

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK

Meeting Minutes

The City of Norfolk Economic Development Authority held its regular meeting on Wednesday, February 6th, 2019 at 7:34 A.M. in the Dominion Tower Conference Room at 999 Waterside Drive, Suite 400, Norfolk, Virginia 23510

DIRECTORS PRESENT:

Michael Lee – Chair
Antonio Sisco – Vice Chair
Jeffrey Brooke
B. Wayne Coleman
Jaeson Dandalides
Robert E. Garris, Jr.
Richard Ottinger
W. Craig Reilly
Ursula Rhodes

STAFF PRESENT:

Jared Chalk – Executive Director
Sean Washington – Secretary-Treasurer
Dawn Ryan – Assistant Secretary-Treasurer

COUNSEL PRESENT:

Barry Hunter – Kaufman & Canoles

GUESTS:

Bob Sharak – Department of Development
Darielle Williams – Department of Development
Dan Shelton – Whiting-Turner
Scott Gloff – Whiting-Turner
Patrick Lane – Froehling & Robertson, Inc.
Dawn Best - Froehling & Robertson, Inc.

DIRECTORS/STAFF ABSENT:

Kim Brown – EDA Director
Christine Garczynski – Director of Finance

MEETING CALLED TO ORDER

Chairman Lee called the meeting to order at 7:34 a.m. and welcomed staff and guests to the meeting.

MINUTES

Chairman Lee asked the Board to review the minutes for the January 9th, 2019 meeting. Hearing no questions or adjustments, he asked for a motion to approve the minutes of January 9th, 2019. Upon a motion by Mr. Sisco and seconded by Mr. Reilly, the minutes of the January 9th, 2019 meeting were approved by a vote of 8-0-0. (Jeffrey Brooke arrived 7:36 a.m.)

RESOLUTION APPROVAL

Chairman Lee asked the Board to review the resolution in appreciation of Michael Cox's service to the EDA Board. Upon a motion by Mr. Garris and seconded by Ms. Rhodes, the resolution was unanimously approved by a vote of 9-0-0.

FINANCIAL UPDATE

Mr. Washington gave a brief update on the financials as of December 31st, 2018, and reviewed the Authority's fiscal year 2019 operating budget, as follows:

Revenue

The Authority received \$105,064.18 in admin fees and \$160,900 in proceeds from the sale of a parcel of land in Central Business Park. It is estimated that the Authority will receive another \$371,585.82 in admin fees over the remainder of the fiscal year. (Mr. Ottinger and Ms. Rhodes arrived 7:37 a.m.).

Operating Expenses

For the period, administrative/overhead expenses were \$20,801.46 with departmental expenses of \$31,856.45. Non-operating expenses totaled \$32,000. Mr. Washington reported that all expenses are in line with the approved FY19 budget.

Mr. Washington explained that he would make adjustments to the report for the Board to be distributed to the Board members at the next meeting. (Attachment #1)

BRIEFING/NEW BUSINESS

Chairman Lee asked Mr. Chalk to update the Board on the 824 Building Broker and RFP results. Mr. Chalk advised the Board that there were three responses to the EDA's RFP and Mr. Chalk had

selected The Collier Group, formerly known as CBRE, because they had the lowest commission rate (1.15%) with substantially the same experience and proposed marketing efforts as the other two competing brokers.

Mr. Chalk updated the Board on the 645 Church Street property. The purchase price is \$2 Million and the City Attorney's office and Mr. Hunter are currently working to ensure the Purchase and Sale Agreement is finalized. Mr. Chalk also advised the Board that the building is currently zoned for office use. He pointed out that the Purchase and Sale Agreement presented to the Board contains a 90-day due diligence period and is contingent upon the City providing a grant to the EDA to complete the acquisition. Upon a motion by Mr. Garris, seconded by Mr. Coleman the Board unanimously adopted the Resolution approving matters related to the Purchase and Sale Agreement for 645 Church Street. (Voted 9-0-0). (Attachment #2)

Mr. Chalk advised the Board that the EDA was asked to assist the Rock Climbing Gym with some funding using the City's cigarette tax funds that were transferred to the EDA for economic development. Construction costs have increased and there had been a change in the SBA loan which lowered the borrower's working capital loan amount by approximately \$50,000. The Rock Climbing Gym has asked the EDA to guarantee a loan, however, Mr. Reilly suggested the EDA make a grant to the company of \$25,000. More details are to be provided at the next meeting.

OLD BUSINESS

Mr. Washington gave the Board an update on how his Small Business Grant Program presentation went at the City Council meeting the night before. Further details on the voting requirements to utilize funds will also be discussed at a future meeting. The Revolving Loan Fund program uses funds from the Federal Economic Development Administration. No grants will be made from the Federal EDA program, only loans. More information will be presented at next month's meeting.

OTHER BUSINESS

Chairman Lee asked Mr. Chalk to update the Board on upcoming events and projects around the city. (Attachment #3) Mr. Chalk advised the Board that IKEA will have a soft opening the week before they officially open (which is scheduled for April 10th). IKEA will allow the Board access to the store for a tour prior to their opening to the public. IKEA has a \$75 Million investment which includes the buildout, exterior landscaping, Interstate signage, IKEA way street name and the largest roof top solar arrays in

the region with 3,654 panels. IKEA will generate 250 permanent jobs and 160 seasonal jobs and an estimated \$3.3 Million per year in direct local taxes. They have already had one hiring event and another one is scheduled for tomorrow February 7th, 2019.

With respect to the Norfolk Premium Outlets, Bath and Body Works, White Barn, Kate Spade, and Plaza Azteca (the only full dining restaurant outside of the food court) were a few stores that had recently opened in the 4th quarter. A few other stores are already open to include Mission BBQ, Verizon, Duck Donuts, Unbreak IFIX, Witch Wich, Moes, and Burger IM. Chick-Fil-A is opening on the corner and TRU by Hilton is going to be developed towards the rear of the site.

In response to inquiries from some Board members, Mr. Chalk again addressed MacArthur Center. He indicated the mall opened in 1999 and was developed by the Taubman Company. In 2014 it was sold to Starwood Capital Group as part of a seven mall \$1.4-billion-dollar deal. The City of Norfolk owns the land under the Mall and owns the Nordstrom building while NRHA owns the parking structure. (Ursula Rhodes Left 8:18 a.m.) With Nordstrom closing its store, the options for the City include (i) seeking a new tenant for the space, (ii) converting the space to office or civic use and (iii) demolishing the building and redeveloping the site.

Mr. Chalk advised the Board that the technology zones are being reexamined as high growth areas to attract tech companies by expanding the tech zone boundaries.

Mr. Garris noted the casino process is being expanded with 2 separate paths-through Portsmouth and Norfolk. However, Mr. Chalk indicated the Pamunkey tribe will still continue on the federal route for approval which includes Class 2 (slots) and Class 3 (all gaming).

Mr. Sisco wanted clarification on who the General Manager for MacArthur Center is and Mr. Chalk confirmed it is Jim Wolford.

ADJOURNMENT

A motion was made, seconded and unanimously approved to adjourn the meeting at 8:30 a.m.

Approved by 

- Attachments: 1. Resolution for Michael Cox - Approved
2. Financial Statement Update
3. Citywide Project Update - Presentation