

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

Ms. Smith-Brown called the meeting to order at 9:02 a.m. on Friday, October 1, 2021, in the Grand Ballroom Salon I of the Newport News Marriott Conference Center at 740 Town Center Drive, Newport News, Virginia.

Those members present were:

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

Absent:

Cathy T. Williams (excused)

Legal Counsel:

Raymond H. Suttle, Jr.

Staff:

Cherry Croushore, Assistant Secretary
Jameson LeClair, Recording Secretary

Also present:

Paul Hirsch, President, Madison Government Affairs (*virtual*)
Jack Hession, Senior Vice President, Madison Government Affairs (*virtual*)
Ralph L. (Bo) Clayton, Assistant City Manager
Robert Pealo, Deputy City Attorney
Jerri Wilson, Intergovernmental Affairs Manager

Call to Order

Ms. Smith-Brown opened the meeting and welcomed everyone.

Commonwealth's Development Opportunity Fund Performance Agreement by and among the City of Newport News, Virginia, Aery Aviation, LLC, Virginia Economic Development Partnership Authority, and Economic Development Authority of the City of Newport News, Virginia

Mrs. Kingston reported that Aery Aviation, LLC (Aery) was a privately held company founded in 2016 by a team of aviation experts specializing in aerospace design, engineering, systems integration, modifications, certifications, maintenance, and flight operations solutions. She explained that these services supported critical aviation mission requirements for domestic and foreign governments, corporations and individuals in the private sector, and responded to the demands in the aerospace industry. Mrs. Kingston advised that Aery had experienced strong growth and was headquartered in rented space at Newport News/Williamsburg International Airport. She highlighted the Governor's September 14th announcement and stated that Aery planned to expand by investing \$15.2 million in the construction of a new 60,000-square-foot hangar facility and engineering technology center with access to the Newport News/Williamsburg International Airport runway to add capabilities in maintenance and modification services, and by creating 211 new jobs. Mrs. Kingston noted that Newport News competed with locations in West Virginia, South Carolina, Maryland and Ohio to secure the project.

Mrs. Kingston informed the Board that Aery qualified for several state and local incentives related to the expansion, and that state incentives included funding from the Commonwealth's Development Opportunity Fund, Virginia Jobs Investment Partnership, Real Property Investment Grant, Job Creation Grant, and Manufacturing Sales & Use Tax Exemptions, for a total contribution of \$1,482,400. She advised that a critical part of the state incentive package for Aery was the \$280,000 grant from the Commonwealth's Development Opportunity Fund (COF) to support the establishment of the new facility. Mrs. Kingston stated that to document the COF grant, a four-party COF Performance Agreement between the City, Aery, the Virginia Economic Development Partnership Authority, and the EDA was required. She reported that the local Enterprise Zone Expansion/Relocation Cost Reduction incentive (ERCR) would provide Aery the required local match for the COF grant and would be delivered in the form of grants to support the expansion. Mrs. Kingston noted that the estimated \$336,033 ERCR incentive was proposed to be funded from 50% of net new taxes generated by Aery over the first six years of the

expansion. She stated that she would be seeking a motion after her presentation to authorize the COF Performance Agreement, subject to City Council's authorization of the COF Performance Agreement and appropriation of the COF grant at its October 26th meeting. Mrs. Kingston advised that she planned to bring the ERCR Enterprise Zone Incentive Agreement to Board Members at the November Board Meeting. She asked if there were any questions. There were none.

Ms. Smith Brown requested a motion to authorize that certain Commonwealth's Development Opportunity Fund Performance Agreement by and among the City of Newport News, Aery Aviation, LLC, the Virginia Economic Development Partnership Authority and the EDA, in connection with the Aery Aviation, LLC project planned in AirCommerce Park at the Newport News/Williamsburg International Airport, subject to review and approval by EDA Legal Counsel, and subject to Newport News City Council authorization of the Commonwealth's Development Opportunity Fund Performance Agreement and Appropriation of the \$280,000 Commonwealth's Development Opportunity Fund Grant. Mr. Bell so moved and Ms. Johnson seconded the motion, which passed unanimously on a roll call vote.

Secretary/Treasurer's Report

Mrs. Kingston informed the Board that the EDA received a request from the City's Department of Public Utilities (Waterworks) to place an AMI collector and antennas on the roof of Rouse Tower to support the wireless water meter receive system that Waterworks was seeking to install throughout its service territory. She stated that all equipment, labor and supervision would be provided by Waterworks, and that all work would be completed to the satisfaction of the EDA and/or its designated representatives. Mrs. Kingston advised that in lieu of any payment and/or rent, Waterworks offered to hire an electrical contractor to remove abandoned TTM microwave antennas from the rooftop and to remove abandoned communication equipment from the electrical room. She noted that the proposed transaction was evaluated by the City's cell tower consultant, on behalf of the EDA, who concluded that the EDA would benefit from the proposed arrangement. Mrs. Kingston stated that she would seek a motion at the end of her report to authorize approval of a Memorandum of Agreement for the work to be completed.

Mrs. Kingston advised that the virtual 2021 Home-Based Business Conference would be held on Wednesday, October 13th, and encouraged Board Members to attend.

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. There were none.

Mrs. Kingston reported that City Council took recent action to exercise the City's Right of First Refusal to acquire the former Paul's Auto Parts property in the Southeast Community, which was adjacent to the head of the Seafood Industrial Park (SIP) and across from the Marshall-Ridley development project site. She advised that the property acquisition was critical to the redevelopment of that area of the City.

Mrs. Kingston offered Ms. Rohlf the opportunity to provide comments. Ms. Rohlf stated that she did not have any comments.

Ms. Smith-Brown introduced a motion to authorize a Memorandum of Agreement between the EDA and the City's Department of Public Utilities (Waterworks), whereby Waterworks would be permitted to place an AMI collector and antennas on the roof of Rouse Tower, at no cost, to facilitate the wireless water meter receive system that Waterworks is seeking to install throughout its service territory, in exchange for removing, at Waterworks' expense, abandoned TTM microwave antennas from the rooftop and associated equipment from the electrical room, subject to all necessary documentation being reviewed and approved by EDA Legal Counsel. Mr. Bell so moved and Mr. Hoege seconded the motion, which passed unanimously on a roll call vote.

Assistant Secretary's Report

Ms. Smith-Brown 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

Ms. Smith-Brown asked for the Madison Government Affairs Report. Mr. Hirsch and Mr. Hession participated virtually via Zoom. Mr. Hession reported that the Senate and House of Representatives recently passed the short-term spending bill for the federal government and that the continuing resolution for funding would carry through December 3rd. He stated that if the debt ceiling was not raised, the Treasury Department had advised that federal spending would need to be severely curtailed by October 18th.

Mr. Hession noted that budget reconciliation remained a contentious issue among Democratic lawmakers. He explained that the House Majority Leader and White House intended that infrastructure spending be included in the budget reconciliation bill, but that moderate Democrats demanded the two be considered separately, creating uncertainty for the fate of both measures.

Ms. Smith-Brown asked if there were any questions for Mr. Hession or Mr. Hirsch. There were none. Ms. Smith-Brown thanked them for their report.

At 9:29 a.m., Mr. Hoege 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 proposed property dispositions 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 prospective businesses interested in locating in the northern section of the City. Mr. Bell seconded the motion, which passed unanimously on a roll call vote.

At 11:39 a.m., the EDA/IDA Board returned to open session following a certification motion by Mr. Hoege, 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.

Action(s) Coming Out of Closed Session

Ms. Smith-Brown stated that there was an action coming out of Closed Session and introduced a motion to authorize the sale of 120 Enterprise Drive at an agreed upon purchase price of \$7,980,000, together with a related two percent commercial real estate brokerage fee (\$159,600), to Mercana Home and Décor, along with an amount not to exceed \$50,000 to cover the costs of any unplanned maintenance or repairs to the building, subject to the review and approval of all documentation by IDA Legal Counsel. Mr. Bell so moved and Ms. Gargiulo seconded the motion, which passed unanimously on a roll call

vote. Ms. Smith-Brown commended staff for their concerted efforts and success in marketing the property and securing the sale.

Committee Reports

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

Approval of Minutes of the Regular Meeting of September 10, 2021

Ms. Smith-Brown asked for approval of the Minutes of the Regular Meeting of September 10, 2021. Mr. Bell so moved, and Mr. Skinner seconded the motion, which passed unanimously on a roll call vote.

Board Member Engagement and Support Follow-up Discussion

Ms. Smith-Brown requested that in the interest of time and due to the unexpected length of discussion on previous agenda items, the Board Member Engagement and Support Follow-up Discussion be deferred.

Unfinished Business

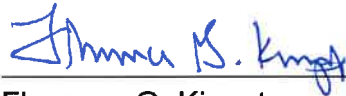
Ms. Smith-Brown asked for any unfinished business. There was none.

New Business

Ms. Smith-Brown asked for any new business. Mrs. Kingston reported that the City was seeking to establish a community vaccination center for the administration of COVID-19 vaccines at the EDA's Sherwood-Kazis property, adjacent to the Sherwood Shopping Center, in a portion of the space recently vacated by Ferguson Enterprises. She explained that the City proposed to lease 51,131 square feet of the former Ferguson building, on a month-to-month basis, for an annualized base rent of \$6.25 per square foot and a monthly rental amount of \$26,630.72. Mrs. Kingston advised that the City would pay for all required utilities directly and would operate the clinic in partnership with public or private partners, including the Virginia Department of Health, and their respective contractors, and that the space may be used for other public health and safety purposes. She stated that she was seeking a motion to authorize the City's use of the property for the described purposes.

Ms. Smith-Brown introduced a motion to authorize the execution of a Lease between the EDA and the City for 51,131 square feet of currently vacant space at the Sherwood-Kazis property for use by the City, or its designee(s), for public health and safety purposes, including a vaccination center for the administration of COVID-19 vaccines, on a month-to-month basis, with a base rent of \$6.25 per square foot to incorporate a pro rata share of the EDA's debt service on the Sherwood-Kazis property, and the execution of such additional documents as may be necessary to renew, suspend and/or reactivate such a Lease on an as-needed basis to facilitate a community vaccination center or other public health and safety purposes, subject to all necessary documentation being reviewed and approved by EDA Counsel. Mr. Bell so moved, and Ms. Gargiulo seconded the motion, which passed unanimously on a roll call vote.

There being no further business to come before the Board, Ms. Smith-Brown adjourned the meeting at 11:55 a.m.



Florence G. Kingston
Secretary/Treasurer



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Revolving Loan Fund Committee
SUBJECT: Chair's Report
DATE: October 1, 2021

The Revolving Loan Fund Committee met on September 22nd. The Committee was informed that the US Economic Development Administration (US EDA) had approved the Newport News Capital Fund (NNCF) proposed guideline adjustments through June 30, 2022. The adjustments related to the interest rate, private match requirement, deferment of principal and interest payments and term options. The Committee unanimously approved the NNCF guideline adjustments as submitted to US EDA.


Staff presented a Façade Improvement Grant (FIG) Program request:

- FIG request for \$20,000 from Smoke, LLC for exterior finishes and materials and paving at 10900 Warwick Boulevard.

The FIG request was unanimously approved.

Staff shared a map with the Committee reflecting the distribution of FIGs throughout all parts of the City. It was noted that since the inception of the City-wide program in 2012 184 FIGs have been approved.

This report requires Board ratification.



Alonzo R. Bell, Jr.

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Date, Time and Location: September 22, 2021, at 12:30 p.m. at 11820 Fountain Way, Suite 301, Newport News, VA
Members Present: Alonzo R. Bell, Jr., Jameka Johnson, George B. Knight, John Lunsford and Sharon D. Owens
Members Absent: Cathy Williams