

FREDERICKSBURG
**ECONOMIC
DEVELOPMENT**
AUTHORITY

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ECONOMIC DEVELOPMENT AUTHORITY MINUTES (EDA)

July 9, 2012

City Hall, Large Conference Room
715 Princess Anne Street
Fredericksburg, VA

The Economic Development Authority of the City of Fredericksburg, Virginia met in regular session on Monday, July 9, 2012, beginning at 8:30 a.m. in the large conference room at City Hall.

EDA MEMBERS PRESENT. Chris Hornung, Chairman, presiding. Joe Wilson, Tom Crimmins, Bob Carter, Michael Colangelo and Steve D'Lugos.

ABSENT. Amy LaMarca.

ALSO PRESENT. Kutak Rock, LLP: Charles Shimer; Employment Resources Incorporated: Joan McLaughlin; Union First Market Bank: Michael Torosian; EDA Counsel: Blanton Massey; Department of Economic Development and Tourism: Karen Hedelt, Director; Richard Tremblay, Assistant Director for Economic Development; Amy Peregoy, Marketing and Information Specialist.

DETERMINATION OF QUORUM. Richard Tremblay determined that a quorum was present.

AGENDA. The agenda was approved as presented.

PUBLIC COMMENTS. None.

APPROVAL OF MINUTES.

Upon a motion by Bob Carter, seconded by Steve D'Lugos, the June 4, 2012 Grants Work Session minutes were approved: Ayes (6); Nays (0).

Upon a motion by Tom Crimmins, seconded by Bob Carter, the June 14, 2012 Regular Meeting minutes were approved: Ayes (6); Nays (0).

OLD BUSINESS.

- c. **Approval of Final Revenue Bond Document for Employment Resources, Inc.** – Mr. Tremblay presented an overview of the final bond documents reviewed and approved by Charles Shimer.

Upon a motion by Steve D'Lugos, seconded by Tom Crimmins, the final resolution for the issuance of a qualified non-profit revenue bond for Employment Resources, Inc. was approved: Ayes (5); Nays (0), Abstain (1); Joe Wilson. A role call vote was taken per counsel.

TREASURER'S REPORT.

Mr. Carter presented the budget update and June financial statement. There were no action items. The financial statement and budget were approved as presented.

CHAIRMAN'S REPORT.

Chairman Hornung appointed Tom Crimmins and Bob Carter from the EDA board and Sue Bridi and Mary Jane O'Neill from the Citizen's Advisory Committee to the Grants Committee. After a brief discussion of grant requests and funding the board will set a date for a work session for discussion purposes only of presenting a package to city council regarding resource allocations for economic development grant funding.

Upon a motion by Steve D'Lugos, seconded by Joe Wilson, a work session with city council will be planned for discussion purposes only of grant funding; no vote was taken.

Mr. Wilson suggested a meeting with city council for an overall discussion of economic development. Mr. Crimmins requested an EDA work session for preparing objectives and a plan before meeting with city council.

Mr. D'Lugos withdrew his motion.

Chairman Hornung presented Joe R. Wilson with a certificate of appreciation for his service and personal time as past Chairman of the EDA Board. Ms. Hedelt thanked Mr. Wilson for his term of service and dedication.

COMMITTEE REPORTS.

- a. ***Technology Zones – Amy LaMarca and Richard Tremblay*** – Mr. Tremblay presented proposed program changes to the board. After a brief discussion the board will endorse the proposed changes in the form of an ordinance to city council.

Upon a motion by Bob Carter, seconded by Michael Colangelo, the EDA approved to endorse an ordinance supporting proposed changes to the Technology Zones: Ayes (6); Nays (0).

- b. ***Tourism Zones – Richard Tremblay*** – Mr. Tremblay presented a meeting summary of the Tourism Zone Advisory Committee; staff will prepare proposed program changes to be reviewed by the board at the August meeting.

STAFF REPORT.

Mr. Tremblay revisited the Employment Resources; Inc. bond, he noted the bond is bank qualified and due to IRS rules, jurisdictions issuing bank qualified bonds are limited to \$10,000,000 of industrial development bonds per calendar year. The city has no plans of bonding this year in which the City Manager has confirmed.

Mr. Tremblay advised the board that the University of Mary Washington Foundation of Eagle Village bond refinancing from 2012 will not be closing. The bond funding with the EDA will not be pursued. Mr. Massey requested documentation be on file from the university.

Upon a motion by Bob Carter, seconded by Steve D'Lugos, the resolution is repealed. Ayes (5); Nays (0), Abstain (1); Joe Wilson.

OLD BUSINESS – CONT'D.

- a. **Adoption of FY2013 Budget** – Mr. Carter presented the revised FY2013 EDA budget. An opportunity fund will be established for special projects.

Upon a motion by Bob Carter, seconded by Tom Crimmins, the EDA adopted the FY2013 budget: Ayes (6); Nays (0).

- b. **Purchase Card Program – Michael Colangelo** – Mr. Colangelo presented an update of the program. He requested an additional \$5,000 to complete the program. After a brief discussion the board approved the additional funding.

Upon a motion by Michael Colangelo, seconded by Tom Crimmins, the EDA approved an additional \$5,000 in funding for the purchase card program: Ayes (6); Nays (0).

Chairman Hornung requested a budget be presented at the August EDA meeting.

After a brief discussion of Real Fredericksburg, Chairman Hornung appointed Tom Crimmins to assist the Real Fredericksburg board with drafting the Memorandum of Understanding Agreement.

NEW BUSINESS.

- a. **Fredericksburg Regional Chamber of Commerce, Leadership Fredericksburg, FY2013 Grant** – Mr. Tremblay presented the grant request to the board for early discussion due to the announcement of the 2013 class in August for the Leadership Fredericksburg program. After a brief discussion a \$1,000 grant was approved by the board.

Upon a motion by Bob Carter, seconded by Tom Crimmins, the EDA approved a \$1,000 grant for Leadership Fredericksburg 2013: Ayes (5); Nays (1).

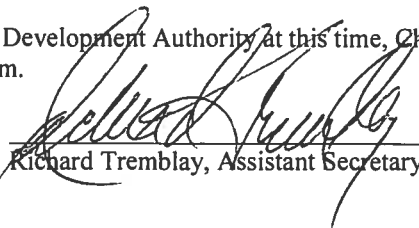
BOARD MEMBERS COMMENTS.

Joe Wilson requested the removal of a 4 x8 wood JumpStart! sign from his vacancy at 915 Caroline Street the space has been leased. Mr. Wilson mentioned to the board Spotsylvania County has increased their threshold for BPOL taxes. Karen Hedelt informed the board that the City Manager is working on a proposal to adjust the city's BPOL tax threshold. The proposed adjustment will be presented to city council along with the proposed changes to the Tourism and Technology zones.

Michael Colangelo mentioned to the board he has been asked to write an Op Ed piece on Oktoberfest and festivals in general and their role in economic development.

ADJOURNMENT.

There being no further business to come before the Economic Development Authority at this time, Chairman Hornung declared the meeting officially adjourned at 10:26 a.m.


Richard Tremblay, Assistant Secretary

FREDERICKSBURG
ECONOMIC
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AUTHORITY

Motion: D'Lugos

Second: Crimmins

July 9, 2012
Regular Meeting
Resolution No. 12-18

**FINAL RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FREDERICKSBURG, VIRGINIA
FOR THE ISSUANCE OF A QUALIFIED NON-PROFIT REVENUE BOND FOR
EMPLOYMENT RESOURCES, INC.**

WHEREAS, Employment Resources, Inc., a nonprofit corporation (**the "Borrower"**) has requested that the Economic Development Authority of the City of Fredericksburg, Virginia (**the "Authority"**) issue its qualified non-profit revenue bond in an amount not to exceed \$1,700,000 (**the "Bond"**) to assist the Borrower in the acquisition, construction, renovation and equipping of its principal place of business and classroom facility, a brick building of approximately 21,710 square feet, formerly used for industrial purposes on a lot of approximately 0.72 acres located at 404 Willis Street (**the "Project"**) wherein the Borrower operates the Gladys H. Oberle School which specializes in education and training youth with disabilities and other barriers to learning or employment, located in the City of Fredericksburg (**the "City"**) and to pay costs of issuance of the Bond, to accomplish certain purposes of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code of Virginia of 1950, as amended (**the "Act"**) and the Authority has agreed to do so; and

WHEREAS, the Borrower has represented to the Authority that it is a nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (**the "Code"**); and

WHEREAS, the Authority requested and the City Council of the City of Fredericksburg, Virginia (**the "City Council"**) adopted at its meeting on June 26, 2012, a resolution approving the issuance of the Bond (**the "City Public Approval Resolution"**) under Section 15.2-4906 of the Act and Section 147(f) of the Code and designated the Authority's Bond as a "qualified tax-exempt obligation" under Section 265(b) (3) of the Code; and

WHEREAS, the Authority at the request of the Borrower proposes to (a) assist the Borrower in the financing of the Project by the issuance of the Bond as a qualified non-profit revenue bond, (b) enter into a Loan Agreement (**the "Loan Agreement"**) with the Borrower wherein the Borrower agrees to repay the loan of the proceeds of the Bond and issue and deliver to the Authority the Borrower's promissory note, in the principal amount equal to the amount of the Bond (**the "Borrower's Promissory Note"**), (c) sell the Bond to Union First Market Bank

(the “Bank”) under a Bond Purchase Agreement among the Authority, the Borrower and the Bank (the “Bond Purchase Agreement”), wherein the Bank purchases the Bond from the Authority and is assigned the Borrower’s Promissory Note and the Loan Agreement; and

WHEREAS, there have been presented to this meeting drafts of the following documents (the “Documents”) which the Authority proposes to execute or which relate to the transactions described above, copies of which shall be filed with the records of the Authority: (a) the Bond Purchase Agreement, (b) the Loan Agreement, (c) the Borrower’s Promissory Note and assignment thereof (the “Assignment”) and (d) the form of the Bond.

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FREDERICKSBURG, VIRGINIA:

1. The Authority finds and determines that the financing of the Project for the Borrower will be consistent with the purposes of the Act and that the Project will be an “authority facility” within the meaning of the Act.

2. All costs and expenses in connection with the financing of the Project and the issuance of the Bond, including the Authority’s fees (as provided in the Authority’s inducement resolution adopted June 11, 2012, and in the Loan Agreement) and expenses, the Bank’s fees and expenses, the fees and expenses of Bond Counsel and the fees and expenses of Authority Counsel, shall be paid from the proceeds of the Bond or other funds of the Borrower. If for any reason the Bond is not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

3. The plan for financing of the Project is hereby approved. The Authority will use the proceeds from the issuance of its Bond to provide financing for the Project and loan the proceeds of the Bond to the Borrower under the Loan Agreement and Borrower’s Promissory Note under repayment terms sufficient to pay interest and principal due on the Bond. The obligation of the Authority to pay principal and interest on the Bond, or any other amounts with respect to the Bond or the Project, will be limited to payments received from the Borrower.

4. The Authority hereby authorizes the issuance pursuant to the Bond Purchase Agreement of its Qualified Non-Profit Revenue Bond (Employment Resources, Inc. Project) Series 2012, at a fixed interest rate of 3.50% per annum, fully amortized as to principal and interest on a 15 year schedule with payments of principal and interest due monthly, in arrears, in a maximum amount not to exceed \$1,700,000.

5. The Chairman of the Authority or the Vice-Chairman of the Authority, either of whom may act, is hereby authorized and directed to execute the Bond Purchase Agreement, the Loan Agreement and the Assignment.

6. The Chairman of the Authority or the Vice-Chairman of the Authority, either of whom may act, is hereby authorized and directed to execute the Bond by manual or facsimile signature, the Secretary or Assistant Secretary, if any, either of whom may act, is hereby authorized and directed to affix the seal of the Authority to or print a facsimile thereof on the Bond and attest the same by manual or facsimile signature, and the officers or members of the

Authority are hereby authorized and directed to cause the Bond to be delivered to the Bank upon terms to be provided in the Bond Purchase Agreement.

7. The Documents shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer or member executing them, if and as appropriate, his or her execution to constitute conclusive evidence of his or her approval of any such completions, omissions, insertions and changes, subject to the approval of the Authority Counsel.

8. The officers or members of the Authority are hereby authorized and directed to execute, deliver and file all certificates and documents and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond, including without limitation (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Bond to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and regulations thereunder, applicable to "arbitrage bonds," based upon representations by the Borrower, (b) providing for the Borrower to pay any such rebate amount, (c) filing Internal Revenue Service Form 8038, and (d) taking all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond and the financing of the Project.

9. The Authority, based on the City Public Approval Resolution, hereby designates and allocates up to \$1,700,000 towards and hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Authority represents and covenants that the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which will be issued by it or its subordinate entities, or based solely on the City Public Approval Resolution the City or its subordinate entities, during the calendar year 2012, including the Bond, will not exceed \$10,000,000.

10. Any authorization herein to execute a document shall include authorization to cause delivery of it to the other parties thereto and to record such document, if requested by the Borrower and at the Borrower's expense, where appropriate.

11. The Chairman of the Authority, Vice-Chairman of the Authority and all other officers or members of the Authority are hereby authorized and directed to work with the Borrower, Sands Anderson PC as bond counsel for the Borrower, the Authority Counsel and the Bank to perform all services and prepare all documentation necessary or appropriate to issue and deliver the Bond and execute and deliver the Documents.

12. All other acts of the officers or members of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond are hereby approved and ratified.

13. This resolution shall take effect immediately.

ADOPTED: July 9, 2012

Votes:

Ayes: 5

Nays: 0

Absent from Vote: 1

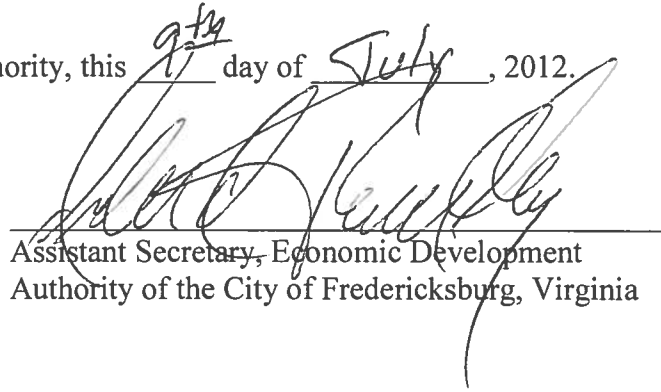
Absent from Meeting: 1

Abstain: 1

CERTIFICATION OF ADOPTION OF RESOLUTION

I, the undersigned Secretary of the Economic Development Authority of the City of Fredericksburg, Virginia, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Authority at an open meeting duly called and held on July 9, 2012 and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof. The following represent the votes taken at such meeting:

WITNESS my hand and the seal of the Authority, this 9th day of July, 2012.


Assistant Secretary, Economic Development
Authority of the City of Fredericksburg, Virginia