

MINUTES OF THE ANNUAL 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. Herbert called the meeting to order at 8:00 a.m. on Friday, November 7, 2014, in the EDA/IDA Board Room at Two City Center, 11820 Fountain Way, Suite 301, Newport News, Virginia.

Those members present were:

Thomas P. Herbert, Chair
Wendy C. Drucker, Vice Chair
Cary Epes
Cassandra P. Greene
Arthur P. Henderson, Jr.
C. Gary Minter
Florence G. Kingston, Secretary/Treasurer, ex-officio
James M. Bourey, City Manager, ex-officio

Those members absent were:

Alonzo R. Bell, Jr., Excused

Legal Counsel:

Raymond H. Suttle, Jr., Esquire
Ralph Goldstein, Esquire

Staff:

Cherry Croushore, Assistant Secretary
Joy Robison, Acting Recording Secretary

Also present:

N. Douglas Winstead, Retired from the Department of Development
Robert H. Churchman, Partner, Cherry Bekaert, LLP
Greg Miller, Audit Manager, Cherry Bekaert, LLP
Collins Owens, City Attorney
Robert Pealo, Assistant City Attorney

Mr. Herbert opened the meeting by welcoming everyone.

Resolution of Appreciation for N. Douglas Winstead

Mr. Herbert stated that the first item on the agenda was the presentation of a Resolution of Appreciation to Doug Winstead for his service as Manager of Special Development Projects for the City of Newport News, Department of Development. Mr. Herbert read the Resolution of Appreciation, previously approved by the Board at its August meeting, before formally presenting it to Mr. Winstead. The Board, staff and meeting attendees gave Mr. Winstead a round of applause. Mr. Winstead greeted the Board and stated he was very appreciative of the EDA/IDA Board's recognition. He stated he was very proud of the accomplishments listed in the Resolution, and noted that he was, however, immensely enjoying his retirement. Mr. Winstead thanked everyone and said his involvement with the EDA/IDA was dear to his heart and that he was proud of the work they did together. He wished the Board and staff all the best moving forward.

Draft FY 2014 EDA/IDA Audit Presentation

Mr. Herbert asked for the Draft FY 2014 EDA/IDA Audit Presentation and introduced Mr. Churchman, Partner, Cherry Bekaert LLP. Mr. Churchman greeted the Board and advised that they were receiving handouts which provided required communication and summarized the results of the audit. Mr. Churchman reported that they identified no matters that would modify their opinion on the 2014 financial statements, that they noted no weaknesses in internal control over financial reporting, and that there were no non-compliance issues with laws and regulations noted which could have a material effect on the financial statements, including the requirements of debt agreements. Mr. Churchman reported that they had an excellent working relationship with management as they conducted the audit, and he commended Florence Kingston, Zoe Lumpkin and staff for the excellent work in audit preparation. He briefly highlighted future accounting and reporting changes effective FY 2014, as outlined in the handout provided to the Board. He offered to answer any questions. Mr. Churchman responded to several questions from Board members. Mrs. Kingston suggested that in order to afford Board members more time to review and absorb the audit specifics for FY 2014, approval authority be delegated to the Executive Committee. She also commended Ms. Lumpkin for her work and efforts related to the Audit.

Mr. Herbert asked for a motion to delegate authority for approval of the FY 2014 EDA/IDA Audit to the Executive Committee. Mr. Minter so moved and Mr. Epes seconded the motion, which passed unanimously on a roll call vote.

Secretary/Treasurer's Report

Mr. Herbert asked for the Secretary/Treasurer's Report. Ms. Kingston began by stating that Matt Johnson, Business Retention Coordinator, would like to speak briefly to the Board. Mr. Johnson reported to the Board that he would be leaving the Department of Development as of November 21st to become the new Senior Manager of Workforce Development with the Peninsula Council for Workforce Development. He expressed his gratitude and appreciation for the time he had been with the Department, and reported he would continue to work with the EDA Board and staff in his new role. Mr. Herbert expressed that while Mr. Johnson would be greatly missed, he was pleased that such a great opportunity with PCFWD had been afforded him.

Mrs. Kingston informed the Board that the new east-west traffic corridor between Jefferson Avenue and Warwick Boulevard (which had been referenced since the early days of the project as Middle Ground Extended) would soon be complete, providing much easier connectivity to City Center at Oyster Point, the acknowledged central business district for the entire Virginia Peninsula. She stated that City Council would soon be taking action to rename the existing portion of Middle Ground Boulevard between Jefferson Avenue and Rock Landing Drive to City Center Boulevard, and since the newly-named (and renamed) connector would be a major thoroughfare running quite literally through the center of the City, the name City Center Boulevard would be a natural and logical name choice. She said that staff had been working to engage businesses throughout Greater Oyster Point to inform them of the upcoming street renaming and to understand the needs of businesses impacted by the pending name change. She said that staff had developed a Consumables Transitioning Grant (CTG) Program to assist businesses and organizations that would be impacted by the renaming of Middle Ground Boulevard to update their business consumables, marketing materials, web-based material and directional and business location-related identifiers to reflect their new City Center Boulevard address.

Mrs. Kingston advised that the CTG Program would be a one-time, up to \$500 reimbursable grant available to all businesses or organizations located at a City Center Boulevard address which previously had a Middle Ground Boulevard or Spring Road address, and stated that the CTG program was proposed to go into effect in January and would be available throughout calendar year 2015. She stated that she would be seeking a Motion to authorize the implementation of the Consumables Transitioning Grant (CTG) Program and authorize funding in an amount not to exceed \$40,000 for the CTG Program, subject to review and approval of CTG Program materials by EDA Legal Counsel.

Mrs. Kingston informed the Board that the EDA had negotiated with the Virginia Tech Corporate Research Center, Inc. (VTCRC) to locate its office and showroom space in the ARC Building. She said that VTCRC would occupy 1,349 square feet of space on the second floor (to include space that was the former EDA Board Conference Room). She stated that in lieu of rent for the first two years, VTCRC had agreed to perform approximately \$51,000 worth of leasehold improvements to the leased space as well as appropriate common areas and that the leasehold improvements would include paint, carpet, lighting, ceiling fans, storefront windows, and space configuration changes.

Mrs. Kingston told the Board that in addition to leasehold improvements to VTCRC leased space, the EDA had coordinated with the same contractor to perform additional, standard landlord-provided, much-needed refurbishment including paint, carpet and flooring upgrades in other portions of the ARC Building. She noted that utilizing the already mobilized contractor allowed the EDA to take advantage of significant economies of scale. She advised that the additional work would be performed at a cost to the EDA of \$73,130, a substantial savings.

Mrs. Kingston informed the Board that staff had recently assisted with planning the expansion celebration for Hayashi Sushi & Grill in City Center. She said that owner Lenny Sean's new expansion space had taken the place of two former retail storefronts, adding 1,800 square feet and seating for nearly 50 more guests. The expansion space featured a colorful, state-of-the-art electrical hibachi cooking and dining area visible on Merchants Walk, as well as a private dining area. She stated that a custom canopy had also been added to the patio area for a more comfortable outdoor dining experience. She said the event included live music, samples of sushi and hibachi cuisine, and the debut of a new sushi roll created in honor of Mayor Price to commemorate the celebration!

Mrs. Kingston stated that in October, the University of Virginia hosted a special hour-long workshop on the topic of experience engineering – building customer loyalty from customer service. She said the event was held at Paragon City Center 12 Theaters and was led by Terry Newell, a professor in the UVA School of Continuing and Professional Studies, and that the theater was filled to capacity with more than 60 individuals from various market sectors. She said the session was part of an ongoing effort by the University of Virginia and Virginia Tech to reach out to local businesses in support of the EDA's objectives and in appreciation of the EDA's assistance, while also building awareness for the programs offered through the University of Virginia/Virginia Tech Center in Newport News.

Continuing along those lines, Mrs. Kingston informed the Board that Melissa Lubin, Director of Virginia Tech's Commonwealth Campus Centers in Newport News, Richmond and Virginia Beach, would be facilitating a lunch-and-learn event to explore the dynamics of Emotional Intelligence – otherwise known as EQ. She said that the course would be held at the University of Virginia/Virginia Tech Center in Newport News on Thursday, November 20th, from 11:30 a.m. to 1:00 p.m., and would be open to all.

Mrs. Kingston advised the Board that the Monthly Financial Statements were in their package. She noted a few highlights, and then stated that she would be happy to answer any questions. There were no questions.

Mrs. Kingston stated that she would like to give the City Manager an opportunity to comment. Mr. Bourey informed the Board that he had recently presented the proposed FY 2016 Capital Improvements Plan (CIP) to City Council. He indicated that a significant amount of funding was programmed in the CIP for economic development activities, and that one of the key items was \$34.8 million dollars for activities in support of Jefferson Lab and the Tech Center. He stated that the majority of that funding would be for the relocation of the SCOT Facility and would be distributed over the next five years. He said that some of the funding would also go for infrastructure improvements in support of Jefferson Lab and Tech Center. He added that he had recently met with *The Daily Press* editorial board to review the complexities of these projects. Mr. Bourey also stated that he was pleased with the very positive attention the One City Marathon was getting, with a large number of people signing up and robust sponsorships.

Mr. Herbert asked for a Motion to authorize the implementation of the Consumables Transitioning Grant (CTG) Program and authorize funding in an amount not to exceed \$40,000 for the CTG Program, subject to all necessary documents being reviewed and approved by EDA Legal Counsel. Mr. Minter so moved and Mr. Epes seconded the motion, which passed unanimously on a roll call vote.

Assistant Secretary's Report

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

Madison Government Affairs Consultant Report

Mr. Henderson asked for the Madison Government Affairs Consultant Report. Mr. Hirsch reported that in the Senate, Minority Leader Mitch McConnell had won reelection and with it a new title as majority leader over a new Senate majority as of January

2015. He said that with races still undecided in Virginia and Alaska and a runoff in Louisiana scheduled for December 6th, Republicans could gain a 55-seat majority, yet it was fairly certain that Virginia would go to incumbent Senator Mark Warner and the Alaska and Louisiana races would go to the Republicans.

Mr. Hirsch reported that for FY 2014, the Army had spent over \$74 million toward revitalization and improvement projects at Fort Eustis, which was over and above the monies spent in FY 2014 to complete MILCON projects there. He stated that the Army had authorized and appropriated \$8.8 million for dredging and silt removal at Skiffs Creek which is adjacent to the 3rd Port and the James River, allowing the 7th Group to continue operations unimpeded for approximately 3-5 years. He advised that there were approximately 60 personnel from Fort Eustis that were part of the U.S. deployment to West Africa to combat the Ebola outbreak in support of port operations. Mr. Hirsch informed the Board that there would be a Town Hall/Community Listening Session at Fort Eustis on January 13, 2015, led by Major General Ridge, Commanding General for Initial Military Training. He stated that Mayor Price and other elected officials would be invited to attend. Mr. Hirsch said that Joint Base Langley-Eustis (Langley) was in the running along with three other installations (JB San Antonio, Wright Patterson AFB, and Andrews AFB) to be the physical headquarters for the new Air Force Installations and Support Center. The four bases were being reviewed by the Air Force through the Strategic Basing Initiative process.

Mr. Hirsch briefly noted other relevant legislative and administrative activities.

At 8:50 a.m., Ms. Drucker moved that the EDA/IDA Board go into closed session in accordance with 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 are two separate proposed property dispositions, one located in the central section of the City and one located in the southern section of the City, and a proposed property acquisition located in the southern section of the City; (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 existing business expansion of a business located in the central section of the City and four separate prospective businesses interested in locating in the central section of the City. Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

At 9:38 a.m. the EDA/IDA Board returned to open session following a certification motion by Ms. Drucker in accordance with to 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. The motion was seconded by Mr. Epes, which passed unanimously on a roll call vote.

Brooks Crossing South Police Precinct

Mrs. Kingston informed the Board that as part of the erosion and sediment control (E&S) activities taking place at the Brooks Crossing project, the developer was initiating preliminary work on the police precinct site. She stated that staff had recently finalized the budget for the 2-story, approximately 19,200-square-foot precinct facility on an approximately 3-acre site addressed as 3303 Jefferson Avenue. She said the facility would be funded from the FY 2015 bond authorization approved by City Council at its October 28th City Council meeting and that an appropriation for the funding would be placed on the November 12, 2014 City Council agenda. She stated that the EDA would purchase the precinct from the Developer, Southeast Commerce Center Associates (SECCA), and lease the facility and site to the City for an initial term of ten years, with two 5-year renewal options, at an annual lease rate of \$1.00. She said that under the lease, the City would be responsible for full operation of the precinct and site, including maintenance, repair, utilities and insurance, that the lease would include an option at the end of the initial term and each renewal term for the City to request that the EDA transfer ownership of the precinct and site to the City, and that the lease would also be considered by City Council at its November 12th meeting.

Mr. Herbert asked for a Motion to authorize EDA acquisition of a 2-story, approximately 19,200-square-foot police precinct facility on an approximately 3-acre site addressed as 3303 Jefferson Avenue, within the Brooks Crossing Project, to include associated parking and green space (the SPP), such SPP to be developed by Southeast Commerce Center Associates, L.L.C., the Developer of the Brooks Crossing Project, with EDA acquisition of the SPP to occur once the Developer has fully designed, constructed and delivered the SPP, for an EDA acquisition price of \$6,600,000, plus appropriate contingencies, subject to City Council appropriation of the referenced acquisition funding, and to approve a lease between the EDA and the City to implement the EDA's lease of the SPP to the City for use, occupancy and operation as its south police precinct, such lease to include an initial term of 10 years with two 5-year renewals, a right on the part of the City to request transfer of ownership of the SPP to the City at the end of the initial term and each renewal term, annual rent payable to the EDA of \$1.00 and City responsibility for full operation of the SPP including

maintenance, repair, utilities and insurance, subject to City Council approval of such lease, and with all necessary documentation related to the EDA's acquisition of the SPP from the Developer and lease of the SPP to the City subject to the review and approval of EDA Legal Counsel. Ms. Drucker so moved and Mr. Minter seconded the motion, which passed unanimously on a roll call vote

Committee Chair's Reports

Mr. Minter presented the Marketing Committee Chair's Report, which required no ratification by the Board. Mr. Henderson presented the Parking Committee report, which was ratified by the Board and passed unanimously on a roll call vote. Ms. Greene presented the Revolving Loan Fund Committee report, which was ratified by the Board and passed unanimously on a roll call vote. Mr. Minter presented the South Newport News Committee report, which required no ratification by the Board.

Election of Officers

Chair Herbert called for nominations from the floor for Chair of EDA/IDA for 2015. Ms. Drucker moved to nominate Tom Herbert for Chair. Mr. Henderson seconded the motion. Mr. Epes moved to close nominations for Chair. Mr. Minter seconded the motion which passed unanimously on a roll call vote. Chair Herbert called for nominations from the floor for Vice-Chair of the EDA/IDA for 2015. Mr. Epes moved to nominate Wendy Drucker for Vice-Chair and Mr. Minter seconded the motion. Ms. Greene moved to close nominations for Vice-Chair. Mr. Henderson seconded the motion which passed unanimously on a roll call vote. Mr. Minter moved to elect Tom Herbert as Chair and Wendy Drucker as Vice-Chair of the EDA/IDA for Calendar Year 2015. Ms. Greene seconded the motion which passed unanimously on a roll call vote.

Approval of Minutes of the Regular Meeting of October 3, 2014

Mr. Herbert asked for a Motion that the Minutes of the Regular Meeting of October 3, 2014 be approved. Mr. Minter so moved and Mr. Epes seconded the motion, which passed with 5 votes on a roll call vote, Ms. Drucker abstaining.

Unfinished Business

Mr. Herbert asked for any unfinished business. Mrs. Kingston stated there was no unfinished business.

New Business

Mr. Herbert asked for any new business. Mrs. Kingston stated there was no new business.

There being no further business to come before the Board, Mr. Herbert adjourned the meeting at 9:58 a.m.



Florence G. Kingston
Secretary/Treasurer

**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Marketing Committee
SUBJECT: Chair's Report
DATE: November 7, 2014

The Marketing Committee met on October 23, 2014. Staff reviewed the recent "Customer Service Experience Engineering" seminar hosted by UVA in collaboration with Paragon Theaters. The purpose of the seminar was to demonstrate how businesses can turn positive customer service into loyalty.

Committee members were briefed on the success of recent events sponsored by the Virginia Peninsula Chamber of Commerce, including the annual Business Expo and State of the City address. These events serve to promote small business and highlight the positive activities in the City which impact the business community.

The August edition of US Airways magazine, which featured Newport News as an ideal location for business and superior quality of life, was distributed and discussed. Committee members agreed that the magazine was a worthy investment and valuable marketing tool.

Staff reviewed recent and upcoming entertainment events at City Center. Business owners as well as patrons have expressed positive feedback about the expanded options for recreation and dining.

This report does not require Board ratification.



Gary Minter, Chair

GM:rn

P:\IDA\DA14-15\Board Meetings\November 2014\Chair Reports\1 MarketingChair'sReport110714.docx

Date, Time and Location: October 23, 2014 at 10:30 a.m., Business Suites, 11815 Fountain Way, Newport News, VA 23606

Members Present: Cassandra Greene, Gary Hunter, John Miller and Gary Minter

Members Absent: Mary Aldrich, Don Blankenship, Wendy Drucker and Faye Gargiulo

**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Parking Committee
SUBJECT: Chair's Report
DATE: November 7, 2014

The Parking Committee held its regular quarterly meeting on Monday, October 28, 2014. The Committee received staff reports on various parking-related activities and updates, including towing and vacancy rates.

Staff also briefed the Committee on the completion of design of a new parking lot, which would be constructed on EDA-owned property at the southeast corner of 35th Street and Washington Avenue. Staff discussed cost estimates for construction, striping for 43 spaces and landscaping received from the City's Department of Public Works, which would lead construction activities on behalf of the EDA. Upon discussion, the Committee voted unanimously to recommend authorization of funding in an amount not to exceed \$140,460, which includes a 15% contingency, for construction, landscaping and lighting for this proposed parking lot.

Staff also informed the Committee of a potential opportunity to lease a total of up to sixty (60) parking spaces to the owner of the Maritime Square Building at 2600 Washington Avenue for a prospective tenant. Upon discussion, the Committee voted unanimously to recommend authorization of a lease agreement with TSO Newport Maritime LP for up to 60 parking spaces, with approximately 15 spaces in the RiverPark Tower Garage and the remainder in the EDA-managed lot at 2500 Huntington Avenue, with authority delegated to EDA staff to refine the number and placement of spaces and associated lease rates, subject to all necessary documentation being reviewed and approved by EDA Legal Counsel.

The items upon which the Committee took action require board ratification today.


Arthur P. Henderson, Jr., Chair

APH:cam

P:\IDA\IDA14-15\Board Meetings\November 2014\Chair Reports\2 Chair Report- October 2014 Parking Comm.docx

Date, Time and Location: October 28, 2014 at 12:00 p.m. at Two City Center, 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Arthur P. Henderson, Jr., Alonzo Bell, Jr., Cary B. Epes, John M. Lunsford
Members Absent: James B. McDougall, Eugene S. Soud

**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Revolving Loan Fund Committee
SUBJECT: Chair's Report
DATE: November 7, 2014

The Revolving Loan Fund Committee met on Thursday, October 30, 2014.

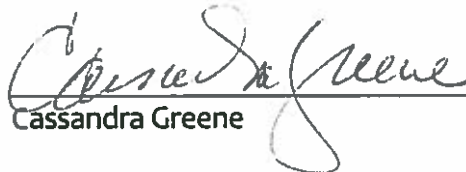
Financials for the Newport News Capital Fund were reviewed.

The Committee was provided with an overall program status including grant commitments, amounts disbursed and private leveraging from the program's inception to the current date.

Staff presented three (3) FIG requests:

- The FIG request for \$30,000 from Frank Munn (Franks Auto Repair) for exterior finishes and materials, canopy/awning, roofing, windows, doors and signage at 4915 Jefferson Avenue was recommended for approval with a unanimous vote.
- The FIG request for \$30,000 from 12827 Jefferson Avenue, LLC (East Coast Appliances) for exterior finishes and materials, landscape, windows, doors and paving at 12827 Jefferson Avenue was recommended for approval with a unanimous vote.
- The FIG request for \$30,000 from Smoke, LLC (Smoke BBQ Restaurant & Bar) for exterior finishes and materials, painting, hardscape, landscape, paving, windows and doors at 10900 Warwick Boulevard was recommended for approval with a unanimous vote.

The Committee is asking the Board to ratify Committee action relating to the FIG approvals.


Cassandra Greene

CG:tw

P:\IDA\IDA14-15\Board Meetings\November 2014\Chair Reports\3 RLF Chair's Report 10.30.2014.docx

Date, Time and Location: October 30, 2014 at 12:30 PM at Two City Center, 11820 Fountain Way, Suite 301, Newport News, VA
Members Present: Cassandra Greene, Cary Epes, Arthur Henderson and Susan Harris
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: November 7, 2014

The South Newport News Committee met on Tuesday, October 7, 2014. The Committee received an intriguing report from Doreen Kopacz, the Department of Development's Port Development Administrator, on the history and current status of the West Bulkhead located at the City's Seafood Industrial Park at the southern terminus of Terminal Avenue and Jefferson Avenue. The Committee was informed of the City's plans to reinvest in the protective 1,375-foot wooden fendering system of the bulkhead on the west side of the City's commercial small boat harbor, which is deteriorating from age, through a series of grant funds. The Seafood Industrial Park is a significant source of employment and tax revenue for the City, and it was good to hear the City's commitment to improve an underutilized portion of this facility to help generate more activity in this area.

Following the presentation, staff updated the Committee on the status of ongoing Downtown, Southeast Community, Lower Jefferson Avenue, and Newport News Redevelopment & Housing Authority projects.

This Report does not require Board ratification.



C. Gary Minter

CGM:mar

P:\IDA\IDA14-15\Board Meetings\November 2014\Chair Reports\4 SNNOctober2014Chair'sReport_11-07-2014.docx

Date, Time and Location: October 7, 2014, 4:00 PM, City Hall, Dept. of Development Conference Room- 3rd Floor

Members Present: Alonzo R. Bell, Jr., C. Gary Minter, Cassandra P. Greene, Carl Burt, Richard Coleman, and Troy Smith, Jr.