



2912 W. Leigh Street
Richmond, VA 23221

Front Royal-Warren County Economic Development Authority

Updated March 26, 2019

FINAL

MEDIA STATEMENT FROM THE EDA BOARD

(To be distributed on Tuesday immediately following filing of complaint)

The Board of Directors of the Front Royal-Warren County Economic Development Authority today released the following statement:

Like the rest of our community, the board of directors of the Front Royal-Warren County EDA has been eagerly awaiting the results of a comprehensive investigation related to actions taken during the tenure of our former executive director. The board has worked diligently with outside financial and legal consultants to thoroughly review EDA financial and accounting records to determine the facts. During this process we refrained from commenting about the specifics of the case to not interfere with the investigation.

As the lawsuit filed today indicates, the EDA board never approved or even had knowledge of numerous financial transactions, including loans, use of lines of credit for certain projects, nor did it authorize certain work and purchase agreements allegedly on behalf of the EDA. We, like many others, were misled and unaware of the extent and magnitude of this scheme.

We share the reaction from others in the community when we say we were shocked by the breadth of these allegations. While we are disappointed that these transactions didn't come to our attention earlier through regularly scheduled annual audits, we commit to doing everything we can to ensure this does not happen again. We recognize that this board must regain the public's trust while seeking to recover public funds and holding those responsible accountable for their actions.

To that end, under the leadership of interim executive director John Anzivino, we've already implemented a number of changes ahead of the arrival of a new executive director who is expected to join us this spring. For example, we've put into place new policies ranging from expense approvals to screening of employees. We've reinstated a loan committee and appointed a budget committee for additional oversight while expanding the scope of the audit committee. We're also seeking more engagement of current board members and their understanding of the responsibilities and oversight duties of this unpaid, volunteer role as well as new members with new ideas and different perspectives.

Most significantly, our board and the Warren County Board of Supervisors already have started discussions to make the County the fiscal agent for the EDA effective July 1, 2019. This will require that



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all financial transactions be handled by the County and its treasurer, providing additional layers of oversight, protection and accountability so we can focus on what we do best – growing our region’s economy.

While we’re taking important steps now to safeguard our future, let us not lose sight of the many accomplishments of the EDA in recent years showing our significant role in our community’s economic development. Such accomplishments include the growth in the expansion of existing industries as well as the ongoing development of two industrial parks, one former Superfund site and a technology park.

Since the mid-1990s, we’re proud that the Authority has worked to help create over 2,500 jobs and \$500 million in investment in the County and the Town.

The future of Warren County, the Town of Front Royal and the region depends on a strong, aligned and supported economic development authority. Our focus, therefore, remains on attracting jobs, talent and investment with new safeguards in place to ensure transparent transactions that benefit our community.

We have recently adopted a carefully constructed and thoroughly reviewed budget for 2020 and we continue to receive inquiries from potential businesses about land and buildings to grow our region’s economy. We continue to have a close working relationship with the Virginia Economic Development Partnership to host several significant business prospects.

This has been a challenging time for the board and we appreciate the support of so many in the community.

Now, given the ongoing nature of the continuing investigation as well as pending litigation, the EDA board will not comment on specifics related to this case until after this matter is concluded.