

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. Bell called the meeting to order at 2:00 p.m. on Friday, December 4, 2020, in the Pearl Ballroom of the Newport News Marriott Conference Center at 740 Town Center Drive, Newport News, Virginia.

Those members present were:

Alonzo R. Bell, Jr., Chair
Jennifer Smith-Brown, Vice Chair
Howard H. Hoege, III
Jonathan P. Skinner
Cynthia D. Rohlf, City Manager, ex-officio
Florence G. Kingston, Secretary/Treasurer, ex-officio

Absent:

Mary C. Aldrich (excused)
Cassandra P. Greene (excused)
Jeffrey Verhoef (excused)

Legal Counsel:

Raymond H. Suttle, Jr.

Staff:

Cherry Croushore, Assistant Secretary
Jameson LeClair, Recording Secretary
Zoe Lumpkin, Chief of Fiscal Operations

Also present:

C. Gary Minter
Greg Miller, Cherry Bekaert, LLP
Rachel Griggs, Cherry Bekaert, LLP
Ralph L. (Bo) Clayton, Assistant City Manager

Also present (continued):

Robert Pealo, Deputy City Attorney
Phillip Jones

Call to Order

Mr. Bell opened the meeting by welcoming everyone.

Presentation of Resolution of Appreciation

Mr. Bell stated that he was presenting a Resolution of the EDA/IDA Board of Directors expressing appreciation for the efforts of Mr. Minter, who served on the EDA Board from January 2010 through December 2019, and served as Chair from January 2017 through December 2018. Mr. Bell commended Mr. Minter for his leadership and commitment, and explained that during his service, he was instrumental in advancing numerous significant economic development projects resulting in major expansions of long-standing, leading and highly-successful existing businesses including Ferguson Enterprises, Inc., Huntington Ingalls Industries and Liebherr USA, as well as focusing efforts on increased support and resources for small businesses and aspiring entrepreneurs. Mr. Bell presented a copy of the resolution to Mr. Minter and wished him the best in all his future personal and professional endeavors. Mr. Minter thanked Mr. Bell, and stated that he was deeply gratified to have contributed to the accomplishments achieved by the EDA during his time serving on the Board, and sincerely appreciated being presented the Resolution.

Draft FY 2020 EDA/IDA Audit Presentation

Mr. Bell called on Ms. Griggs and Mr. Miller to present the Draft FY 2020 EDA/IDA Audit. Ms. Griggs provided an outline of the engagement services provided by Cherry Bekaert LLP, which included an audit of the EDA/IDA FY 2020 financial statements using standards as required by the Governmental Accounting Standards Board, and compliance testing with the Auditor of Public Accounts' Specifications for Authorities, Boards and Commissions. She explained that Cherry Bekaert utilized a top-down, risk-based audit approach that was highly automated and specifically tailored to the EDA/IDA. Ms. Griggs reported that one adjustment was recommended to and agreed upon by management to increase the allowance for certain doubtful accounts. She explained that there were no new accounting policies adopted and that the application of existing policies was not changed during 2020. Ms. Griggs stated that there were no difficulties encountered in performing the Audit.

Mr. Miller advised that there were no material weaknesses in internal controls or financial reporting, and briefly summarized FY 2022 new accounting and reporting changes. He welcomed questions from the Board. Mr. Bell asked about the basis for the recommendation to increase the allowance for doubtful accounts, and Mr. Miller explained that it was because a particular debt in one account was deemed as potentially uncollectable.

Mrs. Kingston noted that the continuing positive Audit results were largely a function of the excellent work of Zoe Lumpkin and Keith Ferguson, Senior Budget Analyst in the City's Department of Budget and Evaluation. Mr. Bell asked if there were any additional questions for Ms. Griggs and Mr. Miller. There were none.

Mr. Bell presented a motion to accept the FY2020 EDA/IDA Audit. Ms. Smith-Brown so moved, and Mr. Skinner seconded the motion, which passed unanimously on a roll call vote.

Secretary/Treasurer's Report

Mrs. Kingston reported that the December Board Meeting was Mr. Bell's last Board Meeting as Chair, and expressed appreciation to him for his excellent service, commitment, time, and efforts to the EDA throughout 2019 and 2020. She noted that while his term as Board Chair had ended, Mr. Bell would serve another four-year term as an EDA Board Member.

Mrs. Kingston advised that the EDA's existing lease with Huntington Ingalls Incorporated (HII) for 9,117 square feet of space on the 11th Floor of the Rouse Tower Building, together with 44 parking spaces, would expire on December 30, 2020, and that HII requested that the lease be extended for one year. She stated that for the one-year term commencing January 1, 2021, base rent would increase to \$18.10 per square foot, for an annual rent of \$165,017, with monthly payments of \$13,751.47, along with an additional \$8,976 in parking fees, with monthly payments of \$748. Mrs. Kingston noted that she would be seeking a motion for the lease extension at the end of her report.

Mrs. Kingston informed the Board that staff continued to work with resource partners to connect with the local small business community, noting that Tricia Wilson participated as a panelist in a virtual seminar hosted by Debra Farley with the Small Business Development Center (SBDC). She explained that "A Salute to Veterans – Small Business Conference", was held on November 10th, which was an opportunity to let small businesses know what resources were available to them for support in addressing challenges of their businesses, particularly in light of the pandemic.

Mrs. Kingston also highlighted that over the weekend, Ms. Wilson, along with Tiffany Boyle, Commissioner of the Revenue, represented Newport News as panelists in the virtual Black Diamond Weekend Conference Event, which is sponsored annually by The Hampton Roads Regional Black Chamber of Commerce. She stated that Ms. Boyle and Ms. Wilson, together with counterparts from Norfolk and Hampton, discussed Municipality Resources for Businesses, with 31 virtual participants attending.

Mrs. Kingston stated that the Monthly Financial Statements were in Board Members' packages and noted a few highlights. She asked if there were any questions, and there were none.

Mrs. Kingston offered Ms. Rohlf the opportunity to provide updates and/or comments. Ms. Rohlf informed the Board that the City had allocated and was budgeting to spend all of the federal CARES Act funding received earlier in the year, and that the possibility of receiving additional pandemic relief funding from the federal government was being closely monitored. She stated that staff was also working closely with the Virginia Department of Health in anticipation of the distribution of the first round of COVID-19 vaccines delivered to the City.

Ms. Rohlf advised that the Atkinson Boulevard replacement project was nearing completion, and that the Mayor and Councilmembers would host a virtual ceremony marking the opening of the new road, scheduled for December 8th at 1:00 p.m. She stated that while the speakers would be heard virtually, members of the public could register to drive on the new road while listening to the event live on the radio, and encouraged Board Members to drive on it once it opened.

Ms. Rohlf reported that the City was hosting holiday lighting events again this year, but that they would be slightly different due to the pandemic. She explained that she and others would be broadcast virtually as they switch on holiday light displays around the City, and that the ongoing Celebration in Lights event had already attracted a large number of people over the past weekend. Ms. Rohlf expressed excitement about a new mobile application being offered by the City which would give residents and businesses the ability to upload and share photos of their outdoor holiday lights and decorations, and encouraged all to participate. Mrs. Kingston noted that staff had been working to facilitate installation of a permanent decorative, multicolored light display on the side of the new parking garage in City Center.

Mrs. Kingston stated that she, along with staff, wished Board Members and their families a safe, happy, and healthy holiday season. Mr. Bell thanked Ms. Rohlf and Mrs. Kingston and asked if there were any questions or comments.

Mr. Bell introduced a motion to authorize a one-year extension of the existing lease between the EDA and Huntington Ingalls Incorporated for 9,117 square feet of space on the 11th Floor of the Rouse Tower Building, commencing January 1, 2021, with base rent to increase by 2.5%, and all other terms and conditions of the lease remaining in place, subject to all documentation being reviewed and approved by EDA Legal Counsel. Mr. Hoege so moved, and Ms. Smith-Brown seconded the motion, which passed unanimously on a roll call vote.

Assistant Secretary's Report

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

Madison Government Affairs' Consultant Report

Mr. Bell 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 2:41 p.m., Mr. Skinner moved for the Authority to go into a closed meeting pursuant to VA Code Section §2.2-3711.A: Real Estate (3) for the following purpose and subject: (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 in the northern section of the City, proposed property acquisition in the central section of the City, and proposed property disposition in the southern section of the City. Ms. Smith-Brown seconded the motion, which passed unanimously on a roll call vote.

At 3:34 p.m., the EDA/IDA Board returned to open session following a certification motion by Mr. Skinner, in accordance with VA Code Section §2.2-3712(D) that to the best of each member's knowledge: (D) (i) only public business matters lawfully exempted from open meeting requirements under this chapter; and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Ms. Smith-Brown seconded the motion, which passed on a 3-0-1 roll call vote, Chair Bell abstaining, having stepped out of the

meeting and not participated in the discussion of a Closed Session matter on which he could have a potential conflict of interest.

Committee Reports

Mr. Bell called for the Committee Reports, and Mr. Skinner presented the Design Review Committee Report, which passed unanimously on a roll call vote. Ms. Smith-Brown presented the Executive Committee Report, which passed unanimously on a roll call vote. Mr. Skinner presented the Revolving Loan Fund Committee Report, which passed unanimously on a roll call vote.

Approval of Minutes of the Regular Meeting of November 6, 2020

Mr. Bell asked for approval of the Minutes of the Regular Meeting of November 6, 2020. Mr. Hoege so moved, and Ms. Smith-Brown seconded the motion, which passed unanimously on a roll call vote.

Unfinished Business

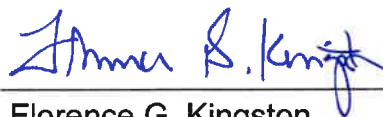
Mr. Bell asked for any unfinished business. There was none.

New Business

Mr. Bell asked for any new business. There was none.

Mr. Bell reiterated that it was his honor to have served as Chair of the EDA Board, and expressed his excitement that Ms. Smith-Brown would be filling the role in the new year.

There being no further business to come before the Board, Mr. Bell wished everyone a happy holiday season and adjourned the meeting at 3:44 p.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: December 4, 2020

The Design Review Committee met electronically on November 19th via Zoom Videoconferencing, in accordance with the budget bill of the Commonwealth of Virginia (the "Commonwealth") for the biennium ending June 30, 2020, as adopted by the reconvened session of the 2020 Virginia General Assembly, and with the public health emergency declared by Governor Northam in his Executive Order dated March 12, 2020.

The Committee considered a request by Draper Aden Associates, on behalf of BayPort 2, LLC, for approval of a site layout and digital renderings of proposed exterior modifications, including installation of a generator enclosure and a new walkway connection between the adjacent parking lot and main building entrance, at 2 BayPort Way, in Jefferson Center for Research and Technology. Upon review, the Committee voted unanimously, with one abstention, to recommend approval of the request, subject to all applicable City codes and regulations.

This Report requires Board ratification.



Jonathan P. Skinner

JPS:mej

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Date, Time and Location: November 19, 2020, at 8:00 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Jonathan P. Skinner, Mary C. Aldrich, Alonzo R. Bell, Jr., Thomas Herbert, Robert Mann, Bryan Trainum, Sylvia Weinstein, Elizabeth Willis

Members Absent: Carl Breiner, Teresa Nettles



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Executive Committee
SUBJECT: Chair's Report
DATE: December 4, 2020

The Executive Committee met electronically on November 17th via Zoom Videoconferencing, in accordance with the public health emergency declared by Governor Northam in his Executive Order dated March 12, 2020.

The Committee was advised that the EDA's existing Lease with Huntington Ingalls Incorporated (HII) for the Virginia Specialty Stores (VSS) Building and associated parking spaces/garage located at 2800 and 2900 Washington Avenue was due to expire December 31st, and that HII had requested a six-month extension, through June 30, 2021. The Committee authorized the six-month extension, through June 30, 2021, of the EDA's existing Lease with HII for VSS, all other terms and conditions remaining the same, subject to review and approval of EDA Legal Counsel.

Committee Members received an update on Brooks Crossing Grocery Store, LLC (BCGS, LLC), a legal purpose entity formed to facilitate the financing and award of New Markets Tax Credits (NMTC) for the Brooks Crossing Grocery Store Project. Staff advised that the BCGS, LLC entity must remain in existence until the end of the NMTC compliance period, which ends in January 2023, and that utilizing the NMTC Program would yield a grant of \$2,120,169 at the end of the compliance period. In the interim, staff reported that a review of cash flow needs for BCGS, LLC indicated that, as originally projected, additional funding was needed based on the projected difference between lease revenue and lease expenses, and that the EDA had adequate funds remaining from the Brooks Crossing Grocery Store funding from the City to provide for the shortfall. The Committee authorized the transfer of funds from the EDA to BCGS, LLC in the amount of \$50,000.

Executive Committee Chair's Report
December 4, 2020
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The Committee's remaining items were handled in Closed Session. This Report requires Board ratification.



Jennifer Smith-Brown

JSB:clc

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Date, Time and Location: November 17, 2020, at 12:00 pm at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Mary Aldrich, Alonzo Bell, Jennifer Smith-Brown, Jeff Verhoef

Members Absent: None



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Revolving Loan Fund Committee
SUBJECT: Chair's Report
DATE: December 4, 2020

The Revolving Loan Fund Committee met electronically on November 24th via Zoom Videoconferencing, in accordance with the public health emergency declared by Governor Northam in his Executive Order dated March 12, 2020.

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

- FIG request for \$20,000 from Diamond Hill Properties, LLC for canopy/awning (paint) and exterior painting including prep at 5601 City Line Road; and
- FIG request for \$20,000 from Victory Parking Management, LLC for exterior finishes and materials, exterior lighting, exterior painting, including prep, windows/doors, window and cornice flashing and garage doors at 7116 Warwick Boulevard.

The FIG requests were unanimously approved.

This Report requires Board ratification.

On behalf of

Jeffrey C. Verhoef

JCV:tfw

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Date, Time and Location: November 24, 2020, at 12:30 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Jeffrey Verhoef, Cassandra Greene, Jonathan Skinner, George B. Knight, John Lunsford and Sharon D. Owens

Members Absent: Susan Harris