



APPROVED MINUTES

Industrial Development Authority of the County of Prince William

REGULAR MEETING

April 4, 2022

The Regular Meeting of the Industrial Development Authority of the County of Prince William was held via Zoom Meeting Video Conferencing. Members of the public had the opportunity to participate. The meeting was called to order by the Chairman at 6:30pm.

Present were: Patrick O'Leary, Chairman
Lorna Wallen, Vice Chairman
Dexter Montgomery, Secretary/Treasurer
Andrew Taylor, Assistant Secretary/Treasurer
Harry Horning
Cheryl Kenny
Terence Battle

Absent was: None were absent.

Donna Flory and Scarlett Barbee attended to provide administrative support.

Christina Winn, Executive Director, Thomas Flynn, Deputy Director, and Michelle Morris, Senior Business Service Analyst, Prince William County Department of Economic Development (DED), attended to provide updates on several DED projects.

Michael W. Graff, Jr., Partner, McGuireWoods, LLP, the IDA's Bond Counsel, attended to update the IDA on the Park Landing age-restricted, affordable housing project. Stacy Kaplowitz, Vice President, Development, and Erica Meissner, Senior Development Manager, KCG Development, LLC attended to represent the developer of the Park Landing project.

PLEDGE OF ALLEGIANCE

CITIZEN'S TIME: Seth Opoku-Yeboah, Development Associate, E&G Group, McLean, VA was in attendance.

NEW BUSINESS

- 1) ***Update on the Prince William County Lift Up Lodging Grant Program*** – Christina Winn, Executive Director, Prince William County Department of Economic Development (DED), reported that 44 hotels were approved for the Lift Up Lodging Grant Program. One hotel changed ownership, making them ineligible for a loan. The 44 approved Lift Up Lodging grants total \$3.2 million. No additional hotel applications are expected. Working with the Prince William Office of Tourism and the Board of County Supervisors, DED will determine an appropriate use for the remaining \$700,000 in this program. Possible uses are adding it to the Restore Retail Grant Program or allocating it to other initiatives.
- 2) ***Update on the Prince William County Restore Retail Grant Program*** – Christina Winn, Executive Director, Prince William County Department of Economic Development (DED), reported that 265 businesses have been approved to date, for a total expenditure of just over \$4 million. A total of \$6 million is allocated for this grant program. Donna Flory, the IDA's bookkeeper, has prepared Tranche 5 for distribution to 42 businesses.

- 3) **Update on the Ignite 2.0 Grant Program for High-Growth Startup Businesses** – These grants are provided by American Rescue Plan Act (ARPA) funding. Christina Winn reported that the rollout of Ignite 2.0 is delayed until a new Life Sciences Manager is hired. The interview process is currently underway. Several companies approved under Ignite 1.0 were not awarded due to all funds being expended. Those companies are now being awarded under Ignite 2.0. TRAXyl, Inc. received its funding last week. Canopie, Inc., Virongy, and Heides are currently completing the necessary requirements to receive their grants.
- 4) **Update on the Elevate Workforce Program** – Christina Winn provided a brief update on the Elevate Workforce Program. This \$1.2 million program utilizes ARPA Funds through an agreement with Virginia Careerworks SkillSource. Grant funding does not come through the IDA, but the IDA can help by promoting the Elevate Workforce Program.
- 5) **Update on Draft Tri-Party Agreement Among the Prince William Board of County Supervisors, the Prince William County Service Authority, and the IDA Pertaining to the Prince William County Water and Sewer Tap Fee Availability Loan Program** – Christina Winn reported that further discussion on this program is on hold until the end of April. The PWC Service Authority may be working on the Agreement. Previous loans, made by the IDA to two local hotels for water/sewer tap fees, are current on their payments. Ms. Winn will update the IDA in the future.
- 6) **Update on Town of Haymarket Distribution of CARES Act/American Rescue Plan Funds** – The IDA's Bookkeeper, Donna Flory, reported that there are four checks outstanding. A check was reissued due to a difference in the business name and the name on the check.
- 7) **Update on Park Landing LP, Age-Restricted, Affordable Housing Project to be located at 3301 Noble Pond Way, Woodbridge, VA** – Michael Graff, Partner, McGuireWoods, the IDA's Bond Counsel, provided a general update on the Park Landing project. Stacy Kaplowitz, Vice President, Development, and Erica Meissner, Senior Development Manager, represented the developer, KCG Development, LLC during the discussion. The IDA plans to hold a Public Hearing on this project at its May 2, 2022 meeting. The IDA previously approved an inducement resolution on September 13, 2021 for \$54,560,000 and a final bond resolution on November 1, 2021 for \$60,016,000. The Prince William Board of County Supervisors approved the project on October 19, 2021. The bonds will assist in new construction of a 250-unit, age-restricted, affordable housing project. Revenue bonds will be paired with the 4% affordable housing tax credit, an equity incentive program that enables developers to receive tax advantaged equity investment in a project. One of the requirements of the tax credit is that more than 50% of project costs be paid with proceeds from tax exempt financing. Mr. Graff noted that significant time has passed since the IDA's approval in early November and the developer now has the opportunity to increase the amount of tax-exempt financing that they can obtain from their lender. Stacy Kaplowitz reported that KCG Development expected to close much earlier. The project's lender and investor are engaged, it is permit-ready and shovel-ready. However, over the past several months, interest rates substantially increased from 3.5% to 4.6% and are continuing to rise. The project was originally bid in December 2021 and when it did not close as quickly as projected, subcontractors were not willing to hold those bids. Subcontractors are currently holding pricing for 24 hours. KCG Development's lender is willing to lend them additional debt proceeds. Final numbers will be determined in the next few weeks, but the total bond amount is expected to increase by \$5 million. As constructions costs consume the budget, the ability to cover soft costs shrinks. Contingency budgets run in the hundreds of thousands, where the project is running several million dollars higher than originally anticipated. KCG Development is looking at all options in addition to raising the bond rate. Timing of the bond closing is being determined as to whether all or part of the financing would close prior to July 1, 2022. If the IDA approves the bond resolution at its May meeting, the project will then go before the Board of County Supervisors for

approval. The Virginia Department of Housing and Community Development is responsible for allocating the portion of Virginia's private activity bonds set aside for the state allocation.

- 8) Update on Utilities Easement attached to 2851 Dale Boulevard, Woodbridge, VA** – This is the former K-Mart property, now an At Home store. The IDA was involved in the original bond for the K-Mart in 1980. Recently, the owner of an adjacent McDonalds property, contacted the IDA to inquire about a remaining utilities easement on the property. When the owner reviewed the chain of title, she saw a reference to the IDA being the owner of the utility easements. The IDA's Bond Counsel, Mike Graff, noted that in the 1970s and 1980s, revenue bond financing was available to retail businesses and other projects that would no longer qualify for financing under today's regulations. Historically, a building project such as the K-Mart often involved conveying the real estate to the IDA as a conduit. The IDA would convey the property back and the lender would take a lien on the property through the IDA. The process has not worked this way in decades but there are often vestigial references remaining in the paperwork. Mr. Graff believes that the only interest the IDA ever had in the property was the financing and collateral assignment to the lender. Mr. Graff will advise the McDonald's owner that the loan was repaid and the IDA no longer has any interest in the utility easements. Prince William County would be the appropriate authority to contact regarding the easements. Mr. Graff will refer the property owner to the County Attorney's office. If this issue requires additional legal work, Mr. Graff will contact the IDA Chairman regarding expected legal fees.

APPROVAL OF MARCH 7, 2022 IDA MEETING MINUTES: *Dexter Montgomery made a motion to approve the March 7, 2022 Regular Meeting Minutes as presented. The motion was seconded by Terence Battle and passed with Pat O'Leary, Lorna Wallen, Dexter Montgomery, Andrew Taylor, Harry Horning, Cheryl Kenny and Terence Battle each voting aye. (Motion passed 7 ayes, 0 nays, 0 abstentions)*

TREASURER'S REPORT: ***Treasurer's Monthly Financial Report:*** Dexter Montgomery, the IDA's Secretary/Treasurer, called attention to the Treasurer's Report for the month ending March 31, 2022. Reviewing the *Treasurer's Notes* portion of the report, Mr. Montgomery specifically highlighted notes #3, #4, #7 through #10, and #12 as follows:

- Item #3 – the IDA responded to a request from a County Supervisor for information on the IDA's Water/Sewer Tap Fee Loan to a local hotel. The loan is current.
- Item #4 – a check to a recipient of a Town of Haymarket CARES Act grant was rewritten to correct the name on the check. The business owner has received the new check.
- Items #7-#9: These items detail the current status of the various tranches associated with the Lift Up Lodging and Restore Retail Grant Programs.
- Item #10: Munificent was invoiced \$30,312.70 for loan payment #4 due 3/4/2022. Payment was received on 3/2/22.
- Item #12 – This item of the Treasurer's Notes lists 14 specific expenditures that would normally be paid by check. These expenses will be paid utilizing FVCBank's Bill Pay service.

Dexter Montgomery made a motion to accept the Treasurer's Report, including approving payment of 14 operating expenses detailed in Note #12 of the Treasurer's Notes. Andrew Taylor seconded the motion and it passed unanimously with Pat O'Leary, Lorna Wallen, Dexter Montgomery, Andrew Taylor, Harry Horning, Cheryl Kenny, and Terence Battle each voting aye. (Motion passed, 7 ayes, 0 nays, 0 abstentions)

At the March 7 meeting, Harry Horning noted that there may be more advantageous investments for the IDA's funds, given the low interest rates on CDs. Pat O'Leary provided general information

on the IRS statutes and allowable investments to Mr. Horning and the IDA's Secretary/Treasurer, Dexter Montgomery via email on March 15, 2022. Mr. Horning is reviewing investment possibilities and will report his findings to the IDA at a future meeting.

Update on the IDA's FY21 Audit. Field work for the IDA's FY21 Audit took place on November 17, 2021. To date, the completed audit has not been received from Robinson, Farmer, Cox (RFC) Associates.

CHAIRMAN'S REPORT: Section 6.2: This written report is provided at the end of the Treasurer's Financial Report that is provided to IDA members prior to the meeting. It shows all outstanding bonds and incentive grants.

OLD BUSINESS: Update on Attendance at Events Related to the IDA's Prince William Chamber of Commerce Business Development Vision Sponsorship/Other Community Events/Other Outreach: Cheryl Kenny, Dexter Montgomery, and Harry Horning participated in the Chamber's Spring Mega Networking Event on Friday, March 25 from 8:00am to 10:30am at Out of the Blue Restaurant in Gainesville. The IDA hosted a table at this well attended event. The IDA provided materials for the County's Elevate Grant Program as well as the IDA's handouts.

NEW BUSINESS (not covered at the beginning of meeting)

Discussion of the IDA's Vision and Mission – This topic will be revisited at a later date. One possibility for future investment is providing additional loans for County water/sewer tap fees.

Special Election of Chairman and Vice Chairman: Current Chairman Pat O'Leary and his wife, Jane will be moving to Arizona to pursue new endeavors. He reflected on his long tenure with the IDA and thanked the directors for their support and participation over the years.

Harry Horning nominated Lorna Wallen as Chairman of the Industrial Development Authority, seconded by Andrew Taylor. The motion passed unanimously with Pat O'Leary, Lorna Wallen, Dexter Montgomery, Andrew Taylor, Harry Horning, Cheryl Kenny, and Terence Battle each voting aye. (Motion passed 7 ayes, 0 nays, 0 abstentions)

Andrew Taylor nominated Harry Horning as Vice Chairman of the Industrial Development Authority, seconded by Lorna Wallen. The motion passed unanimously with Pat O'Leary, Lorna Wallen, Dexter, Montgomery, Andrew Taylor, Harry Horning, Cheryl Kenny, and Terence Battle each voting aye. (Motion passed 7 ayes, 0 nays, 0 abstentions)

OTHER MATTERS TO COME BEFORE THE AUTHORITY/INDIVIDUAL MEMBERS TIME:

Lorna Wallen expressed the IDA's appreciation for Pat O'Leary's years of service to the regional community and presented him with a plaque that will be delivered to his home.

The next Regular Meeting of the PWC Industrial Development Authority is scheduled for Monday, May 2, 2022 at the McCoart Building.

There being no further business to come before the IDA, the meeting was adjourned at 7:50pm on the motion of Cheryl Kenny, seconded by Lorna Wallen.

APPROVED: May 2, 2022