

ECONOMIC DEVELOPMENT AUTHORITY MINUTES (EDA)

Monday, September 14, 2009
Conference Room 218 (Second Floor)
City Hall
715 Princess Anne Street
Fredericksburg, VA

The Economic Development Authority of the City of Fredericksburg, Virginia met in regular session on Monday, September 14, 2009, beginning at 12:00 noon in Conference Room 218 (second floor), City Hall, Fredericksburg, 715 Princess Anne Street, Fredericksburg, Virginia.

Present. Dana Herlong, Chris Hornung, Chris Limbrick, Rick Pullen and Joe Wilson.

Absent. Todd Williams and Mary Jane O'Neill

Also Present: Hirschler Fleischer: Attorney, Gary M. Nuckols; **Quantico/Belvoir Regional Business Alliance, Inc.:** Miles Friedman; **J. Brian's Taproom:** Jack Hyland and Jon Van Zandt **The Free Lance-Star:** Emily Battle; **Attorney:** Blanton Massey; **Department of Economic Development and Tourism: Interim Director:** Karen Hedelt; **Marketing and Information Specialist:** JoAnn Locklair

Determination of a Quorum.

Mr. Wilson, Assistant Secretary, determined that a quorum was present.

Approval of Agenda.

Vice Chair Herlong asked for changes, additions, or deletions to the agenda. She added the following items:

- Item 9c under Old Business – New ideas for Grant Criteria in process
- Item 5h under Chairman's Report – Miscellaneous Announcements and follow up items
- Item 8e under Staff Report – Fredericksburg Expo and Conference Center

Mr. Limbrick made a motion to approve the agenda as amended. It was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (5). Dana Herlong, Joe Wilson, Chris Hornung, Chris Limbrick, and Rick Pullen. Nays (0). None.

Approval of Minutes.

Regular Meeting Minutes of July 13, 2009.

Mr. Hornung made a motion to approve the July 13, 2009 regular meeting minutes.

Motion was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (5). Dana Herlong, Mary Jane O'Neill, Chris Hornung, Chris Limbrick, Rick Pullen and Joe Wilson. Nays (0). None.

CHAIRMAN'S REPORT.

UMW Foundation Amendment to the Bond Related Swap – Vice Chair turned the meeting over to Mr. Nuckols, Attorney with Hirschler Fleischer, representing University of Mary Washington Foundation (Foundation) regarding their Amendment to the Bond Related Swap. Mr. Nuckols briefed the Board on the Amendment and explained the Hedge Agreement. Mr. Nuckols reported that in August 2008 Eagle Housing and the Foundation entered into a qualified hedge (known as an interest rate swap) for \$70,000,000 tax exempt bonds. The proceeds are to be used to construct the student housing facility at Eagle Village. The swap (known as a forward starting swap) did not start immediately due to the uncertainty of the precise construction schedule and anticipated completion date of the student housing. The swap that was entered into in August 2008 was scheduled to start in October 2011, which was considered an outside date for the completion of the student housing portion. Since things proceeded quickly, the construction schedule was finalized and the completion date of August/September 2010 would be met. The bond repayment would start in October 2010 versus October 2011. As a result of that, the Foundation sought to amend the starting date of the swap.

In addition, Mr. Nuckols explained that the interest rate swap is a hedge against increases in interest rate because the bonds are variable rate bonds. He stated through a Hedge the Foundation is able to exchange or swap the variable rate on the bonds for a fixed rate of interest and have certainty of what the payment stream would be for the next 40 years during the bond repayment period. Through an amendment of the swap, the Foundation would be saving 10 base points. The fixed interest rate that was obtained in August 2008 was 3.708%, and the new fixed interest rate obtained through the swap amendment would be 3.604%.

Mr. Nuckols informed the Board that they are being asked to identify this transaction on their records. This transaction does have to do with the tax exempt portion of the bond issue and to maintain its tax-exempt status.

Discussion followed with Mr. Hornung noting that it would have a small impact on the EDA bond issuance fee. Mr. Massey, Attorney for the EDA, clarified that the EDA is approving the fixed rate for tax purposes and not the variable rate.

Mr. Wilson moved to adopt the Resolution Authorizing and Approving the Identification by the Economic Development Authority of the City of Fredericksburg, Virginia, of a Qualified Hedge Agreement Entered into by Eagle Housing, LLC in Connection with the Authority's Tax-Exempt Bonds. Motion was seconded by Mr. Hornung and passed by the following recorded votes. Ayes

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(5). Dana Herlong, Chris Hornung, Chris Limbrick, Rick Pullen and Joe Wilson. Nays (0). None.

Vice Chair stated that the EDA is pleased to be a part of this project. Ms. Hedelt suggested that Jeff Rountree be invited to come and update the Board on this project.

Miles Friedman, Quantico/Belvoir Regional Business Alliance, Inc. – Vice Chair Herlong introduced Mr. Friedman who updated the Board regarding the Quantico/Belvoir Regional Business Alliance. She told the Board that this is a follow up from a previous meeting on June 8th in which the Board discussed the possibility of joining the Alliance.

He pointed out the following:

- The Alliance is working with BRAC to relocate nearly 20,000 positions to Quantico and Ft. Belvoir.
- Alliance started 1½ years ago with 20 founding members, now close to 50 members and gaining new members every day.
- Provide series of fairs for the employees who are scheduled to relocate to Quantico and Ft. Belvoir.
- Impact Seminars – On October 15, 2009, ***Seminar for Small Businesses on Government Contracting Requirements and Opportunities*** at Courtyard Marriott downtown historic Fredericksburg, in the evening from 6:00 p.m. to 8:00 p.m. Sponsored by Hirschler Fleischer and Minnieland Private Day School. Another seminar will be held October 20th at Germanna Community College on ***What Comes Next After the Construction Phase?*** from 11:30 a.m. to 2:00 p.m. Sponsored by Germanna Community College, Minnieland Private Day School, and RW Murray.
- Partnerships – Stafford County, Germanna Community College, Northern Virginia Community College, UMW, George Mason University, Hirschler Fleischer, and City of Alexandria. In addition Albemarle County is joining and Prince William County upgraded from a 2 to 3 star membership.

Mr. Friedman stated that the objective of the Alliance is to ensure the region maximum benefits of the expansions including opportunities for business and job growth. Primary services to members include: providing information, facilitating networking, and enabling access to decision makers.

Mr. Friedman stated that the Alliance is exploring partnerships and asked the Authority if they would consider becoming a partner. He addressed the following membership packages:

- Corporate and Government Memberships – Start at \$500.00 up to \$5,000.00
- Individual Non-Business \$100.00
- One Star - \$500.00
- Two Star - \$1,500.00
- Three Star - \$2,500.00

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- Four Star - \$5,000.00

After discussion, Mr. Pullen requested that the Board receive a copy of the Alliance's annual budget that was recommended by Mr. Wilson and table this item for the October 19th meeting.

Thank You Letter from the Downtown Retail Merchants Association (DRMI) - Vice Chair Herlong reported that the EDA received a letter from Bonnie DeLelys, President of DRMI, thanking the Authority for their grant award.

Leadership Fredericksburg 2010 Class – Vice Chair Herlong informed the members of the Board that the EDA received a letter from Kim Herlong Reasonover thanking them for the opportunity to attend the 2009/2010 Leadership Fredericksburg Program.

High Speed Rail – Vice Chair Herlong addressed the emails received from Virginians for High Speed Rail on presentations and updates (attached).

Upcoming Election of Officers – Vice Chair Herlong gave an overview concerning the void of a chairman's position. The by-laws do not allow the Vice Chair to automatically become the Chairman upon a vacancy in the Chairmanship. The Vice Chair conducts the meetings until an election of a new Chairman. Vice Chair Herlong said that normally the EDA holds an election of officers in October. Since the Board is in the process of changing the by-laws, if enacted at this meeting, it would change the election to June 2010. Vice Chair Herlong stated that she is willing to serve as Chairman and would like to elect a Vice Chairman now rather than wait until June 2010. She said she would like the other officers to remain in place and asked if anyone is willing to serve as Vice Chair upon election of a new Chairman. The election of the Chairman and Vice Chairman would occur at the October 19th meeting. There will be a full election of officers in June 2010.

Ms. Hedelt informed the Board that the EDA appointee to fill Conrad Warlick's position work requirements have become higher than he expected when he accepted the position. She stated that he has not been able to attend the meetings because he has been traveling a lot and has not been sworn in. She suggested the Board consider requesting a new appointee be made.

Mr. Wilson recommended that the Vice Chair contact the appointee to find out about the situation and request his letter of registration as a potential member of the EDA.

Strategic Planning Session – Vice Chairman informed the Board that it has been recommended that the Authority have a strategic planning session. She said the last planning session was held in October of 2007. She asked the Board to think about organizing a planning session in the very near future and asked if anyone is willing to chair the effort to see it happen. She informed the Board that Miles Friedman has indicated that he would be interested in facilitating the session. After discussion, the Board decided to table setting the date for the Strategic Planning Session until November/December.

Miscellaneous Announcements – Vice Chairman noted the following announcements:

- Fredericksburg Regional Alliance 2009 Annual Meeting – Monday, October 26, 2009, beginning at 12:00 noon, at the Jepson Executive Alumni Center, UMW. Need to RSVP by Friday, October 16, 2009 by 5:00 p.m.
- U.S. Small Business Administration and Small Business Development Center is having an American Recovery & Entrepreneurship Workshops on September 24, October 1, October 8, and October 15, 2009 at the University of Mary Washington, Stafford Campus – South Building, 121 University Boulevard.
- Mark Newton Homecoming Pickin' Party, Saturday, September 19, 2009, beginning at 11:45 a.m. to 7:15 p.m. at Maury Stadium. Ms. Hedelt informed the Board that her office has a limited number of VIP passes, and if they would like one, see Ms. Locklair.
- Passed around the approved signage for the development of the riverfront park.
- Mr. Pullen reported that JumpStart! signs have been put up at Eagle Village.

TREASURER'S REPORT.

Mr. Hornung noted that the financial statements for June and July 2009 were emailed to the members of the EDA. Vice Chair Herlong directed Ms. O'Neill, Secretary of the EDA, to file the Treasurer's Statements with the minutes.

Mr. Hornung discussed update of Current Monetary Positions, EDA Expenditures, and Budget. The following were noted:

- Total of EDA's cash, CDs, and Money Market Accounts is \$1,198,583.76.
- UB&T MM account interest updated to reflect current rate at 1.49% and 1.505 APY.
- Current MM account balance referenced \$299,837.50 and balance of July 2009 updated per financial statement.
- \$220,000.00 transferred from UB&T MM to open CD at VCB (August 14, 2009).
- New 12-month CD (August 14, 2009) opened at VCB for \$220,000.00 at 1.99% and 2.00% APY.
- \$20,000.00 transferred from UB&T MM on 8/27/09 to UB&T checking.
- Budget spreadsheet updated to include committed monies, remaining balances, and spent to date.
- All expenses paid to date have been updated.
- Payments of '09 grants have been updated.
- Bond Spreadsheets were distributed that list all the bonds, information on the bonds, outstanding balance of the bonds as of June 30, 2009, 5-year projected income for Eagle Village bonds, and 5-year projected income of active bonds.

Mr. Hornung presented the following checks for approval:

- Blanton Massey - \$1,000.00 for August and September 2009 retainer fees at \$500.00/each.
- Domino's Pizza - \$42.25 for today's lunch
- City of Fredericksburg Grant - Fireworks Display at the 2010 First Night Event \$1,000.00.
- DRMI Grant - remaining balance in the amount of \$1,988.32 for the 2009 holiday season decorations.

Mr. Pullen made a motion to approve the checks submitted. It was seconded by Mr. Wilson and passed by the following recorded votes. Ayes (5). Dana Herlong, Joe Wilson, Chris Hornung, Chris Limbrick, and Rick Pullen. Nays (0). None.

COMMITTEE REPORTS.

Update on Arts Commission – Mr. Pullen stated that he met with the Arts Commission in August and went over the JumpART! program. The following concerns were addressed: Arts Commission getting started, need their artistic expertise for outdoor art programs, legal contracts for dealing with city owned property and private property to put up art. Banners also were discussed. Ms. Hedelt informed the Authority, for a two-year period the city, downtown, and UMW will form a partnership to do another installation of banners.

Downtown Economic Development Commission Advisory Committee - Ms. Hedelt informed the Board the committee was formed to assume the former role of the Downtown Economic Development Commission. The Advisory Committee consists of representatives from the Clean and Green Committee, DRMI, Economic Development Authority, Arts Commission, Memorials Commission, Parks and Recreation, and two members from the Downtown Commission/Arts Commission who share common goals focused on the downtown. The first meeting was held on August 12th, and the group discussed their top issues, goals and plans. The next meeting is scheduled for September 15th at 4:00 p.m.

At this time, the order of the agenda was changed.

Update of J. Brian Project - Vice Chairman informed the board that she received a letter on August 27, 2009 updating the EDA on the status of the project. She turned the meeting over to Jack Hyland and Jon Van Zandt who updated the Authority on the project and handed out the preliminary revised plans. Mr. Van Zandt stated that most of the elements that have been approved by the EDA are still contained in the newly revised plans. He noted the following:

- Eliminated the large bar area to a smaller side bar.

- Added a brick paver landscape area for the seating.
- Still doing the alleyway improvements, sidewalk improvements, wrought iron gates, and all the streetscape concerns that were voiced during the first round of meetings.
- Plan incorporates the stormwater management.
- Total cost of the build out is approximately \$120,000.00.

Mr. Van Zandt asked the Board for feedback and approval to move forward with the changes. The Authority discussed the following concerns: visibility of the stage, issue of trash pickup, and water closet. After discussion of the project, Mr. Pullen made a motion to approve the new plans submitted today and confirm the original resolution for what the EDA agreed to pay for in the first place. Motion was seconded by Chris Hornung passed by the following recorded votes. Ayes (5). Dana Herlong, Joe Wilson, Chris Hornung, Chris Limbrick, and Rick Pullen. Nays (0). None.

STAFF REPORT.

Grant Criteria and Process – Vice Chair Herlong reported that the Grant Committee met to discuss the recommended changes to the grant criteria. She informed the Board that the grant process is a work in progress. She stated that the JumpART program is not yet defined.

Possible Confidentiality Options Regarding Grant Application Information – Mr. Massey talked about the following confidentiality options (see attached Confidentiality Policy for additional information):

- Contract negotiations
- Confidential proprietary records voluntarily provided by private business pursuant to a promise by the EDA of confidentiality

After discussion, the Board recommended the additional changes be made to the grant criteria:

- Under the JumpART! grant, second line, should be corrected to say designated to support the Arts.
- On the Grant Application Cover Sheet, eliminate--Since you will be including financial information, you have the right to keep that information confidential. If you wish for it to remain confidential, please check here.

The Authority discussed the following which may be incorporated at a later date:

- Judge the projects based on merit of the project alone.
- Suggest to look at a hybrid not to replace JumpStart! or the grant but to concentrate primarily on improving streetscapes and store fronts.

- Store front improvement criteria that would allow owner/tenant to have a matching grant from the EDA for any store front improvements only.
- Ms. Hedelt suggested that the EDA consider a Public Art Program separate from the Grants Program.

Mr. Pullen moved that the Authority approve the new improved version of the grant criteria along with asking our attorney, Blanton Massey, to look into the confidentiality of issues and add whatever he deems necessary to the application. It was seconded by Mr. Limbrick and passed by the following recorded votes. Ayes (5). Dana Herlong, Joe Wilson, Chris Hornung, Chris Limbrick, and Rick Pullen. Nays (0). None.

Tourism and Technology Zones – Ms. Hedelt informed the Board that the Office of Economic Development and Tourism will be bringing before Council in the next month the following:

- Creating a new tourism zone – The Central Park Tourism Zone for the purpose of attracting new retail businesses to fill vacant spaces in the Central Park shopping area.
- Two new technology zones – The Central Park Town Center Technology Zone and Jefferson Davis Highway Corridor Technology Zone from the Falmouth Bridge to Cowan Boulevard and extending East of Jefferson Davis Highway to Germania Street. The Jefferson Davis Highway Corridor includes the old and new hospital campus area, the Fredericksburg Shopping Center and Eagle Village, Phases I and II.

Mr. Pullen left at 2:15 p.m.

Lafayette Corridor – Ms. Hedelt reported that the City is participating from a staff level with FAMPO on studies of the Lafayette Boulevard. She stated that a potential prospect, who owns several parcels that would be ideal for mixed use, approached the Preliminary Plan Committee for advice. The Planning Commission did a “field trip” to the Lafayette corridor in July. The purpose was to look at the potential use development there and the need for a mixed use/overlay ordinance.

Fredericksburg Expo and Conference Center – Ms. Hedelt briefed the Board on the payout to Ballantine Management Group, Fredericksburg Expo and Conference Center (Expo Center). After discussion, Mr. Wilson made a motion for an expenditure of EDA funds pending a letter of request from the City Manager’s office. Motion was seconded by Chris Limbrick and passed by the following recorded votes. Ayes (3). Dana Herlong, Joe Wilson, and Chris Limbrick. Mr. Hornung abstained from voting due to a conflict of interest. Nays (0). None.

Adopt Revised By-Laws – Mr. Wilson moved to adopt the revised by-laws as presented and which are to be attached to the minutes. Motion was seconded by Mr. Hornung and passed by the following recorded votes. Ayes (4). Dana Herlong, Chris Hornung, Chris Limbrick, and Joe Wilson. Nays (0). None.

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Mr. Hornung made a motion to move \$50,000.00 from the UB&T MM account to UB&T checking account to take care of the payments discussed today. Motion was seconded by Mr. Limbrick and passed by the following recorded votes. Ayes (4). Dana Herlong, Chris Hornung, Chris Limbrick, and Joe Wilson. Nays (0). None.

Adjournment.

There being no further business to come before the Economic Development Authority at this time, the meeting adjourned at 2:25 p.m.

Assistant Secretary