BIGGS,"AYE", BLANTON, "AYE", DRESCHER,"AYE", DRUMMOND, "AYE", LLEWELLYN, "AYE" AND PATTESON, "AYE".

MOTION COMING OUT OF CLOSED MEETING

On a Motion by Gray Blanton, seconded by Mr. Biggs the Board certifies to the best of each member's knowledge that only public business matters lawfully exempted from open meeting requirements under this chapter and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body.

ROLL CALL VOTE: BAKER, "AYE"; BIGGS, "AYE", BLANTON, "AYE", DRESCHER,"AYE", DRUMMOND, "AYE", LLEWELLYN, "AYE" AND PATTESON, "AYE".

**MOTION TO ADJOURN: MOTION WAS MADE BY MR. DRUMMOND WITH A SECOND BY MR. PATTESON TO ADJOURN.
VOTE: ALL "AYE"; NONE OPPOSED; MOTION CARRIED.**

(10:01 a.m.)

The next regular meeting of the EDA Board of Directors is scheduled for Friday, April 27, 2018, 8:00 AM at the EDA Conference Room.

Respectfully submitted by:

**Michelle L. Henry
Administrative Assistant**