

MINUTES
ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK
Wednesday, December 7th, 2016
Department of Development
500 E. Main Street, Suite 1500
Norfolk, VA 23510

Present:

Directors

Robert E. Garris, Jr. - Presiding

Michael Lee

Jeffrey Brooke

Kim Brown

Jaeson Dandalides

Richard Ottinger

W. Craig Reilly

Ursula Rhodes

Antonio Sisco

Counsel

George Consolvo – Kaufman & Canoles

Advisory Committee

Christine Garczynski – Director of Finance

Staff

Chuck Rigney – Executive Director

Andrew Yancey - Secretary-Treasurer

Dawn Ryan - Assistant Secretary-Treasurer

Guests

Doug Smith – Interim City Manager

Glenn Hudson – Dept. of Development

Betty Myers – Finance & Procurement

Eric Hartley – Virginian Pilot

Absent

Wayne Coleman

Michael Cox

MEETING CALLED TO ORDER

A regular meeting of the Economic Development Authority of the City of Norfolk (the EDA) was held on December 7th, 2016. Chairman Garris called the meeting to order at 7:33 a.m. Chairman Garris welcomed the guests present at the meeting and asked that they introduce themselves.

HREDA PRESENTATION – RICK WEDDLE

Chairman Garris introduced the first guest Mr. Rick Weddle, President and CEO of Hampton Roads Economic Development Alliance (HREDA). Mr. Garris noted that: Rick comes to Norfolk, VA from the City of Orlando, FL and assisted in the creation of more than 17,000 jobs with an annual payroll of \$800 million; he has a great track record and is looking forward to establish meaningful relationships over the long term; and he has made positive impacts in cities like Phoenix, AZ, Toledo, OH, Stockton, CA and Winston-Salem, NC before stopping here in Hampton Roads.

Mr. Weddle proceeded with a slide show presentation talking about the 5 year strategic plan to improve employment with higher-wage industry focus, regional branding with national marketing campaign and improved diversification through business attraction using innovative clusters in the Hampton Roads region. At the end of the presentation, Mr. Weddle indicated that increased private support in 2017 through 2021 is a goal and in turn asked the board to consider increased public funding support to complement private funds in FY 2018-2019. (Attachment #1)

IKEA- COOPERATION AGREEMENT

Chairman Garris asked Mr. Rigney to talk about the amendment that would be passed by City Council to increase the June grant agreement by \$500,000 at which time the Board approved cooperation and grant agreements for the \$5 million dollars. This is an additional \$500,000 for IKEA through an amendment of the grant agreement and cooperation agreement by the presented resolution which authorizes the Boards appropriate officers, once the amendment has been submitted and approved by Mr. Consolvo in form and substance, to execute and deliver the amendment to approve the extra

\$500,000. Mr. Rigney stated that the increase is \$33,000 a year for the term of the grant.

Mr. Rigney explained that the footprint of IKEA usually follows a specific blueprint and some changes needed to happen on their end in order to develop the site, and that IKEA itself is incurring a lot more costs. Mr. Rigney made additional explanatory comments.

Mr. Ottinger asked a question of how site conditions were not foreseen in this long process of site plan. General discussion on the process and project moving forward was explained and that the grant agreement is based on the revenue that the store generates yearly. Adding the additional funding only increases the grant by \$33,000 a year for 15 years. Ms. Rhodes asked if the Board does not approve then were does the project stand. Mr. Consolvo explained that the City cannot directly grant this money and that if Board doesn't approve then the project may be put on hold.

Upon a motion by Mr. Lee, and seconded by Ms. Brown, the resolution was unanimously approved to increase the grant in the amount by \$500,000 to assist un the cost of further improvements to the property. Vote: 9-0-0

MOVEMENT MORTGAGE

The performance agreement between the City and the Commonwealth was approved by both parties and the presented resolution is before the Board because the Board is the funding pass through. The grant funding all based on revenue and jobs generated by the Company to the Commonwealth.

Upon a motion by Mr. Reilly, and seconded by Mr. Ottinger, the resolution to facilitate the \$600,000 Commonwealth's Development Opportunity Fund was unanimously approved. Vote 9-0-0.

RESOLUTION TO AMEND NOTE

This presented resolution authorizes the execution and delivery of amendment of the Movement Mortgage financing agreements just to extend the draw down period and to extend the first principal payment on the obligation from February 2017 to February 2018.

Upon a motion by Mr. Reilly, and seconded by Ms. Rhodes, the resolution was unanimously

approved. Vote 9-0-0.

CREDIT MEMO REVIEW

After much discussion and review of both the Track Patch and Embody loan applications, the Board had decided to have a separate meeting to discuss the applicants financials in more detail in closed session. The Board discussed whether more discussion about the loan program and its requirements are also needed for the Board to make informed decisions. Ms. Rhodes left the meeting at 9:00am.

ASSIGN ASSISTANT EXECUTIVE DIRECTOR

Upon a motion by Mr. Lee, and seconded by Mr. Sisco, the Board unanimously approved the election of Mr. Yancey as Assistant Executive Director. Vote 8-0-0.

MINUTES

Chairman Garris asked the Board to review the minutes presented in their packets. Hearing no questions or adjustments, he asked for a motion to approve the November 2nd, 2016 minutes.

Upon a motion by Mr. Lee, and seconded by Mr. Sisco, the Board approved those minutes. The vote was 8-0-0.

ADJOURNMENT

A motion was made, seconded and approved to adjourn the meeting at 9:10 a.m.

Approved by Robert E. Lewis, Jr.

- Attachments:
1. HREDA CY 2017 Strategic Business Plan
 2. Cooperation Agreement IKEA
 3. Resolution – Movement Mortgage
 4. Resolution to Amend Note
 5. Track Patch & Embody Credit Memo's