

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. Herbert called the meeting to order at 8:00 a.m. on Friday, February 6, 2015, 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
Jennifer S. Smith
Florence G. Kingston, Secretary/Treasurer, ex-officio

Legal Counsel:

Raymond H. Suttle, Jr., Esquire

Staff:

Cherry Croushore, Assistant Secretary
Janice Jones, Recording Secretary

Also present:

Paul Hirsch, Madison Government Affairs
Collins Owens, City Attorney
Robert Pealo, Assistant City Attorney

Mr. Herbert opened the meeting by welcoming everyone. He asked Mrs. Kingston to present the first agenda item.

Amendment of Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement, dated July 1, 2008, Between EDA and Canon Virginia, Inc.

Mrs. Kingston reminded the Board of Canon Virginia's (CVI) recent announcement to invest \$100 million for an expansion in Newport News. She said that Canon's investment would be used to acquire machinery and equipment to expand its Automated Cartridge Manufacturing (ACM) and toner production lines. She advised that approximately 60 existing employees would be retrained to support the project and that the installation of the new equipment would also involve teams of approximately 100 workers from Japan to install and test the equipment. She said the estimated lodging and meals taxes generated during the installation period would approximate \$19,500 for the City. She informed the Board that the incentive package offered by the State to support the project included a Virginia Investment Partnership Grant of \$3,000,000 dollars, \$42,000 through the Virginia Jobs Investment Program (VJIP), \$10,000 through the Virginia Community College System, and \$6,000 from the Workforce Investment Act. Mrs. Kingston stated that the estimated value of the local, performance-based ERCR incentive was \$3,750,000 over the performance period. She said she was requesting a Motion from the Board to authorize a second amendment to the previous Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement between the EDA and Canon Virginia, Inc. to add two additional six-year incentive periods – one for the ACM and one for the toner lines.

Mr. Herbert asked for a Motion to authorize a second amendment to that certain Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement, dated July 1, 2008, between the EDA and Canon Virginia, Inc. in connection with CVI's planned Automated Cartridge Manufacturing and toner production expansion and related capital investment of approximately \$100 million in the City of Newport News, subject to the prior review and approval of all necessary documentation by EDA Legal Counsel. 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. Mrs. Kingston expressed the City Manager's regrets for his not being able to attend the meeting, due to a late-arising conflict. She said she was excited to present to the Board the newly-published 2014 EDA/IDA Annual Report. She stated that the Board should be proud of their many accomplishments and that staff had done a great job capturing the Authorities' best

moments of 2014. Mrs. Kingston offered that should any members of the Board like additional copies for their offices or to distribute to colleagues, to contact Janice and if they would like to receive the Report in electronic format, they could contact Robin Boyd. She said that City Council would receive copies before its required due date of February 10th.

Mrs. Kingston gave an update to last month's report on EDA Citizen Committee appointments and was pleased to inform the Board that Continental had offered two employees to fill a single vacancy on the Design Review Committee, one as primary and the other as back-up. She added that Alex Delgado would serve as the primary Committee member, supported by Randy Carnell, giving the Committee renewed representation from the Patrick Henry Commerce Center and airport area.

Mrs. Kingston informed the Board that she would be presenting at a number of forums, detailing our recent economic development accomplishments and ongoing projects in the upcoming weeks. She said that next week, she would present to the Rotary Club of the Virginia Peninsula to provide insights on our use of tourism zones and also to the Oyster Point Rotary Club to update on current projects. Mrs. Kingston added that she would also be participating as a panel member at the Youth Town Hall meeting on February 19th, alongside Chief of Police Richard Myers and Newport News Commonwealth's Attorney Howard Gwynn. She explained that the meeting and panel, moderated by Vice Mayor Rob Coleman, were part of the City's ongoing Asset Based Community Development Youth Leadership Initiative.

Mrs. Kingston reminded the Board that Middle Ground Boulevard was renamed City Center Boulevard effective January 12th. She advised that staff had implemented the Consumables Transitioning Grant (CTG) Program to assist businesses and organizations that have been impacted by the renaming in updating their business consumables, marketing materials, web-based material and directional and business location-related identifiers to reflect their new City Center Boulevard address. She said that the CTG Program Guidelines and Application could be found on the Development Department's page of the City's website and on the EDA/IDA's website. She advised that information on the CTG Program had been sent electronically to a number of impacted businesses thus far, personal one-on-one contacts had been made with others, and staff was preparing for a bulk mailing to reach out to all impacted businesses, organizations and property owners of record.

Mrs. Kingston told the Board that the Monthly Financial Statements were in their packages. She noted a few highlights, and then answered questions.

Assistant Secretary's Report

Mr. Herbert 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. She said that the South Newport News Committee would be meeting on Tuesday, February 17th, at 4:00 p.m. in City Hall. She also noted that Alonzo Bell's Resolution of Appreciation should be ready to present at the March 6th Board Meeting.

Madison Government Affairs Consultant Report

Mr. Herbert asked for the Madison Government Affairs Report. Mr. Hirsch began his remarks by noting that Chair Herbert provided excellent comments on the value of Fort Eustis at the Fort Eustis Listening Session held on January 13th, and that Mayor Price and Councilmember Scott also provided formal testimony/comments at the meeting. Mr. Hirsch stated that the Department of Energy's Office of Science was the largest federal sponsor of basic research in the physical sciences, supporting 22,000 researchers at 17 National Laboratories. The FY2016 budget includes \$625 million for nuclear physics research and requests \$12 million for the Continuous Electron Beam Accelerator Facility (CEBAF) at Thomas Jefferson National Accelerator Facility for the completion of the planned procurements, assemblies, and installations of the experimental equipment (i.e., detectors) primarily in Halls B and C, prior to their commissioning. He said that the scope of the project included upgrading the electron energy capability of the main accelerator from 6 GeV to 12 GeV, building a new experimental hall (Hall D: 11,110 sf) and associated counting house (3,601 sf) and beam-line, and enhancing the capabilities of the existing experimental halls to support the most compelling nuclear physics research.

Mr. Hirsch informed the Board that the U.S. Marine Corps Reserve Center at 7401 Warwick Boulevard in Newport News had been closed by the Department of the Navy, and they were in the process of declaring the property excess to their needs. He said the property would then be sent to the General Services Administration (GSA) for final disposition. He said that if the surplus property clears the federal agency disposition process, the City could have a good chance of acquiring the property through a no-cost public benefit conveyance.

Mr. Hirsch said that BASF Corporation was applying to James City County to develop property to the west/north of Fort Eustis and that such development would adversely impact both aviation and maritime operations at Fort Eustis-Felker Army Airfield and the 3rd Port. He said that on February 3rd, James City County Administrator Bryan Hill met at Fort Eustis with Colonel Galbraith and staff to discuss these concerns. Mr. Hill is not in favor of the development but must allow the planning and approval process within

the James City County government to run its course. Mr. Hirsch said that he and the Fort would continue to monitor the situation closely.

He answered a few questions and Mr. Herbert thanked him for his report.

At 8:37 a.m., Ms. Greene 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; (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 a prospective business interested in locating in the southern section of the City, and prospective businesses interested in locating in the central section of the City. Ms. Drucker seconded the motion, which passed unanimously on a roll call vote.

At 9:05 a.m., the EDA/IDA Board returned to open session following a certification motion by Ms. Greene 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. Drucker seconded the motion, which passed unanimously on a roll call vote.

Brooks Crossing Grocery Store

Mrs. Kingston provided a brief overview of the ongoing project to develop a grocery store in the Brooks Crossing development, after which Mr. Herbert called for a Motion to enter into a contract with Armada Hoffer to develop a conceptual design for civil, architectural and engineering services for a 28,000-square-foot grocery store project at Brooks Crossing, in an amount not to exceed \$125,000; with this amount taking design to an approximately 30% completion basis, subject to all necessary contract documents being reviewed and approved by Legal Counsel. Mr. Minter so moved and Mr. Henderson seconded the motion, which passed unanimously on a roll call vote.

Committee Chair's Reports

Mr. Minter presented the Conference Center Marketing Committee Report, which did not require Board ratification. Ms. Drucker presented the Executive Committee Report, which was ratified by the Board and passed unanimously on a roll call vote. Mr. Epes presented the Parking Committee Report, which did not require Board ratification.

Approval of FY2016 EDA/IDA Budget

Mr. Herbert asked Mrs. Kingston to present the FY2016 EDA/IDA Budget. Mrs. Kingston reviewed highlights of the Budget and answered questions. She commended Ms. Lumpkin for her efforts related to the Budget. Mr. Herbert asked for a Motion to approve the FY2016 EDA/IDA Budget. Mr. Minter so moved and Mr. Epes seconded the motion, which passed unanimously on a roll call vote.

Approval of Minutes of the Regular Meeting of January 9, 2015

Mr. Herbert asked for a Motion that the Minutes of the Regular Meeting of January 9, 2015 be approved. Mr. Minter so moved and Mr. Henderson seconded the motion, which passed unanimously on a roll call vote.

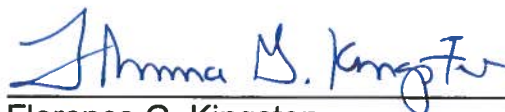
Unfinished Business

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 9:28 a.m.



Florence G. Kingston
Secretary/Treasurer



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Executive Committee
SUBJECT: Chair's Report
DATE: February 6, 2015

The Executive Committee met on January 20th. Pursuant to the authority delegated to it by the Board, the Committee approved the EDA/IDA 2014 Annual Report. You received a copy of the final printed version at your places this morning. Additional copies will be provided to City Council by its required deadline of February 10.

The Committee received a presentation on the EDA/IDA FY 2016 Budget, which the Board will receive later in today's Agenda. Based on the presentation received, the Executive Committee is recommending approval of the Budget. Formal action on the Budget by the Board, however, will follow presentation of the Budget to the Board, rather than take the form of ratification of this item in the Executive Committee Report.

The Committee was briefed on a much-needed upgrade to the Building Automation System (BAS) in the Applied Research Center (ARC). The Committee approved funding, in an amount not to exceed \$59,110, which includes a small contingency, for installation of an upgraded BAS system in the ARC, with all necessary documentation subject to review and approval of legal counsel.

The Committee's remaining items were handled in Closed Session. Items in this report require Board ratification.

Wendy Drucker, Chair

WD:clc

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Date, Time and Location: January 20, 2015 at 12:00 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Wendy Drucker, Tom Herbert, Arthur Henderson, Gary Minter

Members Absent: None

ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors

FROM: Chair, Conference Center Marketing Committee

SUBJECT: Chair's Report

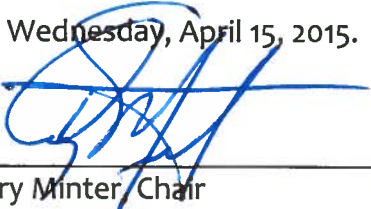
DATE: February 6, 2015

The Conference Center Marketing Committee met on January 21, 2015 in the Executive Board Room at the Marriott. Bill Hudgins, outgoing representative for the private development partner at City Center, introduced Steven Meade, who will serve as the new representative.

Tim Bailey, Lori Coyne and Lisa Martello of the Marriott provided an overview of completed marketing efforts including group highlights, social catering and e-commerce. The conference center had a brisk holiday season, with 60% of the business coming from new groups. Recent collaboration with the Newport News Hospitality Association and the City's Parks, Recreation & Tourism Department has yielded 12 active leads for new-to-the-City association business.

The partnership with Busch Gardens has been renewed and expanded for calendar 2015. Renovations of the hotel are 90% complete, and the next phase will include a major revamp of the patio and outdoor dining area overlooking the fountain.

The next meeting for the committee is scheduled for Wednesday, April 15, 2015.



Gary Minter, Chair

GM:cum

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Date, Time and Location: January 21, 2015, at 8:00 a.m., Executive Board Room, Newport News Marriott at City Center

Members Present: Gary Minter, Tim Bailey, Cindy Brouillard, Neil Burns, Bill Hudgins, Elizabeth Parker, Steven Meade

Members Absent: none

**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Parking Committee
SUBJECT: Chair's Report
DATE: February 6, 2015

The Parking Committee met on Monday, January 26, 2015. The Committee received a staff report on current parking assets and management responsibilities, and an update on vacancy rates and vehicular tows. The Committee also reviewed fiscal summaries for the six months ended December 31, 2014, and reviewed the proposed EDA Parking Fund FY 2016 budget which is included in the EDA/IDA FY2016 Budget to be presented to the Board later in today's Agenda.

This report does not require ratification by the Board.



Cary B. Epes for
Arthur P. Henderson, Chair

CBE:cam

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Date, Time and Location: January 26, 2014 at 12:00 p.m. at Two City Center, 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Cary B. Epes, Jennifer S. Smith, John M. Lunsford, James D. MacDougall

Members Absent: Arthur P. Henderson