

**BOARD OF DIRECTORS MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY
Of the Town of Front Royal and County of Warren, Virginia
dba as the Economic Development Authority
[January 26, 2018, 8:00a.m.](#)**

OFFICIAL - MINUTES

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

Absent: None

Officials, Staff & Others: Jennifer McDonald, Doug Stanley, Joe Waltz, Dan Whitten, Dan Murray, Bill Sealock, Roger Bianchini, Hollis Tharpe, Ken Dameron, Lewis Millholland and Missy Henry.

CALL TO ORDER: Greg Drescher

Mr. Drescher welcomed the newest member to our EDA Board, Mr. Thomas Patteson.

ADDITIONS/DELETIONS TO AGENDA:

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

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. Discussion limited to the Avtex site.

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

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

APPROVAL OF MINUTES: December 2017

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

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

FINANCIALS: November, December 2017

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

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

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.

Audit:

Ms. McDonald advised we received a clean audit with no comments or recommendations and it was previously emailed to all board members.

She also stated that on page 21 of the audit it should state that Tammy Carlyle's loan will be due in full on October 2, 2020.

ON A MOTION BY MR. BIGGS (SECOND BY MR. BLANTON) THE BOARD VOTED TO APPROVE THE AUDIT.

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

COUNTY ADMINISTRATOR UPDATE: Doug Stanley

Before giving his monthly report, Mr. Stanley stated the following:

I know that we have had a letter written recently critical of the makeup of the EDA Board. I would like to reiterate that the Board of Supervisors has a great deal of faith in the individuals that it has appointed to the EDA Board of Directors. Among those appointed include the de facto CEO of the largest employer in the County, the Vice President of Facilities Management and Safety for the largest employer in the region, a couple with a Health Care and business management background which is one of the largest business sectors in our region, a small manufacturer and developer, and the former head of the Town's community development program. While not everyone on the EDA Board of Directors currently works in the private sector, the Board of Directors, like the community, needs to have diverse representation to market the community and to run the various programs of the EDA. With the IT Federal, Marriott and Royal Farms Construction and Chick-fil-a announcement 2018 stands to be one of our busiest and most successful years in quite a while. A fast food facility may not offer the jobs of a Toray or Family Dollar, but 3-4 of them can generate the

same in taxes for the community. Thank you for your continued dedication and leadership in strengthening our local economy.

Report:

Budget Schedule – The Board of Supervisors will hold its budget work session with the Health Department, EDA, NWCSB, and SAAA at 11:00 am following the Board meeting on February 6th. The Board will meet with all County Departments on February 13th beginning at 9:00 am.

GFOA Budget Award – The County received notification that it will receive the GFOA Distinguished Budget Presentation Award for the County’s FY 2017-2018 Budget. We will schedule a presentation from GFOA in the near future. This is the 8th consecutive year that the County has received this award. Congratulations to Andre Fletcher and the rest of the Finance Department staff.

Staff Education – Congratulations are in order for several staff members who have recently attained significant educational milestones. Andre Fletcher completed his classroom requirements and was officially designated as a Certified Public Accountant (CPA). Andre joins Carolyn Stimmel as the second CPA on staff. In December Brandy Rosser completed the Graduate Certificate Course in Local Government Management. The program is offered through the Virginia Tech Center for Public Administration and Policy (CPAP), in partnership with the Virginia Local Government Management Association. The certificate program provides the next generation of local government managers and leaders with the tools to advance their careers and provide exceptional leadership within the communities where they work. Lastly, GIS Administrator Doug Sexton completed his Masters in Geographic Information Systems (GIS). Congratulations to Andre, Brandy, and Doug for their achievements.

Delinquent Tax Sale – TACS will hold a sale of 18 delinquent real estate properties at 11:00 am this Friday, January 19th at the Warren County Government Center. All but one of the lots is located in the Shenandoah Shores Subdivision.

FY 2018-2019 Capital Improvement Plan – Work has started on the FY 2018-2019 Capital Improvement Plan. The Planning Commission received a total of 23 projects and completed the review and scoring of each project at its meeting on December 13th. The current schedule has the Commission holding a public hearing on the draft plan in February and presenting the final plan to the Board in March.

Project Updates

Ressie Jeffries Elementary School – Roof/Addition/Parking Lot Project – The building addition and roof project is 91% complete, and the site work project is 99% complete. At this point we are waiting on the delivery of the bus and parent drop-off/pickup canopies to complete the project. The canopies are currently scheduled to be delivered on Wednesday, January 17th. We would hope to have all work completed by March 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 by March. 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.

VDOT/Road Closures – Norfolk Southern is planning some road closures in March for track maintenance on railroad tracks throughout the County. Staff will do its best to advertise those dates once announced.

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 have made significant progress. The third lane and turn lane work and curb and gutter is complete except for pavement. As soon as temperatures stay above freezing, the contractor hopes to complete the sidewalk installation. W&L will come back in the spring to complete final paving and the drainage pipe replacement under Route 340/522 when we have warmer temperatures.

VDOT/South Fork Bridge – The project is complete from a public perspective.

VDOT/Morgan Ford Bridge – The project is approximately 80% complete. The bridge deck has been completed and the temporary work bridge has been removed from the river. The initial layer of asphalt has been placed on each end of the new bridge. The concrete bridge railing has been installed. Work remaining to be completed includes installation of guardrail, staining the concrete bridge rails, final asphalt surface, seeding, permanent signs, and pavement markings. All work and schedules are heavily dependent upon weather conditions. The project remains on schedule for completion in June 2018.

Shenandoah Farms Compactor Site/Sanitary District Maintenance Facility – Staff have started work with our consulting engineer, Pennoni, on the site plan for the facility. It is hoped that the site plan can be approved by summer to allow for permitting and work to start in fall 2018.

Commercial Projects – Work continues on the following projects:

- Royal Farms Convenience Store – Building permit for the project was released and picked up on December 1st - Spring 2018 Completion
- Marriott/TownePlace Suites – Fall 2018 Completion

Project	Ad/Bid Date	Cost	Estimated Completion Date	Status
FRWC Airport Obstruction Removal	Summer 2016	\$804,000	Fall 2017	Under Construction
South Fork Bridge	9/2013	\$74,700,000	Fall 2017	Completed
Morgan Ford Bridge	12/2016	\$9,713,152	Spring 2018	Under Construction
Ressie Jeffries Renovations	Fall 2016	\$4,990,077	Winter 2018	Under Construction
Rockland Park Athletic Fields	N/A	\$200,000- \$300,000	Spring 2018	Under Construction
Rockland Park Bathhouse Renovation	N/A	\$75,000- \$100,000	Spring 2018	Under Design
WCSO/WCFR – Radio System Upgrade	N/A	\$1,509,022	Spring 2018	Installation

DPS

Ms. McDonald stated she had been asked at the Leadership class why the EDA would administer projects such as the Leach Run Parkway and the 522 Project. The answer is that the cost savings for the town and county is a large savings. For the LRP it was about a \$2million dollar savings.

Mr. Stanley advised it is a substantial savings of 15 - 20% by having the EDA and a private engineer on the project versus having VDOT.

Mr. Blanton asked why the Morgan Ford Bridge is 18 foot narrower than a standard bridge.

Mr. Stanley explained it had to do with easements, farms never being subdivided and right of ways. In addition, the standard size bridge includes pedestrian walkways, which was not needed at this location.

TOWN MANAGER UPDATE: Joe Waltz

The following are summaries of projects in Town:

Rt. 522 Corridor Water Upgrade/Reliability – The Town completed the preliminary engineering review last year and currently working on a hydraulic water study to determine connectivity to our existing water system. The water study will be completed in February 2018.

Afton Inn – 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. Mode development is currently evaluating demo, tax credits and etc. before proceeding.

Criser Road Bridge Replacement – The project will be re-advertised in the Spring of 2018 with a construction timeframe for the summer while school is out. Town had an issue with a construction easement that was not resolved until late summer of 2017. TheTown also issued an RFP for construction two times in late summer and received limited responses along with double the construction cost.

Criser Road Trail – The Town started the construction of the trail on October 2, 2017 with Lantz Construction performing the work. The project is scheduled to be completed in mid-February 2018.

East Main Street (One Way) – The Town referred to the planning commission in August 2017 to evaluate the proposal for one way on Main Street. The planning commission recommended additional investigations in public safety and public support. Staff is currently working on surveys for community input, traffic counters along Main Street to measure traffic flow and to further investigate the safety issues raised with road width and loading along Main Street. Staff will be discussing this with Town Council in February 2018.

Happy Creek Road Phase II – 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. The Town has Pennoni reviewing the complete design for phase II of Happy Creek Road before proceeding.

IT Federal Project – Lift station - The Town has completed the preliminary design along with cost estimates for the pumping station for the Royal Phoenix site. The delivery of equipment could take up to 3 months and staff anticipates a 3 month construction time frame for completion.

Main Street Extension – Staff is currently working on the RFP for the construction of the first phase of Main Street Extension.

Police Department Building – The Town started construction on the new Police Department on November 1, 2017 with Dustin Construction. They are currently working on site work and poured their first foundations last week. The completion date for the project is scheduled for November 30, 2018.

Property Maintenance Code – On January 8, 2018, Town Council voted down the adoption of the Property Maintenance Code and Rental Inspection District. Town Council will have another work session to discuss before the next public hearing in February on just the Property Maintenance Code.

Washington Gas & Light – WGL has been approved by SCC to do a pilot project to Front Royal in 2017. Staff continues to work with WGL on possible generation sites in Town and growth models for their business plan.

Westminster Sidewalk Project (VDOT)- Staff has completed the first phase of the project with removal of trees along the sidewalk project. The Town is still currently waiting on approval from VDOT to advertising project for construction. Staff anticipated release next Spring for construction.

WWTP Upgrade – Adams Robinson continues construction of the improvements to the WWTP and are approximately 98.7 % complete. The majority of work remaining is testing and resolving the issue with septate receiving station # 2. Project has an estimated substantial completion of February 14, 2018 with an estimated final completion on March 16, 2018 with a certificate to operate under the 5.3 MG permit. If you have any questions, or need additional information please feel free to contact me.

Mr. Waltz advised that he was happy to announce Front Royal was awarded \$700,000.00 for the Community Development Program for downtown.

Mr. Blanton asked if Front Royal was still offering competitive electric rates.

Mr. Waltz advised Front Royal has offered the lowest residential utility rate in the state of Virginia for the last five years.

Chamber of Commerce: No report

(8:20 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. Aikens plans to break ground in summer 2018.

Skyline Regional Justice Training Academy:

Shockey is now looking at construction numbers to see if we can still meet the approved budget amounts. **PROJECT IS ON HOLD UNTIL FURTHER NOTICE.**

ITFederal:

The EDA continues to work with ITFederal on a scaled down version of their project. To date ITFederal has pulled \$625,562 from the \$10mm loan to cover costs associated with DEQ permitting, Pennoni Engineering services, Design services, hauling dirt to the site to fill a 10' gap across the 30 acres, and other miscellaneous items. The EDA initials and approves all invoices before money is pulled and invoices are paid.

ITFederal broke ground in December 2017 and have now started to dig footers. Their contractor is Blueline Construction.

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.

The EDA extended MODE's LOI to January 31st to give the EDA Board time to look over the proposal and to make a recommendation to move forward.

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 \$474,943.47 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 \$56,886.81 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 inquiry in the month of December.

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 November 15th. The next meeting is scheduled for January 24th at 10am in the government center caucus room.

Miscellaneous Items:

The EDA contributed \$2,500 to the trolley project that will allow citizens of the community reliable transportation to jobs in the corridor. According to Mr. Stanley the ridership is increasing.

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 four times in December and January.

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.

Auditors finished up their field work on October 17th and continue to work on our audit. We hope to have copies out to everyone in January.

Mortgage Liabilities:

506&514 E. Main Street: \$474,943.47

400 Kendrick Lane: \$37,822.76

Combined Loan: Balance: \$3,779,569.22 and that number includes the following properties and balances of each;

- Success Park Loan- \$186,502.72
- 404 Fairground Rd.- \$275,809.11
- Happy Creek Industrial Park- \$449,330.51
- Stephens Park- \$618,878.89
- Baugh Drive- \$344,983.22
- Ramsey property- \$838,382.69
- 1497 Happy Creek Rd- \$314,914.04
- NVA- \$235,892.12
- Benson- \$24,994.10
- 1425 Happy Creek- \$132,533.13
- 1433 Happy Creek- \$357,348.69

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 \$402,231.66.

RBEL program- The EDA currently has \$193,805.49 in the RBEL account. We currently have 20 active loans totaling \$183,734.28. The EDA just approved a new loan to Center for Workforce Development(located on Main Street) in the amount of \$10,000 and a loan for ASD 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 \$6,446,797.44 for NMTC projects to date. Of that, \$4,596,501.62 is allocated to RJES. 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:

Mr. Drescher advised we will be sending out information to the EDA Board to meet and discuss our strategic plan. We will invite the Town and County to join us.

(8:26 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.3: Discussion or consideration of the acquisition of real property for a public purpose or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body. I further move that discussion be limited to a purchase of a parcel in the 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 proffers requested by the Town of Front Royal and EDA loan program.

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.

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.
Discussion limited to the Avtex site.

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 Mr. Llewellyn, seconded by Mr. Patteson, 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".

Mr. Drummond left meeting.
(9:20 a.m.)

New Business:

On a motion by Ron Llewellyn, with a second by Bill Biggs, move the adoption of the following resolution:

Authorize Greg Drescher, as chairman, Bruce Drummond, as Vice-Chairman and/or Jennifer McDonald as Executive Director to execute any and all documents needed to negotiate and execute the purchase of 426 Baugh Drive, Front Royal, Virginia 22630 with tax map parcel 5C-5, consisting of 13.9393 acres for a purchase price of five million three hundred thousand dollars and zero cents (\$5,300,000.00). Property to be used for the sole purpose of Economic Development.

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

On a motion by Ron Llewellyn, with a second by Thomas Patteson, move the adoption of the following resolution:

Authorize Greg Drescher, as Chairman, Bruce Drummond, as Vice-Chairman and/or Jennifer McDonald as Executive Director to execute any and all documents needed to negotiate and execute the purchase of 999 Shenandoah Shores Road, Front Royal, Virginia, 22630 with tax map number 20A-22-1 parcel 1B5A, consisting of 48,610 square feet for a purchase price of three million thirty nine thousand one hundred twenty five dollars and zero cents (\$3,039,125.00).

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

MOTION TO ADJOURN: MOTION WAS MADE BY MR. BIGGS WITH A SECOND BY MR. BLANTON TO ADJOURN.

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

(9:31 a.m.)

The next regular meeting of the EDA Board of Directors is scheduled for Friday, February 23, 2018, 8:00 AM at the EDA Conference Room.

Respectfully submitted by:

Michelle L. Henry
Administrative Assistant