

FREDERICKSBURG  
**ECONOMIC**  
**DEVELOPMENT**  
AUTHORITY

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**ECONOMIC DEVELOPMENT AUTHORITY MINUTES (EDA)**

June 10, 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, June 10, 2019 beginning at 8:30 a.m. in the Suite at City Hall.

**EDA MEMBERS PRESENT.** Beth Black Vice Chair, presiding. Lee Murray, Chris Waller, Hap Connors, Mitzi Brown, Bill Beck and Will Mackintosh.

**ABSENT.** None.

**ALSO PRESENT.** Kaufman & Canoles, P.C.: Eric Ballou; Kutak Rock, LLP: George Scruggs, Jr.; Citizen: Suzy Stone; Fredericksburg Food Cooperative: Rich LaRoche & Jonathan Stevens; Free Lance-Star: Cathy Jett; City of Fredericksburg: Tim Baroody, City Manager; 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.** Vice Chair Black noted one change: Item 8a moved before Item 7.

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

**PUBLIC COMMENTS.** None.

**OLD BUSINESS.**

- a. *Amended and restated resolution authorizing the issuance of revenue bonds by the Economic Development Authority of the City of Fredericksburg, Virginia, as a conduit issuer on behalf of SAJ Baseball, LLC and its affiliates, in an aggregate principal amount not to exceed [\$39,850,000], SAJ Baseball LLC, a Virginia limited liability company (the "Company"), and its affiliate, Potomac Baseball LLC (the "Operator"), for the Authority to issue its Revenue Bonds (Fredericksburg Stadium Project), [Taxable Series 2019A (City Use Revenues)] (the "Series 2019A Bonds"), and [Taxable Series 2019B (Stadium Revenues)] (the "Series 2019B Bonds"), in an aggregate principal amount not to exceed \$39,850,000 (the Series 2019A Bonds and the Series 2019B Bonds are, together, the "Bonds"), and loan the proceeds of the Bonds to the Company to (a) finance the costs associated with the design, engineering, acquisition, development, construction and equipping of a multi-purpose minor league baseball stadium (the "Stadium") with a seating capacity of approximately 5,000 and associated surface parking, together with related land and support facilities for the benefit of the Company and the*

*Operator, all to be located on a site adjoining Interstate-95 in the Celebrate South Virginia Development located in the City of Fredericksburg, Virginia (the “City”); (b) fund a deposit to the debt service reserve fund with respect to all or either series of the Bonds; (c) provide for funded interest on all or either series of the Bonds during construction and a period not exceeding one year after completion of construction, and (d) pay certain costs of issuance of the Bonds (collectively, the “Stadium Project”) –*

Mr. Freehling presented background noting the owners of the Potomac Nationals continue to finalize their \$39 million bond financing package that will facilitate the planned multi-purpose stadium in Celebrate Virginia South. The structure of the package has changed since the team was before the EDA in March. Based on advice from the team’s underwriter and rating agency, the bond will now be sold in two parts. The City’s \$1.05 million annual commitment will be assigned to one of the bonds, and the team’s operating revenue will be pledged to the other.

The bonds will still be issued through the Fredericksburg EDA, and the EDA’s role will continue to be solely as a conduit issuer without financial responsibility for the bonds. The EDA will receive the same annual fee from the team as previously discussed – 1/10th of 1 percent of the outstanding balance for both bonds – for being the conduit issuer. This will be approximately \$39,000 the first year, and will diminish gradually over the life of the 30-year bond.

Mr. Ballou and Mr. Scruggs both gave a brief overview of the bonds and answered questions from the board.

**MOTION by Bill Beck, seconded by Hap Connors to adopt Resolution 19-11 the board authorizes the Chair or the Vice Chairman, either of whom may act, is authorized and directed to execute the Bonds by manual or facsimile signature, and the Secretary of the Authority or any Assistant Secretary, either of whom may act, is authorized and directed to have the seal of the Authority affixed or printed thereon and to attest such seal by manual or facsimile signature. Such officers of the Authority are further authorized and directed to deliver the Bonds to the Underwriter upon the terms provided in the Bond Documents: Ayes (7); Nays (0).**

#### ***APPROVAL OF MINUTES.***

**MOTION by Hap Connors, seconded by Mitzi Brown the minutes from the May 13, 2019 regular meeting were approved: Ayes (5); Nays (0); Abstain (2-Murray & Waller).**

#### ***TREASURER’S REPORT.***

- a. ***EDA Budget update and Financial Statement*** - The financial statement and budget report for May 2019 were filed with the minutes.
- b. ***Present draft budget FY2020*** – Vice Chair Black presented and reviewed the FY2020 budget.

**MOTION by Hap Connors, seconded by Lee Murray, the FY2020 draft budget was approved: Ayes (7); Nays (0).**

#### ***OLD BUSINESS - Continued.***

- b. ***EDA Loan Program*** – Ms. Brown presented an overview of the former grant program and the process of developing a loan program for the new members. Vice Chair Black and Mr. Mackintosh stated they had attended a recent conference where other jurisdiction loan program structures were presented. The development of a loan program will create a revenue stream for the EDA. Mr. Connors questioned a possible partnership with REDCO and tax incentives for corridor improvements. Mr. Mackintosh and Ms. Brown have discussed both and will have further information during the August 12 meeting.
- c. ***Germanna Community College (GCC) FredCAT Performance Agreement Annual Report*** – Ms. Peregoy reviewed the annual report with the board noting all performance measures were met by GCC FredCAT.

Mr. Connors commended FredCAT and stated future programs may require funding. Ms. Freeman gave an overall update to the board to include: programs, events, and workforce development efforts.

**MOTION by Mitzi Brown, seconded by Will Mackintosh, the board approved the disbursement of \$25,000: Ayes (7); Nays (0).**

**NEW BUSINESS.**

- a. ***Fredericksburg Food Coop Performance Agreement*** – Mr. Freehling stated the Fredericksburg Food Cooperative (Co-op) is seeking a Tourism Zone performance agreement to assist with the opening of a member-owned grocery store at 320 Jefferson Davis Hwy. City Council unanimously approved the performance agreement at its May 28 meeting, pending the concurrence of the EDA. The space at 320 Jefferson Davis Hwy. is within the Downtown/Princess Anne Street Corridor Tourism Zone. The Co-op has requested a 10-year Tourism Zone incentive to facilitate this milestone decision to lease a space. 100 percent of the local sales tax revenue generated for the first five years and 50 percent for the next five in order to help facilitate the opening and early years of operations. To qualify for the incentive, the Co-op would need to produce and maintain a lease for at least 9,000 square feet of space, invest at least \$500,000 in the store, open by the end of 2020 and hold regular community-oriented events. The EDA would serve as a pass-through entity for this agreement. It would not have direct financial exposure. A brief question and answer segment followed.

**MOTION by Will Mackintosh, seconded by Lee Murray to adopt Resolution 19-12, the EDA hereby approves the performance agreement is in the public interest and authorizes its Chair, Beth Black on behalf of the EDA, to execute, deliver and carry out the performance agreement with the Fredericksburg Food Cooperative and City of Fredericksburg in substantially the form submitted for approval: Ayes (7); Nays (0).**

- b. ***Hylton Venture, LLC Letter of Intent*** – Mr. Freehling presented a brief overview of the letter of intent. Hylton Venture, LLC, the City of Fredericksburg, and the EDA propose to prepare, negotiate and enter into a letter of intent under which Hylton would design and construct Gateway Boulevard at private expense, and then receive an economic incentive in the form of an annual EDA grant equal to the post-construction annual tax increment on the Property, subject to appropriation by the City Council. The letter of intent would provide a road map that would potentially culminate in the zoning entitlements sought by Hylton Venture, LLC and a performance agreement outlining the terms of the financial incentive. The City and Hylton Venture, LLC would negotiate as to the final amount of the performance agreement. The Hylton Venture, LLC property is currently generating approximately \$205,000 a year for the City in real estate tax revenue, far below its potential once developed. Under the agreement, the City, via an annual appropriation to the EDA, would pay the incremental tax revenue to Hylton Venture, LLC up to a negotiated amount. The number of years it takes to repay Hylton would depend on market conditions. Both parties would seek to have the amount paid in full as soon as possible, thereby aligning all interests. The City would continue to keep the base tax revenue. Once the amount is paid in full, the City would keep all the increased tax revenue coming in from the property. The EDA would be a pass-through entity and would not have financial responsibility for the payments. A brief question and answer segment followed.

**MOTION by Hap Connors, seconded by Mitzi Brown to adopt Resolution 19-13, the EDA hereby approves the letter of intent authorizes its Chair, Beth Black, on behalf of the EDA, to execute, deliver and carry out the letter of intent with the Hylton Venture, LLC and City of Fredericksburg in substantially the form submitted for approval: Ayes (6); Nays (0); Absent from Meeting (1-Murray).**

- c. ***Terminate Vectec Solutions E-Commerce & Website Conversion Agreements*** – Ms. Peregoy presented an overview of the two agreements with Vectec Solutions and noted applications for the grant programs have not been submitted to staff. She requested the agreements be terminated and would send correspondence to Vectec Solutions.

**MOTION by Hap Connors, seconded by Mitzi Brown, the board approved the termination of the E-Commerce and Website Conversion agreements with Vectec Solutions and authorized Ms. Peregoy to execute and send correspondence of said terminations: Ayes (7); Nays (0).**

- d. Slate of Officers* – Ms. Brown and Mr. Beck presented the following slate of officers to the board: Beth Black, Chair; Bill Beck, Vice Chair; Mitzi Brown, Secretary; Lee Murray, Treasurer.
- e. EDA Election of Officers* – No other nominations were submitted, the slate of officers presented were approved by the board.

**MOTION by Hap Connors, seconded by Will Mackintosh, the board approved the slate of officers: Ayes (7); Nays (0).**

### **COMMITTEE REPORTS.**

- a. Parking Improvement Committee* – Mr. Beck noted the following were reviewed during the meeting: Small Area Plan 7 and a compliant from a resident on the 900 block of Monroe St. Mr. Mackintosh stated changes for parking requirements for developments and parking requirements for commercial zoning across the city were discussed. Mr. Beck noted Mr. Fawcett made the committee aware the 1200 block of Prince Edward St. applied for resident parking only. There are concerns regarding additional applications for residential parking. Mr. Mackintosh mentioned the draft pilot program for electric parking located in front of homes which do not have driveways with an overnight restriction at the cost of the homeowner.
- b. Branding Committee* – Chair Black appointed Mr. Mackintosh to the Branding Committee to replace Mr. Crimmins. The committee meetings should be complete by August. Chair Black stated the latest round of logos were an improvement and discussions were productive.
- c. Strategic Acquisitions Committee* – Mr. Mackintosh noted there were no new items to report and presented an overview to the new board members. There was a discussion of previous potential properties and potential future investments.
- d. Main Street Loan Program Committee* – Chair Black stated no other applications have been received by FVMS for the zero-loan program.
- e. Workforce Development Committee* – Mr. Connors presented an overview for the new board members. Ms. Brown reviewed statistics. She discussed goals and programs moving forward by the EDA in regards to workforce development that will bring change to the City. Mr. Connors reviewed the benefit of partnerships with the private sector, public schools, Germanna Community College and the University of Mary Washington. Ms. Freeman noted local leaders in the City have taken a position with having these conversations at a local, regional and statewide level. There will be public facing meetings and an analysis for the EDA to review and craft additional workforce development plans and programs.

**STAFF REPORT.** Mr. Freehling welcomed new board members and thanked Mr. Connors for serving on the board. The work session with City Council has been post-poned until the Fall. The tourism study interviews have concluded and DMO Pros is drafting a report. Visitor Center hours have been extended for the summer and free Trolley operations on the weekends.

**CHAIR'S REPORT.** Chair Black thanked the board for the appointment of Chair. She noted during the August 12 board meeting there would be 30 minutes of regular business with the board focusing on the loan program and goals for 2020 during the remainder of the meeting. There will also be a reassignment of committee representatives. She thanked Mr. Connors for his service to the EDA board and the City.

**BOARD MEMBERS COMMENTS.** Mr. Connors thanked the board, staff and Mr. Massey. He requested the board be proactive and creative.

**ADJOURNMENT.** There being no further business to come before the Economic Development Authority at this time, Chair Black declared the meeting officially adjourned at 10:14 a.m.

  
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Mitzi Brown, Secretary

**AMENDED AND RESTATED RESOLUTION 19-11 AUTHORIZING THE ISSUANCE OF REVENUE BONDS BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FREDERICKSBURG, VIRGINIA, AS A CONDUIT ISSUER ON BEHALF OF SAJ BASEBALL LLC AND ITS AFFILIATES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$39,990,000**

**WHEREAS**, there has been described to the Economic Development Authority of the City of Fredericksburg, Virginia (the “Authority”), the application of SAJ Baseball LLC, a Virginia limited liability company (the “Company”), and its affiliate, Potomac Baseball LLC (the “Operator”), for the Authority to issue its Revenue Bonds (Fredericksburg Stadium Project), Taxable Series 2019A (City Use Revenues) (the “Series 2019A Bonds”), and Taxable Series 2019B (Stadium Revenues) (the “Series 2019B Bonds”), in an aggregate principal amount not to exceed \$39,990,000 (the Series 2019A Bonds and the Series 2019B Bonds are, together, the “Bonds”), and loan the proceeds of the Bonds to the Company to (a) finance the costs associated with the design, engineering, acquisition, development, construction and equipping of a multi-purpose minor league baseball stadium (the “Stadium”) with a seating capacity of approximately 5,000 and associated surface parking, together with related land and support facilities for the benefit of the Company and the Operator, all to be located on a site adjoining Interstate-95 in the Celebrate South Virginia Development located in the City of Fredericksburg, Virginia (the “City”); (b) fund a deposit to the debt service reserve fund with respect to all or either series of the Bonds; (c) provide for funded interest on all or either series of the Bonds during construction and a period not exceeding one year after completion of construction, and (d) pay certain costs of issuance of the Bonds (collectively, the “Stadium Project”);

**WHEREAS**, the City, the Company and the Operator will enter into a Development and Shared Use Agreement (the “Development Agreement”), by which the Company and the Operator agree to undertake the construction and development of the Stadium and provide the City up to 183 days of use of the Stadium, and the City has agreed, subject to annual appropriation by the City Council, to make a fixed annual payment of \$1,050,000 to the Company and the Operator (the “City’s Funding Commitment,” which will be assigned by the Company and the Operator to the Authority and then to the Bond Trustee (as defined below) to make debt service payments on the Series 2019A Bonds;

**WHEREAS**, under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), the Authority has been given the power to issue its revenue bonds from time to time and to use the proceeds thereof for the purpose of financing or refinancing (a) certain authority facilities (as described in the Act), including, without limitation, commercial enterprises, and (b) certain taxable authority facilities, including, without limitation, facilities the primary purpose of which is recreation, entertainment or retail food and beverage services; and

**WHEREAS**, the Company desires to proceed immediately with implementing the Stadium Project and has requested that the Authority approve the issuance of the Bonds and the

execution and delivery of the following documents (collectively, the “Bond Documents”), drafts of which have been presented at this meeting:

(a) A separate Trust Indenture (each, an “Indenture”) between the Authority and U.S. Bank National Association (the “Bond Trustee”), with respect to each series of the Bonds, authorizing the issuance by the Authority of the respective series of Bonds and including the form of each series of the Bonds as an exhibit thereto;

(b) A separate Loan Agreement (each, a “Loan Agreement”), between the Authority and the Company, with respect to each series of the Bonds and evidencing the loan to be made from proceeds of the respective series of the Bonds for the purpose of undertaking the Stadium Project;

(c) An Assignment Agreement among the Authority, the Company, the Operator, and the Bond Trustee, to provide for the assignment of the City Funding Commitment to the Bond Trustee as security for the Series 2019A Bonds;

(d) A Preliminary Limited Offering Memorandum (the “Preliminary Offering Memorandum”) pursuant to which the Underwriter (defined below) will furnish to prospective purchasers of the Bonds certain information regarding each series of the Bonds, the security therefor, the Company and the Authority; and

(e) A Bond Purchase Agreement (the “Bond Purchase Agreement”) among the Authority, the Company, and UBS Financial Services Inc. (the “Underwriter”), for the sale of each series of the Bonds for distribution;

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

1. It is hereby found and determined that the issuance of the Bonds and the loan of the proceeds thereof to the Company for the purposes described above will promote the health and welfare of the inhabitants of the City and the Commonwealth of Virginia (the “Commonwealth”), and otherwise serve the purposes of the Act.

2. The issuance of the Bonds in two series as described above is hereby approved. The Chairman or Vice Chairman of the Authority, either of whom may act, is hereby authorized to approve the original aggregate principal amount of the Bonds, their maturity dates, their interest rate terms and other provisions relating thereto; provided, however, that the original aggregate principal amount of the Bonds shall not exceed \$39,990,000, the final maturity date of each series of the Bonds shall be no later than thirty-two (32) years after their date of issuance, and the true interest cost on the Bonds, blended across both series, shall not exceed 6.875%.

The execution and delivery of the Bond Purchase Agreement by the Chairman or Vice Chairman shall constitute conclusive evidence of the Authority’s approval of the original

aggregate principal amount of each series of the Bonds, their respective maturity dates and the interest rates thereon, their initial purchase prices, the redemption provisions of each series of the Bonds, and the Underwriter's compensation with respect to the Bonds, subject to the foregoing limitations.

3. The Bond Documents are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions or omissions, subject to the provisions of Section 2 above, as may be acceptable to the Company and approved by the Chairman or Vice Chairman, either of whom may act, upon advice of counsel to the Authority, which approval shall be evidenced conclusively by the execution and delivery of such Bond Documents.

4. The execution and delivery of the Bond Documents in substantially the forms presented at this meeting, with such changes, insertions or omissions as may be approved in accordance with this Resolution, the execution and delivery of the Bonds upon payment therefor, the use of the proceeds of the Bonds as set forth in each Indenture, and the assignment to the Bond Trustee of certain rights of the Authority against the Company as described in the Bond Documents, are all hereby approved.

5. The Chairman or the Vice Chairman, either of whom may act, is authorized and directed to execute the Bonds by manual or facsimile signature, and the Secretary of the Authority or any Assistant Secretary, either of whom may act, is authorized and directed to have the seal of the Authority affixed or printed thereon and to attest such seal by manual or facsimile signature. Such officers of the Authority are further authorized and directed to deliver the Bonds to the Underwriter upon the terms provided in the Bond Documents.

6. The distribution and use of the Preliminary Offering Memorandum is hereby approved. The Chairman or Vice Chairman, either of whom may act, is authorized to approve such completions, omissions, insertions and other changes to the Preliminary Offering Memorandum, specifying the maturity dates, principal amounts and interest rates on, and other terms of the Bonds, together with any other information required by law to reflect the terms of the sale of such Bonds and the details thereof, as may be appropriate to complete the Preliminary Offering Memorandum as a final Limited Offering Memorandum with respect to the Bonds. The Chairman or Vice Chairman, either of whom may act, is authorized to review, and certify as to the accuracy of, the information set forth in the sections of the Preliminary Offering Memorandum and the Limited Offering Memorandum entitled "THE AUTHORITY" and "NO LITIGATION – The Authority." The Chairman or Vice Chairman, either of whom may act, is further authorized, upon advice of counsel to the Authority, to execute the final Limited Offering Memorandum and deliver the same to the Underwriter.

7. Each officer of the Authority, any of whom may act, is authorized to execute and deliver on behalf of the Authority such additional instruments, documents or certificates and to do and perform such further things and acts as they shall deem necessary or appropriate in carrying out the transactions authorized by this Resolution or contemplated by the Bond



Documents, and all of such actions previously done or performed by the officers or directors of the Authority are in all respects approved, ratified and confirmed.

8. At the request of the Company, the Authority hereby approves: the appointment of UBS Financial Services Inc. as Underwriter; and the appointment of Kaufman & Canoles, a Professional Corporation, as Bond Counsel with respect to the Bonds.

9. All costs and expenses in connection with the Stadium Project, including but not limited to the fees and expenses of the Authority and the fees and expenses of Bond Counsel, counsel to the Authority, counsel to the Company, counsel to the Underwriter, rating agency fees, and the fees and expenses of other experts, advisors or consultants retained by the Company or in respect of the Stadium Project shall be paid promptly from the proceeds of the Bonds (to the extent permitted by law) or from funds provided by the Company or its affiliates. If for any reason the Bonds are not issued, it is understood that all such fees and expenses shall be paid promptly by the Company upon presentation of an invoice and that the Authority shall have no responsibility therefor. If either series of the Bonds are issued, the Company shall also pay the Authority's annual administrative fee as required by the Bond Documents, such fee equaling 1/10 of 1% of the outstanding principal balance of the respective series of Bonds payable on each anniversary of the date of issuance of such Bonds.

10. The Bonds, and each series thereof, shall be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority from the Company and the Operator. The principal and purchase price of, premium, if any, and interest on the Bonds shall not be deemed to constitute a debt or a pledge of the faith or credit of the Commonwealth or any political subdivision thereof, including the Authority and the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the principal or purchase price of, premium, if any, or interest on the Bonds or other costs incident thereto except from revenues and receipts derived by the Authority from the Company and its affiliates identified above, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the City, will be pledged to the payment of principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The Authority has no taxing power. No covenant, condition or agreement contained in the Bonds or in any financing instrument executed and delivered in connection therewith shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Authority in his or her individual capacity, and no officer of the Authority executing the Bonds or any other financing document or instrument shall be personally liable thereon or subject to any personal liability or accountability by reason of the issuance or execution thereof.

11. Neither the Authority nor the City has endorsed the creditworthiness of the Company, or its affiliates, or the ability of the Company, or its affiliates, to repay the Bonds.

12. All other acts of the officers and agents of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the Stadium Project and the issuance of the Bonds are hereby authorized, approved and ratified.

13. This Resolution shall take effect immediately upon its adoption, and amends, restates and supercedes in its entirety the previous resolution of the Authority adopted on March 25, 2019 with respect to the Stadium Project and the issuance of bonds for the benefit of the Company with respect thereto.

**Proposed by:** William Beck  
**Seconded by:** Henry Connors

**Vote:**

**Ayes:** 7 (Mary Beth Black, Will Mackintosh, Mitzi Brown, Chris Waller, Lee Murray, William Beck, Henry Connors)


**Nays:** 0

**Absent from Vote:** 0

**Absent from Meeting:** 0

The undersigned hereby certifies that the above Resolution 19-11 was duly adopted by vote of a majority of the Directors of the Economic Development Authority of the City of Fredericksburg, Virginia at a meeting duly called and held on June 10, 2019, and that such Resolution is in full force and effect on the date hereof.

Dated: June 10, 2019

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

FREDERICKSBURG  
**ECONOMIC**  
**DEVELOPMENT**  
AUTHORITY

**MOTION: Mackintosh**

**June 10, 2019**  
**Regular Meeting**  
**Resolution No. 19-12**

**SECOND: Murray**

**RE: Authorizing the Chair of the Fredericksburg Economic Development Authority to Execute a Performance Agreement with the Fredericksburg Food Cooperative and City of Fredericksburg for Tourism Zone Incentives**

The Fredericksburg Food Cooperative is a new “Tourism Zone business” as defined in City Code §22-502. It proposes to open a full-service, member-owned grocery store at 320 Jefferson Davis Highway in the City of Fredericksburg.

320 Jefferson Davis Highway is located in the Downtown/Princess Anne Street Technology Zone, as defined in City Code §22-501.

The City and the EDA have agreed to offer, and the Fredericksburg Food Cooperative has agreed to accept, an annual economic incentive for the performance described in the performance agreement submitted for approval, subject to City Council annual appropriation.

Therefore, the Fredericksburg EDA hereby resolves that:

- The performance agreement is in the public interest;
- The Chair is authorized to execute, deliver and carry out the performance agreement with the Fredericksburg Food Cooperative and City of Fredericksburg, in substantially the form submitted for approval.

This Resolution is effective immediately.

**Votes:**

**Ayes: 7**

**Nays: 0**

**Absent from Vote: 0**

**Absent from Meeting: 0**

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***Secretary's Certificate***

*I, the undersigned, certify that I am Secretary of the Fredericksburg Economic Development Authority, and that the foregoing is a true copy of Resolution No. 19-12 duly adopted at a meeting of the Fredericksburg EDA held June 10, 2019, at which a quorum was present and voted.*



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**Mitzi Brown**  
**Secretary, Fredericksburg EDA**

FREDERICKSBURG  
**ECONOMIC**  
**DEVELOPMENT**  
AUTHORITY

**MOTION:** Connors

**June 10, 2019**  
**Regular Meeting**  
**Resolution 19-13**

**SECOND:** Brown

**RE: Authorizing the Chair of the Fredericksburg Economic Development Authority to Enter into a Letter of Intent with Hylton Venture LLC and the City of Fredericksburg to Facilitate the Development of Gateway Boulevard Extended**

Hylton is the owner of an approximately 90-acre tract of land, located in the City of Fredericksburg, lying generally between U.S. Route 3 and Cowan Boulevard, identified as GPINs #7769-93-9151, 7769-94-7825, 7779-02-1758 and 7779-03-1528 in the City's Geographic Information System (Property).

Hylton seeks to market the Property for development as an approximately 400,000- to 500,000-square-foot Outpatient Clinic for the U.S. Department of Veterans Affairs, as described in Solicitation Number 36C10F18R0529, issued by the Department of Veterans Affairs, Office of Construction & Facilities Management, dated December 15, 2017, as may be amended from time to time. Hylton is also seeking other development opportunities for the Property or portions thereof, including potential data center use.

The development of the Property is important to the City and EDA from an economic development perspective. Located directly off Interstate 95 in the middle of a fast-growing region alongside high-speed fiber lines, the property has significant potential to advance the City Council and EDA goals of Fredericksburg becoming an "Employment Epicenter" as defined by the Fredericksburg Economic Development Strategic Plan. Tens of millions of vehicles will pass by the site every year, and the appearance of the Hylton property will leave an important impression about the City of Fredericksburg and its potential status as an employment hub. Gateway Boulevard Extended will provide an important transportation asset for vehicles, pedestrians and cyclists – goals spelled out in both the Economic Development Strategic Plan and the City's Comprehensive Plan. The property also has the potential to provide critical new tax revenue that will enable many additional City and EDA goals.

City Council amended the City's official zoning map to apply Planned Development-Medical Center (PD-MC) zoning to the Property, by adoption of Ordinance 18-08 on May 22, 2018. In adopting this ordinance, City Council accepted a Voluntary Proffer Statement signed on May 16, 2018 ("Proffers"), including a Generalized Development Plan entitled "1500 Gateway Boulevard, Hylton Property, City of Fredericksburg, Virginia," by Bowman Consulting, dated February 2018, last revised April 2018 ("GDP"), which govern the use and development of the land today.

Under the City's zoning regulations, development of a data center use in the PD-MC zoning district requires the issuance of a special use permit.

One critical element of the development of the Property is the design and construction of Gateway Boulevard, a four-lane, north-south connector street connecting U.S. Route 3 and Cowan Boulevard, which is planned to go through the Property, as shown in the GDP. The City's 2015 Comprehensive Plan, as amended, refers to Gateway Boulevard as a "critical north-south connector," and the facility has been identified in the City's comprehensive planning since at least 1999.

Gateway Boulevard is shown on page 5 of the GDP as consisting of "Future Gateway Blvd" and "Future Gateway Blvd Extension."

Proffer #7 provided for the dedication of right of way for Gateway Boulevard, and for the design and construction of the facility by the City if the VA selected the Outpatient Site. The City has diligently pursued funding for design and construction of Gateway Boulevard through state and federal funding sources, but it remains uncertain at this time. If the VA does not select the Property for the Outpatient Site, the City has no obligation to design or construct Gateway Boulevard.

The parties wish to design and construct Gateway Boulevard in order to advance their mutual interests.

The City Council is empowered under Code of Virginia §§15.2-953 and 15.2-1205 to make appropriations of money to the EDA for promotion of economic development.

The EDA is empowered under Code of Virginia §§15.2-4001, et seq., to develop trade by inducing commercial enterprises to locate in the Commonwealth of Virginia, and specifically under §§15.2-4905(12) and (13) to accept monies from the City and to make grants to any business in furtherance of the purposes for which the EDA was created.

Hylton, the City, and the EDA propose to prepare, negotiate and enter into a performance agreement under which Hylton would design and construct Gateway Boulevard at private expense, and then receive an economic incentive in the form of an annual EDA grant equal to the post-construction annual incremental tax increment on the Property, subject to appropriation by the City Council. This desired outcome includes zoning entitlements for development of one or more data centers on the Property.

Hylton Venture LLC, the EDA and the City have reached a preliminary or conceptual agreement on these matters. The letter of intent establishes the steps each party must take in order to reach a final agreement. The letter of intent is an indication of seriousness of purpose on both sides, but it does not guarantee that the parties will reach a final agreement.

Therefore, the Economic Development Authority resolves that:

- The Chair is authorized to execute, deliver, and carry out the letter of intent with Hylton Venture LLC and the City of Fredericksburg in substantially the form submitted for approval

**Votes:**

**Ayes: 6**

**Nays: 0**

**Absent from Vote: 1-Murray**

**Absent from Meeting: 0**

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***Secretary's Certificate***

*I, the undersigned, certify that I am Secretary of the Fredericksburg Economic Development Authority, and that the foregoing is a true copy of Resolution No. 19-13 duly adopted at a meeting of the Fredericksburg EDA held June 10, 2019, at which a quorum was present and voted.*

  
\_\_\_\_\_  
**Mitzi Brown**  
**Secretary, Fredericksburg EDA**