

AT A REGULAR MEETING OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF JAMES CITY, VIRGINIA IN THE BOARDROOM OF THE COUNTY GOVERNMENT CENTER, 101C MOUNTS BAY ROAD, AT 3:30 P.M. ON THE EIGHTH DAY OF FEBRUARY, NINETEEN HUNDRED AND EIGHTY-FOUR.

1. ROLL CALL

Ms. Diane L. Abdelnour, Chairman
Mr. Kenneth H. Axtell
Mr. John Barnett, Jr.
Mr. C. Hammond Branch
Mr. Paul A. Dresser
Mr. Harold N. Poulsen
Mr. John G. Zimmerman

OTHERS PRESENT

Mr. Orlando A. Riutort
Mr. Frank M. Morton, III

2. APPOINTMENT OF AN ACTING SECRETARY/TREASURER

The Authority unanimously approved the appointment of Orlando A. Riutort as acting Secretary/Treasurer.

3. MINUTES

Upon a motion by Mr. Axtell, seconded by Mr. Branch, the Authority voted unanimously to approve the minutes of the December 1, 1983, December 14, 1983 and December 21, 1983 meetings with the understanding that the spelling errors in the December 1, 1983 minutes be corrected.

4. CASE NO. IRB-1-84. WAYNE FRANKLIN (Motel Rt. 60W)

Ms. Abdelnour opened the public hearing.

Mr. David Richardson of McGuire, Woods & Battle, the bond counsel for Mr. Franklin, introduced Mr. Lamar Jolly who was representing Mr. Franklin. Mr. Richardson gave a brief description of the project and explained how the bonds would be used in financing the project.

Mr. Jolly also described the project noting that it would be a single story building. He also noted the extent of the landscaping for this project. The status of negotiations to secure a restaurant franchise for the hotel was explained. Mr. Jolly stated that there was a contract to purchase the land for the hotel subject to the resolution of inducement being approved and the arranging of the financing. The facility could be constructed by June and would be a year-round facility.

Mr. Jolly noted that they were being hampered because of legislation pending in Washington which was causing lending institutions to take a wait and see attitude.

Mr. Richardson noted that it was not unusual for a project to proceed after the inducement resolution had been passed yet prior to the issuance of the bonds.

Mr. Jolly asked that it be noted that they had not in fact received a letter from United Virginia Bank expressing interest in the project as had been indicated in the material that had been submitted initially. The letter had not been received prior to this meeting as they had expected.

Mr. Richardson advised the Authority that their opinion was given with the consideration that it could be effected by the passage of pending legislation. He also explained how the bond counsels enforced the various 25% rules. If funds are misapplied the bonds would be taxed; however, he noted this has not been a problem in hotel financing.

Mr. Jolly expressed his confidence in the hotel business in the County. He stated that marketing would be a significant in whether or not the hotel was successful and he explained how this was done at his hotel at Kings Dominion. He noted that a one story hotel would be attractive to people who preferred not to climb stairs.

Ms. Abdelnour asked Mr. Morton if he had any comments. He did not.

Ms. Abdelnour closed the public hearing.

Upon a motion by Mr. Zimmerman, seconded by Mr. Dresser, the Authority voted unanimously to recommend approval of the bond resolution to the Board of Supervisors.

5. CASE NO. IRB-2A-83. WAXFORD LIMITED PARTNERSHIP/AMENDMENT

Ms. Abdelnour noted that this amendment would be treated as a new application. She then opened the public hearing.

Mr. Alvin Anderson reviewed the progress of this case since the original application had been approved. He noted that Appendix J to the new application outlined Quality International's reasons for recommending the partnerships proceeding with a four star rather than a two star facility in the Williamsburg area. He advised the Authority members that a site specific feasibility study had been requested from Laventhal & Horawath for a hotel of this standing.

Mr. Anderson stated that the amended resolution reflected the higher quality hotel and the renovations necessary for the restaurant which would come under the same operation as the hotel rather than a franchise. Mr. Anderson distributed financial statements for the partners which he stated were the same as those distributed at the August meeting.

In response to questions from the members Mr. Anderson stated that whether or not they proceeded with the project because of the amount of dollars involved. It was not, however, a black and white, go or no go situation but rather whether it would be built to the high standards set for a "quality royale" facility.

In response to a question from Ms. Abdelnour as to why the requested amendment had been submitted at this time, the representative for the bond counsel advised the members that there is a critical path line for the project with a target date of March 1985.

Mr. Anderson showed the members the site plan for the project and noted that the existing structure can be converted into a convention center for a moderate cost. He explained the various facilities that the project would contain. Mr. Anderson also explained the various ways that the hotels are rated within the industry. The type facilities presently available in the Williamsburg area that would be similar to this one were also enumerated.

The members also discussed the pending legislation and how it would affect this project. The reasons why this case was being treated as a new application were also reviewed and the changes made in the original application. It was noted that this was an amendment to the original application but that procedurally it had to be treated as a new application.

There being no further discussion the public hearing was closed.

Upon a motion by Mr. Poulsen, seconded by Mr. Barnett, the Authority voted unanimously to recommend approval of the resolution to the Board of Supervisors. Mr. Zimmerman abstained.

6. CASE NO. IRB-1-82. WILLIAMSBURG LANDING, INC.

There was a brief discussion of how this case and no. 7 on the agenda, i.e. Release of the Preliminary Official Statement for Williamsburg Landing, Inc. (Case No. IRB-1-82) should be handled. It was agreed that they should be handled as one but that the release of the preliminary official statement should be considered first because in so doing many of the questions related to no. 6 on the agenda would also be addressed.

Mr. Anderson noted that on the agenda Williamsburg Landing, Inc. was referred to as "formerly McMiller Corp." This was not correct because they are separate entities and that although he had previously represented McMiller Corp., they were not represented by McGuire, Woods and Battle and he represented only Williamsburg Landing, Inc. He explained the composition of Williamsburg Landing, Inc. and their interest in the local community and having this project be a successful one. He addressed the concerns that had been expressed since the original application for a bond issue with regard to the soft costs and hard costs of the project. He reviewed the efforts to negotiate a reduction of the soft costs of the project. There were also efforts made to limit the cost of the project to local residents who had expressed an interest in the facility and to maintain the quality originally promised.

Mr. Anderson introduced the representatives of the various organizations involved in the project who were available to speak at this meeting.

Mr. Sandy Weeks spoke on behalf of the underwriters for this project. He reviewed the purpose and contents of the preliminary official statement as well as the schedule for the project. He also discussed the final feasibility study.

Mr. Weeks addressed the issue of the costs of the project raised in Mr. Sims' letter. He explained that Mr. Sims was correct in stating the initial costs had been more than the company could afford; however, the project had since been streamlined and was within the range of affordability. He explained the owners' representative fee which had not increased but the time frame for which his services had been contracted had been extended. The representatives role was to negotiate with the architect and the contractor on the owner's behalf to maintain the integrity of the project as it progressed.

Mr. Weeks reviewed the debt service reserve and how that is handled as potential residents of the project invest their money in it.

Mr. Weeks discussed with the members the difference in the authority of an owners' representative and that of a clerk of the works. Mr. Anderson explained his ultimate authority of the owners' representative and the use of incentives for the contractor to keep the project within certain cost constraints.

The members discussed the amount of the interest in relation to the amount of the bond which was decreasing. The figures in the feasibility study were reviewed. Mr. Weeks stated that the feasibility study date February 1984 would be "the" feasibility study.

The members discussed the fee structure and the allowance made for early purchases. Particular emphasis was placed on the difference between the figures in Alex Brown letter and those advertised by Williamsburg Landing, Inc.

The representative for the bond counsel noted that the people who should be most concerned about Mr. Sims' letter were the bond

and the underwriters. He noted there is risk when a co-manager withdraws from a transaction such as this regardless of the reasons. He reviewed the actions they had taken based upon the findings of a study of the situation. He stated that they had decided to proceed with the project.

The members discussed the monies being paid to McMiller Corp. by Williamsburg Landing, Inc. and American Retirement Corp. with David Berezof of American Retirement Corporation who explained how the development fees were used. He reviewed the terms of the agreement that had been negotiated in January with Williamsburg Landing, Inc. particularly with regard to fees and costs. There would be no duplication of fees.

Mr. Berezof explained the compensation arrangement for certain key positions, i.e. the business manager and the executive director. He also discussed the marketing procedures and how marketing fees are being used. He then explained the sale and ownership of the land on which the project is being constructed.

Mr. Anderson noted that at the time of the rezoning only half the property was rezoned for this project. There was a discussion of the price of the property to include its appraised value, special fees and proposed improvements to the property.

Mr. Weeks commented on the Sims' letter again noting that the points Mr. Sims had raised represented a disagreement among the developers.

Mr. Boatwright addressed the Authority and reviewed his work on the project, particularly the efforts of the board he had formed to assure the quality of the project. He discussed with the members various aspects of the financing of the project and concluded he was satisfied with the figures for the project. He felt that the 16% increase in the cost to prospective residents of the facility was not out of line with the cost of similar projects in other areas. He also did not anticipate returning to the Authority for additional funding.

Mr. Anderson introduced Mr. Lee Barfield of American Retirement Corporation.

Ms. Abdelnour requested that efforts be made to adjourn the meeting at 6:00 p.m.

Mr. Barfield addressed the questions raised by Mr. Sims' letter after a brief description of American Retirement Corporation's organization and the background of the various members of its Board. The problems that have arisen with this particular project do not relate to its fundamental financial feasibility. He reviewed their philosophy for managing retirement projects such as this one.

There was a brief discussion of the possibility that there might be a conflict of interest for the architect if he is a member of the organization. It was noted that since this had been disclosed, it would not be.

Mr. Barfield noted that this is a different and unusual project that could be a prototype for similar projects in other parts of the country.

Ms. Abdelnour expressed concern about the people who buy homes in this project because they stand to lose the most if the project were to fail. They would not have a deed but only a lease hold interest.

A representative of Alexander Brown Banking stated that his was a very conservative banking firm and they would not be backing this project if felt there was a 20-50% chance of the project's not being successful for thirty years. There is no guarantee that the project would not fail but it represents the efforts of all those who have worked for its success.

A gerentologist stated that he knew of no instances in which a project such as this had failed and the residents had been at risk. There is a clause in the prospectus that states such a situation would be settled by a court of equity. If it were a question of malfeasance, the bond holders would lose.

Mr. Smith reviewed Mr. Sims' comments on American Retirement Corp. and explained why he had agreed with most of those comments. He said this was based on ARC's inexperience in this comparatively new industry. He noted there is always a natural conflict between lenders and borrowers. He distributed to the Authority a copy of a letter from Mr. Ted Hennan.

Mr. Barfield asked that ARC's response to Mr. Sims' letter and to another letter criticizing ARC be included in the records of this case.

Mr. Poulsen noted that there was confusion about who was in charge of the project.

There was a brief discussion of the role of Mr. Forrest Miller and McClurg Corp. in this project.

Mr. Frazier reviewed the memorandum presented to the Authority on December 1, 1983 regarding the public offering of industrial revenue bonds and the type marketing they involved. He explained the contents of the resolution. He explained the blanks in the proof presented to the Authority and when and how they would be filled in.

Mr. J. Vilaco, a representative of the feasibility consultants, explained how the draft would be incorporated in the official statement. He noted the numbers would not change.

Mr. Morton stated he had no comments on this project.

Mr. Dresser noted that the last name on the project was James City County, and therefore, he wanted this to be a good project.

Ms. Abdelnour stated she would vote against the project because she had not had the opportunity to review the feasibility study. She recommended postponing action on the case until the feasibility study and the ARC letter could be reviewed further.

A motion by Mr. Axtell, seconded by Mr. Dresser, to approve a resolution authorizing the circulation of the preliminary official statement was passed.

8. APPLICATION FEES

Due to the length of the meeting, it was recommended that this matter be considered at another meeting.

Mr. Poulsen agreed to present the cases heard at the meeting to the Board of Supervisors on February 27, 1984.

If the bonds are approved by the Board of Supervisors, the Authority would need to meet on February 29, 1984 and the matter of fees, a revised application, and the position of secretary/treasurer could be addressed at that meeting.

Mr. Riutort said he would discuss what type presentation, if any, would have to be made to the Board of Supervisors on Williamsburg Landing, Inc. Mr. Riutort noted that he would not be available for the February 29th meeting and that another Secretary/Treasurer might have to be appointed for that meeting.

It was agreed that because no applications had been filed for the March meeting, it would be best to handle the issue of fees, applications, etc. at the March meeting.

Mr. Morton recommended that documents relating to cases before the Authority should not be accepted without the Authority's having time to review them prior to making a decision. It was agreed that the four week cutoff date should be enforced. It was agreed that Mr. Morton should address this problem in a letter to Mr. Alvin Anderson.

9. ADJOURNMENT

There being no further business, the meeting adjourned at approximately 6:15 p.m.


Orlando A. Riutort
Acting Secretary/Treasurer

Diane L. Abdelnour
Chairman