

ECONOMIC DEVELOPMENT AUTHORITY MINUTES (EDA)

**Monday, April 12, 2010
Public Hearing and Regular Meeting
Print Innovators Conference Room
1381 Belman Road
Fredericksburg, VA 22401**

The Economic Development Authority of the City of Fredericksburg, Virginia Public Hearing and Regular Meeting was held on Monday, April 12, 2010, beginning at 12:00 noon in the Print Innovators Conference Room at 1381 Belman Road, Fredericksburg, Virginia.

Present. Dana Herlong, Joe Wilson (left early), Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca.

Absent. None

Also Present: Kalahari: Todd Nelson; **Kaufman & Canoles:** George Consolvo; **Merrill Lynch:** Greg Fawcett; **Troutman Sanders:** Chuck Shimer; **The Free Lance-Star:** Bill Freehling; **Attorney:** Blanton Massey; **Department of Economic Development and Tourism: Interim Director:** Karen Hedelt; **Economic Development Manager:** Richard Tremblay; and **Marketing and Information Specialist:** JoAnn Locklair.

Chair Herlong thanked the Free Lance-Star for the tour of the Print Innovators Plant.

DETERMINATION OF A QUORUM.

Ms. O'Neill, Secretary, determined that a quorum was present.

APPROVAL OF AGENDA.

Chair Herlong asked for changes, additions, or deletions to the agenda. Mr. Hornung made a motion to approve the agenda as submitted. It was seconded by Ms. O'Neill and passed by the following recorded votes. Ayes (7). Dana Herlong, Joe Wilson, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

PUBLIC HEARING.

Chair Herlong opened the Public Hearing at 12:00 noon on proposed Recovery Zone revenue bond financing by the Economic Development Authority of the City of Fredericksburg for the Kalahari Resorts, LLC, in an aggregated principal amount not to exceed \$35,000,000.

Mary Jane O'Neill, Secretary, read the notice of the Public Hearing that was published in The Free Lance-Star. Mr. Chuck Shimer, Bond Counsel for the EDA, noted that he reviewed the notice which was advertized appropriately. He stated the notice and resolution, which will be coming up later, is all in order.

Chair Herlong opened the floor for those who wished to speak to the project.

Mr. George Consolvo of Kaufman & Canoles law firm, counsel to Kalahari Resorts, LLC, reviewed Kalahari's plans to finance the acquisition, development, construction and equipping of a full-service hotel of approximately 850 rooms including condominium units (aggregating 422,000 square feet), together with a conference center of approximately 83,000 square feet, an indoor water park, theme park and spa aggregating approximately 266,000 square feet, restaurants, lobby, lounges, retail and administrative offices aggregating approximately 302,000 square feet and related support and maintenance facilities. He indicated the finance plan will include the Recovery Zone facility bonds, which are the subject of this public hearing, along with an anticipated larger issuance of taxable bonds and equity investment.

Mr. Todd Nelson, President and CEO, Kalahari Resorts, LLC further described the Project, and how it had changed and been expanded, including increasing the number of hotel rooms and size of the water park since first proposed several years ago. He stated the Project now was estimated to be a \$230-250 million project. He answered questions from Authority members about the Project and indicated the commitment to promote other city attractions at the Project and in its marketing. Mr. Nelson asked the Authority to waive the annual administrative fee applicable to Authority bond issues, and a brief discussion followed with no decision being made.

Mr. Greg Fawcett of Bank of America/Merrill Lynch indicated Bank of America/Merrill Lynch's interest in purchasing the Recovery Zone facility bonds and involvement in structuring the larger taxable debt component of the Project financing.

Mr. Consolvo advised that the City Council of the City of Fredericksburg would be asked to approve the issuance of the Recovery Zone facility bonds as required by law.

Mr. James Lawrence then addressed the Authority and requested it to consider funding more benches in the downtown area and asked Mr. Nelson to consider having benches available on site at the Project.

Mr. Gene Bailey, President of the Fredericksburg Regional Alliance, addressed the Authority stating his enthusiastic support of the Project, encouraging the Authority to support the Project by issuing the Recovery Zone facility bonds

Chair Herlong opened the floor for those who wish to speak against the project.

No other members of the general public made any comments, whether oral or written, at the public hearing.

There being no further speakers, Chair Herlong declared the Public Hearing closed at 12:35 p.m.

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Mr. Pullen made the motion to adopt the Resolution as submitted. Motion was seconded by Mr. Limbrick. Discussion followed concerning the following paragraphs:

- Page 1, Paragraph 3 –allocation of up to \$30,000,000 in Recovery Zone facility bonds. Mr. Shimer clarified to the Board that the original request was the \$30,000,000, the Governor gave \$25,000,000, and the Authority is being asked to approve up to \$35,000,000 in case there is any extra money available.
- Page 3, Paragraph 4 – percentage fee. Mr. Shimer pointed out that the 1/8 of 1% is in paragraph 4; the EDA can choose to charge the stated fee. He stated that Mr. Consolvo appropriately noted that Kalahari was going to come back to the EDA for bond approval at which time the documents will be determined and the decision of the fee will be included in the documents. He suggested that the EDA leave the fee as stated in the document for now. Mr. Massey said the only thing before the Authority right now is the adoption of this Resolution as it reads.

The Resolution passed by the following recorded votes. Ayes (5). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Limbrick and Amy LaMarca. Nays (0). None. Mr. Hornung abstained from voting due to a conflict of interest.

APPROVAL OF MINUTES.

Regular Meeting Minutes of March 8, 2010.

Mr. Hornung made a motion to approve the minutes as submitted. It was seconded by Ms. LeMarca and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

APPROVAL OF CONSENT AGENDA.

Chair Herlong reported that the Treasurer's Report has been moved to the consent agenda and the Treasurer's Report will be filed with the minutes. In addition, there will be a Treasurer's Action Items for check approval and other financial matters that need approval.

Mr. Hornung made a motion to approve the consent agenda as submitted. It was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

CHAIRMAN'S REPORT.

Recognition of Chris Limbrick's Service – Chair Herlong thanked Mr. Limbrick for his eight years of service on the Board and presented him with a gift. She reminded him that he cannot go off the Board until he is replaced.

Lieutenant Governor Bill Bolling Event – Chair Herlong reported that the Bolling event on March 25th was an opportunity to network with other economic development professionals from the region and to hear what the State is doing. Chair Herlong thanked the staff and Ms. Worrell for an excellent event.

EDA Board Appointment Status – Chair Herlong reported that the EDA has received four applications, which included Mr. Wilson who would like to be reappointed. City Council's appointment to the EDA Board is scheduled for their April 27th meeting.

May Meeting Revised schedule, May 24, 2010 – Chair Herlong brought to the attention of the Board that due to Kalahari's request, the May meeting has been scheduled for May 24th.

Treasurer's Action Items – Mr. Hornung reported as of this meeting, the EDA still has \$68,000 left uncommitted for Fiscal Year 2010. He stated that at the next meeting he will have a Fiscal Year 2011 draft budget for review.

Mr. Hornung made a motion to approve renewal of a CD at Virginia Commerce Bank that will mature on 4/24/10 for another 12 months. It was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Mr. Hornung asked for approval of the following checks:

- Liberty Town in the amount of \$175.00
- Blanton Massey's March retainer fee of \$500.00

It was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Mr. Hornung stated that a check was written to Amy LaMarca for her trip to Virginia Economic Developer's Conference on behalf of the EDA for \$382.90, which included her registration and lodging.

COMMITTEE REPORTS.

Grants Committee – Recommendations and Awards on JumpStart! and Princess Anne Street Façade Grant Applications – Mr. Tremblay reported that the Grant Committee, composed of Dana Herlong, Mary Jane O’Neill, and himself met on March 16, 2010 to review the six grant applications received by March 1, 2010. Additionally, one Princess Anne Façade Street application was reviewed by that Committee, made up of Dana Herlong, Mary Jane O’Neill, and Ray Ocel.

Staff distributed a chart summarizing the seven applications and the respective committee’s recommendations. Mr. Tremblay noted that the total grant amount recommended is \$75,000.00.

Ms. O’Neill presented the following recommendations:

Olde Town Steak & Seafood – Grant Committee recommended giving a \$5,000.00 grant for awnings on the Princess Anne façade of the restaurant expansion. After discussion, Mr. Pullen moved to approve the committee’s recommendation. Motion was seconded by Mr. Limbrick and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Downtown Retail Merchants, Inc. – Grant Committee recommended giving the Downtown Retail Merchants, Inc. a grant up to \$8,000.00 for the installation of six art panels on the existing fence in the 800 block of Caroline Street. \$6,000.00 is to pay the artists and \$2,000.00 for materials and two years maintenance. The target for completion is July 2, 2010. The panels are to include a JumpstART! plaque and \$500.00 is to be retained for the second year of maintenance. The art panels are to be removed by DRMI at the end of two years.

After discussion, Mr. Pullen moved to approve the committee’s recommendation. Motion was seconded by Mr. Hornung and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Madeline Ruth - Grant Committee recommended giving a grant up to \$2,500.00 for one-half the cost of new awnings, repainting of the front building elevation and new signage for the Madeline Ruth’s shop. The grant is subject to ARB approval.

After discussion, Mr. Hornung made a motion to approve the committee’s recommendation. Motion was seconded by Ms. O’Neill and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Olde Town Steak and Seafood – Grant Committee recommended giving a grant in the amount up to \$34,500.00 to offset the costs of the sprinkler system and new accessible women’s bathroom.

After discussion, Mr. Hornung made a motion to approve the committee’s recommendation. Motion was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Bavarian Chef of Fredericksburg – Grant Committee recommended giving a grant in the amount up to \$20,000.00 for the new exterior signage and various outside décor improvements, including flags, flower boxes and a clock. The grant is subject to ARB approval.

Mr. Pullen moved to approve the committee’s recommendation. Motion was seconded by Mr. Hornung and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Seven Hills Presents, LLC, Celebrate Virginia Live Concert Series – Grant Committee recommended giving a sponsorship grant in the amount of \$5,000.00 for the 2010 concert series. As part of the sponsorship, the JumpStart! banners would be prominently displayed at the site. Additionally, the JumpStart! logo and new EDA logo will be included on the print and website advertisements for the series, and the EDA will be included in the sponsor roll call

After discussion, Mr. Pullen moved to approve the committee’s recommendation. Motion was seconded by Ms. LaMarca and passed by the following recorded votes. Ayes (5). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None. Mr. Hornung abstained from voting due to a conflict of interest.

Quin Rivers, Inc. - Grant Committee recommendation of no grant funding is based on the lack of a clear connection between the Youth Employment Program and the City’s youth.

Mr. Pullen made a motion to deny the grant. Motion was seconded by Ms. LaMarca and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O’Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

EDA Strategic Thinking/Planning Day Committee, June 17, 2010 – Chair Herlong turned the meeting over to Ms. Worrell who discussed her ideas for the planning session. She passed out information on the strategic planning process and a draft agenda for discussion. Discussion followed with Ms. Worrell requesting the Board to let her, Richard Tremblay, or Karen Hedelt know who they would like to invite from the city and any topic they would like to discuss.

Mr. Tremblay noted that the budget project for Ms. Worrell's time, the facility (Jepson Center), dinner the night before the session, speaker expenses, and some miscellaneous items is \$12,500.00 for total expenses. This total includes Ms. Worrell's time on coordinating the Bolling Event.

Mr. Hornung made a motion to approve up to \$12,500.00 of spending for the Strategic Planning retreat. Motion was seconded by Mr. Pullen and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

STAFF REPORT.

Surgi-Center Groundbreaking - Mr. Tremblay reported on the groundbreaking of the Surgi-Center on March 23, 2010. He stated there was a good turnout. Mr. Tremblay stated they will break ground next month on the construction and should be completed within a year to 14 months.

2010 Business Appreciation Event, May 18, 2010 – Mr. Tremblay informed the Board that the City's Appreciation Event is Tuesday, May 18th from 5:30 to 7:30 at Snowden. Mary Washington Healthcare is hosting the event again this year. The budget for the event will include door prizes, invitations, stamps, and a business appreciation ad in the paper for a total amount of \$2,900.00. He asked the EDA if they would approved up to \$2,900.00 to support the event.

Ms. O'Neill made a motion to approve a budget of \$2,900.00 for the 2010 Business Appreciation Event. Motion was seconded by Ms. LaMarca and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Letter of Endorsement for an Award Application to the National Alliance of Preservation Commissions – Mr. Tremblay passed out a letter and asked for the EDA endorsement of an application by the City's Architectural Review Board to the National Alliance of Preservation Commissions for an educational outreach award. The Board gave Chair Herlong permission to sign the letter.

Mr. Tremblay asked the EDA for approval to order banners for JumpstART!. Ms. O'Neill made a motion to order two banners in the amount of \$95.00 each for JumpstART!. Motion was seconded by Mr. Limbrick and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

Mr. Tremblay informed the Board that the University of Mary Washington Foundation has offered to give a tour of Eagle Village to the EDA members. He stated the tour would take about 1½ hours. He stated he will send out an e-mail on available dates.

OLD BUSINESS.

Mr. Limbrick commented on the EDA's new logo. He requested the box be eliminated around the logo. Mr. Pullen stated that he would get the graphic artist to remove the box.

NEW BUSINESS.

Consider Approval of Performance Agreement for Bavarian Chef of Fredericksburg – Mr. Tremblay reported at the March 23rd meeting of City Council a \$90,000.00 incentive agreement was approved for the Bavarian Chef. As in other incentive agreements, the rebate of taxes, sales, and meal taxes comes through the EDA. Mr. Tremblay requested a motion and approval to authorize the Chairman to execute the incentive agreement that City Council approved.

Mr. Pullen moved that the Chairman is authorized to execute the incentive agreement that City Council approved for Bavarian Chef of Fredericksburg. Motion was seconded by Ms. O'Neill and passed by the following recorded votes. Ayes (6). Dana Herlong, Mary Jane O'Neill, Rick Pullen, Chris Hornung, Chris Limbrick, and Amy LaMarca. Nays (0). None.

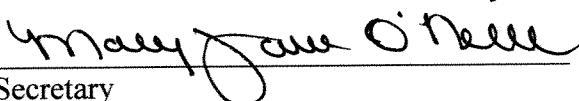
BOARD MEMBERS' COMMENTS.

Ms. LaMarca reported on the Virginia Economic Developer's Association Spring Conference that she attended on behalf of the EDA on March 11, 2010. She stated that she would send the materials from the conference to Ms. Locklair to distribute to the members of the EDA.

Mr. Pullen discussed parking on the riverfront. He asked staff to get the occupancy number for the parking garage for the next meeting.

ADJOURNMENT.

There being no further business to come before the Economic Development Authority, at this time, the meeting adjourned at 2:17 p.m.


Secretary