



APPROVED MINUTES

Industrial Development Authority of the County of Prince William

REGULAR MEETING

March 6, 2023

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 Chair at 6:30pm.

Present were: Lorna Wallen, Chair
Dexter Montgomery, Secretary/Treasurer
Terence Battle, Director
William Malone, Director
Cheryl Kenny, Director

Absent were: Harry Horning, Vice Chair
Andrew Taylor, Assistant Secretary/Treasurer

Donna Flory and Scarlett Barbee attended to provide administrative support.

Christina Winn, Executive Director, and Keasha Hall, Redevelopment Business Manager, Prince William County Department of Economic Development (PWCDED), attended to participate in the Conference Center loan discussion.

Jim Porter, President and Kristin Perper, Business Development Consultant, provided an update on the activities of the Freedom Museum.

Mike Graff, Partner, McGuireWoods, Bond Counsel for the IDA, participated in the Conference Center loan discussion.

PLEDGE OF ALLEGIANCE

CITIZEN'S TIME: Seth Opoku-Yeboah was in attendance.

NEW BUSINESS

- 1) ***Update on IGNITE Expansion Grant Program*** – No significant update
- 2) ***Route 1 Refresh Grant Program*** – No significant update
- 3) ***Update on Elevate Workforce Grant Program*** – No significant update
- 4) ***Update on Restore Retail Grant Program*** – No significant update
- 5) ***Update from The Freedom Museum*** – Jim Porter, President and Kristin Perper, Business Development Consultant, for the Freedom Museum gave a brief presentation. Mr. Porter began by stating that the Freedom Museum is growing within the regional community, drawing over 6,000 visitors last year. Veterans visiting the Museum often share their individual stories of service. It is a welcoming and friendly environment that promotes the region. During a recent four-hour span on Sunday, March 5, 2023, 72 visitors toured the Museum.

In February 2023, The Freedom Museum was involved in a special event, the stage adaptation of Tom Brokaw's bestseller, *The Greatest Generation Speaks*. The play attracted over 100

attendees. For each run of the play, one night's ticket sales are contributed to a non-profit organization with a veteran-related mission.

Ms. Perper introduced a short video that explained the origins of the Museum, its mission, and its impact on veterans and visitors of all ages and backgrounds.

Mr. Porter noted that the Museum's \$65,000 budget is completely dependent on contributions. Funding is raised from individual supporters and special events such as golf tournaments and the Sock Hop Dance, along with contributions from the Board of Directors. He encouraged the IDA to consider a 2023 donation.

- 6) Consideration of Potential Loan to the Developer of the Conference Center to be Located adjacent to the Hilton Garden Inn at 7001 Infantry Ridge Road in Prince William County (Gainesville District)** – The developer and his initial investor group, Munificent, developed the Hilton Garden Inn, a 146-room hotel located in the Gainesville District near the intersection of I66 and Sudley Road. This same investor group is now constructing an adjacent 43,000 sq. ft. Conference Center suitable for corporate events, business and social receptions, and business conferences. There is currently no conference space of this size in Prince William County. Mike Graff, the IDA's Bond Counsel, noted that the IDA previously provided this developer with a \$500,000 loan in late 2020 to facilitate payment of water/sewer tap fees and other construction costs that escalated due to the Covid pandemic. Similar to that loan, the IDA will consider the current request as a policy decision as to whether it is in the interest of the IDA and the County to provide assistance.

Christina Winn, Executive Director, PWCDED, explained that the entire property on which the hotel is located was originally approved as one large site plan that included both the hotel and the Conference Center. When Munificent was ready to begin construction of the Conference Center, the developer approached the County with a request to subdivide the site. By doing so, the Conference Center would be on its own parcel and the developer could pursue another SBA loan, similar to how the hotel was financed. However, a 1985 proffer associated with the site requires a conference center to be a secondary use to a hotel; therefore, it cannot stand on its own parcel. If the site were approved today, it would be possible to subdivide it but the 1985 proffer prevents it. The developer consulted with representatives of the Prince William County Planning Office who confirmed the zoning determination. Without the parcel being subdivided, it is not possible to obtain another SBA loan. The developer has moved forward with financing the project using investors. He has raised \$9 million of the projected \$10 million construction cost, leaving a deficit of \$1 million, which he is asking the IDA to fund as a loan.

Ms. Winn noted that PWCDED may recommend an Economic Development Opportunity Fund (EDOF) grant, if the financial data supports it and the BOCS agrees it is in the best interest of the County. The actual EDOF amount will depend on the fiscal impact model for the Conference Center. The best scenario is for the PWCDED and the IDA to work collaboratively on a solution. Ms. Winn provided the Conference Center Market Analysis to the County's Tourism Director, who noted that the project provides large meeting space not currently available in the County and Hilton is a quality brand that will build it to high standards. The project is located in the Sudley Road Redevelopment Corridor, as outlined in the Prince William County December 2022 Comprehensive Plan Update. Also, while the Hilton Garden Inn only has 146 rooms, events that attract large numbers of overnight guests will provide overflow business for other area hotels. Rosie's Gaming Emporium in Dumfries is slated to open in late 2023 with 120 hotel rooms and a restaurant. That project is being built in phases and hopes to have a total of 320 rooms when fully completed but there is no definitive timeline for that

expansion. Currently, there are no other large facilities in the pipeline. The County needs a large event facility, even without adjacent hotel rooms. A question was raised regarding the 2021 Feasibility Study that prices the project at nearly \$7 million. It is now estimated at \$10 million. Ms. Winn responded that the \$3 million difference is likely attributable to higher interest rates and construction costs but it is something to discuss with the developer. Both PWCDED and the IDA will need to do their own due diligence regarding investment. It is Mr. Graff's understanding that the investors own several other properties. When the IDA made the original loan to Munificent, several members provided personal guarantees and this may be an option again. Of the original \$500,000 loan, \$300,000 is outstanding. Payments are current.

If the borrowed funds are being used as a construction loan, it may be possible for PWCDED and IDA funds to be accessed last, after other investor funding has been used to get the project to completion. This approach mitigates the risk of potential cost overruns and other issues. Providing the funds nearer the end of the project can give the IDA more confidence that the project will be completed and generating revenues in a reasonable amount of time. Ms. Winn noted that the funds could also be attached to a specific use like fitting out the interior or landscaping. The developer's request also states that it is a short-term loan. The IDA will need a more specific timeline of the payback. Footers have been poured, and the Conference Center expects to be completed late this year.

Mr. Graff suggested that the IDA work with Ms. Winn to devise additional due diligence questions that can be used to draft a term sheet for consideration. The applicant could be asked to come to a future IDA meeting prepared to answer questions about the project.

- 7) **Remington Apartments 2012 Series Bonds** – The IDA was contacted by an auditor for the Remington Apartments 2012 Series Bonds. She was determining whether revenue bond fees were due and payable for this project. It appears that administrative bond fees may be due. The IDA's Bookkeeper has prepared an invoice that will be submitted to the auditor for payment. The two bonds totaling \$8,830,000 were paid off in 2022. This project was approved before most of the current IDA members were on the Authority and before the current administrative personnel began providing support.

APPROVAL OF THE FEBRUARY 6, 2023 IDA MEETING MINUTES: *Secretary/Treasurer Dexter Montgomery made a motion to approve the February 6, 2023 Regular Meeting Minutes as presented. The motion was seconded by Terence Battle and passed with Lorna Wallen, Dexter Montgomery, Terence Battle and William Malone each voting aye. Cheryl Kenny abstained because she was absent from the February 6 meeting. (Motion passed 4 ayes, 0 nays, 1 abstention)*

TREASURER'S REPORT: ***Treasurer's Monthly Financial Report:*** The IDA's Secretary/Treasurer, Dexter Montgomery, called attention to the Treasurer's Report for the month ending February 28, 2023. All Treasurer's Notes are included in the written Treasurer's Report. Mr. Montgomery called attention to the following notes:

- ***Treasurer's Note #2*** – An invoice in the amount of \$29,062.60 was provided to Munificent for the 8th loan payment due 3/4/2023. Payment was wired to the IDA and is pending in its account.
- ***Treasurer's Note #8*** – The IDA's Bookkeeper processed and disbursed additional checks under ARPA funding, resulting in an additional payment of \$4.32 to Donna Flory. Seven specific IDA operational expenses were detailed for approval.

Following this review, *Dexter Montgomery made a motion to accept the Treasurer's Report as presented, including approving payment of 7 specific operating expenses detailed in Note #8 of the Treasurer's Notes. The motion was seconded by Terence Battle and passed with Lorna Wallen, Dexter Montgomery, Terrence Battle, and William Malone each voting aye. Cheryl Kenny abstained from the vote because she was absent from the February meeting. (Motion passed, 4 ayes, 0 nays, 1 abstention)*

Update on IDA Investments and CD Interest Rates – As directed by the Board at the 1/9/2023 Board meeting, the IDA's Secretary/Treasurer and Bookkeeper solicited interest rates for United Bank CD's #0208 and #9725 that matured in February. Both CDs were rolled over at an interest rate of 4% for 13 months. This is a significantly higher interest rate than the past few years.

Update on the IDA's FY21 Audit: Field work for the IDA's FY21 Audit took place on November 19, 2021. The IDA's auditor, Andrew Grossnickle of Robinson, Farmer, Cox Associates (RFC) has been waiting for clarification from the County as to whether the CARES Act monies being distributed are as a grant partner or as a true subrecipient. Ms. Wallen recently contacted Mr. Grossnickle for an update, and he confirmed that the monies distributed are as a true subrecipient. The audit is expected to be completed by mid-March. Ms. Wallen suggested a follow up call if the audit is not received in the next couple of weeks.

Scheduling of the IDA's FY22 Audit: Field work for the IDA's FY22 Audit is not yet scheduled. The IDA's Bookkeeper noted that preliminary work on the IDA's FY24 Budget will soon be underway. The FY22 Audit will be scheduled as time allows working around the budget process.

CHAIRMAN'S REPORT: Section 6.2 Rules and Procedures Report: The IDA's Rules and Procedures require the Chair and other officers to report any actions taken or reports received on behalf of the IDA since the last meeting and to update the status of any bond inducement resolutions at the end of the fiscal year. To ensure compliance, the IDA provides a written report every month at the end of the Treasurer's Financial Report, updating bond issuance amounts, current outstanding amounts, and expected maturity dates.

OLD BUSINESS: Update on Attendance at Events Related to the IDA's Prince William Chamber of Commerce Business Development Vision Sponsorship –

January 11, 2023 – Future of the Region Breakfast – Cheryl Kenny attended this event where Christina Winn and other area economic development executives provided an overview of the current economy and future projects.

February 18, 2023 – Presentation to the Prince William Chamber Board of Directors – Lorna Wallen gave a presentation on the IDA's mission and activities at the Chamber's Monthly Board of Directors Meeting.

February 23, 2023 – Annual Business Awards – Dexter Montgomery made remarks from the podium at the Chamber's Annual Business Awards. This event attracted several hundred attendees.

Discussion of the IDA's Vision and Mission – Nothing New to Report

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

March 22, 2023 – Prince William Chamber Economic Series Breakfast – The IDA is sponsoring this event that features Jason El Koubi, President & CEO, Virginia Economic Development Partnership (VEDP) as the guest speaker. Ms. Wallen asked Cheryl Kenny to make brief remarks on the mission and activities of the IDA. Terence Battle will introduce Mr. El Koubi.

Guidelines for Considering Future Community Organization Requests – Terence Battle noted that the IDA may wish to develop guidelines or policies on how it manages requests for contributions from community organizations. The IDA recently approved a Mission Statement as a first step. It may now consider how to manage expectations regarding contributions to community organizations. Any contributions of this nature come from the IDA's New Initiatives budget.

Development of IDA Policy for Attending a Meeting by Electronic Means – the Virginia Code Section for Public Meetings was updated in 2022 to allow one or more members of a public body to occasionally attend the public meeting virtually under specific circumstances. Before members can exercise that ability, the IDA would need to establish a policy in its bylaws.

Special Meeting Called for March: Ms. Wallen is going to call a Special Meeting of the IDA for later in March. The purpose of the meeting will be to consider the loan request from the Conference Center developer and to further discuss the request from the Freedom Museum.

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

A Special Meeting may be scheduled later in March and if so, IDA members advised via email.

The next Regular Meeting of the PWC Industrial Development Authority is scheduled for Monday, April 3, 2023, in the Potomac Conference Room at the McCoart Government Administration Building.

There being no further business to come before the IDA, the meeting was adjourned at 8:05pm on the motion of Dexter Montgomery, seconded by Cheryl Kenny.

Approved: April 3, 2023