

**BOARD OF DIRECTORS MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY
Of the Town of Front Royal and County of Warren, Virginia
dba as the Economic Development Authority
[May 25, 2018, 8:00 a.m.](#)**

UNOFFICIAL - MINUTES

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

Absent: Mark Baker

Officials, Staff & Others: Jennifer McDonald, Doug Stanley, Joe Waltz, Dan Whitten, Hollis Tharpe, Roger Bianchini, Dan Siegel, Mike Graff, Pete Gallagher, Mike McCool and Missy Henry.

CALL TO ORDER: Greg Drescher

ADDITIONS/DELETIONS TO AGENDA:

APPROVAL OF MINUTES: April 2018

ON A MOTION BY MR. DRUMMOND (SECOND BY DR. PATTESON) THE BOARD VOTED TO APPROVE THE MINUTES.

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

FINANCIALS: April 2018

Ms. McDonald stated the EDA auditors were in 2 weeks ago and will be back the week of September 10th to complete the audit.

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

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

COUNTY ADMINISTRATOR UPDATE: Doug Stanley

Development Review Committee – The Development Review Committee met on May 23, 2018.

The Committee discussed projects in the County including:

- Proposed contractor's storage yard on Winners Court-off of Fairground Road.
- Proposed alterations to the Starbucks in Riverton Commons shopping center.
- Michaels is opening May 23rd. They received their final certificate of occupancy.
- A request for an RV Sales business.

The Committee also discussed Town projects including:

- A proposed brewery on Water Street (Lockhart Building). The applicant presented his plan, and the Committee offered comments and feedback for his proposal.
- A proposed shoe store that will be opening on Main Street next to Town Hall.
- Update on inspections at the Front Royal Brewery.
- Parking and possible uses for the Busy Bee's store on Jackson Street.

The Committee will meet again on June 27, 2018.

Reassessment – Wingate Appraisal is continuing to work in the Shenandoah Farms, Blue Mountain, Bentonville, and Shenandoah Shores areas this week and will begin working in the Benny's Beach/Grove Farm Road area. They are on track to start inside the Front Royal town limits the beginning of June. The current plan is to have the initial property visits completed by the end of September. Their next step is to visit, as necessary, all properties where building permits have occurred during the Reassessment in order to update those assessments. The amount of time necessary for this phase will depend on the volume of permits, but they expect this to occur during October. Also during October, Wingate will be running edits and data reports to assure the values are as good and error free as they can be prior to mailing notices of assessment change. Notices should be mailed around the end of October and will show hearing location, dates and times of hearings, the proposed assessment, previous assessments, percentage of change, as well as the levy. The administrative hearings, also known as the assessor's hearings, should begin at or near the first of November. They expect the hearings and reviews to take most of the month of November with about two weeks of advertised hearing dates. Owners will typically be notified of the result of their appeal during December which is when the Reassessment Book is run

and delivered to the Clerk of Court and Commissioner of the Revenue along with the recapitulation which will be forwarded to the Department of Taxation.

Delinquent Taxes – The County will be advertising the list of delinquent real estate taxpayers in the Sentinel and Northern Virginia Daily this week.

Tourism Advisory Committee – The Joint Tourism Advisory Committee met on May 9th and discussed available funding, budget, and the wayfinding signage system. The Committee will meet again on June 6th.

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 have requested additional information to complete the review and make a recommendation to the Advisory Committee and eventually the Board. There will be a court date in June to determine if the words “including golf” can be removed from the deed language.

Project Updates

Ressie Jeffries Elementary School – Roof/Addition/Parking Lot Project – The contractor is currently working on the punch list. We hope to have all work completed by the end of May.

Ressie Jeffries Elementary School – Playground Project – The project is substantially complete, and Phases I and II are open for the students to play on. County staff is continuing to work on completion of the project including the installation of the remaining sidewalks, sod, landscaping, and lighting.

Rivermont Fire Station – At its meeting on May 1st, Board approved the contract amendment with Moseley to complete the construction documents for the project. We hope to complete final design plans and put the project to bid by late-summer 2018. A request for bids for the installation of a well to serve the station is currently being advertised and is due on May 31, 2018.

Health and Human Services Complex – The Board of Supervisors, at its meeting on April 3rd, awarded a contract to Juniper Construction for improvements to portions of the building to accommodate the Registrar’s Office and the Brighter Futures alternative school program. The contractor is expected to start work around June 1st.

Shangri-La Revenue Sharing Project – Construction of the project is scheduled to start this spring. Necessary trees were removed in early April. We hope to be able to

mobilize the contractor by June 11th with the box culvert expected to be delivered June 18th.

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

Shenandoah Farms Sanitary District – County staff have completed grading all the main loop roads and are about 50% complete with spring grading operations. As part of the process they have installed about 600 tons of fresh stone.

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. W&L Construction is expected to be on-site next week to complete paving operations.

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. The contractor completed paving of the bridge approaches and roadway up to Howellsville Road on April 13th. All remaining 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 by June 1, 2018. A ribbon cutting has been tentatively scheduled for June 11th at 10:00 am.

VDOT/Happy Creek Road – A design public hearing for the project was held on May 22nd at Warren County Middle School. This will hopefully 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 – Mid-June Completion
- Marriott/TownePlace Suites – Winter 2018 Completion

Project	Ad/Bid Date	Cost	Estimated Completion Date	Status
FRWC Airport Obstruction Removal	Summer 2016	\$804,000	Spring 2018	Substantially Completed
Morgan Ford Bridge	12/2016	\$9,713,152	Spring 2018	Under Construction
Ressie Jeffries Renovations	Fall 2016	\$5,405,885	Spring 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 – Project on hold until July due to possible joint project with WG&L. 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.

Afton Inn – The EDA issued a news release on April 27, 2018 to provide an update on the Afton Inn. 2 E. Main Street, LLC (formally Mode Development) has plans for limited demolition, stabilization and strengthen of the original structure during the project. The plan is for a mixed use of commercial, office space, and residential apartment units. Project time frame is 12-18 months with an estimated cost of \$2,500,000.

Community Development Block Grant (CDBG) – The Town has been awarded a grant for the Front Royal Business District Revitalization project in the amount of \$700,000. The Project Management Team is currently negotiating the contract with the Virginia Department of Housing and Community Development which is due by June 16, 2018.

Criser Road Bridge Replacement – The project has been awarded to Archer Western Construction for a bid price of \$986,075. They plan to start construction on June 4th with a target date of completion on September 4, 2018.

Criser Road Trail – The project is 99% complete with the only remaining item is the bus shelter at Criser Apartments.

Happy Creek Road Phase II – The Town is working with Pennoni on 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 has awarded a contract to GB Foltz for the lift station and other infrastructures to provide services to lot 6 for a price of \$469,381.92. The Town expects a construction time frame to be approximately 6 months.

Main Street Extension – The Town has awarded a contract to GB Foltz for the construction of the first phase of Main Street Extension for a price of \$1,083,00.00.

Police Department Building – The Town's contractor, Dustin Construction, continues with site work, foundations, block work, and steel installation. The completion date for the project has slipped to December 31, 2018 due to weather and soil conditions encountered on site. The project is currently 45% complete.

Washington Gas & Light – WG&L are currently conducting three studies; population projections; route options; and economic impact model. All studies will be complete by summer for future consideration. WGL has been approved by SCC to do a pilot project to Front Royal in 2017.

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

Chamber of Commerce: Niki Cales

Mrs. Cales advised all on June 7th the Artisan Trail group will be having a “Sip and Learn” event at the Vine and Leaf from 5:30pm to 7pm.

Also on June 7th there will be a Town Business Forum at 6 pm. One of the topics to be discussed is the use of the gazebo for special events.

On June 13th at noon, Front Royal Premier Copiers will be doing a ribbon cutting ceremony at their new location -404 Fairground Road.

On June 19th, the Chamber will be hosting a Job Fair at the Holiday Inn from 3pm to 7pm.

June 22nd, Art in the Valley on Main Street will be doing a ribbon cutting. Time is TBA.

June 26th, Business After Hours, 5:30 pm -7pm, will be hosted by Quality Title. Our leadership class will be graduating 15 individuals at this time.

Mr. Llewellyn advised all that Front Royal was selected as the 2nd Best Town in artisan work in the Blue Ridge magazine.

Mr. Drescher opened the Public Hearing for Valley Health Industrial Revenue Bond at 8:22am

Mr. Ron Llewellyn read the following:

On Item 12 – Public Hearing- Valley Health Industrial Revenue Bond, I must disclose the following:

I am a member and chairman of the Warren Memorial Hospital Foundation, but I do not receive any compensation or benefits from such position.

Accordingly, I do not have a personal interest in the transaction in accordance with Va. Code Ann. 2.2-3112.

I am a member of a group, Warren Memorial Hospital Foundation, who may have an opinion on the Valley Health Industrial Revenue Bond, but I do not foresee any true effect to me regardless of the outcome of the vote, and I am confident that I can participate in the discussion and vote on this matter fairly, and in the public interest. I ask that this disclosure be made part of the minutes of this meeting.

Dr. Thomas Patteson reminded everyone that he stated the above last month.

Mr. Mike Graff advised the project is 174,000 sq ft. and close to one hundred million dollars for the whole project. Construction will probably start as early as late summer

and run to late 2020. One side of the building will be the hospital functions and the other side will be medical office functions.

Mr. Dan Siegel reviewed paperwork with those who were present.

Mr. Drescher closed the public hearing. No one spoke at the public hearing.

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

Resolution of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia authorizing the issuance of up to \$60,000,000 revenue bonds for the benefit of Warren Memorial Hospital.

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

(8:20a.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:

ITFederal:

ITFederal continues construction of their first 10,000sf building. Blueline Construction is the contractor for the job. Plans have been submitted to DEQ for the second phase. The EDA and County worked with the NSVRC on a grant application for trails along the conservancy park utilizing the DuPont settlement funds. We believe the project was not approved for the funding.

Police Department continues to work on construction of their new facility.

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.

2 E. Main and the EDA are working on paperwork to complete the renovation of the Afton Inn.

Ms. McDonald met with Alan Omar, Jim Burton, and Jeremy Camp to go over the draft plans for the Afton Inn. Mr. Camp did not see any issues with the plan at this time and as presented.

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.

The EDA is working with a letter of intent on the property.

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. On April 6th, EDA, Town, and County staff met with Branch Highways and Pennoni to walk the project for any final punch list items that would need to be repaired, completed, or changed. Work on John Marshall Highway near Lake Avenue should begin soon.

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 inquiry in the months of April.

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.

Progress meetings were held March 29th and April 12th.

Development Review Committee:

Committee continues to meet the fourth Wednesday of each month at the County building. Last meeting was held on April 25th. The next meeting is scheduled for May 25th at 10am in the government center caucus room. I have attached last month's agenda for review.

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 two times in late-march to mid- April. The EDA has responded to two RFPs since the last Board meeting.

In comparison to last year (2017), the EDA received a total of 9 RFP's. To-date the EDA has received 15 RFP's since January 2018. 6 of those, Warren County has made the site selection list as being a viable location.

The EDA Staff met with 6 new or expanding businesses in the Month of April. (one eyewear manufacturer, restaurant/pub, 2 retail stores, 1 sewing company, and a small distribution center)

Mortgage Liabilities:

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

400 Kendrick Lane: \$27,103.11

Combined Loan: Balance: \$3,753,550.18 and that number includes the following properties and balances of each;

- Success Park Loan- \$185,447.39
- 404 Fairground Rd.- \$274,165.75
- Happy Creek Industrial Park- \$446,787.41

- Stephens Park- \$615,376.73
- Baugh Drive- \$343,030.67
- Ramsey property- \$831,874.28
- 1497 Happy Creek Rd- \$312,062.09
- NVA- \$234,557.81
- Benson- \$24,786.91
- 1425 Happy Creek- \$131,335.40
- 1433 Happy Creek- \$354,125.74

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 \$391,884.47.

RBEL program- The EDA currently has \$127,586.14 in the RBEL account. We currently have 25 active loans totaling \$251,818.34.

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:

No Staff comments

DIRECTOR COMMENTS:

Mr. Drescher wished Mr. Biggs and Mr. Blanton happy belated birthdays.

(8:50 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.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 Area.

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.

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

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

MOTION COMING OUT OF CLOSED MEETING

On a Motion by Gray Blanton, seconded by Dr. 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: BIGGS, "AYE"; BLANTON, "AYE", DRESCHER, "AYE"; DRUMMOND, "AYE", LLEWELLYN, 'AYE' AND PATTESON, "AYE".

(9:45 a.m.)

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

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

(9:45 a.m.)

The next regular meeting of the EDA Board of Directors is scheduled for Friday, June 22, 2018, 8:00 AM at the EDA Conference Room.

Respectfully submitted by:

Michelle L. Henry
Administrative Assistant