

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE TOWN OF FRONT ROYAL & COUNTY OF WARREN, VIRGINIA
dba ECONOMIC DEVELOPMENT AUTHORITY (EDA)**

At a regular meeting of the Board of Directors of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia, dba Economic Development Authority held on Friday, December 09, 2022, at 8:00 AM at the Warren County Government Center, Caucus Room, 220 N. Commerce Avenue, Front Royal, VA 22630, and streamed online.

Board Members Present: Jeff Browne (Chairman); Greg Harold; Scott Jenkins; Jorie Martin; Jim Wolfe

Others Present: Joe Petty, Warren County Director of Economic Development; Zach Henderson, Office Manager for Economic Development; Walt Mabe, Warren County Board of Supervisors; Vicky Cook, Warren County Board of Supervisors, Skip Rogers Front Royal Town Council, Ed Daily, County Administrator

Others Present (online): Sharon Pandak, FR- WC EDA attorney, Roger Bianchini, Royal Examiner

Jeff Browne called the meeting to order at 8:00AM with the following roll call: Browne – here, Harold – here, Jenkins – here, Martin – here, Wolfe here.

Adoption of Agenda:

Mr. Jenkins asked if there was any information regarding the Avtex property on the Agenda. Mr. Petty said it was part of a link that will be discussed executive committee, or Board Member updates.

On a motion made by Mr. Jenkins, and seconded by Mr. Harold, the Agenda was approved with the following vote:

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Approval of Minutes:

On a motion made by Scott Jenkins and seconded by Jim Wolfe the minutes for the October 28th regular meeting and the November 17th special meeting were approved as presented with the following roll call:

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Committee Reports:

As part of Mr. Browne’s Executive Reports, he mentioned that in Richmond there is a discussion of creating a second inland port, but while it’s unclear where it will go, Mr. Browne emphasized the importance of bolstering our own port as a major part of the 2023 objectives and strategic plan. Furthermore, he expressed a desire for its expansion with the help of the Town and County and others. Mr. Jenkins suggested that a representative from them come in and give a presentation on their plans, capacity, information etc. Mr. Petty then confirmed that he had invited two individuals from the inland port to come in a speak at the January meeting and they had expressed enthusiasm to present.

Mr. Harold’s reports from the asset committee were mostly for the closed session however, he had spoken to Ms. Martin and stated that there is money available on a state and federal level and there has been an IRS change to certain funding as it relates to workforce housing opportunities. Ms. Martin commented that in addition to federal assistance there has been a push from the Governor and the commonwealth on affordable housing programs. Mr. Browne asked if there is anything the County is doing for housing. Mr. Petty stated

that the County has traditionally looked to the Town for those specific types of housing development, but it would be beneficial to look at the new Comprehensive plan for the Town. Mr. Browne asked if the current lull in the Construction industry could be coming to and end soon and Mr. Harold stated that near term would be more difficulty however, things are projected to improve approximately 12 months out based on the current market and potential drops.

Jim Wolfe's reports for the financial committee primarily focused on the budget for FY23-24 as well as FY24-25. However, Mr. Petty commented that applications for the small business committee are now open and posted on the websites and can be emailed; the hope is to do interviews next month. Mr. Petty then summarized the tracking sheet of the monthly expenditures and revenues, loans, income etc. and emphasized that the sale of 426 Baugh drive will greatly impact both moving forward (rental revenue versus utilities and maintenance). Ms. Martin asked is the excess funds will be a point of discussion during the meeting in either open or closed. Mr. Browne stated that he spoke to Dan Segal who reached out to First Bank and Trust regarding the excess funds. They preferred that it be paid off into First Bank and Trust as it has the highest interest rate (3.5%) left of the remaining bank loans. Before a motion was made Mr. Jenkins asked what the exact amount of the excess funds are and what specific loan will be it applied to. Mr. Petty stated that it was going to the consolidated loan and the total amount is \$851,362.39. Mr. Browne stated that the number represents is what was paid for Baugh Drive minus the entirety of the United loan to secure, and minus the transaction costs. Mr. Jenkins then asked how much the outstanding balance was remaining, and Mr. Browne stated that it was \$12,256,044.64 for 30 years.

There was then a motion by Jim Wolfe and seconded by Scott Jenkins to take the excess payment from the Baugh Drive sale for \$851,362.39 to First Bank and Trust Consolidated loan with a balance of \$12,256,044.64 at 3.5%.

Browne, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

As part of the Board Member updates, Mr. Jenkins discussed the Avtex property and emphasized the summation and importance of transferring the conservancy side of the property to the County for recreation and development. The goal is to work with the County to begin getting trails laid in and start an action plan soon. Mr. Browne stated that it would be important to include the Town since it is a property in the Town and work with them to make a detailed presentation for the Town and the County together. Ms. Martin agreed and stated added that it would be a good idea to seek out clarity and support from the current Board and Council to work together in creating a tangible plan for the property. Mr. Wolfe asked if the presentation can be ready in January and then have it in the February meeting for final approval. Ms. Martin asked for a motion so that it can be clearly in the minutes and authorization to make the presentation is approved. Dr. Daley commented that time is a major factor to get the money for the project and emphasized getting the approval in January instead of February.

Ms. Cook asked if the approval is needed from both the Town Council and the Board of Supervisors. Mr. Browne stated that final approval would go to the County Board because they would be the ones who provide resources. However, from the perspective of the Town Council, it would be beneficial for them to be involved and supportive because it is still within the Town limits. Mr. Rogers expressed his enthusiasm and is encouraged to get the Council on board. Dr. Daley suggested to schedule the meeting with the Board of Supervisors and to invite the Town Council. For the sake of clarity, Ms. Martin asked when the Avtex presentation should be ready. Dr. Daley stated it should be prepared by January 10th and be presented to the Board on January 10th and to let the Town Council know.

Ms. Martin asked for an official motion to allow Mr. Petty to make the presentation and for the County to handle the recreation grants, but we cannot officially apply until the property is owned. Mr. Wolfe motioned, and Mr. Jenkins seconded that Mr. Petty be authorized to make the presentation and organize a joint meeting to discuss and possible vote on the issue for the January 10th meeting.

Browne, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Mr. Petty then went over the website update as well as making a detailed list of what needs to be updated specifically and help streamline the process. Furthermore, in terms of the budget and the audit have been taking a lot of time but is still a work in progress with the help of the new and old Finance Director as well as the Office Manager. There has also been a lot of work done with Planning with short term tourist rentals and have sent out a survey to gauge their economic impact on the community, given their rapid growth in numbers since 2020.

Unfinished Business:

Mr. Wolfe went through the proposed budget and highlighted the new Board compensation, which has not previously been included in prior budgets. Furthermore, there is no money for auditors, accounting, marketing, or advertising because those have been taken over by the County. Mr. Browne stated that it would be beneficial to know what the County plans to do with these funded line items. Mr. Wolfe continued by stating that the interest rates are a large part of the overall expenditures and operating allotment, and to make the budget balance is to have those expenditures and revenues must match. The allotment from the County is higher because the interest is higher.

Mr. Wolfe stated that there is no mention of money to be used to improve properties to get them to a higher tier level. Mr. Browne and Ms. Martin mentioned that there is \$20,000 in maintenance (code 5407) but Mr. Wolfe questioned if the \$20,000 was enough or should the EDA ask for more to help get a few properties to a higher tier level. Mr. Browne asked if they can be made into separate line items, one for more routine property maintenance, and one catered to tier upgrades. Dr. Daley stated that the overall goal for the Board of Supervisors is to get rid of the interest column. However, if upgrading the properties in question will help to sell them to pay the loans, then that would be a more ideal investment. Mr. Harold asked if \$20,000 is enough to get another tier rating. Mr. Wolfe said it was not, but an educated guess based on IT Federal would be \$250,000 and another \$40,000 would be for permit plans etc. The \$20,000 in the budget would for property maintenance but not necessarily a line item for upgrading the Tier. The IT federal building tier upgrade will fall under the EDA budget because even though they do not own the building, they own the property it's on.

Mr. Jenkins suggested that the funding costs for IT Federal be put into the FY 24-25 budget in anticipation of getting that building market ready. Dr. Daley agreed with this approach because it will put the County on notice and will approve but also revise the later requests during the next fiscal year. Mr. Jenkins then asked about the drop in the tech funding, and Mr. Petty stated that the IT Department is working on merging all tenants under the same system and EDA will be included in that, but the operations should stay the same. Lastly, Mr. Jenkins suggested that some funding be put in the community projects line item for FY 24-25 for several community initiatives, and the suggested amount of \$5,000.

In terms of Mr. Petty's budget, there is \$1,000 that have been put into travel and training for the quarterly meetings, and historically have sponsored programs such as: Go Virginia, Worlds at Work etc. If those are solely Economic Development, then it would come from the County's Budget. However, if it's on a community scale then it would come from the Board of Supervisor levels. Mr. Mabe asked if Economic Development was looking for Grant Writing programs or capabilities. Mr. Petty stated that there was an increase in the budget for dues and memberships to help belong to different organizations, and conference and education because VEDA (Virginia Economic Development Association) hosts quarterly meetings and seminars. The Office Manager will also be more in the know of all the upcoming State and Federal Grant opportunities. Ms. Martin asked about the Stevens site. Mr. Petty stated that the survey still needs to be completed based on the most recent correspondence with them. Mr. Browne requested to see what the County Department is requesting in correlation with the EDA, and Mr. Petty will send them out when he has updated them.

Mr. Petty then noted the annual payment on the USDA loan accounts, one was a grant from many years ago, the other is a loan that is currently being repaid at \$21,000 a year. Next year the interest is projected to be less because there is a finite amount loans the EDA has but could also increase now that the loan committee is being re-established and getting more loans out there.

Mr. Wolfe motioned and seconded by Mr. Jenkins, the approval of the budget with the following three changes: 1) Adding \$5,000 to FY 24-25 for community projects. 2) Adding \$40,000 for the Stevens property for FY 23-24. 3) Adding \$250,000 for IT Federal for FY 24-25.

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

New Business:

In terms of the meeting schedule, Mr. Browne asked if it would be better to move the December meeting back to the 15th. Mr. Jenkins also suggested the meetings for May, June, and October start at 8:30AM instead of the usual 8:00AM and move the May meeting to the 19th as not to conflict with Memorial Day weekend. Mr. Petty added the tentative dates for the quarterly meeting schedule and the specific dates and topics can be determined at the January meeting.

Ms. Martin moved to adopt the meeting schedule with the discussed changes and seconded by Mr. Wolfe.

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Ms. Pandak asked if Mr. Browne if the EDA wanted to make an amendment to the bylaws to have the ability to hold virtual meetings. Mr. Browne stated that the last special meeting had to be delayed a week because they lacked a quorum, and at the time they could not have a virtual meeting because they bylaws stated that the Board adopted a month in advance. Ms. Pandak summarized the changes to allow the chair, after consulting with the executive committee, to schedule a virtual meeting and to provide notice with respect with any regular, special, or emergency meeting as set forth in the bylaws.

Mr. Wolfe motioned for approval and seconded by Ms. Martin, to approve the changes to the bylaws to reflect the discussion on virtual meetings.

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Closed Meeting:

On a motion at 9:47 AM by Mr. Harold, seconded by Mr. Jenkins, and by the following vote, the Board of Directors entered a closed meeting for the following:

- A. 4 matters – Discussion of disposition of publicly held real property where discussion in open meeting would adversely affect the bargaining position or negotiating strategy of the public body, Stephens Industrial Park, 1321 Happy Creek Rd, Avtex redevelopment, Happy Creek Industrial Park, and legal advice related thereto, pursuant to Va. Code § 2.2-3711.A.3 and 8.
- B. 2 matters – Consultation with legal counsel 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, EDA vs Jennifer McDonald et al, EDA v. Town of Front Royal et al, pursuant to Va. Code § 2.2-3711.A.7 and 8

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

On a motion at 10:57 AM by Mr. Wolfe, seconded by Ms. Martin and by the following vote, the EDA Board of Directors certified to the best of each member's knowledge only public business matters lawfully exempted from open meeting requirements under Va. Code § 2.2-3712 of the Virginia Freedom of Information Act 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:

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

As closed session ended Ms. Pandak stated that with the assistance of it' legal counsel, certain claims and defenses may have related to a disputed matter, whereas pursuant to Va. Code § 2.2-3705.1 and 2.2-4119, certain disputes with the EDA and confidential parties have been mediated. Whereas the mediated disputes have resulted in a proposed confidential settlement agreement which is conditioned upon the approval of the EDA Board at which the EDA Board has considered in a closed meeting. Whereas the EDA desires to enter into a confidentiality settlement agreement with confidential parties providing for confidential settlement payment to the EDA. Now there for be it resolved that the EDA approves of the before mentioned proposed confident proposed settlement agreement, which settlement agreement shall remain confidential as the product of a mediated confidential settlement pursuant to State law.

Ms. Martin motioned for approval and seconded by Mr. Wolfe with the following roll call.

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Adjournment:

There was motion to adjourn by Ms. Martin and seconded by Mr. Harold

Browne, Aye; Harold, Aye; Jenkins, Aye; Martin, Aye; Wolfe, Aye

Jeff Browne adjourned the meeting at 11:00AM