

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, October 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.
Jennifer Smith-Brown
Jeffrey Verhoef
Cynthia D. Rohlf, City Manager, ex-officio
Florence G. Kingston, Secretary/Treasurer, ex-officio

Absent:

None

Legal Counsel:

Raymond H. Suttle, Jr.
Conway Shield

Staff:

Kearston Milburn, Recording Secretary
Cherry Croushore, Assistant Secretary

Also present:

David E. Yancey, Delegate, Virginia House of Delegates
Alan Diamonstein, Board of Commissioners, Port of Virginia
Russell Held, Vice President, Economic Development, Port of Virginia
Chris Gullickson, Manager, Economic Development, Port of Virginia
Dustin Rinehart, Director of Local Government Affairs, Port of Virginia
Mike Lindsey, Human Resources Manager, Continental Automotive Systems

Also present (continued):

Leslie Roberts, Partner, Dixon Hughes Goodman
Kristen Jones, Manager, Dixon Hughes Goodman
Mark Butcher, General Manager, Marriott
Lori Coyne, Director of Sales and Marketing, Marriott
Steve Adcox, Deputy General Counsel, Ferguson Enterprises, Inc.
Eric Miller, Executive Vice President of Business Development, HREDA
Matthew James, President & CEO, Peninsula Council for Workforce Development
Jonathan Skinner, Vice President of Acquisitions and Development, Harrison and Lear, Inc.
Collie Owens, City Attorney
Jerri Wilson, Management and Legislative Analyst, City Manager's Office

Mr. Minter opened the meeting by welcoming everyone.

Port of Virginia Economic and Infrastructure Development Grant Program Presentation to Continental Automotive Systems

Mrs. Kingston welcomed Mr. Alan Diamonstein, Commissioner for the Port of Virginia and Mr. Mike Lindsey from Continental Automotive Systems.

Mr. Diamonstein opened his presentation by thanking Board Members for the opportunity for the Port to present a check from the Port's Economic and Infrastructure Development Grant Program to Continental Automotive Systems. He pointed out that Continental has had an extensive track record of organizational excellence, quality products and overall success. Mr. Diamonstein stated that the grant program was a vital business attraction tool for the Port and served as a catalyst for commerce. He advised that, as the mid-Atlantic global gateway, the Port was actively promoting this grant program to applicable businesses that were looking to invest, expand and create jobs in the Commonwealth. Mr. Diamonstein also noted that the development grant was used as a key component in building a competitive incentive package. He acknowledged that the grant was an incentive that would not have been achieved without the foresight of General Assembly members, and recognized Delegate David Yancey, who was present, and thanked him for his efforts with economic development in the City and promoting jobs in the Commonwealth.

Mr. Diamonstein presented Mr. Lindsey, Human Resources Manager of Continental Automotive Systems, with a check for \$417,000. Mr. Lindsey expressed appreciation to the City, EDA and Port of Virginia. Mr. Minter thanked Mr. Diamonstein for his presentation.

Newport News Marriott at City Center Conference Center Marketing 2016 Expense Review

Mr. Minter called on Ms. Kristen Jones, of Dixon Hughes Goodman, for the Conference Center Marketing 2016 Expense Review. Ms. Jones stated that both she and Ms. Roberts recently completed an Agreed-Upon Procedures Engagement to assist the EDA in evaluating the marketing expenditures for the Marriott Conference Center for calendar year 2016.

Ms. Jones stated they reviewed the Joint Marketing Agreement between the EDA, Oyster Point Hotel Associates and the City of Newport News, along with a schedule for the actual amounts spent for Conference Center Marketing expenses for calendar year 2016. Ms. Jones explained that supporting documentation supported the expenses for the specified purposes as detailed in the Report. No exceptions were noted.

Mr. Minter asked if there were any questions for Ms. Jones and there were none. Mr. Minter thanked Ms. Jones for her report.

Newport News Marriott at City Center Conference Center 2016 Activity Review

Mr. Minter called on Mr. Butcher for the City Center Conference Center 2016 Activity Review report. Mr. Butcher opened the presentation by stating that the City Center Marriott is the only full-service Marriott hotel on the Peninsula, hosting corporate events, civic events, reunions, weddings and public/private announcements while contributing over 235 jobs in the community. Mr. Butcher advised that the Hotel-Conference Center Guest Satisfaction Survey ranks in the Top 100 of all Marriott hotels worldwide. He stated that the Conference Center Events Satisfaction Survey, a separate survey sent to meeting planners, ranks in the Top 100 of all Marriott hotels worldwide, and revealed rankings of 100% satisfaction in the categories of event room ambiance, physical facility condition, cleanliness of event space, event overall staff and quality of food and beverage.

Mr. Butcher stated that food and beverage revenues at the Marriott Conference Center continue to increase. He noted that as a result of the increased revenue, employee payroll had also increased along with revenues for hotel suppliers and tax revenues to the City of Newport News. Mr. Butcher shared that weddings, social events and reunions have

remained strong on weekends and summer months, and have received positive ratings and reviews on social media wedding review sites. He stated that he continued to observe strong activity with local corporate and sports establishments.

Mr. Butcher advised that when the Marriott's Conference Center spaces were booked to capacity, they leveraged their partnerships with City Center partners to creatively accommodate the overflow business. He indicated his excitement that Boathouse Live would soon add another great destination that would enhance guests' overall experience in City Center. Mr. Butcher spoke about the many positive comments he receives from guests regarding how wonderful it is to walk around the Fountain and enjoy the shopping, dining and entertainment offered at City Center, and stated that he regularly works with City Center's retailers and restaurants to provide group reservations and hotel guest discounts.

Mr. Butcher shared that Ferguson Center for the Performing Arts continued to provide a wonderful entertainment draw and that Cinemark Theater has been a great partner in City Center.

Mr. Butcher advised that the ownership group continued to strongly support the Marriott, spending capital dollars renovating and maintaining the hotel and Conference Center. He noted that more than \$750,000 had been spent on renovations, and the changes have been well-received by guests and event clients.

Mr. Butcher closed by acknowledging how much he appreciated the strong working relationships with EDA and City officials, and was honored to host the many events and meetings benefitting our great City.

Mr. Butcher answered a few questions and Mr. Minter thanked him for his report.

Ferguson Enterprises, Inc.'s Expansion Project in City Center at Oyster Point

Mr. Minter called on Mrs. Kingston for the Ferguson Enterprises, Inc.'s Expansion Project in City Center at Oyster Point. Mrs. Kingston informed the Board that now that Ferguson's expansion project in City Center had been announced, it was time to develop the details of the project and that she would review with the Board the multiple agreements required. She explained that as each agreement was discussed, she would be seeking action on the accompanying motion.

Mrs. Kingston stated that the first agreement to be reviewed was the Amendment to the Second Amended and Restated Development Agreement between the Economic Development Authority of the City of Newport News, Virginia, and Newport News Town Center, LLC. She noted that the EDA would pay the Developer \$981,933 in exchange for the exclusive right to develop 11829 Canon Boulevard, also known as the fourth quadrant, and the Developer would release to the EDA its rights to develop and/or purchase 760 Town Center Drive at no cost to the EDA. She advised that the Developer would maintain its development and/or purchase rights on 750 Town Center Drive, 735 Mariners Row and 11821 Canon Boulevard, and that Section 6.6 of the Second Amended and Restated Development Agreement would be deleted, allowing the Developer to retain the exclusive right to purchase and/or develop those three properties.

Mr. Minter then asked for a motion to authorize that certain Amendment to the Second Amended and Restated Development Agreement, dated as of February 21, 2005 between the EDA and Newport News Town Center, L.L.C., in connection with the EDA's payment of \$981,933 to acquire development rights on 11829 Canon Boulevard and 760 Town Center Drive, associated with the planned Ferguson Enterprises, Inc. Expansion Project, subject to review and approval by EDA Legal Counsel. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Mrs. Kingston next presented the Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement by and between the Economic Development Authority of the City of Newport News, Virginia and Ferguson Enterprises, Inc. She stated that Ferguson's target investment was an \$82.8 million capital investment and the creation of 350 new jobs in the City. She stated the EDA would waive the Parking and Infrastructure Contribution required of property owners located in City Center at Oyster Point, which was consistent with the local Enterprise Zone program incentive. Mrs. Kingston reported that the EDA would grant to Ferguson a return of 50% of the net new taxes generated from real estate (land and improvements), business personal property and leasehold taxes over 10 years. She advised that beginning with the date of ownership of real estate by Ferguson in City Center and through the December 31st of the calendar year immediately preceding the EDA Grants Commencement Year (i.e., during construction), the EDA would grant to Ferguson a series of initial grants, returning 50% of the taxes paid on the real estate land value of the Campus.

Mr. Minter asked for a motion to authorize that certain Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement by and between the EDA and Ferguson Enterprises, Inc., in connection with the planned Ferguson Enterprises, Inc. Expansion Project, including investment of approximately \$82.8 million at its new Campus in City Center at Oyster Point

and job creation of approximately 350 new jobs in the City of Newport News, subject to review and approval by EDA Legal Counsel. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Mrs. Kingston then presented the Agreement of Purchase and Sale of Commercial Real Estate by and between the Economic Development Authority of the City of Newport News, Virginia and Ferguson Enterprises, Inc., which she stated was a draft document provided to Ferguson for review. She stated that in recognition of Ferguson's investments and job creation, the EDA would contribute to Ferguson an approximately 2.29-acre parcel of land, valued at \$2.977 million, to serve as the required local match for the Commonwealth's Development Opportunity Fund Grant. She noted that the EDA would also grant to Ferguson purchase options on an approximately 0.4-acre parcel, which is next to the fourth quadrant garage, and an approximately 1.14-acre parcel, which is the property between the Marriott and the Town Center One building. Mrs. Kingston stated the Option Period on each option would terminate on December 31, 2029; however, Ferguson may extend the Option Period up to two years until December 31, 2031 at an option extension fee of \$50,000 per year, per option property. Mrs. Kingston informed the Board that should Ferguson exercise its right to purchase either or both of the Option Properties, the parties would enter into a purchase agreement at that time setting forth the terms of the sale and purchase, including a purchase price. Mrs. Kingston reported that the Phase I Building Ferguson would construct was an approximately 260,000-square-foot Class A office building.

Mrs. Kingston stated that the EDA would reimburse Ferguson up to \$500,000 for exterior plaza amenities, landscaping, public art and exterior lighting for the Phase I Building. Mrs. Kingston stated that the EDA would also reimburse Ferguson for up to \$500,000 for skybridge connection(s) to the Phase I Building.

Mrs. Kingston explained that the EDA would construct an approximately 1,500-space public parking garage equipped with a parking management system. Mrs. Kingston said that the EDA would also construct the extension of Pearl Way between the public parking garage and the Phase I Building. She advised that the EDA would enter into a 25-year parking license agreement for Ferguson's non-exclusive use of the public parking garage.

Finally, Mrs. Kingston advised that closing on the land transaction would occur no earlier than April 1, 2018. She noted that the Agreement of Purchase and Sale was complex, and asked if there were any questions.

Hearing no questions, Mr. Minter asked for a motion to authorize that certain Agreement of Purchase and Sale of Commercial Real Estate by and between the EDA and Ferguson Enterprises, Inc., in connection with the planned Ferguson Enterprises, Inc. Expansion Project, including investment of approximately \$82.8 million at its new Campus in City Center at Oyster Point and job creation of approximately 350 new jobs in the City of Newport News, subject to review and approval by EDA Legal Counsel. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Mrs. Kingston continued with presenting the Commonwealth's Development Opportunity Fund (COF) Performance Agreement by and among the City of Newport News, Ferguson Enterprises, Inc. and the EDA. She stated that the document was ready for execution, with City Council having authorized the COF Performance Agreement at its September 26th meeting. She explained that the City has been awarded a \$2 million grant from the Commonwealth's Development Opportunity Fund from the Virginia Economic Development Partnership to induce Ferguson's expansion in Newport News and that the grant would be used by Ferguson to construct or build-out its facility in City Center. She indicated the COF Grant local match requirement would be satisfied through the EDA's contribution of the value of the approximately 2.29-acre parcel needed for Phase I, valued at \$2.977 million.

Mr. Minter asked for a motion to authorize that certain Commonwealth's Development Opportunity Fund Performance Agreement by and among the City of Newport News, Ferguson Enterprises, Inc. and the EDA, in connection with the planned Ferguson Enterprises, Inc. Expansion Project, including investment of approximately \$82.8 million and job creation of approximately 434 new jobs in the Cities of Newport News and Hampton, subject to review and approval by EDA Legal Counsel. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Next, Mrs. Kingston stated that she was seeking authorization of a design services proposal and contract with Saunders + Crouse Architects for the design services for the fourth public parking garage and extension of Pearl Way at City Center at Oyster Point. She explained that Burrell Saunders, of Saunders + Crouse, has served as the Project Architect for City Center at Oyster Point under the Development Agreement. She noted that the EDA had utilized a Saunders + Crouse conceptual design for the parking garage and Pearl Way Extended in the proposal to Ferguson. She indicated that under this scope of work, Saunders + Crouse would provide the design and all associated construction documents and plans for the approximately 1,500-space fourth public parking garage and extension of Pearl Way.

Mr. Minter asked for a motion to authorize a design services proposal and contract with Saunders + Crouse Architects, LLC for design services for the fourth public parking garage and extension of Pearl Way in City Center at Oyster Point, and funding, in an amount not to exceed \$563,440, which includes a small contingency, subject to review and approval by EDA Legal Counsel. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Mrs. Kingston then told the Board that a traffic impact analysis (TIA) study was required as part of the City's site plan process for the fourth public parking garage. She stated that McPherson Consulting, LLC, had provided TIA services for a number of projects throughout the City and currently had an Annual Services Contract with the City of Newport News for these services. She said that under this contract McPherson will analyze the traffic impact of the fourth public parking garage on the surrounding roadways and intersections.

Mr. Minter then asked for a motion to authorize a scope of services under City of Newport News Annual Services Contract #2017-2613-13 with McPherson Consulting, LLC for a traffic impact analysis, in connection with the fourth public parking garage and extension of Pearl Way in City Center at Oyster Point, and funding, in an amount not to exceed \$92,000, which includes a small contingency, subject to review and approval by EDA Legal Counsel. Ms. Smith-Brown so moved and Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

Mrs. Kingston offered Mr. Adcox, Deputy General Counsel for Ferguson, an opportunity to comment. Mr. Adcox thanked the Board for the long and beneficial partnership with Ferguson. Mr. Minter thanked Mr. Adcox for Ferguson's long-standing commitment to our City and thanked Mrs. Kingston for her comprehensive presentation of the project components.

Quarterly Hampton Roads Economic Development Alliance Report

Mr. Minter called on Mr. Miller for the Quarterly Hampton Roads Economic Development Alliance (HREDA) Report. Mr. Miller reported that one new project opened last month, totaling 24 new projects so far this year. Mr. Miller advised that there were a total of 19 prospect visits, and of those visits, four were repeat visits. He stated that 11 marketing activity corporate appointments were accomplished in August, with 224 appointments this year to date, consisting of 159 corporate appointments and 65 consultant appointments. Mr. Miller stated that to date in 2017, HREDA reflected approximately \$17.8 million in new

capital investments for the region, 665 new jobs created and 307,108 square feet consumed in the market.

Mr. Miller noted that an international group of consultants had visited the region last week and had the opportunity to meet with corporate representatives from Liebherr, tour the Port of Virginia and have a business dinner with representatives of localities. Mr. Miller reported that he received glowing returns from the consultants, many of whom were first-time visitors to this region.

Mr. Miller answered several questions and Mr. Minter thanked him for his report.

Quarterly Workforce Development Report

Mr. Minter called on Mr. James for the Quarterly Workforce Development Report. Mr. James reported that over the summer, the Peninsula Council for Workforce Development (PCFWD) had collaborated with business partners such as the Newport News Hospitality Association and the Newport News Tourism Department on hospitality programs. He commended the successful STEP program and thanked the Board and City for their support and mentorship of students in the program. He updated Board members on the ongoing skills gap analysis which had brought Southside and the Peninsula Workforce Development Boards together for the first time.

Mr. James reported that PCFWD had exceeded all 12 of its Workforce Investment goals and was the only one in the State to do so. Mr. James shared that they were taking part in an exciting Transitional Veterans program which would allow Workforce staff to go on base to assist transitional military prior to their departure and discuss career opportunities in Hampton Roads. Mr. James concluded his report by noting that PCFWD's 12th Annual Meeting would take place on Monday, October 16th, at the Williamsburg Winery and he welcomed all Board Members to attend.

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

Quarterly Business Retention Report

Mr. Minter asked for the Quarterly Business Retention Report. Mr. Johnson provided a brief summary of business retention activities for the third quarter of 2017. He stated that in the third quarter of this year, he had the opportunity to take part in a Business Essentials workshop that was held at the Newsome House Museum and Cultural Center. He said that

the workshop was conducted by Access Community Enterprise, a local non-profit that promotes entrepreneurship, healthy business foundations and the development of community based workforce systems. He noted participants of the workshop included local entrepreneurs and individuals interested in starting businesses.

Mr. Johnson stated that this quarter he continued participating in the Peninsula Core Team for this year's START Peninsula Event, a shark tank style entrepreneurial competition. Mr. Johnson noted that the event would be held on November 3rd through 5th at the Stryker Building in Williamsburg. He pointed out that as a lead-up to START Peninsula, a Pitch Perfect session, which provided guidance to individuals on how to pitch their business idea, was hosted in Newport News at the Midtown Community Center. Mr. Johnson stated another session would be held on October 18th at 6:00 p.m. at the Denbigh Community Center.

Mr. Johnson indicated our internal Newport News Business Now team continued making strides in working to produce a weekly business article for the Newport News Now newsletter each Friday, and that so far this year 38 business articles highlighting a diverse array of Newport News businesses had been produced.

Mr. Johnson stated that during this quarter, he participated in a business initiatives presentation by the Virginia Department of Small Business and Supplier Diversity, at which the agency representative gave an overview of the services offered through its four divisions: Business Certifications, Business Development and Outreach, Virginia Small Business Financing Authority and Small Business Supplier Diversity Agency Administration. Mr. Johnson indicated that as he continued exploring new avenues to address the needs of small businesses, he looked forward to sharing this resource with our local businesses. Mr. Minter asked if there were any questions, there were none. Mr. Minter thanked Mr. Johnson for his report.

Secretary/Treasurer's Report

Mr. Minter asked for the Secretary/Treasurer's Report. Mrs. Kingston stated that while she recognized that Board Members may have already seen this item, she felt it was noteworthy and was pleased to bring attention to the fact that the U.S. Economic Development Administration awarded an i6 grant under its Regional Innovation Strategies i6 Challenge. She advised that the grant of \$499,833 was a result of our regional collaboration grant submission spearheaded by 757 Angels and ReInvent Hampton Roads. Mrs. Kingston reminded the Board that they had voted to pledge \$50,000 as a grant match over a three-

year period, as did the localities of Hampton, Norfolk, Chesapeake and Portsmouth, along with support from private sector partners. Mrs. Kingston advised that the grant funds would establish and implement operations of a business accelerator, bridging a crucial gap by providing business acceleration programming and assistance to small, existing businesses and ventures in order that they may successfully obtain investor group funding. She stated that while there were over 200 applicants nationwide, only 25 winners were selected. Mrs. Kingston commented that she was proud of this accomplishment, appreciated the support of the Board, and looked forward to program implementation.

Mrs. Kingston stated that she was pleased to report on a successful small business seminar held on October 3rd with retail/restaurant consultant Marc Willson. She stated that in addition to City and Small Business Development Center staff, the general seminar in the morning was attended by 12 enthusiastic participants. She noted the interactive session engaged the participants, made up primarily of active business operators, in ways to promote their business by participating in community events, utilizing traditional and new media forms, creating ways to make their business unique and providing incentives for customers to return. Mrs. Kingston informed the Board that Mr. Willson's very informal and personal style provided insight and strategies not only to participants in the general session, but also to four business owners, in a more personalized one-on-one manner, in the afternoon.

Mrs. Kingston announced that on Friday, October 27th, Thomas Nelson Community College would be hosting the Peninsula Entrepreneurship Forum. She stated that the EDA would serve as a sponsor for this year's event, which would take place at the Peninsula Workforce Development Center, located at 600 Butler Farm Road in Hampton. She stated the opening breakfast would be held at 8:00 a.m. followed by the Forum from 9:00 a.m. to 2:00 p.m. Mrs. Kingston pointed out that the Peninsula Entrepreneurship Forum supports entrepreneurs through education and networking, while providing attendees the opportunity to learn from and engage with other entrepreneurs.

Mrs. Kingston thanked those who were able to attend the State of the City event. She stated that with a sold-out crowd of 600 guests, Newport News continued to raise the bar and she felt we could all look forward to the exciting initiatives and other "building blocks" which would help take our City to the next level.

Mrs. Kingston stated that thanks to the work of staff and partners at Howell Creative Group, the Newport News EDA could now be found on both Facebook and LinkedIn. She suggested that Board Members "like" the page to get updates and share with their friends

and colleagues. She asked the Board to also be sure to “like” the Newport News Seafood Industrial Park page, already on Facebook.

Mrs. Kingston told the Board of several upcoming fall events nearby which may be of interest and encouraged participation. She advised that the City Center Fall Festival, now in its 6th year, would take place on Saturday, October 14th, from 11:00 a.m. to 6:00 p.m. along Mariners Row and visitors could enjoy live music, arts and crafts, hayrides and refreshments.

Mrs. Kingston announced that the 13th Annual Port Warwick Art & Sculpture Festival was happening Saturday, October 14th, from 10:00 a.m. to 6:00 p.m., and Sunday, October 15th, from 10:00 a.m. to 5:00 p.m., featuring over 90 artists displaying hand-crafted items in a variety of media, along with live music, food and beverages.

Mrs. Kingston stated that the City Center Oyster Roast would be Friday, October 20th, from 6:00 p.m. to 9:00 p.m. at the Fountain Plaza, and promised to be a fun-filled evening with live music, craft beer, roasted oysters and other local seafood. She stated that there would also be oyster shell recycling and activities for all ages.

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

Mrs. Kingston offered the City Manager an opportunity to comment. Ms. Rohlf expressed her enthusiasm with the successful annual Newport News State of the City luncheon and how well it dove-tailed with the City’s Comprehensive Plan Update process. She also stated she was excited about the Choice Neighborhood Initiative (CNI) and noted that the application due date for the Implementation Grant was November 22nd. Ms. Rohlf shared that she had been receiving excellent feedback as it related to the Choice Neighborhood Initiative Grant and that she and staff were working diligently to meet the deadline.

Mr. Minter asked if there were any questions for Mrs. Kingston or Ms. Rohlf, and there were none.

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 9:23 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 northern, central and southern 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 an unannounced expansion of an existing business located in the southern section of the City. Ms. Greene seconded the motion which passed unanimously on a roll call vote.

At 9:34 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. Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote.

Committee Reports

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

Approval of Minutes of the Regular Meeting of September 1, 2017

Mr. Minter asked for a motion that the Minutes of the Regular Meeting of September 1, 2017 be approved. Mr. Bell 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 9:45 a.m.



Florence G. Kingston
Secretary/Treasurer



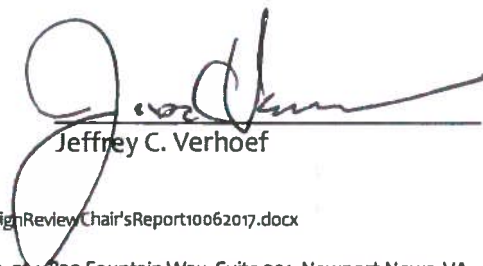
**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

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

The Design Review Committee met on September 21st. The Committee considered a request by Sign Media on behalf of BayPort Credit Union, for approval of digital renderings and digitally-enhanced photographs for a proposed signage package at One BayPort Way in Jefferson Center for Research and Technology. The proposed signage package consists of two new internally-illuminated, building-mounted signs; replacement of two existing monument signs; and replacement of an existing directory sign. Upon review, the Committee voted to recommend approval of the request on a majority vote, with one abstention, subject to all applicable City codes and regulations.

The next item considered was a request by Scotty Signs on behalf of Huntington Ingalls Industries and John R. Lawson, II, for approval of a digital rendering and digitally-enhanced photograph for a proposed replacement of a non-illuminated, building-mounted sign at 11850 Jefferson Avenue in Oyster Point of Newport News. Upon review, the Committee voted unanimously to recommend approval of the request, subject to all applicable City codes and regulations.

This Report requires Board ratification.



Jeffrey C. Verhoef

JCV:kpw

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Date, Time and Location: September 21, 2017, at 8:00 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Jeffrey C. Verhoef, Mary C. Aldrich, Thomas Herbert, Robert Mann, Teresa Nettles, Bryan Trainum, Elizabeth Willis

Members Absent: Sylvia Weinstein, Alex Delgado

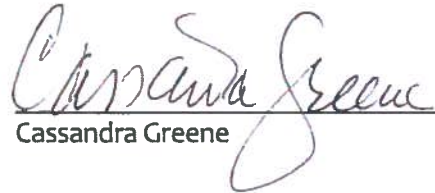


ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

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

The Executive Committee met on September 19th. The Committee engaged in a discussion related to small business initiatives and outreach opportunities through which the EDA can increase its role and leverage resources to create jobs and foster retail development, business formation, entrepreneurship and small business development in a meaningful and measurable way in underserved areas. The Committee's discussion was an initial follow-up to a City Council Work Session presentation.

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



Cassandra Greene

CG:clc

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Date, Time and Location: September 19, 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, Marketing Committee
SUBJECT: Chair's Report
DATE: October 6, 2017

The Marketing Committee met on September 21st. Howell Creative Group announced the launch of the EDA's social media pages for Facebook and LinkedIn. Members were encouraged to "like" and share the pages.

Staff gave an update on the status of the Marketing Services RFP. An evaluation panel has been assembled to review submissions and present a recommendation for consideration and approval at the October Committee meeting.

Committee members were reminded about upcoming small business events, including START Peninsula and the Marc Willson business consulting seminar.

This report does not require Board ratification.


Mary Aldrich, Chair

MA:mb

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Date, Time and Location: September 21, 2017, at 10:30 a.m., 11820 Fountain Way, Suite 301, Newport News, VA 23606

Members Present: Mary Aldrich, Don Blankenship, Cassandra Greene, Faye Gargiulo, Gary Hunter

Members Absent: Wendy Drucker, Gary Minter



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

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

The Revolving Loan Fund Committee met on September 29th. Staff presented a loan request in the amount of \$150,000 from Boathouse Live LLC. The loan funds requested would be utilized to assist in establishing a full-service restaurant, live entertainment music venue, and catering company in the former Toby Keith space located at 11800 Merchants Walk, Suite 100. The Committee voted unanimously to recommend approval of the loan on the terms and conditions described in the Newport News Capital Fund Applicant Fact Sheet attached to this report. The Committee asks that the Board ratify the Committee recommendation, which would include approval of the attached resolution.

Additionally, staff provided a detailed background and history on the City Center at Oyster Point Entertainment District, which included key operational components and tax generation of the district. Staff explained how the new business operation to be funded with the loan was an integral component of the overall Entertainment District. Staff further noted that upon disbursement of the new loan, the Newport News Capital Fund would be in compliance with federal fund utilization requirements for the loan portfolio.

This report requires Board ratification.



Jennifer Smith-Brown

JSB:tfw

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Date, Time and Location: September 29, 2017, at 1:00 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

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

Members Absent: Jeffrey Verhoef, Susan Harris and Arthur Henderson

NEWPORT NEWS CAPITAL FUND (NNCF) APPLICANT FACT SHEET

Company Name:

Boathouse Live LLC

Proposed Location:

11800 Merchants Walk, Suite 100
Newport News, VA 23606
City Center at Oyster Point (CCOP)

Principal:

Sean Pepe, Managing Member

Summary of Request:

Boathouse Live LLC (Boathouse) is requesting \$150,000 from the Newport News Capital Fund (NNCF) Loan Program to assist in the establishment of a full-service restaurant, live music venue, and catering company. Boathouse is set up as a Virginia limited liability company and was established in August 2017. The Managing and sole Member of the company is Sean Pepe. He is an experienced restaurateur and entrepreneur and has been a part of many restaurant startups in the Hampton Roads region. His other restaurant ventures in the region include the Barking Dog, Deadrise, Kismet Bistro and El Diablo Loco. Boathouse will be another of Pepe's restaurant ventures, and the second in Newport News.

The Department of Development recommends assisting Boathouse with a \$150,000 direct loan through the Newport News Capital Fund Loan Program. We suggest a ten (10) year loan commitment. The annual interest rate will be 3%. Payments of principal and interest will be due monthly after a 12-month interest only period.

Recommended security for the loan includes: a first priority lien on the machinery and equipment, kitchen equipment and furniture and fixtures of Boathouse, which has an estimated value of \$289,500. A personal guaranty will be required from Sean Pepe. An assignment of \$150,000 in life insurance will be required on Sean Pepe with all proceeds assigned to the Industrial Development Authority of Newport News, Virginia (IDA).

Further conditions of loan approval are also contingent upon, but not limited to the following: (i) a due-in-full clause if there is a sale of the business; (ii) a due-in-full clause

if there is a major change in ownership or management without prior approval from the IDA (iii) a due-in-full clause if Boathouse closes or announces it is closing the Newport News location and/or relocates outside of the City of Newport News, (iv) a due-in-full clause if Boathouse performs a public offering and its stock becomes publicly traded and (v) verification that necessary local, state and federal permits and approvals have been obtained as is appropriate for the proposed project.

Project Information:

This project involves the conversion of a former music venue and restaurant/bar into a more functional and efficiently utilized venue for the purpose of being a live music venue, restaurant/bar and catering company and possibly a microbrewery and micro distillery at a later date. This project involves the leasing, renovation, equipping and furnishing of existing, unoccupied space in City Center. The approximately 16,800 square feet of leased space was formerly used as a country-themed restaurant and entertainment venue. The building, located at 11800 Merchants Walk, Suite 100 in City Center at Oyster Point, is on the corner of Thimble Shoals Boulevard and Merchants Walk.

Over the last several months, Pepe has been working with the owner of the space to develop a plan to up-fit and adapt the space so that it may be better utilized and be attractive to a broader patron base. Plans include creating several distinct spaces for different functions, purchasing and installing brewing and distilling equipment and furnishings, making modifications to the bar and kitchen, interior theming, and installing sound systems for the stage area.

At the Newport News location, Pepe intends to take advantage of bands and performers traveling between Raleigh, Virginia Beach/Norfolk, Richmond and Washington, DC to draw live entertainment. Pepe intends to schedule musicians from all genres.

In addition to having a restaurant, catering and live entertainment, Pepe eventually plans to install brewing equipment for the purpose of brewing beer for the restaurant and on-site consumption. At this time, he does not intend to brew for distribution or off-site commercial purposes. He also plans to create a micro-distillery on the site. Initially, he will open as a restaurant/bar/entertainment venue; he will add the other components as the appropriate ABC licenses and permits are secured.

Boathouse will employ between 50 and 100 people when fully operational. Based upon his experience with other projects, Pepe anticipates being able to provide advancement opportunities for low and moderate income persons.

The proceeds of the \$150,000 NNCF loan will be used as follows:

\$90,000 machinery and equipment
\$22,500 furnishings and furniture
\$37,500 operating capital and fees

Additional project costs in the amount of \$215,000 will be funded privately from other sources, and will more than serve to meet the required minimum one-to-one leveraging ratio of the NNCF program.

Benefits to the City:

- The project utilizes and rejuvenates a large and unique space that has been difficult to lease and occupy, in a very visible part of City Center;
- The project will increase employment opportunities for citizens in the service industry;
- The project will help diversify the current business mix within the City and will provide an additional entertainment and restaurant option in City Center and complement existing businesses;
- The project will re-activate the fourth component of the City Center at Oyster Point Entertainment District and bring another live entertainment venue to Newport News.

Conclusions and Summary:

Sean Pepe has the restaurant experience and knowledge to make the Boathouse venture a success. Pepe has shown a commitment to the region and to developing popular and innovative restaurant concepts. The project will be a useful and complementary addition to the mix of restaurants and entertainment in Newport News and in City Center.

Our loan will assist a new business venture willing to take a risk to repurpose and utilize the former Toby Keith space. The business will contribute to the tax base of the City through the generation of food and beverage and admissions taxes. The project will have a positive impact on the City's overall economic development efforts by not only providing jobs, but increasing tax dollars through equipment purchases and sales tax. The project will also aid in attracting patrons to the Oyster Point/City Center area to have a unique experience, particularly those interested in live music.

Based on the aforementioned information and the strengths of this project proposal, it is recommended that financing be provided through the NNCF Loan Program as previously detailed.

RESOLUTION NO. 17-5

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS, VIRGINIA APPROVING A NEWPORT NEWS CAPITAL FUND LOAN APPLICATION FOR BOATHOUSE LIVE LLC

WHEREAS, there has been described to the Industrial Development Authority of the City of Newport News, Virginia, (the "Authority") by the Revolving Loan Fund Committee (the "Committee") the plans of Boathouse Live LLC (the "Company"), to fund the establishment of a full service restaurant, live music venue, and catering company in approximately 16,800 square feet of commercial storefront space in City Center at Oyster Point at 11800 Merchants Walk, Suite 100; said plans include the expenditure of loan funds for approximately \$90,000 in restaurant machinery and equipment, approximately \$22,500 in furnishings and furniture, and approximately \$37,500 in operating capital and fees; along with the creation of employment opportunities for at least twenty (20) persons over a two year period (the "Project"); and,

WHEREAS, the Company has requested loan funding from the Newport News Capital Fund Loan Program (the "Fund") for the Project; and,

WHEREAS, the Authority is the designated agency to administer the Fund and the Committee was established by the Authority to review loan requests from the Fund and make recommendations on loan approval and terms to the Authority; and,

WHEREAS, the Committee utilizes the City of Newport News Department of Development to receive and analyze loan requests from the Fund; and,

WHEREAS, the funds for the Fund are provided, in part, to the City from the Economic Development Administration, U.S. Department of Commerce for economic development purposes and the Authority has determined that the Project is consistent with the Regional Comprehensive Economic Development Strategy; and,

WHEREAS, the Committee met on September 29, 2017 and recommends for approval a loan to the Company through the Fund for \$150,000 at a rate of 3.00% per annum for a term of ten (10) years, with principal payments deferred for the first twelve (12) months (the "Loan"); and,

WHEREAS, the Authority will enter into a loan agreement with the Company which incorporates all terms, conditions and reporting requirements in connection with the loan; and,

WHEREAS, the Loan is contingent upon properly executed loan agreements, loan closing documents, and other related documents between the Authority and the Company as prepared by Counsel for the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS, VIRGINIA THAT:

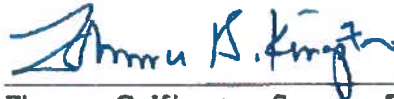
1. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute and to deliver all commitments, loan agreements and loan closing documents and all other related documents necessary or desirable in connection with the Loan to the Company.
2. All other acts of the officers of the Authority which are in conformity with the purposes and intent of this resolution and in furtherance of the loan commitments are hereby approved and confirmed.
3. Loan disbursement is subject to the availability of funds from the Economic Development Administration for the Fund, all applicable federal, state and local regulations governing Economic Development Administration grant funds, and final approval by the Authority's legal counsel of all loan related documents.

The undersigned hereby certifies that the above resolution was duly approved by a majority of the directors of the Industrial Development Authority of the City of Newport News, Virginia, at a meeting duly called and held on October 6, 2017 and that such resolution is in full force and effect on the date hereof.

Dated: October 6, 2017



C. Gary Minter, Chair
Industrial Development Authority of
the City of Newport News, Virginia



Florence G. Kingston, Secretary/Treasurer
Industrial Development Authority of
the City of Newport News, Virginia



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, South Newport News Committee
SUBJECT: Chair's Report
DATE: October 6, 2017

The South Newport News Committee met on October 3rd. The Committee was given an insightful tour of the new Brennan Pointe apartments in the City's Downtown district by the company's regional property manager, Crystal Jamrozek. The Committee was also provided information related to the financing, construction and leasing of the 44-unit apartment building, and allowed access to one of the occupied units to see a sample floor plan. The building is currently 100% occupied. Utilizing a series of VHDA low-income housing tax credits, the building was completed in December 2016 and features both two- and three-bedroom units, ranging in size from approximately 1,100 to just under 1,600 square feet.

A second phase of Brennan Pointe apartments is currently underway, adjacent to the existing Downtown apartment building. The second phase will offer 43 affordable apartment units, including 27 two-bedroom units and 16 three-bedroom units, and will essentially reflect the existing building. Columbus, Ohio-based WODA Group is the developer of both Brennan Pointe apartment buildings.

This report does not require Board ratification.



Alonzo R. Bell, Jr., Chair

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Date, Time and Location: October 3, 2017, 4:00 p.m. at Brennan Pointe Apartments, 3100 Warwick Blvd, NN, Va.

Members Present: Alonzo Bell, Cassandra Greene, Jennifer Smith-Brown, and Troy Smith, Jr.

Members Absent: Carl Burt and Richard Coleman