



APPROVED MINUTES

Industrial Development Authority of the County of Prince William

REGULAR MEETING

July 11, 2022

The Regular Meeting of the Industrial Development Authority of the County of Prince William was held in the Potomac Conference Room at the McCoart Government Administration Building located at 1 County Complex Court in Woodbridge, Virginia. The meeting was called to order by the Chairman at 6:35pm.

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

Absent was: Occoquan District Pending Appointment

Donna Flory and Scarlett Barbee attended to provide administrative support.

Christina Winn, Executive Director, Prince William County Department of Economic Development (DED), attended to provide updates on several DED projects.

Jim Porter, President, and Kristin Perper, Associate, The Freedom Museum, attended to provide an update on the Museum's activities.

Michael W. Graff, Partner, McGuireWoods, the IDA's Bond Counsel, provided information on potential investments in State and Local Government Securities (SLGS).

PLEDGE OF ALLEGIANCE

CITIZEN'S TIME: No citizens were present

NEW BUSINESS

- 1) ***Update on the Freedom Museum*** – Jim Porter, President, and Kristin Perper, Associate, updated the IDA on the recent activities of the Freedom Museum. The Museum has been in existence for 22 years. For the first 21 years, the Museum was housed in the main terminal at the Manassas Airport. The Airport space was originally meant to be temporary and after so many years, the Airport Terminal was needed for other uses. On July 4, 2021, the Museum relocated to the Hibbs and Giddings Building in Historic Manassas. The Museum receives substantially more visitors at its new location. In the past year, over 6,000 individuals visited the Museum. It is open 4 days a week with an average of 125 visitors on Saturdays, 80 on Sundays, and 40 on weekdays. On the weekends, 4 to 5 docents are on-site to meet with patrons. The Museum's current annual budget is \$65,000 including rent and utilities. Its current lease runs for three years. All Museum personnel are volunteers with the exception of Ms. Perper, who works as the Museum's spokesperson and fundraiser. The average donation per visitor is \$7.00. This amount is supplemented by sales in the Museum's small store and by various fundraisers throughout the year. The Footlocker Program continues to be popular with schools in the regional community. In

response to a question, Mr. Porter noted that the Freedom Museum hopes to be included in the County's Community Partners budget in the future. The Museum currently receives \$2,000 from the City of Manassas. Primary fundraising is from local businesses, the Board of Directors, and visitors to the Museum. Additional questions focused on potential economic impact of Museum visitors in terms of eating in local restaurants, visiting other local merchants, and spending tourism dollars in the community.

2) Consideration of Virtual Entrepreneur in Residence (VERN) Performance Agreement – This Performance Agreement Among the Virginia Biotechnology Association, Prince William County, and the Industrial Development Authority of the County of Prince William, Authorizes a Virtual Entrepreneur in Residence (VERN) to Support Prince William Life Science Companies, Utilizing a \$240,000 Grant from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) Under the American Rescue Plan Act (ARPA). This Agreement was approved by the Prince William Board of County Supervisors on June 28, 2022. Christina Winn, Executive Director, Prince William County Department of Economic Development, noted that the Virginia Biotechnology Association received a Go Virginia Grant in 2021 that allowed it to hire 3 of the 4 mentors needed to serve the life sciences business community throughout Virginia. DED recommended using \$240,000 available from ARPA monies to fund the 4th mentor, specifically to work with Prince William County life sciences companies. The individual hired for this position will not be a County employee. They will either work as a contract employee or be employed directly by the Virginia Biotechnology Association. They will be paid by the ARPA funds through 2024 when ARPA funds expire. By then, the Virginia Biotechnology Association will have located alternative funding. In response to a question, Ms. Winn noted that the mentor is similar to a SBDC counselor, in that they work with the life sciences company on business related matters, while company personnel focus on research or the technical purpose of the company. This program was newly created in 2021 so there is not yet significant data on its success in the Roanoke and Charlottesville areas. Future success could possibly be measured in terms of jobs created, capital raised, square footage expanded and/or revenue growth. It may be possible to track the hours of counseling provided. Andrew Taylor confirmed that DED is responsible for monitoring compliance with the Performance Agreement and that the IDA is serving only as a conduit to transfer funds. Following this discussion, *Cheryl Kenny made a motion to approve the Performance Agreement, among the Virginia Biotechnology Association, Prince William County, and the Industrial Development Authority of the County of Prince William, authorizing a Virtual Entrepreneur in Residence (VERN) to support Prince William County Life Science Companies, utilizing a \$240,000 grant from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) under the American Rescue Plan Act (ARPA). The motion was seconded by Dexter Montgomery and passed unanimously with Lorna Wallen, Harry Horning, Dexter Montgomery, Andrew Taylor, Cheryl Kenny, and Terry Battle each voting aye. (Motion passed 6 ayes, 0 nays, 0 abstentions)*

3) Update on the Prince William County Restore Retail Grant Program – Christina Winn, Executive Director, Prince William County Department of Economic Development (DED), reported that 311 businesses have been approved to date, for a total expenditure of \$4.68 million in grant monies. Of the \$6,000,000 allocated to this program, \$240,000 is earmarked to IEM, which provides DED with administrative services, assisting with the review of applications and ensuring audit compliance. This leaves just over \$1 million available. DED is aware that many local restaurants continue to experience slower than expected economic recovery. The original Restore Retail Grant Program excluded restaurants that had previously received a federal Restaurant Revitalization Fund grant. However, many restaurants are still struggling with increased labor costs, higher food prices, and basic changes in the restaurant industry.

Nationwide, 101,000 restaurants received the Restaurant Revitalization Grant. Of those, 80 are in Prince William County. DED will be asking the Prince William Board of County Supervisors to lift this restriction in an item for consideration at its August 2, 2022 meeting. If the BOCS approves it, then DED will ask the IDA to approve an Amendment to the Restore Retail Grant Performance Agreement, allowing restaurants to participate even if they previously received the federal grant.

- 4) ***Update on the Ignite 2.0 Grant Program for High-Growth Startup Businesses*** – These grants are provided by American Rescue Plan Act (ARPA) funding. Ms. Winn reported that a new Life Sciences Manager was recently hired and is expected to start at the end of July. DED expects to kick off marketing for the Ignite 2.0 Program in August. A secondary aspect of Ignite 2.0 is the Student Entrepreneurship Program with George Mason University (GMU). The GMU Foundation can receive funds for this part of the program. Students, working with specific faculty, will be eligible for grants to help them develop a business plan. The program could be expanded to include students at Northern Virginia Community College.
- 5) ***Update on the Elevate Workforce Program*** – This \$1.4 million program utilizes ARPA Funds through an agreement with Virginia Career Works and the SkillSource Group, Inc. This program allows businesses to apply for grants to upgrade employee skills and County residents can apply for grants up to \$5,000 to gain certifications and trainings in a wide variety of areas. Many businesses are participating but residents have been slow to apply. As long-term unemployment benefits expire, there may be an increase in individual applicants later in the year.
- 6) ***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*** – It was previously proposed that the County could convert a specific amount of water/sewer credits, (\$500,000 as an example), into cash and transfer them to the IDA to set up a revolving loan program for water/sewer fees. Ms. Winn reported that she recently held discussions with the Acting County Executive and Deputy County Executive. They were not supportive of this use of the water/sewer credits. Prior to the difficulties of the Covid era, water/sewer tap fee loans were not needed. It is expected that there will be little demand for these loans in the future. Therefore, the County does not wish to move forward with the program at this time.
- 7) ***Quarterly Review of Outstanding Economic Development Opportunity Fund (EDOF) Grant Performance Agreements and Tracking/Reporting of EDOF Grants*** – This agenda item was tabled until the IDA's September meeting.
- 8) ***State and Local Government Securities (SLGS) as Potential Alternative Investments for IDA Funds*** – The IDA's Bond Counsel, Mike Graff, provided a general overview. He most often sees SLGS utilized as an investment vehicle for IDAs in the context of funding defeasance escrows. When an IDA revenue bond is issued, there is usually an ability for the true borrower (be it the County, a non-profit, or qualified affordable housing developer) to prepay those bonds, in the way one might prepay a mortgage. Theoretically, bond investors price bonds for sale assuming they will be outstanding and accruing interest to the investors for a certain amount of time. To ensure that bonds are outstanding for a minimal period, there is often call protection or a lockout from prepayment of bonds for a specified period of time. One of the places SLGS are used as investment vehicles is to get around that call protection and allow an IDA applicant to effectively prepay bonds even during the prepayment lockout period. This involves defeasance, meaning the applicant finds other funds of their own or they issue other bonds, and take the

proceeds to deposit with the bond trustee for the bonds they want to defease. An accountant reviews the sufficiency of the deposit to be available at the first permitted prepayment date. During the period following deposit of the defeasance escrow, until the first prepayment date, the bonds are treated as if they are no longer outstanding, and the bondholder only looks to the defeasance escrow for repayment. This situation can be complicated, particularly with tax-exempt financings. SLGS are one of the investments that are specifically permitted under the Virginia Code for this funding. With interest rates now rising after many years of stability, theoretically there is an ability for revenue bonds to exploit the difference between the lower tax-exempt rate paid on bonds and the higher taxable rate that could be earned on bond proceeds on deposit. That difference, referred to as arbitrage, exploits the spread between the two. SLGS are an investment that the IRS has appointed as a safe harbor related to arbitrage earnings.

In the context of the IDA investing its own funds in SLGS as a means of earning higher interest than what is being paid on CDs, SLGS are legitimate investments permitted under Virginia statutes governing allowable investments for public funds. Outside of the context of defeasance, the complicating factors are not applicable. If the IDA is simply looking for qualifying investments that could earn higher interest, SLGS are safe and permitted by the tax code and the Virginia Investment of Public Funds Act. These investments are also fairly liquid and can be accessed on short notice, without penalty. There should be no issues with conflict of interest and SLGS are widely used by governments. Even with CD rates beginning to rise, SLGS still offer a better rate of return. The IDA can complete an application on the SLGS website. In the past few years, there have been certain times when the SLGS window was closed for investing due to IRS or Treasury Department controls. The window reopens after a period of time. Mr. Graff suggested that the IDA contact the County's CFO, Michelle Attreed, since she has experience investing public funds, including utilizing SLGS. It was noted that the IDA had a CD mature on July 2 and was quoted .25% to rollover for 7 months or .20% to rollover for one year, with a no-penalty withdrawal. A recent FVCB CD was rolled over at .35%. The IDA's SWEEP account pays a higher rate.

- 9) **Update on Town of Haymarket Distribution of CARES Act/American Rescue Plan Funds –** The IDA's Bookkeeper, Donna Flory, reported that there is one check outstanding, in the amount of \$500. Ms. Flory has spoken with the Acting Town Manager and Acting Treasurer for the Town of Haymarket, and they will contact the business.

APPROVAL OF JUNE 6, 2022 IDA MEETING MINUTES: *Dexter Montgomery made a motion to approve the June 6, 2022 Regular Meeting Minutes as presented. The motion was seconded by Terry Battle and passed with Lorna Wallen, Dexter Montgomery, Andrew Taylor, Cheryl Kenny and Terence Battle each voting aye. Harry Horning abstained from the vote because he was absent from the June 6 meeting. (Motion passed 5 ayes, 0 nays, 1 abstention)*

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 June 30, 2022. Reviewing the *Treasurer's Notes* portion of the report, Mr. Montgomery specifically highlighted notes #2, #4, #5, #6, #7, #8, #9, and #12 as follows:

- Item #2 – La Quinta Inn has paid the fourth and final installment of its loan. No additional funds are due, and the loan is effectively closed.
- Item #4 – A grant in the amount of \$50,000 was processed to Virongy.
- Item #5 - An invoice for \$390,000 under the Restore Retail Grant was requested on 5/20/22 and provided to PWCDED on the same day. The funds were received on 6/3/2022. A total of 30 checks were provided to PWC DED on 6/6/2022.

- Item #6 – An invoice for \$150,000, under the Restore Retail Grant was requested on 6/23/22 and provided to PWCDED on the same day. The funds were received on 6/28/2022. A total of 10 checks were provided to PWC DED on 6/29/2022.
- Item #7 – The IDA’s Treasurer and its Bookkeeper are seeking authorization to roll over United Bank CD#9725 that matured on 7/2/2022, seeking the best rate while maintaining funds at United. The current balance is \$106,177 and the current interest rate will be .25% for 7 months.
- Item #8 – FVCB CD #3708 that matured on 6/12/2022 was rolled over at .35% for 12 months.
- Item #9 – Flowers were ordered for Col. Frank Mejia’s funeral for \$147.45.
- Item #12 – The IDA’s Bookkeeper processed and disbursed additional checks under ARPA funding, resulting in an additional payment of \$43.30 to Donna Flory. Item #12 also lists 17 specific operational expenditures that will be paid utilizing FVCBank’s Bill Pay service.

It was generally agreed that the CDs coming due on 8/1/22 and 8/16/22 will be targeted to be invested in SLGS, if appropriate.

Following this review, *Dexter Montgomery made a motion to accept the Treasurer’s Report, including approving the rollover of United Bank CD #9725 and payment of 17 specific operating expenses detailed in Note #12 of the Treasurer’s Notes. Cheryl Kenny seconded the motion and it passed unanimously with Lorna Wallen, Harry Horning, Dexter Montgomery, Andrew Taylor, Cheryl Kenny, and Terence Battle each voting aye. (Motion passed, 6 ayes, 0 nays, 0 abstentions)*

Update on the IDA’s FY21 Audit. Field work for the IDA’s FY21 Audit took place on November 17, 2021. Ms. Flory spoke with Andrew Grossnickle of Robinson, Farmer, Cox (RFC) in April 2022 for an update. No additional information has been received.

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.

Virginia Industrial Development Authority (VIDA) Training: Chair Wallen requested that IDA members participate in VIDA training during 2022. This is training specific to the mission and function of Virginia IDAs. The 2-day workshop is expected to be offered in December 2022, most likely in a virtual format. Firm dates and more details should be available in August.

Freedom of Information Act Training 2022: The Virginia Freedom of Information Advisory Council provides virtual FOIA training to elected officials and other public office holders in Virginia. Members of the IDA completed this training in late 2020/early 2021 and will need to renew it by December 2022. Conflict of Interest training is offered by the Virginia Conflicts of Interest and Ethics Advisory Council.

OLD BUSINESS: Update on Attendance at Events Related to the IDA’s Prince William Chamber of Commerce Business Development Vision Sponsorship – Dexter Montgomery and Terry Battle participated in the Chamber’s Annual Meeting on June 16. Lorna Wallen, Dexter Montgomery, and Terence Battle participated in the Economic Development Series Transportation Update. Mr. Battle attended the grand opening and ribbon cutting for

Campbell's Custard in Stonebridge. Cheryl Kenny will be participating in the upcoming Leadercast weekly seminars.

NEW BUSINESS *(not covered at the beginning of meeting)*

Discussion of the Freedom Museum's Request for a Contribution: It was generally agreed that the IDA will develop a process and criteria for making any future financial contributions to local organizations. Following this discussion, *Andrew Taylor made a motion authorizing a contribution of \$3,000 from the Industrial Development Authority of the County of Prince William to the Freedom Museum. The motion was seconded by Dexter Montgomery and passed unanimously with Lorna Wallen, Harry Horning, Dexter Montgomery, Andrew Taylor, Cheryl Kenny and Terence Battle each voting aye. (Motion passed 6 ayes, 0 nays, 0 abstentions)*

Discussion of the IDA's Vision and Mission: Chair Wallen previously appointed Andrew Taylor and Terry Battle to review the mission and vision of the IDA. This topic will be discussed at the August meeting of the IDA.

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

The next Regular Meeting of the PWC Industrial Development Authority is scheduled for Monday, August 1, 2022 in the Potomac Conference Room at the McCoart Government Administration Building.

Donna Flory will be on vacation from August 17 to August 29.

There being no further business to come before the IDA, the meeting was adjourned at 8:15pm on the motion of Terence Battle, seconded by Harry Horning.

Approved: August 1, 2022