



## APPROVED MINUTES

### Industrial Development Authority of the County of Prince William

#### REGULAR MEETING

May 2, 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: None were absent.  
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.

Michael W. Graff, Jr., Partner, McGuireWoods, LLP, the IDA's Bond Counsel, attended to hold the public hearing on the Park Landing age-restricted, affordable housing project. Stacy Kaplowitz, Vice President, Development, KCG Development, LLC attended to represent the developer of the Park Landing project. Debbie Jones, President & CEO, Prince William Chamber of Commerce, attended to present information on the Chamber's sponsorship opportunities.

#### **PLEDGE OF ALLEGIANCE**

**CITIZEN'S TIME:** Several citizens were present but did not wish to speak.

#### **NEW BUSINESS**

***Public Hearing – Consideration of a Bond Resolution of the Industrial Development Authority of the County of Prince William, Authorizing and Approving the Issuance of Revenue Bonds for the Benefit of Park Landing, LP, a Virginia Limited Partnership, in an Amount Up to \$65,000,000 to Finance Park Landing, a 250-unit Age-Restricted, Affordable Housing Apartment Community to be Located at 3301 Noble Pond Way in Woodbridge, Virginia in the Occoquan Magisterial District*** – Michael Graff, Partner, McGuireWoods, the IDA's Bond Counsel, noted that the Park Landing bond project has been before the IDA on two earlier occasions in 2021. KCG Development, LLC, the developer, previously submitted an application seeking the IDA's assistance with tax-exempt revenue bonds. The IDA held a public hearing and adopted an inducement resolution. Then, last October, the project went before the Prince William Board of County Supervisors (BOCS). The BOCS adopted a resolution in support of the revenue bond financing. The developer then came back to the IDA for approval of the final bond resolution that established the parameters of the bond issue including the maximum principal amount, term to maturity, and interest rate. The applicant was proceeding toward

closing in an environment where there was a very high demand for the Virginia Department of Housing and Community Development's (VDHCD) bond allocation. As the expected closing date was paused, the developer determined that a potential increase in the maximum amount of the bonds would provide needed flexibility to work with increasing interest rates. Notice of tonight's public hearing was given in the media. The developer is requesting a maximum bond amount of \$65 million. Chair Wallen asked if any members of the public had questions. Hearing none, Stacy Kaplowitz, Vice President, Development, KCG Development made a short presentation. She noted that KCG has been working with the Commonwealth on the closing timeline. The interest rate that KCG had locked in December 2021 was 3.2%. Construction was originally expected to be underway in early 2022. KCG now hopes to close in July and have construction underway shortly thereafter. Current interest rates are 5.9%. In addition, subcontractors are not holding pricing, and construction costs have increased substantially since late last year. KCG's lender is willing to lend a higher amount to allow for the increases in costs, leading KCG to ask for an increase in the bond amount. In response to questions from IDA members, Ms. Kaplowitz noted that project construction is projected to take 22 months and was originally scheduled for completion in 2023. If the bond financing closes in July, the project will be approximately 6 months behind schedule.

Mr. Graff advised the IDA that these revenue bonds are not obligations of the IDA and are not obligations of the County. All repayment of the bonds is the responsibility of the project owner who would typically pledge the property as collateral. Following tonight's public hearing, if the IDA approves the inducement resolution, the Prince William Board of County Supervisors will also be required to vote on the project at an upcoming meeting. This is a requirement of the IDA statute and federal law. Ms. Kaplowitz noted that the project is in the Occoquan Magisterial District and Supervisor Kenny Boddye is supportive of it. The project is expected to be on the BOCS agenda in late May or early June. Before closing the public hearing, Mr. Graff again asked if there were any comments or questions from members of the public. Hearing none, the public hearing was closed. *Andrew Taylor made a motion to approve a Resolution of the Industrial Development Authority of the County of Prince William authorizing the issuance of up to \$65,000,000 in principal amount of revenue bonds for the acquisition, construction, and equipping of the approximately 250-unit Age-Restricted, Affordable Park Landing Multi-Family Housing Facility to be located at 3301 Noble Pond Way in Prince William County, Virginia. The motion was seconded by Harry Horning 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).* The full Resolution will be kept with these minutes.

## **NEW BUSINESS** (continued)

- 1) ***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 \$4.04 million in grant monies. A total of \$6 million is allocated for this grant program. Twenty-four applications, totaling approximately \$300,000, are currently pending. That leaves \$1.7 million remaining for this program. The County has until 2024 to expend the ARPA funding. Therefore, DED is not aggressively marketing the program at this time. Many businesses are still learning of the program from previous marketing efforts and currently applying for assistance. If the rate of applications significantly slows, then marketing efforts can be increased in the future.
- 2) ***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 all funds for this grant program were awarded. Three hotels chose not to apply. One hotel changed ownership, making them ineligible for a loan. The approved Lift Up Lodging grants total

\$3.3 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 economic recovery programs for tourism initiatives or shifting it to Restore Retail Grants.

- 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 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. Canopie, Inc., and Heides are currently completing the necessary requirements to receive grants.
- 4) ***Update on the Elevate Workforce Program*** – Christina Winn provided a brief update on the Elevate Workforce Program. This \$1.4 million program utilizes ARPA Funds through an agreement with Virginia Careerworks SkillSource. A local job fair, featuring about 20 businesses, was held recently. Grant funding for this program 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 she and other representatives of DED recently met with representatives of the Prince William County Service Authority, including Chairman Paul O'Meara, CFO Ari Nelson, and General Manager Calvin Farr. The Draft Agreement is written so that the IDA would loan money to an eligible business to get the water/sewer hookups completed. If the business were to default on the loan, the current language states that the IDA would contact DED, who would go to the Board of County Supervisors and ask them to issue water/sewer credits in an amount equal to the default. The IDA could then take the credits to the Service Authority and receive cash in exchange for the credits. This language will not work, because, by statute or guidelines, the Service Authority cannot refund monies. Harry Horning reported that there may be an option to convert water/sewer credits into cash to use for a potential loan program. Ms. Winn clarified that DED holds approximately \$9 million in non-cash water/sewer credits. It may be possible to convert those credits into cash and transfer a predetermined amount to the IDA that can be used to execute the Tri-Party Agreement. Ms. Winn further explained that the BOCS could take \$500,000 in credits, convert it to cash, and give it to the IDA to set up a revolving loan program for water/sewer fees. DED is evaluating this option. Originally, there were \$13 million in water/sewer credits, dating back to 2013. There are \$9 million in credits remaining. These credits are a valuable tool for economic development incentives. Ms. Winn's concern is that a revolving loan fund will likely be heavily used by affordable housing projects rather than commercial economic development projects. Community Business Partnership in Fairfax is setting up a regional revolving loan program using initial funding from ARPA monies. This fund may be able to be used for business loans to help with water/sewer fees. In response to questions, Ms. Winn clarified that, in other localities, apartments are considered part of the commercial tax base, but not in Prince William County. Ms. Winn stated that average water/sewer tap fees for a restaurant are \$30,000 to \$60,000 and for a hotel, it averages \$200,000. Traditionally, water/sewer credits are an incentive granted through a Performance Agreement among the BOCS, the IDA, and the PWC Service Authority. The credits are transferred through a journal entry. The proposed program would result in the IDA making a loan to companies that don't meet the criteria for an incentive. It may be possible to have the credits remain with DED until a need arises and then have the credits transferred at that time. DED and the Service Authority will give more consideration to how this Agreement could potentially work.

- 6) **Update on Town of Haymarket Distribution of CARES Act/American Rescue Plan Funds –** The IDA’s Bookkeeper, Donna Flory, reported that there are two checks outstanding, in the amount of \$500 each. Ms. Flory has spoken with representatives of the Town of Haymarket and they will contact the businesses.
- 7) **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. Mike Graff conferred with a colleague who has expertise in utility easements and neither he nor Mr. Graff see where there is any responsibility of the IDA to maintain the utilities. As a courtesy, both attorneys will call the McDonalds rep this week and suggest she contact the County. This will close out the response to this request.
- 8) **Other IDA Investment Possibilities –** 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 has reviewed the information and believes the IDA could invest monies into American mutual funds. U.S. 2-year treasuries are currently at 2.7%, which is significantly above the rates CDs are paying. Mike Graff offered to confirm the permissibility of any specific investment that the IDA may select. Andrew Taylor noted that it may be possible for the IDA to own property as an alternative investment. There are several CDs coming due in the next three months. The IDA could vote to invest some or all of these monies in treasuries or other alternative investments. The IDA has more liquid funds available in its SWEEP account.

Before the IDA’s Bond Counsel, Mike Graff, departed the meeting, Ms. Wallen noted that IDA members may have questions from time to time regarding specific projects. She asked that individual questions be forwarded to Ms. Barbee, who will collect several inquiries and then forward them to Mr. Graff. She will distribute any response to all IDA members. This will reduce multiple emails/phone calls to Mr. Graff on the same topic.

- 9) **Prince William County Chamber of Commerce FY23 Sponsorship Opportunities –** Debbie Jones, President & CEO of the Prince William Chamber thanked the IDA for its sponsorship as a Business Growth Vision Partner for the past two years. There are approximately 1100 to 1200 chamber members at any given time. The Chamber works with the Department of Economic Development and the IDA to ensure high visibility for the IDA at the Chamber’s annual Business Awards event. Along with that, IDA members’ attendance at events, signage with the IDA’s logo, and other benefits raise awareness of the IDA in the community. Ms. Jones reviewed the other levels of Chamber sponsorship and the corresponding benefits. IDA members will consider FY23 Chamber Sponsorship later in tonight’s meeting.

**APPROVAL OF APRIL 4, 2022 IDA MEETING MINUTES:** *Dexter Montgomery made a motion to approve the April 4, 2022 Regular Meeting Minutes as presented. The motion was seconded by Harry Horning 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)*

**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 April 30, 2022. Reviewing the *Treasurer’s Notes* portion of the report, Mr. Montgomery specifically highlighted notes #2 #9, #10 and #12 as follows:

- Item #2 – Sentara Hospital was invoiced for \$35,754.29 and payment was received on April 12, 2022. There is no collections report because all invoices that are due have been received.
- Item #9 – The IDA Chair previously approved an expense of \$143.00 to purchase a recognition plaque for Pat O’Leary at the end of March 2022. The debit card was used to make the payment on 3/28/2022. This expense was not shown in the Treasurer’s Report for the April meeting, so that it would not be seen by Mr. O’Leary. The plaque was presented at the April 4 IDA meeting and delivered to Mr. O’Leary on Saturday, April 9, 2022 by Donna Flory.
- Items #10: The Fauquier Bank CD #5104 has changed to #1493 at Virginia National Bank (VNB). Virginia National Bank is the name selected following a merge with Fauquier Bank.
- Item #12 – Special project checks/wires of Cares Act/ARPA funds were disbursed this month resulting in an additional payment of \$185.76 to Donna Flory. Item #12 of the Treasurer’s Notes also lists 8 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 8 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) and he expects to have the completed Audit to the IDA in the month of May.

**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: Consideration of the Prince William Chamber of Commerce Business Development Vision Sponsorship** – There was extensive discussion of the IDA’s goal in purchasing a Chamber Sponsorship. If the goal is to market the IDA’s private activity bonds, the Chamber of Commerce may not be the strongest market. Chamber sponsorship may be more of a soft marketing tool. It can be a place to raise visibility but not obtain direct business. Covid restrictions also limited Chamber participation that may improve this year with in-person events returning. Currently, alternative investments have not been identified. It was suggested that the IDA may wish to continue the Vision Sponsorship for a third year as a more complete trial to determine longer term impact. Following this discussion, *Terry Battle made a motion to approve the IDA serving as a Prince William Chamber of Commerce Business Growth Vision Partner for the FY22-23 year at a cost of \$12,500. The motion was seconded by Dexter Montgomery and passed with Lorna Wallen, Dexter Montgomery, Cheryl Kenny, and Terence Battle each voting aye. Andrew Taylor voted nay. Harry Horning abstained from the vote due to his service on the Prince William Chamber’s Board of Directors. (Motion passed, 4 ayes, 1 nay, 1 abstention)*

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

***Discussion of the IDA’s Vision and Mission*** – Chair Wallen appointed Andrew Taylor and Terry Battle to review the mission and vision of the IDA. She asked them to consider drafting an IDA mission statement and to specifically consider how the IDA might bring in additional bond

business. Ms. Wallen noted that the IDA's June meeting will include discussion of the FY23 budget. Therefore, the topic of the IDA's Vision will likely be discussed during the July or August meetings.

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

The next Regular Meeting of the PWC Industrial Development Authority is scheduled for Monday, June 6, 2022 in the Potomac Conference Room at the McCoart Building.

There being no further business to come before the IDA, the meeting was adjourned at 8:10pm on the motion of Dexter Montgomery, seconded by Cheryl Kenny.

***APPROVED: June 6, 2022***