

FREDERICKSBURG
ECONOMIC
DEVELOPMENT
AUTHORITY

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ECONOMIC DEVELOPMENT AUTHORITY MINUTES (EDA)

March 11, 2019

8:30 a.m. • EDA Regular Meeting

City Hall, The Suite

715 Princess Anne St.

Fredericksburg, VA

The Economic Development Authority of the City of Fredericksburg, Virginia met in regular session on Monday, March 11, 2019 beginning at 8:30 a.m. in the Suite at City Hall.

EDA MEMBERS PRESENT. Bob Carter, Chair, presiding. Tom Crimmins, Beth Black, Hap Connors, Mitzi Brown, Bill Beck and Will Mackintosh.

ABSENT. None.

ALSO PRESENT. Arts Commission: Ken Lecky; Free Lance-Star: Cathy Jett; Kaufman & Canoles: Eric Ballou; Kutak Rock LLP: George Scruggs, Jr.; Potomac Nationals: Seth Silber, Peter Kirk; Silver Companies: David Newman; University of Mary Washington: Kelsey Whitman, Nehemia Abel; City of Fredericksburg: Tim Baroody; Kathleen Dooley; EDA Counsel: Blanton Massey; Department of Economic Development and Tourism: Bill Freehling, Director; Angela Freeman, Business Development Manager; Amy Peregoy, Economic Development Specialist.

DETERMINATION OF QUORUM. Mitzi Brown.

AGENDA. Chair Carter noted one change: New Business 9. a. Stadium Financing Package moved below 6. Treasurer's Report.

MOTION by Mitzi Brown, seconded by Tom Crimmins, the amended agenda was approved: Ayes (7); Nays (0).

PUBLIC COMMENTS. None.

APPROVAL OF MINUTES.

MOTION by Beth Black, seconded by Tom Crimmins the minutes from the February 11, 2019 regular meeting were approved: Ayes (7); Nays (0).

TREASURER'S REPORT. The financial statement and budget report for February 2019 were filed with the minutes.

NEW BUSINESS.

- a. **Stadium Financing Package** – Mr. Freehling gave a brief update on the progress of the multi-purpose baseball stadium and plans for financing. He stated the meeting today is informational with a special meeting to be held later in the month. Mr. Freehling introduced Mr. Silber who gave background on the Potomac Nationals and the move to the City. He noted the overwhelming support from city staff, businesses and the community. He stated he appreciated the support of the EDA board in considering the unique financing of a bond offering with UBS for construction of the stadium. Mr. Silber introduced Mr. Kirk who gave an update on the stadium construction timeline. Mr. Ballou briefed the EDA board on the plan for bond financing with the EDA acting as a conduit. The EDA and City will not be liable for the bonds. The EDA will receive a fee as being the conduit. He discussed the different documentation relating to the bonds. Ms. Dooley introduced Mr. Scruggs as the EDA’s bond counsel. Mr. Scruggs gave background on his projects and his role representing the EDA during this transaction. Chair Carter noted the 1/10th of 1% equaling a fee of \$35,000 annually for the EDA. Mr. Ballou noted a tentative special meeting of the EDA on March 25.

PRESENTATION BY KELSEY WHITMAN & NEHEMIA ABEL, UMW EAGLE INNOVATION FUNDING REQUEST. Ms. Whitman thanked the board for their time. She presented information on the UMW and Germanna Student Business Pitch Competition to include: hosted by UMW Center for Economic Development, 30 student teams, sponsorship levels, event details, participation criteria, impact on students and the City. After a brief question and answer segment the board discussed the sponsorship levels and sponsorship for 1 year.

MOTION by Will Macintosh, seconded by Tom Crimmins the board approved a \$2,000 sponsorship for Eagle Innovation for 1 year: Ayes (7); Nays (0).

OLD BUSINESS.

- a. **CRRL MakerLab Update** – Ms. Freeman informed the board the representatives from the EDA Workforce Development Committee met with representatives from the Central Rappahannock Regional Library (CRRL) to review the project proposal and discuss ways the EDA could partner with CRRL to advance the Digital Marker’s Lab planned as an anchor project of the Makers District, the Princess Anne Corridor Strategic Investment Area. Mr. Connors gave a brief overview of how the CRRL MakerLab would offer education, workforce development and the beginning of the redevelopment of the corridor. Ms. Freeman stated the lease is for 5 years with an initial 3 year period and 2 additional 1 year options. The new request of EDA support is \$82,410 for 3 years of the lease for CRRL to move forward with the execution of the lease due to additional prospects for the location. The project need is a funding strategy to cover the lease commitment. The board discussed a matching grant where the EDA would fund a portion to cover 3 years and CRRL would raise matching funds from local businesses to cover the balance of the lease commitment. Seed funding was also discussed. Ms. Freeman and the representatives of the EDA Workforce Development Committee will continue to meet with the representatives from CRRL to discuss different funding strategies to bring before the board on March 25.
- b. **Fredericksburg Sculpture Project** – Mr. Freehling asked the board to consider an \$8,800 request for the next year of the Fredericksburg Sculpture Project program. The funds will help pay the artist stipends for six new sculptures to be displayed for a year starting this fall. EDA members and city staff have met with Preston Thayer and Kenneth Lecky of the Arts Commission to clear up some questions raised at the February EDA meeting. In addition, staff from EDT and Parks and Recreation have expressed some preliminary interest in partnering with the EDA on the acquisition of the “Morning Glory Bench IV” along the Heritage Trail this fall. The artist has offered it for \$8,000. The EDA, if it is interested, could provide half of the funding (\$4,000), with the City providing the other half (\$2,000 each from EDT and Parks and Recreation). Staff believe this would be a nice permanent addition to the Heritage Trail. So the total request from the EDA would be for \$12,800 (\$8,800 to provide continued funding for the program, \$4,000 for the bench). The board briefly discussed the future of the program and a permanent arts trail to include public and private funds. Mr. Lecky of the Arts Commission addressed the questions the board discussed on the project.

A SUBSTITUTE MOTION by Beth Black, seconded by Mitzi Brown to reduce the funding to \$4,400: Ayes (2); Nays (5-Mackintosh, Carter, Connors, Crimmins, Beck)

MOTION by Bill Beck, seconded by Tom Crimmins the board approved \$8,800 for the Fredericksburg Sculpture Project: Ayes (5); Nays (2-Black & Brown).

Mr. Macintosh suggested an acquisition program for permanent art sculptures and further funding of the Fredericksburg Sculpture Project.

NEW BUSINESS.

- b. *Liberty Place Letter of Intent*** – Mr. Freehling presented the board with the Letter of Intent (LOI) with a request authorizing the Chair to execute between Liberty Place Partners, LLC, City of Fredericksburg and EDA. Discussions began between City staff, Liberty Place Partners and the adjacent property owner – William Square LLC – about the potential for a collaboration. William Square, which is affiliated with the Vakos Companies, owns the former Free Lance-Star property and the lot across William Street that is currently used for public parking. The potential collaboration between Liberty Place Partners and William Square will generate tax revenue for the city, jobs and a parking garage that could accommodate the needs of both developments. The two parties ultimately agreed on a transaction in which Liberty Place Partners would sell an acre of property to William Square, LLC. Liberty Place Partners, LLC would keep 0.42 acres on the William Street side of the property and develop a roughly 43,000-square-foot, three-story commercial building. William Square would build a structured parking deck. In order to make this transaction viable and financeable, Liberty Place Partners, LLC has asked the City for a financial incentive. Specifically, the developer has asked for a 10-year incentive worth \$375,000 a year (\$3.75 million total with a present value of \$3.36 million). In exchange, Liberty Place Partners has committed to use parking data analytics to make its spaces available to the public when not required for use by Liberty Place patrons. In order to achieve the incentive, Liberty Place would need to subdivide the property, submit architectural designs and budgets for the 43,000-square-foot structure, obtain the 124 parking spaces and demonstrate the need for the financial assistance. In addition, each year of the agreement, Liberty Place would need to generate at least \$400,000 in local tax revenue from the commercial building in order to receive the \$375,000 payment from the City. The Liberty Place property is currently generating less than \$25,000 a year, so the payment would be from new revenue generated for the City. Preliminary projections estimate that the Liberty Place commercial building would generate about \$850,000 a year in tax revenue for the City. If those projections occur, the City would be paying out \$375,000 a year for 10 years and taking in \$475,000 a year. The Liberty Place property is currently generating approximately \$25,000 a year in tax revenue for the City. Preliminary projections anticipate \$850,000 a year coming to the City from the Liberty Place commercial building alone. Thus, even with the \$375,000 annual payment to Liberty Place Partners, the City would be netting about \$450,000 a year more from the commercial building alone than it is currently getting from the entire property. That is equal to more than 1 cent on the City's real estate tax rate. The future development of William Square would generate additional significant tax revenue for the City, though that amount is not being quantified at this time. If City Council authorizes the City Manager to enter into the LOI, staff would prepare documents to unwind the previous deal and facilitate a new performance agreement with Liberty Place Partners, LLC. The EDA separately will be asked to consider the LOI at its March 11 meeting. These matters could come back before Council and the EDA for approval in April. This would kick off a process that could culminate in a performance agreement being entered into between Liberty Place Partners LLC, the City of Fredericksburg and the Fredericksburg Economic Development Authority. Liberty Place Partners, LLC is no longer seeking the loan from the EDA. There was a brief question and answer segment.

MOTION by Will Mackintosh, seconded by Beth Black to adopt Resolution 19-06, that the EDA hereby approves the said Letter of Intent and authorizes its Chair, Robert Carter, on behalf of the EDA, to execute, deliver and carry out the Letter of Intent in substantially the form submitted for approval by City Council: Ayes (6); Nays (1-Beck).

COMMITTEE REPORTS.

- a. **Parking Improvement Committee** – No updates.
- b. **Branding Committee** – Ms. Black stated reports will be submitted next month by HUB, Ltd.
- c. **Strategic Acquisitions Committee** – No updates.
- d. **Main Street Loan Program Committee** – Ms. Black stated one loan has been approved, one loan has been denied and one loan is in negotiation. She noted there are new applicants.
- e. **Workforce Development Committee** – Mr. Connors gave the board a brief update on the last meeting. Ms. Freeman will keep the committee aware of the next meeting. Ms. Freeman informed the board the City of Fredericksburg and Fredericksburg City Schools (FCS) is working towards partnering with the University of Mary Washington (UMW) and Germanna Community College (GCC) to create an innovative program to accelerate the technology talent pipeline. This effort centers around a workforce development model designed to engage students at the K-12 level and create a pathway to increase student participation, increase skills that are in the highest-demand by employers, and to decrease the cost of and time to achieve credentials and bachelor/master degrees. The EDA Workforce Development Committee met with representatives of FCS, City Council, Fredericksburg Regional Alliance and the presidents of UMW and GCC on February 22nd to explore ways to partner to advance this effort. Ms. Brown noted the success of such programs. She suggested the EDA pay for a consultant since this is so important to the future of the City.

STAFF REPORT.

Mr. Freehling gave updates on the following: Citywide Technology Zone going before City Council for the second read, SlideFXBG 2019 contract is in negotiations with an event date of August 31 and Chair Carter and Mr. Crimmins terms end April 30 with 3 applicants for the 2 openings. The Economic Development Quarterly breakfast will be held on March 19 with City staff presentations.

CHAIRMAN'S REPORT. Chair Carter congratulated Mr. Beck on receiving an award from HFFI.

BOARD MEMBERS COMMENTS. Chair Carter reminded the board to send Ms. Peregoy their Business Appreciation award nominations.

CLOSED SESSION.

Ms. Brown moved for adoption of Resolution 19-07 under Code of Virginia 2.2-3711(A)(39) for discussion of confidential memoranda, *working papers*, and *other* information related to economic development, related to the Liberty Place project *and to a confidential technology business prospect*, where disclosure of the information would adversely affect the financial interest of the City of Fredericksburg

MOTION by Mitzi Brown, seconded by Bill Beck: Ayes (6); Nays (0); Absent from Vote (1-Mackintosh).


Where upon the members went into closed session.

Mr. Mackintosh excused himself from the meeting during Closed Session.

Upon coming out of closed session.

MOTION by Mitzi Brown, to adopt Resolution 19-08, certifying the proper conduct of the closed session. Seconded by Tom Crimmins; the motion was passed: Ayes (6); Nays (0); Absent from Meeting (1-Mackintosh).

ADJOURNMENT. There being no further business to come before the Economic Development Authority at this time, Chair Carter declared the meeting officially adjourned at 10:44 a.m. .



Mitzi Brown, Secretary

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Resolution No. 19-06

**Economic Development Authority of the City of Fredericksburg, Virginia
Regarding Execution of a Letter of Intent with Liberty Place Partners, LLC**

Date: March 11, 2019

Proposed by: Macintosh
Seconded by: Black

RECITALS:

The City of Fredericksburg, Fredericksburg Economic Development Authority, and Liberty Place Partners, LLC, entered into a Performance Agreement dated December 13, 2017 which provided for a performance grant from the EDA to Liberty Place Partners for the Liberty Place Project.

In response to market conditions, Liberty Place proposes to revise its project. Liberty Place proposes to subdivide its property, convey approximately one acre to William Square, LLC, and develop the remaining 0.42 acres along William Street as an approximately 43,000 square foot, three-level commercial building.

Liberty Place seeks an economic incentive from the EDA and the City in order to meet the project's gap in financing, thus satisfying and removing one of its contingencies to closing on the Purchase and Sale Agreement with William Square.

The 2015 Fredericksburg Comprehensive Plan as amended, and the 2017 Joint City Council/EDA Economic Development Strategic Plan, encourage mixed-use development at Liberty Place. The Fredericksburg Planning Commission has determined that a public parking structure on the Property is in substantial compliance with the 2015 Comprehensive Plan.

RESOLUTION:

RESOLVED, that the EDA hereby approves the said Letter of Intent and authorizes its Chair, Robert Carter, on behalf of the EDA, to execute, deliver and carry out the Letter of Intent in substantially the form submitted for approval to the EDA, which Letter of Intent has been presented to the EDA members and is to be attached to this Resolution and placed with this Resolution in the Minutes of this March 11, 2019, EDA meeting. This Resolution is effective immediately.

Votes:

Ayes: 6

Nays: 1 (Beck)

Member(s) Abstaining from Vote: 0

Member(s) Absent from Meeting: 0

EDA Secretary's Certificate

I, the undersigned, certify that I am Secretary of the Economic Development Authority of the City of Fredericksburg, Virginia (the "EDA"), and that the foregoing is a true copy of Resolution No. 19-06 which was duly adopted at a meeting of the EDA held March 11, 2019 at which a quorum was present and voted.



EDA Secretary

**Resolution 19-07 for Economic Development Authority to Hold Closed Meeting Under
The Virginia Freedom of Information Act**

Date of Adoption: March 11, 2019

Proposed by: Brown

Seconded by: Beck

Vote: Ayes: 6; Nays: 0; Absent from Vote: 1 (Macintosh)

Resolved that the Economic Development Authority convene a closed meeting under the Virginia Freedom of Information Act in order to discuss:

Personnel – specific City officers, appointees, or employees, for the purpose of considering such person’s assignment, appointment, promotion, performance, demotion, salary, disciplining, or resignation, under Virginia Code §2.2-3711.A.1

Real Property -

the acquisition of real property

for the purpose of discussing acquisition of real property for a public purpose, specifically, the expansion of an existing recreation facility, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Economic Development Authority, under Virginia Code 2.2-3711(A)(3).

the disposition of publicly held real property,

Prospective Business -

a prospective business or industry, [OR

the expansion of an existing business or industry,]

Closed Meeting under Code of Virginia 2.2-3711(A)(39) for discussion of confidential memoranda, *working papers*, and *other* information related to economic development, related *to a confidential technology business prospect*, where disclosure of the information would adversely affect the financial interest of the City of Fredericksburg.

Legal Matters -

actual litigation specifically, _____

_____, with legal counsel, where such consultation in open session would adversely affect the negotiating or litigating posture of the Economic Development Authority, **OR**

probable litigation with legal counsel, staff, or consultants, where (1) litigation has been specifically threatened or on which the Economic Development Authority or its counsel has a reasonable basis to believe will be commenced by or against a known party, and (2) such consultation in open session would adversely affect the negotiating or litigating posture of the Economic Development Authority, **OR**

legal matters, _____, with counsel, where such matters require the provision of legal advice, under Virginia Code §2.2-3711.A.7.

Other – (Specify subject matter, purpose of discussion, and applicable Code Section)

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RESOLUTION 19-08
CERTIFICATION OF CLOSED MEETING

IT IS HEREBY RESOLVED by the Economic Development Authority of the City of Fredericksburg, Virginia, as follows:

WHEREAS, the Authority has convened a closed meeting under Virginia Code §2.2-3711.A.39, pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act, upon conclusion of which closed meeting the Authority has just returned to an open meeting ; and

WHEREAS, §2.2-3712.D of the Code of Virginia requires a certification by this Authority that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law (Chapter 37 of Title 2.2) were heard, discussed or considered in such closed meeting, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Authority.

Date of Adoption: March 11, 2019

AYES: 6

NAYS: 0

ABSENT FROM MEETING: 1
(MACINTOSH)

CERTIFICATION: Secretary's Certificate

I, the undersigned, certify that I am the Secretary for the Economic Development Authority of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution 19-08 duly adopted at a meeting of the Economic Development Authority held on March 11, 2019, at which a quorum was present and voted.

Given under my hand and the official seal of the Economic Development Authority of the City of Fredericksburg, Virginia.

Date: April 8, 2019

Misty Brown
Secretary, EDA