



APPROVED MINUTES

Industrial Development Authority of the County of Prince William

REGULAR MEETING

Monday, May 3, 2021

The Regular Meeting of the Industrial Development Authority of the County of Prince William was held via Zoom Meeting Video Conferencing in compliance with Prince William County emergency operations. 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
Bobby Long, Secretary/Treasurer
Dexter Montgomery, Assistant Secretary/Treasurer
Andrew Taylor
Harry Horning
Cheryl Kenny

Absent were: None were absent.

Donna Flory and Scarlett Barbee attended to provide administrative support.

Several members of the Prince William County Department of Economic Development (DED) team participated to provide various presentations as detailed under New Business. DED participants included Christina Winn, Executive Director; Tom Flynn, Business Development and Investment Director; Clarice Grove, Small Business Development Manager; Stacie Henn, Business Development Manager; and Debi Roder, Business Development Manager Life Sciences.

Andrew Grossnickle, CPA, CFE of Robinson, Farmer, Cox (RFC) Associates, CPAs, attended to present the IDA's FY20 Draft Audit Report.

Chris Coon, Town Manager, Town of Haymarket, attended to present information on the Town's plans for future grant distributions.

PLEDGE OF ALLEGIANCE

CITIZEN'S TIME: No citizens were present.

NEW BUSINESS: 1) *Town of Haymarket Plans for Future Grant Distributions* – Chris Coon, Town Manager of Haymarket, thanked the IDA for its assistance in distributing CARES Act grants to Town recipients. Mr. Coon asked the IDA to consider distributing the Town's remaining \$50,000 in CARES Act funding, as well as the new American Rescue Plan funding. The IDA agreed to distribute these funds on behalf of the Town of Haymarket. American Rescue Plan funds are expected to be distributed during the summer months. Chairman O'Leary will work with Mr. Coon to amend the original Performance Agreement between the IDA and the Town of Haymarket to include distribution of this new funding.

2) *Presentation of IGNITE Grants Program that is part of DED's Program to Build an Entrepreneurial Ecosystem Through Grant Funding* – Debi Roder, Business Development Manager with the Prince William County Department of Economic Development, provided a PowerPoint presentation. The IGNITE Grants Program is an economic recovery program that

utilizes \$500,000 in funds from the County's Economic Development Opportunity Fund (EDOF). The idea for this program originated from discussions with the COVID-19 Recovery Task Force. IGNITE Grants provide a competitive cash grant for selected high growth companies and tech catalyst organizations to support and attract these types of companies to the County. High growth companies help to diversify the local economy. Pre-revenue/start-up companies are eligible for \$25,000. Companies that are pre-revenue and have received other funding, such as an SBIR grant or venture capital investment, or are post-revenue, are eligible for \$50,000 grants. A secondary goal of the IGNITE Program is to kickstart the County's entrepreneurial culture and brand. Companies must be high-growth or tech catalyst organizations that are current on all taxes and agree to remain in the County for three years. The for-profit requirement can be waived for tech catalyst organizations, but all companies must provide 50% matching funds. The County worked with a consultant from the venture capital sector who was instrumental in helping to evaluate the grant applications. Even with the expertise of a venture capitalist, funding start-up companies is not completely devoid of risk. Several companies have already been selected and multiple other rounds of applications are under review. As each of the selected companies enters into a Performance Agreement with the County, the County Executive has been given the authority to sign the Agreement as the County's representative. Each member of the Prince William County Industrial Development Authority agreed that the IDA's Chairman, Pat O'Leary, has the authority to sign the Agreements on behalf of the IDA. A copy of each signed Agreement will be provided to IDA members.

- 3) ***Update on UREEKA, Inc. Online Coaching/Mentoring Program*** – Clarice Grove, Small Business Development Manager with the Prince William County Department of Economic Development gave a presentation. Fifty-nine County businesses were able to participate in the UREEKA 12-week Coaching Circle Program through grants provided by the CARES Act funding. This program helps those businesses who could benefit from more coaching than what was available in a one-on-one counseling session. These previously underserved businesses were matched with a vetted and trained coach from a network of coaches with diverse geographical and industry expertise. Participants had access to a variety of services including: 1) the UREEKA Growth Center, a proprietary digital assessment tool that enables entrepreneurs to understand what specific levers to fix for immediate impact on their website mechanics and content; 2) Unlimited 1:1 mentoring sessions to spot-solve business problems; 3) FireUp Community for networking, peer learning and group communication across the Northern Virginia region; and 4) Access to vetted vendors/specialists with discounted services for rapid business problem solving. The program ends on June 30, 2021 but additional benefits will be available to participants for the next 12 months.

- 4) ***Update on Draft Tri-Party Agreement Among the Prince William Board of County Supervisors, the Prince William County Service Authority, and the IDA Regarding Water/Sewer Tap Fee Credits*** – Tom Flynn, Business Development and Investment Director, and Stacie Henn, Business Development Manager with the Prince William County Department of Economic Development participated in this discussion. Mr. Flynn advised the IDA that this Agreement is under review by the County Attorney. The Agreement was initiated as a result of the La Quinta Inn needing funds to get the water turned on in order to complete construction. The water/sewer hook-up fees must be paid in full before the water can be turned on for a specific property. This Agreement will address the key issue of upfront payment of the water/sewer fees. The EDOF cannot be used to provide funding for this fee. The fee is only necessary when a restaurant or hotel is the result of new construction where no entity previously existed. In pre-

existing buildings, the initial Availability Fee has been paid by previous owners. For an average restaurant, the Availability Fee Payment is \$60,000 to \$70,000 and for a hotel, \$150,000 to \$200,000. No more than one or two applications a year are expected. Under the proposed program, the IDA would enter into a loan agreement with the business for the Availability Fee Payment. Once the loan is made, the Availability Fee can be paid. Then, the Service Authority will turn on the water. The business will make regular loan payments to the IDA. Should a default occur, the County, with the approval of the BOCS, will provide its water/sewer credits to the Service Authority for the remaining loan balance. The Service Authority will then return the remaining loan funds back to the IDA. The process entails three phases: 1) DED evaluates the business application for eligibility and determines if it qualifies for a loan; 2) the IDA does its due diligence to determine if the business can repay the loan. In the two previous projects, the IDA secured a lien on the properties as well as personal guarantees from the developer's team; 3) the IDA establishes a loan agreement with the business and provides the funds. The Service Authority advises all parties that it is in receipt of the funds and turns on the water. The IDA manages the loan for a term agreed on between the IDA and the business. Once the current draft Agreement is acceptable to the County Attorney, it will be provided to the BOCS for approval and then signed by the IDA and implemented. The County has \$11 million in Water/Sewer Availability Fee Credits.

- 5) *Presentation of the FY2020 Industrial Development Authority Draft Audit Report*** – Andrew Grossnickle, CPA, CFE, Robinson, Farmer, Cox Associates, stated that the Independent Auditor's Report is the main byproduct of the draft financial statements. The IDA's FY20 Report provides an unmodified or clean opinion on the financial statements for the year ended June 30, 2020. There were no material weaknesses or compliance related issues that needed to be communicated. There were no disagreements with management. Mr. Grossnickle reviewed the financial highlights, noting that the IDA's positive increase in net position is similar to its FY19 report. He further noted that management's discussion and analysis is omitted, but this has no impact on the auditor's opinion. For many governments, authorities, and commissions, this information highlights significant items during the year and looks ahead to upcoming economic initiatives. However, many smaller towns and authorities choose to omit this information. The IDA could choose to add this information in the future. Following Mr. Grossnickle's presentation, *Bobby Long made a motion to accept the Industrial Development Authority of the County of Prince William's FY20 Draft Audit Report as provided by Andrew Grossnickle, CPA, CFE of Robinson, Farmer, Cox Associates. The motion was seconded by Lorna Wallen and passed unanimously with Pat O'Leary, Lorna Wallen, Bobby Long, Dexter Montgomery, Andrew Taylor, Harry Horning and Cheryl Kenny each voting aye (Motion passed 7 ayes, 0 nays, 0 abstentions).* Ms. Flory will provide the IDA's FY20 Audit Report to Brad Norris in the County's Department of Finance and will send a copy to the Prince William County Library.
- 6) *Update on Attempted Check Fraud Matter*** – All checks have cleared the compromised United Bank account and the account has been closed. Remaining funds in the amount of \$1,953.00 were transferred to the newly opened United Bank account. These funds belong to the County. Dexter Montgomery and Donna Flory had no new information to report on the status of the fraudulent check investigation.
- 7) *Recognition of Bobby Long/Election of New Secretary/Treasurer and New Assistant Secretary/Treasurer*** – Bobby Long, who represents the Potomac District, will be resigning his position on the IDA due to his upcoming move to Fairfax County. Chairman O'Leary recognized

Mr. Long's service to the IDA, particularly his work as Secretary/Treasurer during the many months of CARES Act funding distributions. *Lorna Wallen made a motion to elect Dexter Montgomery as Secretary/Treasurer and Andrew Taylor as Assistant Secretary/Treasurer of the Industrial Development Authority of the County of Prince William. The motion was seconded by Bobby Long and passed with Pat O'Leary, Lorna Wallen, Bobby Long, Harry Horning, and Cheryl Kenny each voting aye. Dexter Montgomery and Andrew Taylor abstained from the vote. (Motion passed 5 ayes, 0 nays, 2 abstentions).*

APPROVAL OF APRIL 5, 2021 IDA REGULAR MEETING MINUTES: *Bobby Long made a motion to approve the April 5, 2021 Regular Meeting minutes as presented, seconded by Dexter Montgomery. The motion passed unanimously with Pat O'Leary, Lorna Wallen, Bobby Long, Dexter Montgomery, Andrew Taylor, Harry Horning and Cheryl Kenny each voting aye. (Motion passed 7 ayes, 0 nays, 0 abstentions)*

TREASURER'S REPORT: ***Treasurer's Monthly Financial Report:*** Bobby Long called attention to the Treasurer's Report for the month ending April 30, 2021. It was provided to IDA members prior to the meeting:

- United Bank CD #9725 in the amount of \$105,837.53 matured on May 2, 2021. Mr. Long and Ms. Flory will negotiate the interest rate to rollover the CD at United Bank. Bobby Long made a motion *authorizing Mr. Long, as the IDA's Secretary/Treasurer, working with Donna Flory, to negotiate the terms to rollover United Bank CD #9725 in accordance with the IDA's criteria of remaining at the current bank, if the interest rate is competitive. The motion was seconded by Dexter Montgomery and passed unanimously with Pat O'Leary, Lorna Wallen, Bobby Long, Dexter Montgomery, Andrew Taylor, Harry Horning, and Cheryl Kenny each voting aye. (Motion passed, 7 ayes, 0 nays, 0 abstentions)*
- Fauquier Bank CD #4444, in the amount of \$106,686 was not rolled over. The funds were deposited into a Business Money Market Account at Fauquier Bank in the event the monies were needed for the Hilton Garden Inn loan. The funds were not needed and remain in the Business Money Market Account, leaving these funds liquid if the IDA chooses to make another type of investment.
- Ms. Flory is preparing the IDA's Draft FY21-22 Budget. She has learned that Novant Prince William Health Center could potentially pay off their bond in 2021. Novant currently pays one of the IDA's largest annual administrative fees with \$136,360.00 due in June. The IDA's annual administrative fees total \$294,000. The \$66 million bond recently approved for the Bridge at Mason's Landing Apartments Project may partially replace this fee.
- There is no collections report as all administrative fees that are due have been collected.
- Given the social distancing guidelines, it is difficult to obtain two signatures on IDA checks. Through an email on April 28, 2021, IDA members received a list of 9 specific expenses that would normally be paid via check. These expenses will be paid utilizing FVCbank's Bill Pay service. *Bobby Long made a motion to approve payment of nine specific expenses utilizing FVCbank's Bill Pay service. The motion was seconded by Dexter Montgomery and passed unanimously with Pat O'Leary, Lorna Wallen, Bobby Long, Dexter Montgomery, Andrew Taylor, Harry Horning, and Cheryl Kenny each voting aye. (Motion passed, 7 ayes, 0 nays, 0 abstentions)*

Following this discussion, *Bobby Long made a motion to accept the Treasurer's Report, seconded by Dexter Montgomery. The motion passed unanimously with Pat O'Leary, Lorna Wallen, Bobby Long, Dexter Montgomery, Andrew Taylor, Harry Horning and Cheryl Kenny each voting aye. (7 ayes, 0 nays, 0 abstentions)*

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

OLD BUSINESS:

Second Amendment to AlphaBEST, Inc. Performance Agreement – Through an email on April 29, 2021, each member of the IDA received a copy of the Second Amendment signed by the IDA's Chairman.

Update on Munificent Group Developing the Hilton Garden Inn – The opening of the Hilton Garden Inn has been delayed due to an issue with Fire Code compliance. There is a dispute as to whether hotel room closets without doors require individual sprinklers inside the closets. Mr. O'Leary suggested that he may speak with a local attorney to see if he has any suggestions. Mr. Horning will discuss the issue with Supervisor Candland. It may be less expensive to put doors on the closets as opposed to adding the sprinklers. It may also be possible to appeal the issue to the Fire Marshall.

Update on Scriyb Lawsuit: The IDA's FOIA request to Northern Virginia Community College (NVCC) will require a \$150 fee for research and copying. Many IDA members believe there is little probability of learning anything that will be useful in its collection efforts. However, it was noted that the software is listed for sale on third party websites. Therefore, it was generally agreed that it is acceptable to pay the \$150 to determine if NVCC can provide any helpful information. It was also generally agreed that this is the last attempt that will be made related to the Scriyb collections effort. Any further work on this issue will cease following receipt of the NVCC information.

Update on the IDA's Prince William Chamber of Commerce Business Development Vision Sponsorship: Mr. O'Leary and Mr. Montgomery participated in the Chamber's Mega Networking event on April 16, 2021. Ms. Wallen provided a marketing video that was shown at least twice during the event. Mr. Montgomery noted that he discussed the IDA's mission and potential future collaboration with several attendees. Mr. Montgomery plans to attend the Chamber's upcoming Ambassador Event.

NEW BUSINESS (not covered earlier in the meeting):

Discussion of the IDA's Vision and Mission: Nothing new discussed.

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

A Special Meeting of the IDA is scheduled for Monday, May 17, 2021 to discuss reporting/tracking of the County's Economic Development Opportunity Fund (EDOF) grants.

The next regular meeting of the IDA is scheduled for Monday, June 7, 2021 via ZOOM Video Conferencing.

There being no further business to come before the IDA, the meeting was adjourned at 8:44pm on the motion of Cheryl Kenny, seconded by Lorna Wallen.

Approved: June 14, 2021