

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, May 5, 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
Alonzo R. Bell, Jr.
Cassandra P. Greene
Jennifer S. Smith-Brown
Jeffrey Verhoef
Cynthia D. Rohlf, City Manager, ex-officio
Florence G. Kingston, Secretary/Treasurer, ex-officio

Absent:

Mary Aldrich, Excused
Cary B. Epes, Excused

Legal Counsel:

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

Staff:

Janice Jones, Recording Secretary
Cherry Croushore, Assistant Secretary

Also present:

Eric Miller, Executive Vice President, Hampton Roads Economic Development Alliance
Mike Lindsey, Director of Human Resources, Continental Automotive
Paul Hirsch, Madison Government Affairs
Collins Owens, City Attorney
Robert Pealo, Assistant City Attorney
Jeri Wilson, Legislative Analyst, City Manager's Office

Mr. Minter opened the meeting by welcoming everyone.

Quarterly Hampton Roads Economic Development Alliance Report

Mr. Minter asked for the Quarterly Hampton Roads Economic Alliance Report. Mr. Miller gave a brief overview of his previous experience, noting that he began working at the Hampton Roads Economic Development Alliance on January 1st. He reported that during the first quarter of 2017, there were eight new projects opened, five prospect visits to the region and nine marketing initiatives involving localities and the Port of Virginia, resulting in 174 contacts and appointments. He noted that there were also two announcements during the first quarter resulting in capital investments totaling over \$16 million, the creation of 20 jobs, and consumption of over 200,000 square feet of space in the market.

Mr. Miller cited two highly successful HREDA-hosted events – the first in January with a panel of three renowned site location consultants who provided assessments of the region, and the second in late April with six site consultants, one from Germany. During the April event, the site consultants spent two days touring the region, receiving an overview of the local economy and initiatives underway in the Commonwealth. He emphasized they thoroughly enjoyed an EDA-sponsored luncheon with Huntington Ingalls personnel held at the Shipyard VASCIC Building. He noted these events were very well-received and reflected a high priority of the Alliance's public and private partners, more exposure to site selection consultants working with clients regarding their business expansions, relocations and investment.

Mr. Minter thanked Mr. Miller for his report.

Partnership for Advancing Certification Training Grant Program (PACT)

Mr. Minter asked for information regarding the Partnership for Advancing Certification Training Grant (PACT) Program. Mrs. Kingston advised that staff had been working closely with Continental Automotive Systems (Continental) over the last year regarding its workforce needs, and specifically over the last several months regarding a machinist training program that Continental has been developing in partnership with Thomas Nelson Community College (TNCC). She noted that the need for a qualified and ample workforce was consistently a top issue and that the training program would help to meet a shortage of production machinists needed for Continental's operations. She reminded the Board that Continental currently employed around 750 employees, up from 485 employees at the time of the expansion announcement in 2014, and had plans to continue making new hires.

Mrs. Kingston introduced Mike Lindsey, Director of Human Resources and Acting Plant Manager with Continental.

Mr. Lindsey gave a presentation that described Continental's products and manufacturing processes, as well as its goal to contribute to the workforce talent in Newport News. He explained that Continental sells precision machined, stainless steel parts that require highly skilled laborers, and that the demand for this labor pool increases each year as the company expands. He explained that they currently have 48 machinists who keep these sophisticated machines running, and in the next couple of years they need to increase that number to about 60. Additionally, he stated that they face a serious potential loss of talent over the next five to ten years, since 25% of its current machinists are aged 60 and older, 45% are 55 and older.

Mr. Lindsey described the planned training center, which would be near the main entrance of Continental's facility and would be reconfigured to provide approximately 4,000 square feet of training space. He explained that although Continental would provide most of the equipment, TNCC would provide instructors and some of the CNC machining equipment. He estimated that Continental's overall investment in this training initiative would be \$400,000. He noted that the partnership with TNCC would allow candidates to obtain either a basic or advanced machining certification, at a cost of \$400-\$500 per semester, and would possibly result in participants being offered a job at the end of the training at either Continental or other manufacturing companies across the region which are experiencing the same shortage of skilled laborers.

Mrs. Kingston thanked Mr. Lindsey and stated that the EDA wanted to be supportive of Continental in this innovative partnership they have created to address workforce needs on the Peninsula, and would encourage other partnerships in the future. She proposed supporting the establishment of the Partnership for Advancing Certification Training Grant Program (PACT). Staff provided a one-page outline of the PACT Program describing how it would provide supporting local funding, up to \$30,000, to private companies establishing new, innovative workforce development solutions in partnership with the Virginia Community College System, or with any of Virginia's public colleges and universities. She said that the funding would provide local assistance for any in-kind contributions made by a company supporting the establishment of training programs addressing documented workforce needs and would be provided as a 25% match of in-kind contributions made by a company.

Mrs. Kingston advised that the PACT program had been discussed with the Executive Committee at its April meeting, which recommended support for Continental and any other

companies working to create innovative partnerships in order to meet workforce needs. She recommended that the EDA establish the Partnership for Advancing Certification Training Grant Program and authorize initial funding for PACT in the amount of \$200,000.

Mr. Minter asked if there were any questions. Mr. Lindsey and Mrs. Kingston answered several questions and Mr. Minter thanked them for their report.

Mr. Minter asked for a motion to establish the Partnership for Advancing Certification Training Grant Program (PACT), in support of companies creating new, innovative workforce development solutions, in partnership with the Virginia Community College System, or with any of Virginia's public colleges and universities, to address documented workforce needs, and to authorize initial funding for PACT in the amount of \$200,000. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Secretary/Treasurer's Report

Mr. Minter asked for the Secretary/Treasurer's Report. Mrs. Kingston began her report noting that Janice Jones would be retiring as of May 31st and that this would be her last Board meeting as Recording Secretary. She noted that Janice had been with the Department of Development a little more than 2 years and with the City since 2004. She thanked her for her service to the EDA and wished her all the best in her retirement.

Mrs. Kingston advised that Ms. Christy Tran, owner of the Newport Market convenience store, had leased space in our Downtown Engineering Center, at 320-29th Street, to operate the store since 2008. She said that Ms. Tran wished to sell the business and was in negotiations with Mr. Delano Johnson. She noted that Mr. Johnson planned to continue the operation of the convenience store and offer additional product and service options incrementally over time.

She told the Board that Ms. Tran was requesting that upon the successful sale of her business to Mr. Johnson, her lease with the EDA be terminated and a new lease with Mr. Johnson be put in place. Mrs. Kingston said that based upon staff analysis, she believed it would serve the EDA to approve Ms. Tran's request, and recommended the EDA authorize a new five-year lease with Delano Johnson, upon the successful acquisition by Mr. Johnson of Ms. Tran's Newport Market convenience store business, and termination of Ms. Tran's lease. She advised that the new lease would be structured to commence June 1, 2017, include one five-year renewal option, have an initial rental rate of \$12.70 per square foot

(which is the rental rate currently paid by Ms. Tran), an annual rent escalation of 2%, and incorporate all other terms and conditions of Ms. Tran's prior lease. She explained that the rental rate equated to a monthly rent of \$1,211.79, and an annual rent of \$14,451.50.

Mrs. Kingston noted that the date had been set for the visit to Ft. Eustis on Friday, May 12th at 11:30 a.m., with lunch, followed by a briefing by Colonel Clayton, and a tour that should finish by 2:30 p.m.

Mrs. Kingston advised that this week's "Power" issue of Inside Business included the 2016 EDA Annual Report "microsite" insert, which featured a four-page, full color, semi-gloss piece with photos and highlights of the full Annual Report, and went to 9,000 subscribers across the Peninsula and Southside.

Mrs. Kingston informed the Board that staff had received the first annual ERCR reporting for Printpack, Inc., which had nearly completed its 150,000-square-foot expansion, and received its temporary certificate of occupancy earlier this year. She noted that the company had made significant progress toward its capital investment and job creation targets of \$31.2 million and 60 new jobs, over 5 years, and that as of December 31, 2016, Printpack had made capital investments exceeding \$24.2 million and created 35 new jobs.

Mrs. Kingston advised that staff continued to see success from their business outreach activities. She noted that earlier this year, staff sent post cards to businesses and property owners that may qualify for Virginia Enterprise Zone incentives and that as a result, 20 applications had been submitted for the Real Property Investment Grant and 3 applications were submitted for the Job Creation Grant.

Mrs. Kingston reported that May would be an active month in City Center, beginning with the annual "Cinco in the City" event that evening from 6:00 p.m. – 9:00 p.m. featuring music, food trucks, beverage sales (proceeds benefit local charities), face painting and activities for all ages. She said that the City Center Farmers Market would return on Thursdays starting May 11th from 10:00 a.m. to 2:00 p.m., concluding in September. In addition, the Virginia Arts Festival's 3rd annual World Arts Celebration would be Saturday, May 20th, from 4:00 p.m. – 9:00 p.m., where patrons would experience a day of family fun with music from around the world, as well as international food, an artisan village and hands-on cultural craft activities. Finally, the Virginia Arts Festival would also present the Annual Memorial Day Concert on Monday, May 29th, at 7:30 p.m. with the U.S. Army Training and Doctrine Command Band returning to perform the best of American music for concertgoers.

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. Ms. Rohlf advised that she anticipated City Council would pass the FY 2018 budget on May 9th. She said that she continues her listening and learning tours and looked forward to working on City long-term goals.

Mr. Minter asked if there were any questions for Mrs. Kingston or the City Manager. Mrs. Kingston answered several questions and Mr. Minter thanked her for her report.

Mr. Minter asked for a motion to authorize a five-year lease commencing June 1, 2017, with one additional five-year renewal option, between the EDA and Mr. Delano Johnson, for 1,145 square feet of space in the Downtown Engineering Center, which is the current location of Newport Market, to operate a convenience store, at an initial rental rate of \$12.70 per square foot, with a 2% annual rent escalation, and all other terms and conditions of the EDA's prior lease with Ms. Christy Tran to be incorporated, subject to all documentation being reviewed and approved by EDA Legal Counsel, and subject to Mr. Delano's acquisition of Ms. Tran's Newport Market convenience store business. Mr. Epes so moved and Mr. Bell 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 asked for the Madison Government Affairs Report. Mr. Hirsch advised that the House and Senate had approved an Omnibus spending bill of \$1.1 trillion to fund the government through September 30th. He noted that the bill put \$15 billion in the Department of Defense and \$1.5 billion into border security. The spending bill also funded the Community Development Block Grants and Home Investment Partnerships at current levels. He stated that the bill increased spending levels to provide \$2 billion in new spending for the National Institutes of Health and permanently extends expiring health insurance benefits to retired coal miners.

Mr. Hirsch reported that President Trump's \$1.1 trillion budget proposal for FY 2018 included a \$54 billion increase in defense spending. The FY 2018 Presidential Budget Request would include \$639 billion for the Department of Defense, including \$574 billion in the base budget and \$65 billion in the Overseas Contingency Operations account. He said that the Defense Department would receive \$516 billion in discretionary spending and an additional \$77 billion in overseas contingency operations, which is 4.5% greater than fiscal year 2016. He noted that the 9% increase in discretionary funding would be available to increase the size of the Army and Marine Corps, increase the number of ships in the Navy's fleet, buy additional F-35 Joint Strike Fighters, and increase spending to keep Air Force combat airplanes ready to fly.

Mr. Hirsch advised that a group of 141 GOP lawmakers sent a letter to Speaker of the House Paul Ryan urging him to support legislation repealing sequester level budget cuts. He noted that all the Services had indicated that balancing modernization, operations and maintenance, and readiness would be virtually impossible under the sequester cuts, and higher spending levels would be necessary to maintain operations and planned growth. In addition, Mr. Hirsch said that BRAC had been at the forefront of recent discussion among Senate and House leadership of the Armed Services Committee, with the consensus that BRAC might happen as early as 2019, but more likely would not be authorized until 2021.

Mr. Hirsch noted that Mayor Price recently visited Washington D.C., participating in a full day of highly effective meetings with members of Congress and their staffs to discuss issues important to Newport News.

Mr. Minter asked if there were any questions. Mr. Hirsch answered several questions from the Board and Mr. Minter thanked him for his report.

At 8:56 a.m., Mr. Bell 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 proposed property dispositions located in the central section of the City and a proposed property acquisition located in the southern section 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 central section of the

City, and a prospective business interested in locating in the central section of the City. Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

At 9:16 a.m., the EDA/IDA Board returned to open session following a certification motion by Mr. Bell 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. Ms. Smith-Brown seconded the motion, which passed unanimously on a roll call vote.

Committee Chair's Reports

Mr. Minter called for the Committee Reports. Mr. Morello presented the Design Review Committee Report, which required Board approval since a quorum was not attained at the meeting. Board Members were provided with a copy of all submitted supporting materials. Mr. Minter called for a motion to approve the items recommended for approval in the Design Review Committee Chair's Report for the meeting held on April 20, 2017, including submittal documentation, as well as the recommended deferral item. Mr. Bell so moved and Ms. Greene seconded the motion, which passed unanimously on a roll call vote. Ms. Greene presented the Executive Committee Report, which passed unanimously on a roll call vote. Ms. Smith-Brown presented the Revolving Loan Fund Committee Report, which passed unanimously on a roll call vote.

Approval of Minutes of the Regular Meeting of April 12, 2017

Mr. Minter asked for a motion that the Minutes of the Regular Meeting of April 12, 2017 be approved. Mr. Bell so moved and Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

Unfinished Business

Mr. Minter asked for any unfinished business. Mrs. Kingston showed the Board a picture of the Ella Fitzgerald mural for which the EDA had contracted, and which had been placed on the Housing Authority's building on 26th Street. She thanked them for their role in this venture.

New Business

Mr. Minter asked for any new business. Mr. Bell advised that the 25th annual 100 Black Men Gala, held on April 22nd at the Marriott Hotel, had been the most successful ever, with over 650 attendees. He thanked the EDA for its continued support.

There being no further business to come before the Board, Mr. Minter adjourned the meeting at 9:26 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: May 5, 2017

The Design Review Committee met on April 20, 2017. The Committee considered a request by Kimley-Horn on behalf of MDH PropCo 2015 B, LLC, for approval of a site plan, landscape plan, digital product samples, elevation drawings and digital renderings of proposed exterior building modifications and parking expansion at 275 Picketts Line in Oakland Industrial Park.

Next, the Committee considered a request by SignMedia and Hamner Development, on behalf of Thimble Shores Ventures, LLC, for approval of digital renderings and digitally-enhanced photographs of a proposed replacement of an existing awning, with copy, at 703 Thimble Shoals Boulevard.

The Committee also considered a request from Tower Park Real Estate, HHH & S, LLC and Curtis & Mac, LLC, and Bunker Boulevard Land Trust, for approval of digital renderings and product samples of proposed exterior color scheme modifications at 11836 Canon Boulevard, 11838 Canon Boulevard, and 802 Bluecrab Road. Because paint color variations can occur when applied to exterior surfaces, the Applicant will advise the Staff of any such variation, as well as any tone or tint changes that may be necessary, with Staff authorized to ensure such variations are acceptable prior to full application.

The final agenda item was a request from Scotty Signs on behalf of PCT, LLC, for approval of a site plan, a digital rendering, and a digitally-enhanced photograph of a proposed internally-illuminated, building-mounted sign at 610 Thimble Shoals Boulevard. Staff was not able to recommend approval of the sign as presented, and it was the consensus of the Committee to defer action on this item to give the Applicant an opportunity to submit an alternate design for consideration at a future Committee meeting.

Design Review Committee Chair's Report

May 5, 2017

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It was the consensus of the Committee members present to recommend approval of all requests as outlined above, except the 610 Thimble Shoals submission, subject to all applicable City codes and regulations. Since a quorum was not present, however, these items will require the consideration and vote of the full Board. A copy of the Powerpoint presentation with the submittals presented at the Committee meeting has been provided to Board members at their places. A motion to approve the requests, and the deferral, will need to follow this report, in lieu of Board ratification of this report.



Cary B. Epes

CBE:kpw

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Date, Time and Location: April 20, 2017, at 8:00 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Cary Epes, Robert Mann, Elizabeth Willis, Teresa Nettles, Sylvia Weinstein

Members Absent: Mary Aldrich, Jeff Verhoef, Randy Carnell, Tom Herbert, Bryan Trainum



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Executive Committee
SUBJECT: Chair's Report
DATE: May 5, 2017

The Executive Committee met on April 18th. The Committee received a briefing on the Partnership for Advancing Certification Training Grant Program (PACT), which the Board received and approved earlier in today's meeting.

The Committee also received a briefing on the existing management fee structure for Rouse Tower with the EDA's Managing Agent, Morton G. Thalhimer, Inc. (d/b/a Thalhimer), and a proposed renegotiated fee structure to be effective as of July 1st. The newly negotiated fee structure reduces the management fee percentage rate, the amount of minimum gross receipts on which the percentage rate applies, and the percentage rate for project management and oversight for construction activities within the building. Based on the beneficial terms negotiated, the Executive Committee authorized execution of a Commercial Management Agreement between the EDA and Thalhimer, with a Management Fee structure of 2.15% of Gross Revenues, a minimum of \$3000 per month, and a top-rate Project Management Fee of 5%, for a term of one (1) year beginning July 1, 2017 and ending June 30, 2018, with four (4) one-year renewal options, subject to legal counsel review and approval.

The Committee's remaining items were handled in Closed Session. This report requires Board ratification of the Rouse Tower Management Agreement item.



Cassandra Greene

CG:clc

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Date, Time and Location: April 18, 2017, at 12:00 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Cassandra Greene, Gary Minter, Jennifer Smith-Brown, Jeff Verhoef

Members Absent: None

**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Revolving Loan Fund Committee
SUBJECT: Chair's Report
DATE: May 5, 2017

The Revolving Loan Fund Committee met on May 1st. Committee members were provided financial statements for the Newport News Capital Fund (NNCF) for the period ending March 31, 2017. Staff presented two Façade Improvement Grant (FIG) Program requests:

- FIG request for \$30,000 from Go Green Electric Properties, LLC for landscaping improvements, roofing and signage at 8 Forrest Drive; and
- FIG request for \$30,000 from Warwick Denbigh Company of Newport News, LP for exterior painting, including prep and paving at 14347 Warwick Boulevard.

These FIG requests were unanimously approved.

This report requires Board ratification.



Jennifer Smith-Brown

JSB:tfw

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Date, Time and Location: May 1, 2017, at 12:30 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Jennifer Smith-Brown, Alonzo Bell, Jr., Susan Harris, Arthur Henderson, George Knight and John Lunsford

Members Absent: Jeffrey Verhoef