

CORRECTED 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, December 14, 2018, 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
Jonathan Skinner
Jeffrey Verhoef
Cynthia D. Rohlf, City Manager, ex-officio
Florence G. Kingston, Secretary/Treasurer, ex-officio

Absent:

None

Legal Counsel:

Conway Sheild

Staff:

Kearston Milburn, Recording Secretary
Cherry Croushore, Assistant Secretary

Also present:

Megan Martz Gilliland, Bond Counsel, Kaufman & Canoles, P.C.
Leslie Roberts, Partner, Brown, Edwards & Company, L.L.P.
Mark Butcher, General Manager, Newport News Marriott at City Center
Brandon Johnson, Director of Sales and Marketing, Newport News Marriott at
City Center
Savannah St. America, Director of Operations, Newport News Marriott at City Center

Mr. Minter opened the meeting by introducing visitors and welcoming everyone.

Resolution of Industrial Development Authority of the City of Newport News, Virginia (IDA),
Related to IDA Financing of an IDA Foundry Grant for the Benefit of Huntington Ingalls
Incorporated

Mrs. Kingston reported that the IDA executed a Defense Production Zone (DPZ) Performance Agreement with Huntington Ingalls Incorporated (HII) in January 2017, and that this agreement was executed following the adoption of Resolution 12936-16 by City Council affirming Council support of the project and the local financial support. She reminded Board Members that HII's project included an investment of at least \$750 million by the end of 2020 and the creation and maintenance of at least 1,000 new full-time equivalent positions in support of the Columbia Class Submarine Program and Shipyard operations by the end of 2025. She said included in the investment was the construction of the Joint Manufacturing Assembly Facility (JMAF).

Mrs. Kingston stated that as part of the local assistance, as contemplated by Resolution 12936-16 and outlined in the DPZ Performance Agreement, the IDA would deliver \$6 million to the Shipyard in the form of an IDA Foundry Grant to support the construction, expansion or renovation of the Foundry, including necessary equipment and tangible personal property. She said that the Shipyard had met the criteria for receiving the IDA Foundry Grant, which included receiving a share of the work for the Columbia Class Submarine Program, receiving funding commitments from the Navy and Commonwealth of Virginia and maintaining 120 full-time Jobs within the Foundry. She advised that the IDA Foundry Grant also served to match the Commonwealth's initial \$6 million grant, delivered in the early part of October 2018.

Mrs. Kingston explained that in order to provide this \$6 million IDA Foundry Grant, the IDA solicited proposals for financing from 14 financial institutions and, eight proposals were received and analyzed. She reported that the most favorable proposal was from Citizens and Farmers Bank. She stated that the borrowing would be supported by a Payment Agreement with the City of Newport News, who would transfer the payment funding to the IDA, subject to annual appropriation, and noted that City Council took action authorizing the Payment Agreement at its December 11th meeting.

Mrs. Kingston said that the payments would be supported by the net new incremental tax revenues generated by investments within the DPZ, and to date \$1.15 million in incremental new tax revenues have been collected on investments within the DPZ. She reported that the DPZ was currently generating \$1.13 million in new annual tax revenues, exceeding debt

coverage, and expected this amount to increase as the Shipyard continued to invest both in the DPZ and in the entire Shipyard.

Mrs. Kingston stated that Megan Gilliland with Kaufman and Canoles assisted with the preparation of the Bond and Loan Agreement and Payment Agreement and was happy to answer any questions anyone may have. Mrs. Gilliland answered several questions and Mr. Minter thanked her.

Mr. Minter asked for a motion approving IDA Resolution 18-6, as presented. Mr. Bell so moved and Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote.

Newport News Marriott at City Center Conference Center Marketing 2017 Expense Review

Mr. Minter called on Ms. Leslie Roberts, Partner of Brown, Edwards & Company, L.L.P, for the Conference Center Marketing 2017 Expense Review. Ms. Roberts stated that her firm recently completed an Agreed-Upon Procedures Engagement to assist the EDA in evaluating the marketing expenditures for the Marriott Conference Center for calendar year 2017.

Ms. Roberts 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 2017. Ms. Roberts explained that supporting documentation supported the expenses for the specified purposes as detailed in the Report, and that no exceptions were noted.

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

Newport News Marriott at City Center Conference Center 2017 Activity Review

Mr. Minter called on Mr. Butcher for the City Center Conference Center 2017 Activity Review report. Mr. Butcher opened the presentation by stating that the City Center Marriott was the only full-service Marriott hotel on the Peninsula, hosting corporate events, civic events, reunions, weddings and public/private announcements while contributing over 180 jobs in the community. He reported that the Hotel-Conference Center Guest Satisfaction Survey ranked in the top 10% of all Marriott hotels worldwide and that with the ongoing investment their owners were making in the Conference Center and event team's commitment to their guests experience, they are currently scoring 100% satisfaction in the categories of facilities

overall, event staff service overall, event-lived-up-to expectations, sales responsiveness and sales ease of booking.

Mr. Butcher reported that weddings, social events and reunions have remained strong on weekends and summer months, and he had received positive ratings and reviews on social media wedding review sites. He stated that when the Marriott's Conference Center spaces were booked to capacity, they leveraged their partnerships with City Center partners, such as the Holiday Inn, to creatively accommodate the overflow business. He spoke about the many positive comments he received from guests regarding how wonderful it was to walk around the Fountain and enjoy the shopping, dining and entertainment offered at City Center, and stated that he regularly worked with City Center's retailers and restaurants to provide group reservations and hotel guest discounts. He stated that Ferguson Center for the Performing Arts continued to provide a wonderful entertainment draw and that Cinemark Theater continues to be a great partner in City Center.

Mr. Butcher stated that the hotel ownership group continued to strongly support the Marriott, spending capital dollars renovating, maintaining and marketing the Hotel and Conference Center.

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 the City.

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

Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement (ERCR) by and between the EDA and LAVLE USA, INC.

Mrs. Kingston reported that LAVLE USA, INC. and Old Dominion University had announced the Marine Electric Propulsion Simulation Laboratory (MEPS) project. She stated that the MEPS Lab would be a 22,000-square-foot facility housing state-of-the-art equipment to develop marine electric propulsion, advanced energy storage, autonomous systems and associated technologies to advance marine vessels for military and commercial applications. She said that the lab would also focus on workforce development to train current and next generation workers supporting the shipbuilding and ship repair industry.

Mrs. Kingston stated that City Council voted at its December 11th meeting to transfer a 1.33-acre site at 351 25th Street to the EDA to facilitate the MEPS Lab. She said that LAVLE would construct and own the MEPS Lab and that its private capital investment was expected

to be \$7.8 million. She noted that additional investment would be made in a demonstrator electric/autonomous surface vessel. She advised that LAVLE expected to hire 25 people with an average annual salary of \$95,000 in positions such as designers, engineers, programmers and analysts. She pointed out that the project's investment and job creation qualified LAVLE for an Expansion/Relocation Cost Reduction Enterprise Zone Incentive (ERCR), explaining the EDA would deliver the incentive in the form of a credit towards the purchase price of the 1.33-acre site, equaling the current assessment of \$343,000.

Mrs. Kingston reported that LAVLE would enter into a ground lease and agreement to purchase the 1.33 acres site from the EDA. She said that closing would occur after LAVLE fully met performance targets. She advised that these targets included 25 new jobs with annual salaries averaging \$95,000 and 75% of the capital investment target, and outlined the mechanics of how the performance provisions of the ERCR worked.

Mrs. Kingston stated that Staff was working with VDOT to obtain control of a 0.044-acre "notch" of property owned by VDOT adjacent to the 1.33-acre site and stated that when acquired, the EDA would sell it to LAVLE for the cost incurred.

Mr. Minter asked if there were any questions for Mrs. Kingston and there were none. Mr. Minter thanked Mrs. Kingston for her report.

Mr. Minter asked for a motion to authorize that certain Expansion/Relocation Cost Reduction Enterprise Zone Incentive Agreement by and between the EDA and LAVLE USA, INC., in connection with LAVLE USA, INC.'s planned location of the Marine Electric Propulsion Simulation Laboratory, which includes investment of approximately \$7.8 million and the creation of 25 new jobs, at 351 25th Street in Downtown Newport News, subject to review and approval by EDA Legal Counsel. Mr. Bell so moved and Ms. Greene seconded the motion, which passed unanimously on a roll call vote.

Secretary/Treasurer's Report

Mrs. Kingston stated that as it was Mr. Minter's last Board Meeting as Chair, it was important to recognize his stellar service, commitment, time and efforts. She pointed out that while it was his last Board Meeting as Chair, it was not his last Board and/or Committee meeting as he had one more year left in his term on the Board. Mr. Minter received applause from all in attendance.

Mrs. Kingston welcomed back Ms. Smith-Brown and congratulated her on the new addition to her family.

Mrs. Kingston reported that the FY2018 EDA/IDA Audit was provided to Board Members electronically, and stated that hard copies were available should anyone want one.

Mrs. Kingston was pleased to report that on December 4th, Ms. Meredith and Ms. Wilson served as presenters on a national webinar entitled "Developing a Loan Committee and Monitoring Their Involvement" sponsored by the Council of Development Finance Agencies (CDFA). She said that CDFA was contracted by the U.S. Economic Development Administration (US EDA) to provide technical assistance to revolving loan fund grantees. She stated that revolving loan fund administrators from Oregon and Wisconsin also served as presenters, and the 90-minute webinar was broadcast live and viewed by participants in 64 registered locations across the country. She pointed out that the broadcast was recorded and would be posted on the CDFA website. She thanked Ms. Meredith and Ms. Wilson for taking on this important effort and sharing how Newport News has successfully worked with its loan committees over the years.

Mrs. Kingston stated that on December 13th, the EDA closed on the Ferguson land sale for its expansion project in City Center and commended Mr. Johnson for his leadership on the project.

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 reported that she was diligently working with Council on the Capital Improvements Plan and hoped to have it finalized in January. She stated she had begun the Operating Budget process and planned to implement new improved strategies. She said that on December 10th, she participated along with Florence, the Budget Director and other staff in two bond rating agency calls. She said that the feedback provided by Standard & Poor's and Moody's evaluators was extremely positive and she was confident in excellent rating results.

Ms. Rohlf reported that the BayPort Credit Union 25 Nights of Northern Lights had been well-received, although the weather had not cooperated, and that she looked forward to beginning preparations for next year's holiday activities. She closed by wishing everyone a happy holiday season.

Mr. Verhoef commended Ms. Rohlf for the work she was doing with the School Board, letting her know that her efforts had not gone unnoticed.

Mrs. Kingston and Ms. Rohlf responded to several questions and Mr. Minter thanked them for their reports.

Assistant Secretary's Report

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

Madison Government Affairs' Consultant Report

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

At 8:40 a.m., Mr. Verhoef moved for the Authority to go into a closed meeting pursuant to VA Code Section §2.2-3711.A: Real Estate (3) and Prospective Business (5) for the following purposes and subjects: (3) Discussion or consideration of the acquisition of real property for a public purpose or of the disposition of publicly held real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, the subject of which is a proposed property disposition in the central section of the City, a proposed property disposition in the northern section of the City and a proposed property acquisition in the northern section of the City; and (5) Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business or industry's interest in locating or expanding its facilities in the community, the subject of which is an unannounced prospective business interested in locating in the central section of the City. Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

At 9:06 a.m., the EDA/IDA Board returned to open session following a certification motion by Mr. Verhoef, in accordance with VA Code Section §2.2-3712(D) that to the best of each member's knowledge: (D) (i) only public business matters lawfully exempted from open meeting requirements under this chapter; and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Authorize EDA Lease Agreement for Brooks Crossing

Mrs. Kingston reminded Board Members that they had pledged to master lease space for workforce development and training opportunities, as well as STEM education and activities, in the office building being constructed at the corner of 30th Street and Brooks Crossing Way in Brooks Crossing. She reported that the building was scheduled to be an approximately 105,000-square-foot, 4-story office building, accommodating approximately 600 Shipyard engineering and design positions within approximately 85,000 square feet of space. She stated that the EDA's master lease of approximately 16,000 square feet would be for a 10-year term, per square foot rental rate of \$18.50, 2% annual escalation and a pro rata share of operating expenses based on leased square footage. She said that these material terms were modeled on and consistent with the terms of HII's lease of its space in the building.

Mrs. Kingston stated that it was envisioned that the EDA master-leased space would be divided into three sections: 6,419 ± square feet designated for STEM education; 8,745 ± square feet for workforce development; and a common shared lab space of approximately 1,378 square feet. She advised that programming for the space was underway, as she and staff continued to meet and coordinate with ODU and Hampton Roads Community Action Program (HRCAP) on uses and designs for the space designated for STEM education and workforce-related services and activities. She advised that the EDA commitments were consistent with, and expressly stated in, the EDA's CNI commitment and, therefore, she recommended entering into the proposed lease with the developer. She stated that she remained excited about the possibilities of how this building and space would contribute to the vitality of the Brooks Crossing project, dovetail with efforts to encourage opportunities for workforce development and advance the City's and EDA's efforts to revitalize the Southeast Community.

Ms. Smith-Brown noted that with the City's and EDA's efforts to revitalize the Southeast Community coming to fruition, especially with the 1st Floor in Brooks Crossing coming on-line soon and the co-working space at 2506 Jefferson Avenue advancing, the identity of the Southeast Community will change and be transformed. She inquired as to whether a plan was in process to articulate the new identity and for strategic communication of the new identity, and stated that it was important to address both at this stage. Mrs. Kingston responded that a strategic communication component of our CNI efforts toward revitalization is absolutely important, and that City and EDA collaboration and coordination is critical.

Mr. Minter thanked Mrs. Kingston.

Mr. Minter asked for a Motion to authorize a lease between the EDA and Brooks Crossing II, LLC for approximately 16,000 square feet of space in the approximately 105,000-square-foot, 4-story office building being constructed at 550 30th Street in Brooks Crossing, for a term of 10 years, a per square foot rental rate of \$18.50, 2% annual escalation and pro rata share of operating expenses based on leased square footage, subject to review and approval of EDA Legal Counsel. Ms. Greene so moved and Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

Committee Reports

Mr. Minter called for the Committee Reports. Mr. Minter presented the Conference Center Marketing Committee Report, which did not require Board ratification. Mr. Verhoef presented the Design Review Committee Report, which passed unanimously on a roll call vote. Mr. Bell presented the Revolving Loan Fund Committee Report, which passed unanimously on a roll call vote.

Approval of Minutes of the Annual Meeting of November 2, 2018

Mr. Minter asked for a motion that the Minutes of the Annual Meeting of November 2, 2018 be approved. Mr. Bell so moved and Mr. Verhoef seconded the motion, which passed on a majority vote of six Members, Ms. Smith-Brown having abstained.


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 9:29 a.m.



Florence G. Kingston
Secretary/Treasurer

(Corrected Minutes Approved: February 1, 2019)



**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Conference Center Marketing Committee
SUBJECT: Chair's Report
DATE: December 14, 2018

The Conference Center Marketing Committee met on November 15th. Brandon Johnson, Director of Sales and Marketing and Mark Butcher, General Manager, provided an overview of completed marketing efforts for the 3rd quarter of 2018. The Committee reviewed group highlights, social catering, e-commerce and social media initiatives.

The next Committee meeting is scheduled for Thursday, February 14, 2019.



C. Gary Minter

CGM:cum
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Date, Time and Location: November 15, 2018, at 8:00 a.m., Executive Board Room, Newport News Marriott at 740 Town Center Drive Newport News, VA 23606

Members Present: Gary Minter, Cindy Brouillard, Mark Butcher, Elizabeth Parker, Eva Wiggins

Members Absent: None



**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Design Review Committee
SUBJECT: Chair's Report
DATE: December 14, 2018

The Design Review Committee met on November 15th. The Committee considered a request by Taylor Made Holdings NN, LLC for approval of a digital rendering and building elevations of proposed exterior modifications and a proposed landscape plan located at 803 Diligence Drive 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: November 15, 2018, at 8:00 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Jeffrey C. Verhoef, Alonzo Bell, Jr., Carl Breiner, Tom Herbert, Bryan Trainum, Sylvia Weinstein, Elizabeth Willis

Members Absent: Jonathan Skinner, Robert Mann, Teresa Nettles



**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Revolving Loan Fund Committee
SUBJECT: Chair's Report
DATE: December 14, 2018

The Revolving Loan Fund Committee met on November 28th.

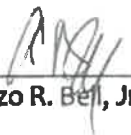
Committee members were provided financial statements through September 30, 2018 for the Newport News Capital Fund (NNCF).

Staff presented three Façade Improvement Grant (FIG) Program requests:

- FIG request for \$20,000 from Taylor Made Holdings NN, LLC for exterior finishes and materials, exterior painting, including prep and landscape improvements at 803 Diligence Drive; and
- FIG request for \$20,000 from Donald Hedrick, Trustee for exterior finishes and materials, exterior painting, including prep, roofing and masonry repairs at 5835 Jefferson Avenue; and
- FIG request for \$20,000 from Windsor West Professional Center Condominiums for exterior lighting and paving at 12829 Jefferson Avenue.

These FIG requests were unanimously approved.

This report requires Board ratification.



Alonzo R. Bell, Jr.

ARB:tfw

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Date, Time and Location: November 28, 2018, at 12:30 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Alonzo Bell, Jr., Gary Minter, Susan Harris, George Knight and John Lunsford

Members Absent: Jonathan Skinner and Sharon Owens