

MOTION:

November 17, 2020
Regular Meeting

SECOND:

Res. No. 20-

RE: APPROVE AMENDMENT THREE TO THE PERFORMANCE AGREEMENT, EXTENDING DEADLINES FOR SPECIFIC TASKS, WITH PRINCE WILLIAM COUNTY INNOVATION RESEARCH 1, LLC, AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE WILLIAM FOR THE DEVELOPMENT AND OPERATION OF THE 30,000 SQUARE FOOT NORTHERN VIRGINIA BIO SCIENCE CENTER WET LAB

ACTION:

WHEREAS, on December 10, 2019, the Prince William Board of County Supervisors (BOCS) approved Resolution Number 19-603, authorizing the sale of 4.4 acres of County-owned land, located at 11225 Assett Loop, [Manassas](#), VA, 20109, to Holladay Properties for \$784,080, to develop a 30,000 square foot wet lab to be owned and operated by Holladay Properties; and

WHEREAS, on May 19, 2020, the BOCS approved Resolution Number 20-387, which budgeted and appropriated \$350,000 from the Economic Development Opportunity Fund and \$250,000 in Water and Sewer Credits to fund the Performance Agreement with PWC Innovation; and

WHEREAS, the County Executive executed the Performance Agreement, and a lease for 8,000 square feet on April 23, 2020, under emergency Ordinance Number (Ord. No.) 20-10, to provide for the continuity of government; and

WHEREAS, on July 14, 2020, the BOCS approved Resolution Number 20-515 and Amendment One to the Performance Agreement to grant up to \$155,000 from the Innovation Enterprise Fund to Holladay Properties to pay 50% of the soil remediation costs caused by unsuitable soils on the County-owned site; and

WHEREAS, on September 22, 2020, via Resolution Number 20-648, the Board approved Amendment Two to the Performance Agreement to include a GO Virginia grant of \$500,000 to enhance the equipment at the Northern Virginia Bio Science Center; and

WHEREAS, PWC Innovation's schedule for the development of the Wet Lab Facility was delayed by the COVID-19 pandemic; and

WHEREAS, PWC Innovation closed on the property on October 28, 2020, and received site plan approval on October 29, 2020, and plans to submit building plans to the County Development Services Department on November 11, 2020;

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NOW, THEREFORE, BE IT RESOLVED that the Prince William Board Of County Supervisors hereby approves Amendment Three, extending deadlines for specific tasks, to the Performance Agreement with Prince William County Innovation Research 1, LLC, and the Industrial Development Authority of Prince William County for the development and operation of the 30,000 square foot Northern Virginia Bio Science Center Wet Lab, and authorizes the County Executive to execute Amendment Three, approved as to form by the County Attorney's Office.

ATTACHMENT: Amendment Three to Performance Agreement

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

For Information:

Department of Economic Development

ATTEST: _____

Clerk to the Board

**PERFORMANCE AGREEMENT
AMENDMENT THREE**

THIS PRINCE WILLIAM COUNTY ECONOMIC DEVELOPMENT INCENTIVE GRANT AGREEMENT AMENDMENT THREE (herein referred to as "Amendment"), made this ___ day of _____, 2020 by and among the Prince William County Board of Supervisors, a body corporate and politic (the "County Board"), the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE WILLIAM**, (hereinafter referred to as "IDA"), a political subdivision of the Commonwealth of Virginia, and **PWC INNOVATION RESEARCH 1, LLC** ("PWC Innovation"), collectively the "Parties."

WITNESSETH:

WHEREAS, the IDA has been created to promote the economic development of Prince William County, Virginia (the "County") pursuant to enabling legislation under Section 15.2-4900 *et seq.*, VA Code Ann.; and

WHEREAS, the IDA has the authority to make grants of money or property for economic development pursuant to Section 15.2-4905, VA Code Ann.; and

WHEREAS, the County Board and Holladay Property Services Midwest have entered into a Sale Agreement for 4.4 acres of land at 11225 Assett Loop, Manassas, VA 20109, and a Master Lease Agreement for 8,000 square feet of the Bio-Safety Level 2 Wet Lab Facility; and

WHEREAS, PWC Innovation is a wholly owned single purpose entity of Holiday Property Services Midwest formed for the sole purpose of developing and managing a 30,000 square foot Bio-Safety Level 2 Wet Lab facility in Innovation Park, also known as the Northern Virginia Bio Science Center; and

WHEREAS, PWC Innovation is currently developing a 30,000 square foot wet lab facility at 11225 Assett Loop, Manassas, VA 20109, on land to be purchased from the County Board; and

WHEREAS, on May 19, 2020, by Res. No. 20-387, the Board approved a Performance Agreement with PWC Innovation and the IDA as an incentive to develop and manage a 30,000 square foot Bio-Safety Level 2 Wet Lab Facility in Prince William County through ten (10) years from the Certificate of Occupancy; and

WHEREAS, on July 14, 2020, by Res. No 20-515, the Board approved Amendment One to the Performance Agreement to reimburse PWC Innovation for the cost of soil remediation for an amount not to exceed, \$155,000; and

WHEREAS, on September 22, 2020, by Res No. 20-648, the Board approved Amendment Two to the Performance Agreement to include a GO Virginia grant of \$500,000 to enhance the equipment at the Northern Virginia Bio Science Center; and

WHEREAS, PWC Innovation's schedule for the development of the Wet Lab Facility was delayed by the Covid-19 pandemic; and

WHEREAS, PWC Innovation closed on the property on October 29, 2020 and received site plan approval on October 30, 2020 and submitted building plans to the County Development Services Department on November 11, 2020; and

WHEREAS, this Agreement is consistent with the Agreement entered by and between the IDA and the County Board for granting assistance to expand targeted industries in the County to promote long-term economic development in the County; and

WHEREAS, the County Board the IDA and PWC Innovation, desire to enter into this Amendment to memorialize the understandings and conditions under which financial incentives will be provided to PWC Innovation, to use in connection with its facility located in Prince William County, Virginia and to set forth the obligations and responsibilities of the parties in connection therewith;

NOW, THEREFORE, in consideration of the mutual promises of the parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby state and agree as follows:

- 1) **Incorporation of Recitals** – The preceding recitals are an integral part of the Agreement and set forth the intentions of the Parties and the premises on which the Parties have entered into this Agreement. Accordingly, the recitals are fully incorporated into this Agreement by this reference as if fully set forth herein.
- 2) **IDA Covenants and Obligations** – Section 4-b shall be deleted in its entirety and shall be replaced with the following:
 - a) Upon receipt of the County Board's assignment of the Credits, the IDA shall, subject to Section 5, Disbursement Prerequisites, transfer the Credits to PWC Innovation, pursuant to Section 6. If PWC Innovation does not fulfill the Disbursement Prerequisites within three hundred sixty-five (365) days of the Effective Date, then the IDA shall return the Credits to the County Board.
- 3) **Disbursement Prerequisites** – The first paragraph of Section 5 shall be deleted and shall be replaced with the following:
 - a) The IDA's obligation to disburse the first One Hundred Seventy-Five Thousand and 00/100 Dollars (\$175,000.00) EDOF Grant and the Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) in Credits to PWC Innovation is subject to and conditioned upon PWC Innovation's fulfillment of the following pre-conditions ("Disbursement Prerequisites") within three hundred and sixty five (365) days of the Effective Date:
- 4) **Disbursement of EDOF Grants and Credits** – Section 6 -a shall be deleted and shall be replaced with the following:
 - a) PWC Innovation's satisfaction of Section 5) Disbursement Prerequisites within seven hundred thirty (730) days of the Effective Date.

5) **Ratification of Amendment Three:**

- a) The provisions of Amendment Three shall govern and control over any contrary or inconsistent provisions of the Performance Agreement. Except as expressly provided in this Third Amendment, in all other respects, the Performance Agreement is unmodified, remains in full force and effect and is hereby ratified by the parties.

IN WITNESS WHEREOF, the parties hereto have hereafter set their signatures and seals by their respective duly authorized representatives.

Approved as to form:

Christopher E. Martino,
County Executive of Prince William County

ATTEST:

INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE COUNTY OF PRINCE WILLIAM

Bobby Long
Assistant Secretary/Treasurer

BY: _____

DATE: _____

Pat O'Leary
Chairman

PWC INNOVATION

BY: _____

DATE: _____

(title)



STAFF REPORT

Board Meeting Date:	November 17, 2020
Agenda Title:	Approve Amendment Three, Extending Deadlines for Specific Tasks, to the Performance Agreement with PWC Innovation Research 1, LLC, and the Industrial Development Authority of the County of Prince William for the Development and Operation of the 30,000 Square Foot Northern Virginia Bio Science Center Wet Lab
District Impact:	Brentsville Magisterial District
Requested Action:	Approve the resolution.
Department / Agency Lead:	Department of Economic Development
Staff Lead:	Christina Winn, Executive Director

EXECUTIVE SUMMARY

PWC Innovation Research 1, LLC (PWC Innovation), a wholly-owned subsidiary of Holladay Properties, plans to develop a 30,000 square foot Northern Virginia Bio Science Center wet lab on four acres of land, located at 11225 Assett Loop, Gainesville, VA, 20109, in Innovation Park. This commercial wet lab will provide space for life science companies graduating from the Science Accelerator and other life science companies seeking wet lab space in Prince William County.

The County and PWC Innovation entered into a Sale Agreement, effective May 5, 2020, for a four-acre parcel of County-owned land. On May 19, 2020, the County approved a Performance Agreement with PWC Innovation and the Industrial Development Authority of Prince William County (IDA). The Performance Agreement requires PWC Innovation to complete specific tasks by October 30, 2020. Due to the COVID-19 pandemic, PWC Innovation could not meet the deadlines for approval of building plans. PWC Innovation has secured bank financing, closed on the land, received site plan approval, and begun site work.

Staff recommends that the Prince William Board of County Supervisors (BOCS) approve Amendment Three, extending deadlines for specific tasks, to the Performance Agreement with PWC Innovation Research 1, LLC, and the Industrial Development Authority of the County of Prince William for the development and operation of the 30,000 square foot Northern Virginia Bio Science Center Wet Lab.

BACKGROUND

Life Science Accelerator – On October 16, 2012, the BOCS approved Resolution Number (Res. No.) 12-814, and on October 15, 2013, Res. No. 13-635, for the execution of a master lease with Randal, LLC, and the County for 9,126 square feet of space, located at 9385 Discovery Boulevard, Manassas, VA, 20109, to be divided into the appropriate lab/office space to create the Prince William Science Accelerator facility. Currently, all the labs are occupied, and many of the tenants are ready to move into expanded space.

Land Sale – On December 10, 2019, the BOCS approved Res. No. 19-603, authorizing the sale of 4.4 acres of County-owned land at 9370 Discovery Boulevard, Manassas, VA, 20109, to Holladay Properties for the development of a 30,000 square foot wet lab to be owned and operated by Holladay Properties. The sale price for this parcel is \$784,080. (Note: During site plan review, County GIS changed the address of this parcel to 11225 Assett Loop, Gainesville, VA, 20109.)

Performance Agreement – On May 19, 2020, the BOCS approved with Res. No. 20-387 the budget and appropriation of \$350,000 from the Economic Development Opportunity Fund and \$250,000 in Water and Sewer Credits to fund the Performance Agreement with PWC Innovation. The County Executive executed the Performance Agreement and a Lease for 8,000 square feet on April 23, 2020, under emergency Ordinance Number (Ord. No.) 20-10 to provide for the continuity of government.

Amendment One – On July 14, 2020, the BOCS approved with Res. No. 20-515 Amendment One to the Performance Agreement to provide \$155,000 in Innovation Enterprise Funds to address unsuitable soils on the site.

Amendment Two – On September 22, 2020, the BOCS approved with Res. No. 20-648 Amendment Two to the Performance Agreement to include a Go Virginia grant of \$500,000 to enhance the equipment at the Northern Virginia Bio Science Center.

Job Growth and Capital Investment – Since 2014, close to 50 high-quality, high-wage jobs were created at the Science Accelerator. Ceres Nano has graduated from the Science Accelerator and now employs 20 people in a 10,000 square foot wet lab facility in Innovation Park.

Target Industry – On February 5, 2019, the BOCS approved Res. No. 19-080, updating the Target Industry list. The approved list includes Life Sciences.

Commercial Wet Lab Costs – PWC Innovation estimates the total cost of the project (roads, water, sewer, facilities, and upfit) at \$15 million. They will be investing \$2.5 million (17%) in equity and financing \$11.2 million (75%). The County's investment of \$1.2 million (8%) in an Economic Development Opportunity Fund (EDOF) grant, water/sewer credits, and Go Virginia grant provide the remainder of the capital financing for the project.

Project Schedule – The Performance Agreement includes a project schedule requiring PWC Innovation to meet specific deadlines. By October 30, 2020, PWC Innovation was to close on the land, receive all site and building permits, and receive confirmation from the County that the building plans meet the requirements for a Bio Safety Level 2 Wet Lab.

Due to delays caused by the COVID-19 pandemic, PWC Innovation has not received building permits or confirmation that the building plans meet the requirements for a Bio Safety Level 2 Wet Lab. PWC Innovation has made substantial progress on the project by securing bank financing, closing on the property, receiving a site permit, and has begun site work. Amendment Three extends the schedule by 185 days (May 2021) to obtain building permits and County confirmation that the building plan meets the requirements of a Bio Safety Level 2 Wet Lab. The schedule to receive a Certificate of Occupancy is extended by 550 days (May 2022). The project is now on schedule to open in late 2021.

STAFF RECOMMENDATION

Staff recommends that the BOCS approve Amendment Three, extending deadlines for specific tasks, to the Performance Agreement with PWC Innovation Research 1, LLC, and the Industrial Development Authority of the County of Prince William for the development and operation of the 30,000 square foot Northern Virginia Bio Science Center Wet Lab.

Service Level / Policy Impact

Development of the 30,000 square foot commercial wet lab is the next step in developing a life science eco-system in Prince William County. The project provides commercial wet lab space for Prince William Science Accelerator tenants to graduate into rather than moving out of the County and frees up the Prince William Science Accelerator for the next round of tenants. George Mason University views the development of commercial wet labs as critical to its plans to increase technology transfer, in addition to faculty and student partnership opportunities, with recruited companies.

The project will retain 40 jobs and is estimated to create another 60 jobs in the Life Science sector, contributing to key goals of the Robust Economy Strategic Plan: Add jobs in targeted industries, retain existing businesses, and increase at-place employment.

Fiscal Impact

The Finance Department estimates that this project will generate \$1.5 million in property taxes over the next ten years. Extending the deadlines for these tasks will have no fiscal impact on the County. The BOCS had already budgeted and appropriated the funds required for the grant when the BOCS approved the original Performance Agreement and Amendments One and Two.

Legal Impact

The Board of County Supervisors has the authority to approve Amendment Three.

STAFF CONTACT INFORMATION

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