APPROVED MINUTES
KING WILLIAM COUNTY ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING OF APRIL 12, 2023

A regular meeting of the King William County Economic Development Authority Board of Directors was held on the 12th day of April 2023, beginning at 7:00 p.m. in the Board Room of the County Administration Building and via Zoom.

Agenda Item 1. CALL TO ORDER

Chairman Brown called the meeting to order.

Agenda Item 2. APPROVAL OF ELECTRONIC PARTICIPATION BY A BOARD MEMBER

Mr. Piersa made a motion to approve electronic participation for Mr. Rhoads due to a personal matter – out of town. Mr. Campbell seconded the motion. The Chair called for any discussion. All were in favor with none opposing.

Agenda Item 3. ROLL CALL

The members were polled:

Sarah Williams	Aye
C. Meade Rhoads, Jr.	Aye (Zoom)
Robert Hardwick	Aye
D. Straughan Robinson, III	Absent
Charles F. Piersa	Aye
Kenneth A. Holderied – Vice Chair	Aye
Eugene L. Campbell, Jr. – Secretary/Treasurer	Aye
Jason Brown - Chair	Aye

Agenda Item 4. REVIEW AND ADOPTION OF MEETING AGENDA

Chairman Brown asked that three items be added to Unfinished Business: (1) Farmer's Market; (2) Search for Economic Development Director; and (3) Matrix for prioritizing EDA actions and efforts. Mr. Piersa made a motion to approve the meeting agenda with the above additions; Ms. Williams seconded. The Chair called for any discussion. All were in favor with none opposing.

Agenda Item 5. PRESENTATIONS

5.a. Bond Discussion - James E. Sanderson, Jr., Senior Vice President - Davenport & Company LLC

Mr. Sanderson discussed the fundamentals of IDAs and EDAs in Virginia. (Attachment A)

Agenda Item 6. TREASURER'S REPORT

Mr. Ashcraft provided a current printout of expenditures (Attachment B).

Mr. Campbell noted he would be going to Primis Bank to open an account for the EDA. He reminded the Authority both he and Chairman Brown would sign off on all expenditures.

<u>Agenda Item 7. CHAIR'S REPORT</u>
Chairman Brown had no report.

<u>Agenda Item 8. UNFINISHED BUSINESS</u>
Farmers Market – Ms. Williams gave an update on the establishment of the Market for this year. She noted that a logo is in design and a Facebook page has been developed. The location will be King William High School if approved by the School Board at its April 18, 2023 meeting. EDA members were encouraged to attend the meeting to offer support for the Market. The first Market will be held June 2, 2023 if approved.

Search for Economic Development Director – Vice Chairman Holderied noted interviews will be held April 20, 2023. Mr. Campbell has a conflict and will not be able to make this round of interviews. General discussion was held regarding the number of applicants and the salary range being requested by applicants.

Matrix for Prioritizing EDA Actions & Efforts – Chairman Brown made reference to the matrix that had been emailed to all members regarding setting priorities. It was requested this be an agenda item for the May 10 meeting to discuss in detail.

<u>Agenda Item 9. NEW BUSINESS</u>
No new business was discussed, but discussion of a financial analysis that has been completed by County Staff was requested to be added to the May 10 agenda.

<u>Agenda Item 10. CITIZEN'S COMMENT PERIOD</u>
There was no one in attendance.

<u>Agenda Item 11. NEXT MEETING</u>
The next meeting will be a Work Session on May 10, 2023.

<u>Agenda Item 10. ADJOURN OR RECESS</u>
Mr. Piersa made a motion to adjourn. Motion was seconded by Ms. Williams. All were in favor with none opposed.

COPY TESTE:

Jason Brown	Percy C. Ashcraft
Chair	County Administrator

ATTACHMENT A

DAVENPORT 1863
PUBLIC FINANCE

Fundamentals of IDAs and EDAs in Virginia

April 12, 2023

Member NYSE | FINRA | SIPC

Why are "Political Subdivisions" such as EDAs Needed?

DAVENPORT 1863 PUBLIC FINANCE April 12, 2023

King William County, VA | Fundamentals of IDAs & EDAs 2

Virginia Constitutional Constraints on County Debt

- State statutes and the State Constitution place limits on Virginia localities to borrow money and incur debt.
- Virginia counties cannot issue General Obligation bonds without approval at a referendum, with a few exceptions.
- Virginia localities utilize other debt structures to borrow for capital projects.

Conduit Issuers in Virginia

- In response to the need to finance projects without the use of a General Obligation pledge, Virginia laws and practices evolved to using "Conduit" Issuers.
  - IDA
  - EDA
  - Housing Authority
  - Utility Authority
  - Building Authority

History of EDAs in Virginia

- EDAs and IDAs are the same types of entities – differences in name only
- The Role of EDA/IDA in the mid-60s thru mid-80s
- Conduit issuer of IDBs for low interest tax-exempt loans to industrial and commercial buildings
  - (For-profit) nursing homes
  - Shopping Centers
  - Department Stores (K-Mart)
  - Auto Dealerships
  - Restaurants (McDonalds)
  - Office Buildings

Legislative Changes

- 1982 TEFRA
  - Public hearings and public notices required
- 1983 Virginia Law Changes
  - Fiscal impact statements – to collect information on economic benefits

More Legislative Changes

- 1984 Volume Cap Limitations under Federal Law
  - State Limit
- 1986 Tax Reform Act
  - Only "Manufacturing Facilities"
  - Bank Limitations
    - Not "Bank Qualified"

1990s EDA "Reinvented"

- Broader Approach
- Exempt Facilities
- Manufacturing
- 501c3 Bonds (non-profits)
  - Hospitals
  - Nursing Homes
  - YMCAs
  - Private Schools and Universities

Governmental Facilities

- Public Buildings
- Courts
- Schools
- Infrastructure Improvements

Overview of the Virginia Industrial Development and Revenue Bond Act

Purpose of an EDA

- To acquire, own, lease, and dispose of properties and make loans to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental, nonprofit and commercial enterprises and institutions of higher education to locate in or remain in the Commonwealth and further the use of its agricultural products and natural resources.

Composition, Appointment, and Duties of EDA Directors

- EDA is governed by a Board of Directors appointed by the governing body.
- Seven Board Members must be residents of the locality or an adjoining locality.
- Board Members are appointed for four year staggered terms.
- Directors are to promote the locality utilizing the powers delegated under State law.

Powers of EDAs – Economic Development and Non-Economic Development Activities

- An EDA has enumerated powers provided by state statute, including:
  - To enter into contracts;
  - To acquire and to improve, maintain, equip and furnish one or more authority facilities including all real and personal properties;
  - To lease to others any or all of its facilities and to charge and collect rent;
  - To sell, exchange, donate, and convey any or all of its facilities or properties;
  - To issue its bonds for the purpose of carrying out any of its powers;

Powers of EDAs – Economic Development and Non-Economic Development Activities (continued)

  - To mortgage and pledge any or all of its facilities or any part or parts thereof;
  - To employ and pay compensation to such employees and agents;
  - To exercise all powers expressly given the authority by the governing body of the locality;
  - To borrow money and to accept contributions, grants and other financial assistance; and
  - To make loans or grants.
- Of note, an EDA does not have the power of Eminent Domain.

Other Laws that Apply to EDAs

- Conflict of Interests Act
  - Personal Interest in a Contract
  - Personal Interest in a Transaction
  - Annual Filing of Financial Disclosure
- Procurement Act
  - Not Applicable to "Authority Facilities"
  - Does Apply to Governmental Facilities and IDA/EDA owned facilities
- Freedom of Information Act
  - Meetings
  - Closed Meeting
  - Disclosure of Records
  - Special Exclusions for IDAs and EDAs

Relationship between EDAs and Governing Bodies

Legal Relationship: "Moral Obligation" defined

- EDAs are often called on to assist local governments to finance governmental projects.

- Governmental Financings can include:
  - Lease purchase/moral obligation for:
    - Courthouses
    - Office Buildings
    - Interim School financings (literary loan anticipation notes)
    - Assorted Equipment
    - Infrastructure

Legal Relationship (continued)

- For projects that the County will be funding, but the EDA is the issuer, the County may provide a "moral obligation" to repay the debt.

- A moral obligation is a non-binding obligation of the County to provide future funding.

- A failure to appropriate funds by the County will result in certain ramifications including:
  - Forfeiture of any collateral;
  - Impact on credit ratings/borrowing ability.

Desirable "Political" Working Relationships

- EDA's mission is to promote 'economic development' in the County and members are appointed by the Board of Supervisors.
- Intended to complement and assist the Board of Supervisors.
- EDA is predominately dependent on the Board of Supervisors to provide funding for any EDA project benefiting the County.

Relationship between EDAs and County Administration

- Day to day relationship and coordination is typically between the EDA and the County Administration.
- Often act as Economic Development arm of the County Administrator/Locality.
- Ultimately, an EDA and Administration are acting in the interest of the County.

Examples of Roles of EDAs

- Farmers Markets
- Dedicated Funding Sources
- Industrial Parks
- Shell Buildings
- CDBG Grants
- Revolving Loan Funds
- Options for Land Development
- Business Incubators
- Job Fairs
- Annual Chamber/Business Dinners
- Awards/Scholarships for High Schools
- Tourism Facilities
- Economic Development Staffing
- Downtown Redevelopment
- Revolving Loan Programs
- Incentives in Blighted Areas

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ATTACHMENT B

April 11, 2023
04:25 PM

King William County
2023 Detail Expenditure Year Analysis

Page No: 1

Range of Accounts: 100-081500-0000-000-000 to 100-081500-9999-999-999 Include Cap Accounts: Yes As Of: 04/11/23
Skip Zero Activity: No

NOTE: This report includes ONLY activity originally Budgeted/Charged to Budget Year 3.
Prior Year Budgeted/Encumbered/Payable amounts rolled to Budget Year 3 have been EXCLUDED.

Account No	Description	Budgeted	Transfers	Encumber	Net Expd/Reimb	Payable	Balance YTD	%Used
100-081500-1100-000-00	SALARIES & WAGES	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2100-000-00	FICA	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2210-000-00	VRS	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2300-000-00	HOSPITL/MEDICAL PLANS	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2400-000-00	GROUP INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2510-000-00	SHORT TERM DISABILITY	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2600-000-00	UNEMPLOYMENT	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-2710-000-00	WORKERS COMP	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-3160-000-00	PROFESSIONAL SERVICES	35,750.00	0.00	0.00	26,220.00	0.00	9,530.00	73
100-081500-3165-000-00	EDA MEMBERSHIP-MPA	5,000.00	0.00	0.00	0.00	0.00	5,000.00	0
100-081500-5210-000-00	POSTAL SERVICES	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-5540-000-00	TRAVEL(CONVENTION & EDUCATION)	2,500.00	0.00	0.00	0.00	0.00	2,500.00	0
100-081500-5810-000-00	DUES & ASSOCIATION MEMBERSHIPS	0.00	0.00	0.00	400.00	0.00	400.00-	0
100-081500-6008-000-00	VEHICLE FUEL	0.00	0.00	0.00	0.00	0.00	0.00	0
100-081500-6014-000-00	OTHER OPERATING SUPPLIES	500.00	0.00	0.00	135.00	0.00	365.00	27
100-081500-8200-000-000	GRANT MATCH	12,500.00	0.00	0.00	0.00	0.00	12,500.00	0
100-081500-9001-000-00	UNEXPENDED PRIOR YEAR FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0
Control: NOC	Total	56,250.00	0.00	0.00	26,755.00	0.00	29,495.00	48
Fund: 100	GENERAL FUND Budgeted Total	56,250.00	0.00	0.00	26,755.00	0.00	29,495.00	48
Fund: 100	GENERAL FUND Non-Budgeted Total	0.00	0.00	0.00	0.00	0.00	0.00	0
Fund: 100	GENERAL FUND Total	56,250.00	0.00	0.00	26,755.00	0.00	29,495.00	48
Final Budgeted		56,250.00	0.00	0.00	26,755.00	0.00	29,495.00	48
Final Non-Budgeted		0.00	0.00	0.00	0.00	0.00	0.00	0
Final Total		56,250.00	0.00	0.00	26,755.00	0.00	29,495.00	48