

ECONOMIC DEVELOPMENT AUTHORITY
OF THE
CITY OF MANASSAS
September 17, 2019

DETERMINATION OF QUORUM

MEMBERS PRESENT: Mark T. Olsen, Chairman
Gary Jones, II, Vice-Chairman
Scott Hepburn, Treasurer
Denise Harrover
Holmes Steele Smith
Miguel Pires, Secretary
Thomas O. Murphy

Theresa Coates Ellis, Council Liaison
W. Patrick Pate, City Manager, *ex-officio*
Patrick J. Small, ED Director, *ex-officio*

MEMBERS ABSENT: None

OTHERS PRESENT: Nicole Smith, ED Coordinator

Chairman Mark Olsen called the meeting to order at 7:30PM. The meeting opened with an Invocation and the Pledge of Allegiance. A quorum was present.

MINUTES

Chairman Mark Olsen presented the Minutes of the August 20 meeting in the absence of Secretary Pires and asked if there were any comments. Gary Jones made a motion to approve the August 20 minutes which was seconded by Scott Hepburn. There being no further discussion Chairman Olsen asked the Vice-Chairman to call the roll.

Mark T. Olsen - AYE
Gary Jones – AYE
Scott Hepburn – AYE
Denise Harrover – AYE
Holmes Steele Smith – AYE
Thomas O. Murphy – AYE

The motion passed 6-0. Miguel Pires was absent.

FINANCIAL REPORTS

Treasurer Scott Hepburn presented the City Treasurer's Reports and bank statement for August. He noted that there was only one transaction, an interest payment in the amount of \$254.72.

Gary Jones made a motion to accept the August City Treasurer's Report which was seconded by Denise Harrover. There being no further discussion Chairman Olsen asked the Vice Chairman to call the roll.

Mark T. Olsen - AYE
Gary Jones – AYE
Scott Hepburn – AYE
Denise Harrover – AYE
Holmes Steele Smith – AYE
Thomas O. Murphy – AYE

The motion passed 6-0. Miguel Pires was absent.

NEW BUSINESS

None. Miguel Pires arrived.

OLD BUSINESS

Patrick Small stated that the DRAFT strategic plan was still under development and that he hoped to have it ready for review at the October meeting. He noted that one of the topic areas that had been discussed was the policies and procedures surrounding the use of incentives and that EDA had requested this be a topic at the September meeting. Mr. Small gave a lengthy explanation of the process the Department of Economic Development goes through when evaluating the use of incentives in a transaction involving a new or expanding business. He outlined the various types of incentives and the final approvals required for each. Mr. Small specifically focused on the use of the Economic Opportunity Fund (EOF) and noted this was the primary incentive which required EDA approval. The other incentives requiring EDA approval involve state incentives which passed through EDA and which frequently required a local match. Those incentives were not the focus of the discussion.

The process for offering and approving EOF involves the following steps:

1. All incentive programs have governing documents, legislative authority, policies and procedures, and guidelines associated with them.
2. ED works with a client and makes a determination as to whether or not the client is eligible for any of the myriad programs the City offers AND whether incentives

are necessary to close a deal. Most frequently incentive conversations are initiated by the client.

3. If incentives are proposed to be used the client is asked to fill out an application. The application is standard for all programs except Façade and Landscape grants which have a different application. State grant programs involve a different process also and follow whatever guidelines have been put in place by the agency overseeing those programs. Staff reviews the application and may request additional or clarifying information from the client.
4. Staff grades the application using a standardized scoring sheet. The score informs a staff recommendation which involves the length of time over which the City expects to see a return on its investment.
5. Staff presents the application, scoring sheet and the staff recommendation to the Land Use Committee (LUC) of City Council. Generally this is done in a Closed Session. Staff discusses the project/client and receives guidance from that group. Only the companies eligible for EOF or state incentives are referred to EDA. For all other programs the process ends at this point and an incentive is awarded or denied. LUC has been granted this authority to act on behalf on City Council.
6. EOF grants are referred to EDA with a recommendation for approval by LUC and a request that EDA fund the award and/or that EDA accept funding from the City to make the award.
7. EDA receives the application, scoring sheet and recommendations. Generally this is done in Closed Session.
8. EDA acts on a Performance Agreement in Open Session.

There was lengthy discussion among the members about the process and the application. At the conclusion of the discussion the members determined to make no recommended changes to the application. There was also discussion about whether a client (applicant) should be required to appear before EDA to personally make the request. It was determined EDA would not require the applicants to come before the body and that applications would be reviewed on the merits of the information presented. EDA reserved the right to request additional information on a case-by-case basis.

At the conclusion of general discussion the members requested that standard EOF grants, meaning those that followed the application process outlined above and which were generally in an amount of \$10,000 or less, be brought before EDA prior to going to LUC. Staff noted this was a procedural/policy issue, and if standardized would eliminate the need to have LUC review approved EOF applications. Staff further noted that this procedural change would require the consent of the LUC. After much discussion the Chairman and Vice-Chairman were designated to appear before LUC

and make the request. Theresa Coates-Ellis and Patrick Small stated they would accompany the Officers and support the request. It was noted that a reporting mechanism would need to be put in place to notify LUC of approved grants and that, in the event EDA denied an EOF that was recommended for approval by staff, staff could still present the application to LUC.

CLOSED SESSION

Member Denise Harrover moved that the Economic Development Authority of the City of Manassas convene in Closed Session concerning a prospective business since no previous announcement has been made of the business' interest in locating or expanding in the City as permitted by Virginia Code 2.2-3711 A(5) for which the Virginia Freedom of information Act permits discussion in Closed session. The motion was seconded by Gary Jones.

Mark T. Olsen - AYE
Gary Jones – AYE
Scott Hepburn – AYE
Denise Harrover – AYE
Holmes Steele Smith – AYE
Thomas O. Murphy – AYE
Miguel Pires – AYE

The motion passed 7-0.

Upon returning from Closed Session:

Member Denise Harrover moved that the Economic Development Authority of the City of Manassas certify that, in the closed session just concluded, nothing was discussed except the matter (1) specifically identified in the motion to convene in closed session and (2) lawfully permitted to be discussed under the provisions of the Virginia Freedom of Information act cited in the motion. The motion was seconded by Gary Jones.

Mark T. Olsen - AYE
Gary Jones – AYE
Scott Hepburn – AYE
Denise Harrover – AYE
Holmes Steele Smith – AYE
Thomas O. Murphy – AYE
Miguel Pires – AYE

The motion passed 7-0.

Gary Jones moved to approve a performance agreement between EDA and High Purity Systems using EDA funds to provide an EOF grant in the amount of \$150,000 and authorize the Chairman to sign the agreement. The motion was seconded by Miguel Pires. Chairman Olsen asked the secretary to call the roll.

Mark T. Olsen - AYE
Gary Jones – AYE
Scott Hepburn – AYE
Denise Harrover – AYE
Holmes Steele Smith – ABSTAIN
Thomas O. Murphy – AYE
Miguel Pires – AYE

The motion passed 6-0.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:30PM.