

Economic Development Authority of the City of Portsmouth

May 19, 2020

Electronic Meeting via GoToMeeting

COMMISSIONERS PRESENT:

Neal J. Barber
Bette "Cathy" Drewry
Kyle J. Kovachik – Treasurer
Malcom Mitchell – Vice Chairman
Theresa J. Saunders-Smith
Barbara B. Smith
Ray A. Smith, Sr. – Chairman

ALSO PRESENT:

Robert D. Moore – Secretary
Brian Donahue – Assistant Secretary
Jeff Miller – Deputy City Attorney
Kelsey Swieringa – Assistant City Attorney
Bob Baldwin – Deputy City Manager
Elizabeth M. Psimas – City Councilwoman
John L. Rowe, Jr. – Mayor

Due to the novel coronavirus pandemic, this EDA meeting was held electronically via GoToMeeting pursuant to Ordinance No. 2020-21; each Commissioner attended the meeting electronically.

The Chairman called the meeting to order at 8:00 a.m. The Chairman stated that the meeting was being held electronically, and identified the notices provided to the public to access the meeting.

The minutes from the February 18, 2020 meeting were reviewed.

ACTION: On a motion by Mrs. Saunders-Smith and seconded by Mr. Barber, the Commissioners approved the minutes from the February 18, 2020 meeting as presented.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

Mr. Moore reported that the City has a new CFO, Ms. Mimi Terry. Ms. Terry is working diligently with the Finance Department staff during the COVID-19. It is anticipated that the February, March, April and May financial statements will be presented at the June meeting.

Mr. Moore also reported that the FY2021 Budget Ad Hoc committee, Mr. Kovachik and Mr. Mitchell, will meet with staff to present a proposed budget at the June meeting.

ACTION: On a motion by Mrs. Saunders-Smith and seconded by Mr. Barber, the Commissioners approved the following resolution:

RESOLUTION
(387 Quebec Street)
(Conveyance to City of Portsmouth)

WHEREAS, in February 2020 the City of Portsmouth requested that EDA attempt to acquire 387 Quebec Street (the “Property”) at tax sale for floodplain and stormwater management purposes; and

WHEREAS, EDA acquired the Property for a purchase price of \$31,000 and the payment of \$70 in closing costs; and

WHEREAS, on March 10, 2020 the Portsmouth City Council adopted an ordinance authorizing the City to accept title to the Property from EDA and further appropriating \$31,070 to reimburse EDA for its expenses;

NOW, THEREFORE, it is hereby RESOLVED that:

1. The Chair, Vice Chair and Secretary are each authorized to execute a Deed on behalf of EDA conveying the Property to the City.
2. This Resolution shall be effective immediately upon its adoption.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

Mr. Donahue presented an update on the status of the Local Incentive Grant program.

ACTION: At 8:15 a.m. on a motion by Mr. Mitchell and seconded by Mr. Kovachik, the Authority entered a closed electronic meeting pursuant to Virginia Code subsection 2.2-3708 A.3 and City Council Ordinance 2020 - 21 for the purposes of: Pursuant to Virginia Code subsection 2.2-3711 A.3 discussing the acquisition or disposition of real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, specifically regarding development of 219 Pavilion Drive, 700 Crawford Street, 3335/3345 Victory Boulevard, 0 London Boulevard (Tax Parcel 0032-1160), 409 McLean Street, the Victory Village site, 2520 Turnpike Road, 2610 Turnpike Road, and 2614 Turnpike Road, and properties currently owned by the Greater Portsmouth Development Corporation; and Pursuant to Virginia Code subsection 2.2-3711 A.6 discussing the investment of public funds where competition or bargaining is involved where, if made public initially, the financial interest of the government unit would

be adversely affected, specifically regarding CARES Act funding. **Roll Call Vote:** Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

City Councilwoman Psimas and Mayor John Rowe remained for the Closed Meeting.

ACTION: At 11:28 a.m., on a motion by Mr. Mitchell and seconded by Mr. Kovachik, the Authority entered an open meeting whereby only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and 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 closed meeting just concluded. **Roll Call Vote:** Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

ACTION: On a motion by Mr. Smith and seconded by Mrs. Saunders-Smith, the Commissioners authorized amending the Purchase Agreement for 409 McLean Street to approve a deduction of not to exceed \$250,000.00 from the purchase price for the purpose of addressing environmental issues on the property. **Roll Call Vote:** Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

ACTION: On a motion by Mr. Barber and seconded by Mr. Kovachik, the Commissioners approved the following resolution:

RESOLUTION
(409 McLean)
(Extension of Feasibility Period)

WHEREAS, pursuant to a resolution adopted on October 15, 2018 the EDA entered into a Purchase and Sale Agreement with The Miller Group of Virginia, Inc. (the “Developer”) for the residential development of 409 McLean Street (as amended, the “Agreement”); and

WHEREAS, the Feasibility Period under the Agreement expired on April 22, 2020 but by consent has been extended through May 19, 2020 to provide the Board of the Commissioners the opportunity to consider the Developer’s request for an extension; and

WHEREAS, Developer has been diligent in pursuing the development, including obtaining a wetlands delineation and filing a rezoning application; and

WHEREAS, despite Developer’s diligence certain environmental and permitting issues have arisen that have prevented Developer from completing its Feasibility Period tasks; and

WHEREAS, to allow time for completion of the due diligence, zoning and permitting process it is in the interest of all parties to extend the Feasibility Period for an additional six months;

NOW, THEREFORE, it is hereby RESOLVED that:

1. The amendment of the Agreement to extend the Feasibility Period through October 22, 2020 is hereby approved.
2. The Chair and Vice Chair are each authorized to execute an amendment to the Agreement in accordance with the intent of this Resolution.
3. This Resolution shall be effective immediately upon its adoption.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

ACTION: On a motion by Mr. Barber and seconded by Ms. Smith, the Commissioners approved the following resolution:

RESOLUTION
(3335-3345 Victory Boulevard)
(Purchase and Sale Agreement)

WHEREAS, Riptide IV, LLC (the “Developer”) has proposed to construct a Rip Tide car wash and additional commercial uses (the “Development”) at 3335-3345 Victory Boulevard (Tax Parcels 0534-0310 and 0534-0300) (the “Property”); and

WHEREAS, EDA has negotiated a Purchase and Sale Agreement with Developer (the “Agreement”) pursuant to which the Developer will purchase the Property for a price of \$1,037,500 (the “Purchase Price”) and construct the Development; and

WHEREAS, the Property has been vacant for several years and the conveyance of the Property to the Developer and the construction of the Development will increase the City of Portsmouth tax base and provide an amenity for Portsmouth citizens;

NOW, THEREFORE, it is hereby RESOLVED that:

1. The Chair, Vice Chair, and Secretary are each authorized to execute the Agreement on behalf of EDA.
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2. The Chair, Vice Chair, and Secretary and their designees are each hereby authorized to take such further actions and execute such further applications, documents and instruments (including without limitation a Deed conveying the Property and related closing documents) as may be necessary or desirable in furtherance of the conveyance and development of the Property in accordance with the Agreement, as the same may be amended from time to time; provided however, that any subsequent amendment to the Agreement shall be subject to the prior authorization of the Board of Commissioners.

3. This Resolution shall be effective immediately upon its adoption.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

ACTION: On a motion by Mr. Barber and seconded by Ms. Drewry, the Commissioners approved the following resolution:

**RESOLUTION
(0 London Boulevard (Tax Parcel 0032-1160))
(Purchase and Sale Agreement)**

WHEREAS, Lee Hall Plaza, Inc. (the “Developer”) has proposed to construct a retail development (the “Development”) on privately owned property at 1141 London Boulevard, which is the former Rite Aid site; and

WHEREAS, Developer desires to incorporate certain property owned by EDA having an address of 0 London Boulevard (Tax Parcel 0032-1160) (the “Property”) into the Development; and

WHEREAS, EDA has negotiated a Purchase and Sale Agreement with Developer (the “Agreement”) pursuant to which the Developer will purchase the Property for a price of \$250,000 (the “Purchase Price”); and

WHEREAS, the Purchase Price exceeds the assessed value of the Property; and

WHEREAS, the Property has been vacant for several years and is best utilized in conjunction with the adjacent former Rite Aid site; and

WHEREAS, the conveyance of the Property to the Developer and the construction of the Development will increase the City of Portsmouth tax base and provide an amenity for Portsmouth citizens;

NOW, THEREFORE, it is hereby RESOLVED that:

1. The Chair, Vice Chair and Secretary are each authorized to execute the Agreement on behalf of EDA.
2. The Chair, Vice Chair, and Secretary and their designees are each hereby authorized to take such further actions and execute such further applications, documents and instruments (including without limitation a Deed conveying the Property and related closing documents) as may be necessary or desirable in furtherance of the conveyance and development of the Property in accordance with the Agreement, as the same may be amended from time to time; provided however, that any subsequent amendment to the Agreement shall be subject to the prior authorization of the Board of Commissioners.
3. This Resolution shall be effective immediately upon its adoption.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

ACTION: On a motion by Mrs. Saunders-Smith and seconded by Mr. Mitchell, the Commissioners approved the following resolution:

**RESOLUTION
(Victory Site Development Agreement)**

WHEREAS, EDA owns an approximately 50 acre site with direct interstate access and highway visibility located off of Victory Boulevard (the “Property”); and

WHEREAS, by Resolution adopted on July 16, 2019, the Board of Commissioners authorized staff to market the Property for development of an entertainment district to include casino gaming (the “Development”); and

WHEREAS, the Property was successfully marketed and on November 18, 2019 a Memorandum of Understanding (“MOU”) was executed between EDA and Rush Street Gaming LLC (together with its affiliates, including Portsmouth Gaming Holdings, LLC, the “Developer”); and

WHEREAS, during its 2020 session the Virginia General Assembly passed legislation authorizing the licensing of casinos in five Virginia localities, including Portsmouth (the “Legislation”); and

WHEREAS, the Legislation requires each casino developer to invest no less than three hundred million dollars (\$300,000,000) in its project; and

WHEREAS, the Legislation further establishes a strict timeline for state and local approval of proposed casino developments, including that a proposed developer must be pre-approved by the Department of the Lottery, and that thereafter a referendum must be held on November 3, 2020 to allow the citizens of Portsmouth to determine whether or not to allow a casino in the city; and

WHEREAS, EDA, the City of Portsmouth and the Developer have negotiated a proposed Development Agreement (the "Agreement") for construction of the Development on the Property, contingent upon approval of the referendum; and

WHEREAS, the Agreement provides for a phased project including the development of a casino, hotel, conference center, parking garage, and various outparcel uses which may include additional entertainment venues such as bowling alleys, theaters and restaurants; and

WHEREAS, under the Agreement the Developer will acquire the Property in phases for a purchase price of \$400,000 per acre, with a minimum purchase price of \$10,000,000 at the initial closing; and

WHEREAS, the Development can be transformative for Portsmouth, including through providing substantial annual tax revenues for the City and numerous jobs for residents, creating a significant tourist destination and amenities for residents to enjoy, and providing EDA with substantial revenues from the sale of the Property;

NOW, THEREFORE, it is hereby RESOLVED that:

1. The Chair and Vice Chair are each authorized to execute the Agreement and one or more Deeds conveying the Property, or portions thereof, on behalf of EDA.
2. The Chair, Vice Chair, and Secretary of the EDA and their designees are each hereby authorized to execute such further agreements, closing documents, applications, plats and other documents or instruments as may be necessary or desirable in their discretion in furtherance of the Development and the implementation of the Agreement.
3. The Chair, Vice Chair, and Secretary of the EDA and their designees are each hereby authorized to take such further actions as may be necessary or desirable in their discretion in furtherance of the Development and the implementation of the Agreement.
4. This Resolution and the actions authorized herein are contingent upon confirmation by City Council of the Developer's designation as a preferred casino developer under the Legislation.
5. This Resolution shall be effective immediately upon its adoption.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

ACTION: On a motion by Ms. Drewry and seconded by Ms. Smith, the Commissioners approved the following resolution:

RESOLUTION
(2520, 2610, 2614 Turnpike Road)
(Sale of Property)

WHEREAS, the Virginia Department of Transportation performed a project to widen Turnpike Road in Portsmouth; and

WHEREAS, VDOT acquired property necessary for the road widening project and upon completion of the project it conveyed all remnant parcels of the property that were not necessary for the project to the City of Portsmouth; and

WHEREAS, the remnant parcels include 2520 Turnpike Road (Tax Parcel 0183-0480), 2610 Turnpike Road (0183-0550), and 2614 Turnpike Road (0183-0560) (collectively and less, save and except areas to be dedicated as right of way, the “Property”)

WHEREAS, Gary Muhammad (the “Developer”) has offered to acquire 2520 Turnpike Road for a purchase price of \$51, 590 and 2610 Turnpike Road and 2614 Turnpike Road for a combined purchase price of \$20,000; and

WHEREAS, the total proposed purchase price is \$71,590 (“Purchase Price”); and

WHEREAS, the Developer intends to construct single family detached residential dwellings on the Property; and

WHEREAS, conveyance of the Property to the Developer would provide new housing stock, and would benefit the City and its residents financially by returning the Property to the tax rolls and saving the City costs for mowing and other maintenance; and

WHEREAS, this Resolution is subject to the adoption of a Resolution by City Council authorizing conveyance of the Property to EDA;

NOW, THEREFORE, it is hereby RESOLVED that:

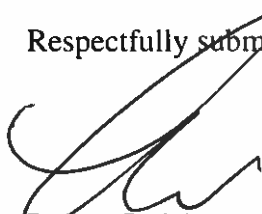
1. The Chair, Vice Chair, and Secretary are each authorized to execute on behalf of EDA an Agreement for the sale of the Property to Developer for the Purchase Price.

2. The Chair, Vice Chair, and Secretary and their designees are each hereby authorized to take such further actions and execute such further applications, documents and instruments (including without limitation a Deed conveying the Property and related closing documents) as may be necessary or desirable in furtherance of the conveyance of the Property in accordance with the Agreement.
3. This Resolution shall be effective upon adoption of a Resolution by the Portsmouth City Council authorizing conveyance of the Property to EDA.

Roll Call Vote: Mr. Barber – yes; Ms. Drewry – yes; Mr. Kovachik – yes; Mr. Mitchell – yes; Ms. Saunders-Smith – yes; Ms. Smith – yes; Mr. Smith – yes.

With no other business before the Board the electronic meeting was adjourned at 11:39 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. D. Moore', written over the text 'Respectfully submitted,'.

Robert D. Moore
Secretary