

BOARD OF DIRECTORS MEETING
INDUSTRIAL DEVELOPMENT AUTHORITY
Of the Town of Front Royal and County of Warren, Virginia
Dbas as the Economic Development Authority (EDA)
October 25, 2019 at 8:00 a.m.
Special Meeting OFFICIAL Minutes

Present: Ed Daley, Chair; Jeff Browne, Vice-Chair; Tom Patteson, Treasurer; Marjorie Martin, Secretary; Gray Blanton, Director; Mark Baker, Director; Also present were Sharon Pandak, new EDA legal counsel; Doug Parsons, Executive Director; Gretchen Henderson, Administrative Assistant and Recorder.

Greg Harold, Director, was present via conference call.

Others Present: Doug Stanley, Warren County Administrator; Mark Williams, Royal Examiner; Josh Gully, Northern Virginia Daily.

Call to Order

Dr. Daley called the meeting to order at 8 am

Agenda

Mrs. Martin, seconded by Mr. Browne, moved to accept the agenda as presented*. The motion passed unanimously.

County Administrator Update-Doug Stanley

Dr. Daley asked about Leach Run Parkway. Mr. Stanley understood that the contractor was to report to the site on Monday, October 28, to work on installing sod. Mr. Baker asked if a Certificate of Significant Completion had been signed. Mr. Parsons reported that he's communicated with VDOT and the Town of Front Royal on the remaining work. Dr. Daley noted that the EDA will not get reimbursed for expenses related to the project until it is certified complete.

Mr. Stanley asked for the Board's support at the November 19 rezoning hearing for the proposed Virginia Inland Port Logistics Center (Equus Project). He also noted that site plans are moving forward to demolish the Capital Bank Building in the Riverton Commons Shopping Center to make way for a building for three potential tenants.

* Due to an oversight in the proceedings, the minutes from Special Meeting October 11 were not presented or approved. They are expected to be addressed at the next Special or Regular meeting.

Mr. Browne asked Mr. Stanley about a Tourism Committee that he mentioned in his County Administrator Report. Mr. Stanley said it is open meeting on December 11 at 3 pm. Both the Town and County collect lodging revenues that go toward tourism projects. The committee ensures that they are not working at cross-purposes. One example is the way-finding signage initiative, which is an effort to identify locations and destinations to bring tourists into the Town and County.

Town Manager Update-Joe Waltz

Mr. Waltz was not present.

Mr. Browne asked if the Main St. Market apartments would be eligible for the façade improvements grant. EDA Executive Director Doug Parsons responded that his understanding was that, yes, the building could qualify for grant funding. Dr. Daley followed up by explaining that the façade program was initiated in two groups. He expected that there would be excess funding from group one that the EDA might get access to.

Dr. Patteson asked if the EDA would be able to rent out the apartments. Dr. Daley deferred the topic to the new EDA Attorney.

Committee Reports

Executive Committee-Jeff Browne

Mr. Browne requested that all committee chairs prepare a 6-month priority list to present for the November 15 Special Meeting.

Mr. Browne explained the process of choosing Ms. Sharon Pandak of Greenhan, Taves, & Pandak. He explained that there were four firms that replied to the RFQ. Ms. Pandak demonstrated superior knowledge of the topics and issues that are relevant to the EDA.

MOTION: Mr. Browne made a motion to accept the contract for legal services with Greehan, Taves, & Pandak. Mr. Blanton seconded. The vote was unanimous.

MOTION: Dr. Patteson stepped down as EDA Treasurer. Mr. Browne nominated Mrs. Jorie Martin as EDA Treasurer. Dr. Patteson seconded. The vote was unanimous.

MOTION: Mrs. Martin's selection as Treasurer created a vacancy in the Board Secretary position. Mr. Browne made a motion to nominate Greg Harold to be EDA Secretary. Mrs. Martin seconded. The vote was unanimous.

MOTION: Dr. Patteson also stepped down as Chair of the Finance Committee. Mr. Browne made a motion to nominate Mrs. Martin as Chair of Finance Committee. Dr. Patteson seconded. The vote was unanimous.

MOTION: Mr. Browne made a motion to add Mrs. Martin, new Board Treasurer, as a signatory to all EDA bank accounts and to remove Tom Patteson. Mr. Baker seconded. The vote was unanimous.

Finance Committee

Mrs. Martin discussed the 1325 Progress Drive insurance bid process. Mrs. Martin solicited and compared proposals from 5 local agencies. Erie Insurance was the low bid and offered the best coverage.

MOTION: Mrs. Martin made a motion to approve Erie Insurance for the new insurance policy for 1325 Progress Drive. Dr. Patteson seconded. The vote was unanimous.

Mrs. Martin moved on to discuss the topic of the solar system on the roof of the Avtex Building. Mr. Baker disclosed that his employer is working with a solar company on a project and felt it necessary to recuse himself from the discussion. EDA Attorney Sharon Pandak recommended Mr. Baker complete a disclosure form that she would send to him in an email.

Mrs. Martin noted she had discussions with Rappahannock Electric Cooperative and Hugh Stohl of Secure Future to gain an understanding of the solar system and available options. One of the options is to sell the whole system. Three solar companies expressed an interest in looking at the system. She recommended that the EDA look to remove the solar panels and fix the roof.

Dr. Patteson noted that one estimate was that a turnkey system of the kind and size on the Avtex Building roof would cost \$250,000, considerably less than what the EDA paid for it. His understanding was that the best the EDA could hope for is reselling it for \$25,000.

Mrs. Pandak suggested that Mrs. Martin develop a draft RFP to determine a resolution on the status of the rooftop solar system.

Mr. Harold offered a counterpoint to the discussion. Having a solar system on the roof might be a feature to attract tenants to the available office suites in the Avtex Building or if the EDA were to consider selling the building.

Mr. Parsons pointed out a problem if the EDA were to bill tenants for solar usage. He stated that there is a non-compete clause in the Town electric plan so the EDA may run afoul of Town code. Mr. Browne suggested raising rents in each suite in lieu of having the tenant paying their own electric bill.

Mr. Baker asked if the roof needed repaired or replaced. Mr. Parsons noted that repairing the roof would be prudent. He's had on-going discussions with a roofing company and will have an estimate of the cost of repairs.

Dr. Patteson noted to the board that negotiations with FB&T about the Line of Credit are on-going. Mr. Browne noted that the stand down agreement negotiations are on-going.

Mr. Parsons reviewed the EDA cash balances handout. He also noted that the EDA has moved all bank accounts to a new county account at Atlantic Union. The EDA has two CDs at United Bank. In order to comply with the fiscal agent agreement, he recommended the board pass a motion to make the County Administrator and/or Treasurer signatories so they would have to sign and approve should the EDA want to cash in the CDs.

MOTION: Ms. Martin made a motion that the Warren County Administrator and/or Warren County Treasurer be a required signatory on United Bank CDs. Mr. Browne seconded. The vote was unanimous.

Assets Management Committee

Mr. Harold reported that the 1325 Progress Drive roof repair project contract is in the works. Wells Roofing was the low bidder. Mr. Parsons suggested the board approve the alternate bid. It was a lower cost with the specific installation procedure explained in the bid.

MOTION: Dr. Daley made a motion to approve the bid the Wells Roofing for \$45,600, contingent on review by the EDA Attorney. Mr. Browne seconded. The vote was unanimous.

Mr. Harold discussed the on-going review of EDA properties. By December 13, Mr. Harold will be presenting a more detailed review of some specific properties to include land use/restrictions, marketing potential, and zoning information.

Mr. Browne asked for clarification about the Avtex Building. Mr. Harold stated his belief that roof repairs were a prerequisite to obtaining tenants at 400 Kendrick Lane.

From Mr. Harold's Asset Committee handout, Mr. Browne deferred discussion about abandonment legalities related to the clearing out of the Main St. Market and Main St. storage units to EDA legal counsel.

Due to a schedule conflict, Mr. Blanton took his leave at this point in the meeting.

Communications Committee

Mr. Browne explained that one goal is to shorten board meetings. Steps taken thus far include getting minutes out to board members to review and agenda items to EDA staff in a timely manner. Also, he encouraged the continued use of committees to process information so that full board meetings are more efficient. Lastly he expressed an interest in possibly using a Consent Agenda concept to make meetings more efficient.

Mr. Browne mentioned another priority is website development. He mentioned the idea of putting out an RFP or RFQ for website developer.

In conjunction with Community Development and Tourism and the Northern Shenandoah Valley Region Commission, EDA will be a part of a presentation to the business, agriculture, and county officials in Warren and nearby counties regarding the spotted lanternfly invasion that could threaten this region. He also mentioned organizing a Real Estate Open House for early in 2020 to highlight EDA properties and other commercial properties for commercial realtors.

Executive Director's Report-Doug Parsons

Mr. Parsons reported that EDA staff is continuing to work with the county's Finance Department to streamline processes related to paying invoices. Staff is also preparing for the USDA financial and Civil Right Compliance review. He mentioned that separate county bank accounts have been

created for the RBEL and IRP accounts and that he is also working toward setting up electronic payments for loan borrowers.

Mr. Parsons noted that he is preparing the contract for the 1325 Progress Drive roof repair project and anticipated new EDA legal counsel Sharon Pandak to be part of the final review process. Also, the repairs of the Main St. Apartments is complete and the tenants are back in.

Mr. Parsons showed the 426 Baugh Drive property to representatives of the Virginia Economic Development Partnership (VEDP) and the Virginia Inland Port.

Mr. Parsons reported that there are two prospects interested in an EDA property and would discuss more in Closed Session. Also he would be discussing negotiations with two other prospects for two additional EDA properties at that time as well.

Mr. Parsons attended a public hearing on October 9 for the new Virginia Inland Port Logistics Center (Equus Project) to support the rezoning effort. Additionally, he mentioned that the EDA-owned McKay Springs property is also undergoing a rezoning process. He also mentioned that the Virginia Inland Port is undergoing a \$15 million dollar expansion initiative.

Mr. Parsons discussed the DCI Workforce Project he is involved with. He also met Jim Wolf from George Mason University who is interested in collaborating to work on small business initiatives.

VEDP has chosen Warren County to take part in a new test phase of their Site Characterization Project. Mr. Parsons will be receiving reports and providing feedback to help VEDP finalize this step in their program. He explained that of the 466 parcels in Virginia that are 24-acres or larger, 90% are only at Tier II. He hopes that the EDA and Warren County will be in a position to improve the tier rankings of several of our parcels.

Finally, Mr. Parsons continues to meet with local businesses and industries in Warren County. The Inland Port and VEDP are actively involved in promoting tax incentives to attract and retain business and industry.

Dr. Daley directed attention to the handout Schedule of Notes Payments. He confirmed that the Town has not made any payments to the EDA for expenses related to the Front Royal Police Department. He also confirmed that there are approximately \$900,000 of EDA expenses related to Leach Run Parkway that are supposed to be reimbursed when the project is complete.

Mr. Parsons noted that there are two EDA loans with small balances for projects that will not be undertaken, Happy Creek Phase II and West Main St. Extension. He paid off those loans and closed those accounts. Going back to the FRPD, Mrs. Martin reported that the Town has been sent an invoice with the balance they owe the EDA. The Town has not responded or paid.

Closed Session

On a motion by Jeff Browne, seconded by Mark Baker, the Board of Directors entered into Closed Session pursuant to:

Virginia Code § 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. Be it further moved that discussion be limited to properties located on Main St., Fairgrounds Road, Royal Phoenix, and Stephens Industrial Park.

Virginia Code 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. Be it further moved that discussion be limited to businesses to be located in the Stephens Industrial Park, Main Street, Fairgrounds Road, Royal Phoenix, and Happy Creek Technology Park.

Virginia Code Section 2.2-3711.A.7: Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. Be it further moved that such discussion be limited to the case of *Industrial Development Authority v. Jennifer McDonald et al.*

Virginia Code 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. Be it further moved that discussion be limited to the discussion of loans, accounting, debt service issues, First Bank & Trust, and the Afton Inn.

~ROLL CALL VOTE~

Blanton	<i>Absent</i>	Baker	<u>✓</u>	Martin	<u>✓</u>
Daley	<u>✓</u>	Browne	<u>✓</u>		
Patteson	<u>✓</u>	Harold	<i>via conference call</i>		

Due to a schedule conflict, Mr. Baker took his leave at this point in the meeting.

MOTION COMING OUT OF CLOSED MEETING

On a Motion by Jeff Browne Seconded by Tom Patteson, and by unanimous vote, 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 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~

<i>Blanton</i>	<i>Absent</i>	<i>Baker</i>	<i>Absent</i>	<i>Martin</i>	<u>✓</u>
<i>Daley</i>	<u>✓</u>	<i>Browne</i>	<u>✓</u>		
<i>Patteson</i>	<u>✓</u>	<i>Harold</i>	<i>via conference call</i>		

Motion out of Closed Session

MOTION: Mr. Browne made a motion to approve Asset Purchase Agreement, as amended, for 404 Fairgrounds Road. Mrs. Martin seconded. The vote was unanimous.

Adjourn

All business being completed, Dr. Daley adjourned the meeting at 11:16 am.