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## M E M O R A N D U M

**To:** Records Management  
**From:** Economic Development Authority  
**Date:** April 9, 2015  
**Re:** IDA-EDA Minutes – March 3, 1983

Please accept this memorandum in acknowledgement that the Industrial Development Authority minutes for the March 3, 1983 contain a typographical error. The date is listed as “On the Third Day of March Nineteen Hundred Thirty-Three” – this date was actually the Third Day of March Nineteen Eighty-Three.

Robin D. Carson, Vice Chair

Russell C. Seymour, Secretary

AT A REGULAR MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD IN THE COUNTY GOVERNMENT CENTER BOARDROOM, 101 MOUNTS BAY ROAD, AT 4:00 P. M. ON THE THIRD DAY OF MARCH, NINETEEN HUNDRED AND THIRTY-THREE.

1. ROLL CALL

Ms. Diane L. Abdelnour, Chairman  
Mr. Kenneth H. Axtell  
Mr. Paul A. Dresser  
Mr. C. Hammond Branch  
Mr. John Barnett

OTHERS

Mr. Henry H. Stephens  
Mr. Frank M. Morton, III

2. MINUTES

Upon a motion by Mr. Poulsen, seconded by Mr. Axtell, the minutes of the December 20, 1982 meeting were accepted as presented.

3. CASE NO. IRB-1-83. Family Inns of America (Resort Motels, Ltd.)

Ms. Abdelnour asked Mr. Morton if the Authority was ready now to operate under the new legislation and if all the necessary resolutions had been passed so that the Authority was in good standing with the Board of Supervisors. Mr. Morton responded in the affirmative.

Mr. Stephens explained that the Authority would be operating under the new procedures at this meeting and explained how a public hearing should be conducted. He also pointed out that beginning with this meeting all decisions of the Authority regarding revenue bonds would have to be forwarded to the Board of Supervisors for their concurrence.

Ms. Abdelnour opened the public hearing.

Mr. Harry Frazier who was present with the representatives of Resort Motels, Ltd. whom he introduced to the Authority explained briefly the procedures for operating under TEFRA as of January 1, 1983. He pointed out that the new regulations have a more significant effect on the applicant than the Authority because the applicant must comply with all the necessary steps in the procedure.

Mr. Frazier pointed out that an amended resolution had been prepared which reflected changes relating to the holding of the public hearing. Copies were distributed to the Authority members.

Mr. Julian McQueen, Executive Vice-President with Family Inns of America, explained the relationship between Resort Motels, Ltd. and Family Inns of America. He explained the type of hotels their organization builds and why they specialize in locating their hotels in resort areas. He pointed out that they have selected their locations very carefully and have been conservative in their expansion policies. They manage their hotels themselves and do not operate a franchise and none of their hotels has ever failed. They have selected Williamsburg as a site for one of their motels because of its location in relation to their other operations in eastern Tennessee and their concept of a circle tour for bus tours. He gave an explanation of their relations with the bus tour industry and how it affects the type properties they develop and how it affects their room occupancy rates.

Mr. McQueen then enumerated their reasons for selecting this particular site in the Williamsburg area. He cited the need for development in the selected area, the proximity to the Pottery which is a year-round operation and provides a more continuous business, the benefits to the County including their paying for extending sewer lines to the other side of the road, an improved tax base, and new jobs for area residents. Mr. McQueen then asked if the Authority members had any questions.

Mr. Axtell asked whether or not a restaurant would be built on the site. Mr. McQueen apologized for not having mentioned their plans for the restaurant in his presentation. He stated the restaurant was planned but that it was considered a secondary business and a good amenity to have. There are companies interested in the restaurant but no one has been signed to operate it.

Mr. Dresser asked how the financing of the restaurant would be handled so that it complied with TEFRA. Mr. McQueen replied that a specific decision had not yet been made with regard to this aspect of the financing.

Mr. Poulsen asked if the heated pool would be indoors or not. Mr. McQueen said it would be outside as are the pools on all their properties.

Mr. Axtell asked if the utilities were in place for the site. Mr. Stephens responded that the sewer and water lines were on the other side of Route 60. The applicant has signed an agreement to extend the sewer lines to the other side of Route 60 and the County has plans to extend the water lines itself. The decision as to who will pay what part of the expense will be made when the case is presented to the Service Authority.

Mr. Axtell asked Mr. McQueen what their plans were to reduce noise from railroad traffic. Mr. McQueen described their plans for reducing the noise factor using their hotel near the Knoxville airport as an example.

Mr. Dresser stated he was opposed to using revenue bonds for financing additional hotels in the area because of deminishing occupancy rates in the area over the past five years. If revenue bond financing were approved, he wanted assurances that it would actually create new business and not just spread the existing business around. In other words would new jobs actually be created in the County. He asked Mr. McQueen how they planned to operate at an occupancy rate of significantly more than 60%, i.e. 75%, and 80% of that would come from bus tours.

Mr. McQueen stated that their 63 rooms would represent only a 1% increase in the number of rooms available in the area. He noted they had spoken to hotel owners in the area and had been advised that any decrease in occupancy rates and been more than compensated for by increased revenues because rates had increased faster than the occupancy rate had declined. He also pointed out that as gas prices declined the occupancy rates would be likely to increase again. They felt justified in coming into this area and would not go into an area that was having a backwards trend in revenues. He stated that both sides of the curve, occupancy and revenues, have to be taken into consideration.

Mr. Poulsen asked if Mr. McQueen his thoughts on a recent article in the Wall Street Journal that stated hotels in the United States were reaching an over-built situation and if he thought Williamsburg was an exception to that. If so, he asked what was the maximum number of rooms Williamsburg could support.

Mr. McQueen stated the economy had a way of controlling the growth because if there were no increase in revenues, there would be no expansion. He could not say, however, exactly what number of rooms Williamsburg could support. He said the biggest problem area for hotels being over-built is in the downtown, high-rise hotels while hotels along the interstates and their smaller hotels have had an increase in business over the past two or three years.

Mr. Dresser stated the other factor about which the Authority was concerned was employment opportunities. He asked if the hotel would be open all year round.

Mr. McQueen replied that they planned for this hotel to be open year-round. Those that close in January and February are closer to Busch Gardens.

Ms. Abdelnour asked what specific actions the firm had taken over the past year and a half to sell Williamsburg and bring people into the area.

Mr. McQueen outlined the activities of their national marketing operation through Family Inns of America and how they generate business from the bus tour industry. He stated the bus tour industry had been given the impression that Williamsburg was not interested in their business

because they wanted to come to the area at the time of year when it was doing its best business off the street. They were very interested in the opportunity to arrange bus tours with Family Inns of America that included this area. This would bring in people that are not normally coming into the area. The tour bus market enables their firm to maximize their marketing dollar and therefore they need tours in areas the bus tours want to go.

Mr. Poulsen asked if the hotels they were building in other areas were also going to be finance with industrial revenue bonds. Mr. McQueen replied that they were.

In response to a question from Mr. Dresser regarding the destinations of the bus tours, Mr. McQueen outlined the various bus tours that would include the Williamsburg area. He also stated that over the past five years there has been a tremendous growth in the bus tour industry in the United States and it has become an important source of revenue for the motel business.

Mr. Poulsen pointed out they would need at least two buses a day to operate at the capacity they had planned for. Mr. McQueen said that would fill forty of their rooms a day and be an excellent average. 96% of that would be double occupancy.

Mr. Poulsen asked Mr. McQueen if there would be a parking problem. Mr. McQueen responded that there would never be more than three buses at one time. They would be parked behind the building with a turn around the building so that it would not affect either the flow of traffic or the parking space available.

Mr. Dresser noted that this was a small site and asked if there were plans to add any rooms in the future. Mr. McQueen said there was space for at least another twenty rooms, but they might also build elsewhere. They have always built small properties and would rather have another small hotel in the area than one large one.

Mr. Poulsen asked if they had considered property in York County and if so, why did they select James City County. Mr. McQueen said he was not certain where the county lines were. They had looked at such features as traffic flow, access and where the activity is for a given destination. This area had the Pottery and a more stable base.

Mr. Axtell asked if there was a particular age group that would use the motor coach tours. Mr. McQueen said they would be senior citizens, 55 years old and up and there is a trend toward younger citizens. There is a greater acceptance of motor coach tours.

Mr. Branch asked if they had investigated the possibility of the Chessie System installing a light. Mr. McQueen hoped they would have enough traffic to warrant a light at the crossing.

Mr. Dresser asked for clarification of whether or not money from the bonds would be used for working capital. Mr. McQueen and other representatives who were present explained item 14 on page 5 of the application, how the 100 units in the partnership would be furnishing capital, and where the working capital would be coming from for the project. The bonds would, however, be used for acquiring the site.

Mr. Frazier said that in their documentation they would exclude the eligibility of working capital for payment on the bond issue. He then distributed the revised resolutions. He noted that line 3 on page 1 referred to this public hearing and that a new paragraph 12 on the last page which would constitute a recommendation for approval to the Board of Supervisors regarding the bonds. It is worded according to the IRS code amendment in TEFRA. With regard to paragraph 8 they provided for the possibility of validation of bonds but with the change in the State law in July this would no longer be necessary. They are assuming it would be signed by the Governor.

Mr. Axtell questioned point 3, paragraph 2 in the resolution which concerns the restaurant. Based on its wording he asked if this was covered by the 25-75 financing. Mr. Frazier replied in the affirmative and pointed out that there were always issues that needed to be clarified whenever new statutes were enacted. This item is written to accomodate future situations that might occur.

Mr. Dresser commented that there was a lot to be done if they hoped to have the hotel open by June 3rd.

Mr. Branch asked if they already had a source of bond funds. They have an expression from a financial institution in Tennessee and the source is undergoing changes and they have several options. They want to do it in the most advantageous way for motel people.

Mr. Stephens informed the Authority he had received a letter from Mr. Huberman, owner of the Wax Museum, stating he was in favor of a reasonably priced hotel being located in that area.

Ms. Abdelnour closed the public hearing.

Mr. Dresser made a motion, seconded by Mr. Axtell, to recommend approval of the resolution of inducement to the Board of Supervisors.

Mr. Poulsen, Mr. Dresser and Mr. Branch all expressed the feeling that they were voting for this motel only because they expected it to bring in additional business and not just spread the existing business around.

The motion carried unanimously.

Mr. Stephens advised the authority that the Board of Supervisors would consider their recommendation for approval of the resolution of inducement at their March 14th meeting.

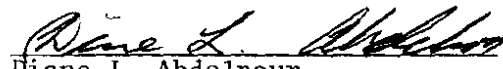
Mr. Stephens advised the members that legislation had been passed that clarified the Industrial Development Bond Act for the State of Virginia and would be mailing copies of that along with other items to the members.

Mr. Dresser asked if there were any special procedure that needed to be followed in sending their recommendation to the Board of Supervisors. Mr. Stephens explained the standard procedure followed by other Commissions and Boards. He would make all the material available to the Board of Supervisors that had been available to members of the Authority. A member of the IDA might want to be present at the Board of Supervisors meeting since this was the first case they were forwarding to them for consideration. A representative of the firm should also be present that evening since they need a prompt decision. It was agreed that as a general policy a member of the Authority should be present when their recommendations were presented at a Board of Supervisors meeting.

4. ADJOURNMENT

The meeting adjourned at approximately 5:30 P.M.

  
Henry H. Stephens  
Secretary

  
Diane L. Abdelnour  
Chairman