

MINUTES OF THE REGULAR MEETING OF THE
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS,
VIRGINIA AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Mr. Minter called the meeting to order at 8:00 a.m. on Friday, January 6, 2017, in the EDA/IDA Board Room at Two City Center, 11820 Fountain Way, Suite 301, Newport News, Virginia.

Those members present were:

C. Gary Minter, Chair
Cassandra P. Greene, Vice Chair
Mary Aldrich
Alonzo R. Bell, Jr.
Cary B. Epes
Jennifer S. Smith-Brown
Jeffrey Verhoef
James M. Bourey, City Manager, ex-officio
Florence G. Kingston, Secretary/Treasurer, ex-officio

Absent:

None

Legal Counsel:

Raymond H. Suttle, Jr.
Conway H. Sheild III

Staff:

Janice Jones, Recording Secretary
Cherry Croushore, Assistant Secretary

Also present:

Amy Parkhurst, Senior Vice President, Hampton Roads Economic Development
Alliance Marketing Group
Matthew James, President & CEO, Peninsula Council for Workforce Development
Shakir Johnson, Business Retention Coordinator, Department of Development
Collins Owens, City Attorney
Robert Pealo, Senior Assistant City Attorney
Jerri Wilson, Legislative Analyst, City Manager's Office

Mr. Minter opened the meeting by welcoming new Board Members and guests.

Quarterly Hampton Roads Economic Development Alliance Report

Ms. Parkhurst reported that the Alliance hosted seven prospect visits during the 4th quarter of 2016 – four companies visited for the first time and three companies made repeat visits. Ms. Parkhurst reported that five marketing activities were conducted during the quarter, resulting in 49 appointments with businesses and site selection consultants. She stated that the recent Southern California mission was organized as two concurrent missions, one focusing on site selectors and the other focusing on corporate appointments, which was a successful strategy and will be repeated in markets where a large enough concentration of consultants and corporate prospects exist.

Ms. Parkhurst reported that seven new project files were opened during the quarter and explained that these were companies actively seeking locations either for expansions or relocations. She stated that three of these leads were generated by the Virginia Economic Development Partnership and four were the result of the Alliance's marketing efforts.

Ms. Parkhurst said that the Alliance is working on its calendar for 2017 marketing missions under the guidance of its new Executive Vice President, Eric Miller, who will be heading up the business development team.

Mr. Workman commented that the marketing model used in California was well-organized and implemented, and would serve as a good format for future marketing missions. Mr. Minter asked if there were any questions. There were no questions. Mr. Minter thanked Ms. Parkhurst for her report.

Quarterly Workforce Development Report

Mr. Minter asked for the Quarterly Workforce Development Report. Mr. James stated he was pleased to announce that the Workforce Council had hired a new Assistant Vice President, Lisa Wornom-Zahralddin, who had significant workforce development experience and previously managed the One Stop Program. He reported that the highlight of the quarter was the "Reinvent Call to Action" meeting which featured morning sessions at Old Dominion University and evening sessions at Christopher Newport University, with over 400 business professionals in attendance. He stated that the meeting focused on the reinvent process, and that the workforce development component of the meeting, presented jointly by himself and his counterpart on the Southside, Sean Avery, focused on the Skill Gap

Study which would be completed later in January. He reminded the Board that the Skill Gap Study would match skill deficiencies identified by local employers to the training providers seeking to bridge those gaps.

Mr. James explained that *Go Virginia* planned to form regional councils and that a focus of the Hampton Roads council would be workforce development. He encouraged Board Members to assist him in his goal of ensuring a strong Peninsula presence. Mr. James reported that the Workforce Council had been working on a three-year plan for the Workforce Innovation and Opportunity Act that would be presented for public comment this month and then submitted to the State for certification and funding. He noted that the Workforce Council would be holding the Youth Career Expo on March 2nd, in conjunction with the Peninsula Chamber of Commerce, at the Hampton Roads Convention Center and needed volunteers to participate as mock interviewers.

Mr. James advised that he had recently enjoyed a tour of the Aviation Academy at Newport News/Williamsburg International Airport. He stated that he hoped the Aviation Academy would be one of the first projects that *Go Virginia* would consider, and urged Board Members to provide local support. Mr. Bourey interjected that he supported developing the Aviation Academy into a multi-jurisdictional asset in order to draw support throughout the Hampton Roads Region.

Mr. James answered questions and Mr. Minter thanked him for his report.

Quarterly Business Retention Report

Mr. Minter asked for the Quarterly Business Retention Report. Mr. Johnson reported that during the fourth quarter of 2016 he had made 27 personal calls to Newport News businesses. He said that he also had the opportunity to participate in the Virginia Business Incubation Association's Fall Summit held in Richmond, which was an education and networking session for professionals who supported entrepreneurship and small business development.

Mr. Johnson advised that during the quarter he had attended three meetings of the Peninsula's young professionals group, known as Bridge. He noted that the topics of discussion were employment and workforce opportunities, public transportation possibilities, social life and entertainment, and affordable housing as it related to young professionals on the Peninsula. He noted that Telly Whitfield, Assistant to the City Manager, joined the group as a featured speaker.

Mr. Johnson said that he had begun working with the Regional Export Acceleration Project in December 2016, which seeks to assist businesses in attracting sales from outside the Metropolitan Statistical Area. He noted that Reinvent Hampton Roads, along with the Hampton Roads Community Foundation, had teamed up with Old Dominion University's Strome College of Business to create a pilot project designed to serve all localities in Hampton Roads, on which a presentation for local businesses is being planned in Newport News during the first quarter of 2017.

Finally, Mr. Johnson reported that the Department of Development's Newport News Business Now team continued to provide a weekly business article for the Newport News Now newsletter each Friday, receiving positive feedback from both citizens and the business community.

Mr. Minter asked if there were any questions. Mr. Bell asked if a survey had been conducted to determine how many members of the Bridge young professionals group had gone to college in the area, versus how many were coming to Hampton Roads from other areas. Mr. Johnson responded that 2017 would be a good opportunity to acquire that information from the young professionals who had become regular attendees, and said he would report back to the Board.

Mr. Minter thanked Mr. Johnson for his report.

Secretary/Treasurer's Report

Mr. Minter asked for the Secretary/Treasurer's Report. Mrs. Kingston wished all a Happy New Year and welcomed Alonzo Bell, Mary Aldrich and Jeff Verhoef as our newest Board Members.

Mrs. Kingston advised that staff had been working to complete the Economic/Industrial Development Authority 2016 Annual Report, with Robin Boyd and Jared Midkiff coordinating the effort. She said that the Report would continue to be used as a marketing tool for use in strategic communications with our many partners and business prospects. She requested that the Board delegate authority to the Executive Committee to approve the Report at its January meeting, which would allow printing and delivery to City Council no later than its first February meeting, as required. She noted that a draft of the Annual Report would be delivered to all Board members prior to the Executive Committee meeting. Mrs. Kingston stated she would be requesting a motion to delegate authority to the Executive Committee meeting to approve the 2016 Annual Report at its January Executive Committee.

Mrs. Kingston also noted the FY2016 EDA/IDA Audit had been provided electronically to the Board and that hard copies were available.

Mrs. Kingston reported that the Industrial Development Authority's sale of the UPS facility in Warwick Village Shopping Center closed on December 19th. She advised that the transaction included the main parcel at 11008 Warwick Boulevard, as well as the parking lot built on the former Play-A-Round golf property at 89 Nelson Drive. She noted that UPS' acquisition of this facility solidifies their long-term commitment to Newport News, along with over 700 individuals who are employed at the site. She noted that over 90% of the employees at this UPS facility live in Newport News and said that we looked forward to working with UPS as it continued to operate and grow its operations.

Mrs. Kingston advised that in December, she and Derek Perry were invited to give a presentation about the Virginia Tourism Development Financing Program during a panel session at the Governor's Infrastructure Financing Conference, a conference highlighting state funding resources available for capital improvement projects. She said that the presentation was titled "Top Ten Things You Need to Know about the Commonwealth Tourism Development Financing Program." She stated that the lessons learned during Newport News' experience with the Tourism Development Financing Program, which had been used to provide gap financing for the City Center Entertainment District had been discussed. She told the Board that the presentation had been a great opportunity to showcase an innovative project and share Newport News' experience with other communities and partners across the Commonwealth.

Mrs. Kingston said that on January 11, 2017, the City of Hampton would host the Virginia Department of Housing and Community Development's "How-To-Qualify" Workshop for State Enterprise Zone Incentives. She noted that the workshop would be held at the Ruppert Sargent Building, 1 Franklin Street, from 1:00 p.m. to 4:00 p.m. and would provide detailed instructions to business and property owners on the qualification and application process for the 2016 Grant Year for Real Property Investment Grants and Job Creation Grants. She advised that staff had been marketing the workshop and anticipated that many Newport News businesses planned to attend. She stated that the Enterprise Zone program was an important economic development tool and that Newport News' Enterprise Zones were frequently among the most utilized zones in the Commonwealth.

Mrs. Kingston informed the Board that the Monthly Financial Statements were in their packages, noting a few highlights and offering to answer any questions. There were no questions.

Mrs. Kingston offered the City Manager an opportunity to comment. Mr. Bourey first welcomed the new Board Members. He advised that the Capital Improvement Plan had been approved as submitted by City Council and that the Five-Year Financial Forecast would be presented at Council's next Work Session, with future plans for a Ten-Year Forecast that would enable City Council to have a longer-term view for strategic planning. He noted that the Board should have received an invitation for the first event of the year-long celebration marking Ella Fitzgerald's 100th birthday, scheduled on January 14th at the former Toby Keith location. He also advised that there would be another celebration event on April 25th at the Ferguson Center, with additional information forthcoming.

Mr. Bourey noted that Elite Airlines planned to soon announce additional destinations from Newport News. He stated that Jefferson Lab would be announcing their new CEO at 2:00 p.m. that afternoon. Mr. Bourey shared information about the City's goal of being paperless and user-friendly, stating that an internal automated permitting system had been implemented which allows departments to share information. He explained that the ultimate goal would be to allow citizens to use the system as well, and he expected the program to be rolled out to the public during 2017.

Mr. Minter thanked him for his report and asked if there were any questions. There were none.

Mr. Minter asked for a motion to delegate authority to the Executive Committee to approve the EDA/IDA 2016 Annual Report at its January Executive Committee meeting. Ms. Smith-Brown so moved and Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

Assistant Secretary's Report

Mr. Minter asked for the Assistant Secretary's Report. Ms. Croushore advised the Board that the Committee Meeting Schedule was in their package and noted relevant details.

Madison Government Affairs Consultant Report

Mr. Minter advised the Board that the Madison Government Affairs Report was in written format and asked if there were any comments or questions. There were none.

At 8:36 a.m., Mr. Epes moved for the Authority to go into a closed meeting pursuant to VA Code Section §2.2-3711.A: Real Estate (3), Prospective Business (5), for the following purposes and subjects: (3) Discussion or consideration of the acquisition of real property for a public purpose or of the disposition of publicly held real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, the subject of which is a proposed property acquisition in the southern section of the City, and proposed property dispositions located in the northern and central sections of the City; and (5) Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business or industry's interest in locating or expanding its facilities in the community, the subject of which is the expansion of an existing business located in the northern section of the City and an existing business located in the central section of the City, and prospective businesses interested in locating in the northern and central sections of the City. Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

At 9:04 a.m., the EDA/IDA Board returned to open session following a certification motion by Mr. Epes in accordance with VA Code Section §2.2-3712(D) that to the best of each member's knowledge: (D) (i) only public business matters lawfully exempted from open meeting requirements under this chapter; and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Defense Production Zone Performance Agreement by and between the Industrial Development Authority of the City of Newport News, Virginia and Huntington Ingalls Incorporated

Mr. Minter called on Mrs. Kingston to give an overview regarding the Defense Production Zone (DPZ) Performance Agreement. Mrs. Kingston advised the Board that the Performance Agreement was ready for consideration and noted that she would be asking for authorization of the Agreement, stating that a summary sheet and a copy of the Agreement had been provided to the Board.

Mrs. Kingston noted that City Council had approved the DPZ Ordinance on January 26, 2016, which had been amended on February 9, 2016. On November 22, 2016, a boundary amendment to the DPZ had also been approved by City Council. She told the Board that Huntington Ingalls Incorporated planned to make modernization upgrades to the Foundry facility, which is located between 39th Street and 42nd Street on Huntington Avenue, with a

cost of \$51 million and a target completion date of January 2022. She said that Huntington Ingalls would also make an additional \$43 million investment in Foundry upgrades to attain the recently-heightened Tech Pub 300 materials standards required by the Navy. She also noted that the Joint Manufacturing Assembly Facility (JMAF) would be constructed to support the Ohio Class Replacement Submarine Program, also known as the Columbia Class Submarine Program, in the North Yard, and its first phase improvements would also create process efficiencies in the Virginia Class Subs and Nuclear Carrier Vessels programs. Mrs. Kingston advised that Huntington Ingalls planned to make a capital investment of at least \$750 million in real estate improvements and machinery and tools at the Newport News facility by the end of 2020, creating up to 1,000 new full-time equivalent positions by the end of 2025.

Mrs. Kingston said that incentives from the Commonwealth in the amounts of \$6 million in support of the Foundry and \$40 million in support of JMAF had been secured by the company. She advised that City Council passed a Resolution of Support in June 2016 acknowledging the delivery of the DPZ incentives to Huntington Ingalls. She stated that the Industrial Development Authority's DPZ incentives would include \$6 million to support the Foundry improvements and \$40 million to support the JMAF improvements, and noted that the local incentives would be supported by new taxes, estimated to be approximately \$6 million per year, generated by Huntington Ingalls' investment within the DPZ.

Mrs. Kingston explained the performance agreement terms to the Board, noting that Huntington Ingalls would be required to invest \$750 million in capital investment in the Newport News facility by the end of 2020, create 1,000 new full-time positions between 2021 and 2025, maintain the existing 120 full-time equivalent positions located at the Foundry, be awarded a portion of the Columbia Class Submarine Program, and receive funding from both the United States Navy and the Commonwealth of Virginia.

Mrs. Kingston concluded, stating that that the local DPZ Incentive would match the Commonwealth's incentive and that Huntington Ingalls would be required annually to report on performance related to capital investment and job creation. She noted that neither the Industrial Development Authority, nor the City, were parties to a Memorandum of Understanding between the Company and the Commonwealth, with the Commonwealth grants being directly disbursed to Huntington Ingalls.

Mr. Minter asked if there were any questions. Mrs. Kingston answered questions and Mr. Minter thanked her.

Mr. Minter called for a motion to authorize that certain Defense Production Zone Performance Agreement by and between the Industrial Development Authority and Huntington Ingalls Incorporated in connection with Huntington Ingalls Incorporated's major advanced shipbuilding project, which involves improvements to both its foundry facility on Huntington Avenue and to its North Yard, in support of the Ohio Class Replacement Submarine Program, and includes significant investment and job creation in the City of Newport News, subject to review and approval by Legal Counsel. Mr. Epes so moved and Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

Committee Chair's Reports

Mr. Minter called for the Committee Reports. Mr. Epes presented the Design Review Committee Report, which passed unanimously on a roll call vote. Mr. Minter presented the Executive Committee Report, which did not require Board ratification. Ms. Greene presented the Marketing Committee Report, which passed unanimously on a roll call vote. Mr. Epes presented the Revolving Loan Fund Committee Report, which passed unanimously on a roll call vote. Ms. Smith-Brown presented the South Newport News Committee Report, which did not require Board ratification.

Resolutions of Appreciation

Mr. Minter advised the Board that Resolutions of Appreciation for Wendy C. Drucker, Arthur P. Henderson, Jr. and Thomas P. Herbert were provided in Board Packages and asked if there were any questions. There were no questions. Mr. Minter asked for a motion to adopt the Resolutions of Appreciation for Wendy C. Drucker, Arthur P. Henderson, Jr. and Thomas P. Herbert as presented. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Board Appointments to Committees

Mr. Minter advised that the Board Appointments to Committees for 2017 had been provided to Board Members.

Approval of Minutes of the Regular Meeting of December 9, 2016

Mr. Minter asked for a motion that the Minutes of the Regular Meeting of December 9, 2016 be approved. Ms. Greene so moved and Ms. Smith-Brown seconded the motion, which passed unanimously on a roll call vote.

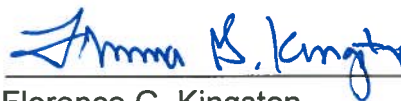
Unfinished Business

Mr. Minter asked for any unfinished business. There was none.

New Business

Mr. Minter asked for any new business. There was none.

There being no further business to come before the Board, Mr. Minter adjourned the meeting at 9:43 a.m.



Florence G. Kingston
Secretary/Treasurer



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Design Review Committee
SUBJECT: Chair's Report
DATE: January 6, 2017

The Design Review Committee met on December 15th. The Committee considered a request by Spain Commercial, on behalf of Riverside Paper and Paper Trails, LLC, for approval of a site plan, landscaping plan and digital rendering of a proposed building expansion at 240 Enterprise Drive in Oakland Industrial Park. The request included two waiver requests – one for a loading area facing the public right-of-way, and the other for metallic exterior construction proposed to be used on the building addition. Upon review, the Committee voted unanimously to recommend approval of the request, including both waiver requests, subject to all applicable City codes and regulations.

Next, the Committee considered a request by Langley Federal Credit Union for approval of a site plan, digital rendering and photographs of a proposed fence installation at 11742 Jefferson Avenue. Upon review, the Committee voted unanimously to recommend approval of the request, subject to all applicable City codes and regulations.

The items in this Report require Board ratification.



Cary B. Epes

CBE:mej

P:\IDA\IDA16-17\Board Meetings\January 2017\Chair Reports\DesignReviewChair'sReport01062017.docx

Date, Time and Location: December 15, 2016, at 8:00 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Thomas P. Herbert, Cary B. Epes, Alonzo Bell, Jr., Randy Carnell, Robert Mann, Teresa Nettles, Bryan Trainum, Sylvia Weinstein, Elizabeth Willis

Members Absent: Jennifer S. Smith-Brown

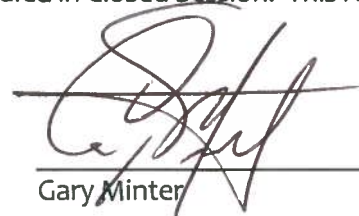


ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Executive Committee
SUBJECT: Chair's Report
DATE: January 6, 2017

The Executive Committee met on December 20th. Committee Members were asked to participate in stakeholder interviews/discussions with the consultant conducting the Choice Neighborhood Initiatives Market Study and Analysis. The Committee was also advised that the EDA would serve in a conduit role to advance one of the City's initiatives to celebrate Ella Fitzgerald. To allow Southeast Community residents and others to engage in the celebration, a public mural of Ella Fitzgerald will be painted on a 16-foot by 16-foot section of the exterior wall of the Esquire Barber Shop at 25th Street and Jefferson Avenue. The site is highly visible and will allow an unobstructed view and public access to and engagement with the mural, as it is adjacent to a Housing Authority lot not earmarked for development, and is across from the Martin Luther King, Jr. Plaza. The very talented and exciting young artist, Asa Jackson, has local ties. It is anticipated that the project will be completed by sometime in February, weather permitting.

The Committee's remaining items were handled in Closed Session. This report does not require Board ratification.



Gary Minter

GM:clc

P:\IDA\DA16-17\Board Meetings\January 2017\Chair Reports\ExecutiveCommitteeChair'sReporto1062017.docx

Date, Time and Location: December 20, 2016, at 12:00 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Wendy Drucker, Cassandra Greene, Tom Herbert, Gary Minter

Members Absent: None



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Marketing Committee
SUBJECT: Chair's Report
DATE: January 6, 2017

The Marketing Committee met on December 15th. Howell Creative Group presented a redesigned draft of the EDA/IDA website. Emphasis was placed on the use of vibrant and bold colors, original photography and personal stories highlighting Newport News companies to create a sense of place and showcase the great quality of life in Newport News. Committee members unanimously voted to approve the new design, and to allow Howell's staff to move forward with their work on the site, with a desired launch at the March 2017 EDA/IDA Board meeting. In an effort to stay up-to-date with new information and interactive media trends, members also recommended that the site be planned for revision every three years.

This report requires Board ratification.


Cassandra Greene, Chair

CG:mb

P:\\IDA\\DA16-17\\Board Meetings\\January 2017\\Chair Reports\\MarketingChair'sReport010617.docx

Date, Time and Location: December 15, 2016 at 10:30 a.m., 11820 Fountain Way, Suite 301, Newport News, VA 23606

Members Present: Cassandra Greene, Wendy Drucker, Don Blankenship, Faye Gargiulo, Gary Hunter

Members Absent: Gary Minter, Mary Aldrich



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Revolving Loan Fund Committee
SUBJECT: Chair's Report
DATE: January 6, 2017

The Revolving Loan Fund Committee met on December 21st. Staff presented two Façade Improvement Grant (FIG) Program requests:

- FIG request for \$30,000 from Beginnings Academy of Learning, LLC for exterior painting including prep, exterior lighting, canopy improvements, roof replacement, fencing, landscaping and paving at 2815 Chestnut Avenue; and
- FIG request for \$22,834.50 from Larisa Properties, LLC for exterior painting including prep, paving and gutter installation at 3816 Chestnut Avenue.

These FIG requests were each unanimously approved, and this report requires Board ratification.



Cary Epes

CE:tw

P:\IDA\IDA16-17\Board Meetings\January 2017\Chair Reports\RevolvingLoanFundChair'sReport 01-06-2017.docx

Date, Time and Location: December 21, 2016, at 12:30 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Cary Epes, Susan Harris, Arthur Henderson, John Lunsford and Jennifer Smith-Brown

Members Absent: George Knight



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors

FROM: Chair, South Newport News Committee

SUBJECT: Chair's Report

DATE: January 6, 2017

The South Newport News Committee met on January 3rd. The Committee was given an informative presentation by Ms. Britta Ayers, the Department of Planning's Manager of Comprehensive Planning, on the City's receipt of a Choice Neighborhood Initiative Planning Grant from the U.S. Department of Housing and Urban Development and the City's plan to implement the funds provided. The grant encourages citizen driven change, so the community can transform from areas of concentrated poverty into neighborhoods of opportunity with access to a range of jobs, amenities and supportive services. Committee members were supportive of the CNI initiative, and offered to participate in the process in whatever ways Ms. Ayers thought beneficial.

The Committee also received a staff update on Brooks Crossing.

This report does not require Board ratification.



Jennifer Smith-Brown, Chair

JSS:mar

P:\IDA\IDA16-17\Board Meetings\January 2017\Chair Reports\SouthNewportNewsCommitteeChair'sReport010617.docx

Date, Time and Location: January 3, 2017, 4:00 p.m. at City Hall, 3rd Floor Development Conference Room

Members Present: Jennifer Smith-Brown, Cassandra Greene, Alonzo Bell, and Carl Burt

Members Absent: Gary Minter, Richard Coleman, Troy Smith, Jr.