

NORFOLK, VIRGINIA

MEETING OF COUNCIL

THURSDAY, FEBRUARY 17, 2022

Mayor Kenneth Cooper Alexander, called the meeting to order at 4:00 p.m. with the following members present: Mrs. Courtney R. Doyle, Mrs. Mamie B. Johnson, Mrs. Andria P. McClellan, Mr. Paul R. Riddick, Ms. Danica J. Royster, Mr. Tommy R. Smigiel Jr., Vice Mayor A. Martin Thomas Jr., and Mayor Kenneth Cooper Alexander.

AGENDA

Overview of Military Circle Request For Proposals

Presenters: Dr. Larry H. Filer II, City Manager
Mr. Jared M. Chalk, Director of Economic Development

Dr. Filer stated tonight's presentations for Military Circle redevelopment are presented by two of the three finalists' teams.

Mr. Chalk next provided an overview on the Request for Quotes and Request for Proposal (RFQ/RFP) process. The process began with two studies: Vision 2100 and the Urban Design Associates (UDA) Study. Both plans led to a set of City Council priorities.

Project goals and requirements were created. The process also included resident engagement. We wanted to create and cultivate the Arts, community choice, strong and safe neighborhoods, and we wanted this to be a catalyst for surrounding communities.

Projects such as this require a lot of funding and we wanted to ensure that we are maximizing the public investment and minimizing public risk. We also wanted to make sure we are promoting inclusive economic development and creating permanent jobs for workers of various skill levels, and a diverse and inclusive team throughout this process.

Crossroads Partnership LLC

Project Team Members present: Mr. Stephen Ballard, Mr. Emmitt Smith, Mr. Vernon Marrow, Mr. Dev Pathik, Mr. Chuck Steedman (Additional Team Members were present virtually)

Unique Development Components

Sports Tourism and Community Engagement

- The Sports Tourism Industry = \$45B
- New Revenues from Outside the Taxing District Based on Events by ASM Global and Sports Facilities Companies (SFC)
- Youth Sports Tourism has been among the fastest growing travel segments for 10yrs+ but it has left many kids out of sport
- Model creates inventory that is most frequently utilized by local kids and families
- Creates access for underserved youth and families
- Produces measurable lifelong health, social, income, and wellness outcomes

Health and Wellbeing
School of Public Health

- Centralized brick and mortar location option for the School of Public Health
- Access to improve outcomes
- Address public health and inequalities in underserved communities

Diversity, Equity, and Inclusion
Wealth Creation

- Proposal will provide and actively market an Opportunity Zone Fund program for investors of color
- With this proposal, investors can be individuals or businesses looking to invest capital gains in this project
- Access is one of the most impactful steps to eradicating the wealth gap
- Calvary Revival Church – partner with church leadership and its congregation to source investment opportunities

Overall program includes:

Retail, grocery, green space, walking trail, residential, office, school, hotel, sports/entertainment center, arena, and structured parking

Project schedule – Total construction duration 54 months

Financing:

- 100% private finance
- No community development authority (CDA) required
- Only request from Norfolk = Creation of tax increment financing (TIF) and tourism improvement district (TID)

(Conceptual photographs, project drawings, site plans, and a video were presented.)

CLOSED SESSION

Motion for closed session was approved on February 17, 2022 at 5:12 pm for purposes which are set out in **Clause 29** of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act:

(29) Discussion of the award of a public contract submitted through an RFP from Crossroads Partnership, LLC, for redevelopment in the Military Circle area; where discussion of the terms or scope of such contract in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr., Alexander

NO: None.

CLOSED SESSION RESOLUTION

A Resolution certifying a closed meeting of the council of the City of Norfolk in accordance with the provisions of the Virginia Freedom of Information Act.

ACTION: ADOPTED

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr., Alexander

NO: None.

Norfolk MC Associates LLC

Project Team Members Present: Mr. Bruce Thompson, Mr. Bryan Cuffee, Mr. Rob Uhrin, Ms. Tina Neal, Mr. Bob Howard (Additional Team Members were present virtually)

The Development Premise

- To accomplish the city's stated goals and objectives as specifically referenced in the RFP for Military Circle.
-
- There needs to be a central focal point that supports the city and the developer's vision; to act as the catalyst to attract residential, retail, and business interests, and continued redevelopment of the broader surrounding area.

Two Options considered:

- Arena
- Central Park

Arena Due Diligence Conclusions

Financial

- Norfolk would have to be willing to provide potentially as much as \$100 million to the Arena Developer
- Norfolk would have to increase both real estate taxes and hospitality related taxes to support a "major" bond offering
- Its unlikely that neighboring cities would participate financially with the City of Norfolk, and/or the developer, even though they would be beneficiaries
- Would require substantial investment in infrastructure improvements to manage stormwater and increased traffic
- No direct tax benefit to the City

Norfolk MC Associates Conclusion:

- An Arena can not meet the City stated fiscal goals (maximize direct taxes to the city/reduce city risk)
- An Arena will require public "bond" support that fails in most cities particularly when there is not a major sports team or tenant (university)
- An Arena conflicts with existing and future office users

- The most recent arena projects that have moved forward have had a major professional sport franchise as a tenant (NBA, NHL, etc.) which is currently not available to Norfolk.

Why The Well?

Central Park

- 43 Acre Central Park and Lake meets and far exceeds all community stated goals for Military Circle redevelopment.
- The Well Central Park (and its ability to grow) will be the catalyst for current and future development creating a national model proving that environmental sustainability, diversity and inclusion, and a robust economic development can coexist in a thriving urban development project.
- Not only does The Well exceed all the city's stated nonfinancial goals for developing a community, but exceeds all economic objectives.
- No upfront money or risk to the City, and no tax increases to existing residents or businesses.
- \$643 million dollars in direct economic impact to the City starting Day 1
- No prolonged negotiations, land acquisitions, or referendums are required.
- The Well is "shovel" ready within 12 months of the development agreement.
- Compatible with Sentara's current and future operations in Norfolk.
- Open Space is designed to double in size as neighboring redevelopment occurs in the future.

Partnership with Norfolk State University

A partnership with Norfolk State University creates a life-changing environment for opportunity that will enhance the school's hospitality curriculum, support small-, minority-, and woman-owned businesses, entrepreneurs, and build a branded hotel that will serve as a real-world training laboratory for NSU hospitality students.

LISC Support from Non-Profits

The Local Initiatives Support Corporation (LISC) is a nationally respected non-profit organization dedicated to promoting the advancement of resilient and inclusive communities across the country. LISC invests in affordable housing, small businesses, community safety and justice, quality education and programs that connect people with financial opportunity. LISC agrees that the Well project "aligns perfectly" with their objectives to improve the region's social determinants of health (i.e., those factors outside the clinical setting that impact health outcomes.) LISC can provide grants and funding assistance to support the following initiatives:

- NSU/Education
- Recreation Center
- Daycare
- Affordable housing
- Grocery

Net Zero & Environmental Resilience

The Wells goal is to design a sustainable, Net-Zero carbon emissions community

- The Well will partner with Sun Tribe Solar to provide on and off-site solar solutions to generate renewable energy equal to energy consumed for a net-zero impact to the environment.
- The plan for The Well converts the existing site that is 89% impervious to 42% impervious by creating over 40 acres of open space, planting over 1,000 trees and restoring native landscaping to improve water and air quality creating a model environment for communities of the future.
- Create internal office environments that provide improved air quality and circulation with special considerations for employees.

Professional Advisors Financing Conclusions

- The revenue and tax assumptions are valid.
- The financing will not require any “upfront” money from the City.
- The financing will not require the City’s credit enhancement, nor the “Full faith and credit” guarantee from the City
- Direct Tax to the City/CDA as projected at \$643 million through 2056 is realistic.
- Financing is readily available for the project as early as 12 months from development agreement execution.
- The plan allows the EDA and City to recover 100% of their investment to date with interest.
- Perseverance has completed 3 successful bond deals with Gold Key/PHR.

What is The Well going to cost the City of Norfolk?

- No debt, no debt guaranties, no moral obligation, and no financial obligation to support the Community Development Authority (CDA bonds)
- No subsidy
- City only commits to forming a CDA and a Special Service District (SSD)

What does the City of Norfolk get?

- Recovery of City investments in Military Circle Mall Land - \$15.9 million plus \$20 million in interest (total \$35.9 million) and during the life of the bonds the city will receive \$643 million in direct tax revenue.
- \$663 million in new capital investment
- \$643,491,657 in direct tax revenues through 2056 (with \$440,167,202 for the CDA bonds and \$203,324,455 to the City)
- \$30,872,955 in annual direct tax revenues from The Well after CDA bonds are paid in full
- 2,200 jobs (over 1,800 permanent and 400 construction)
- A new 8,000 seat outdoor performing arts amphitheater
- A new world-class public recreation center
- 53 acres of open space, plazas, gardens, softscape and lake
- Expansion of the Norfolk State University Campus and presence in the region
- Retain Sentara Corporate presence in Norfolk
- New housing – 864 multifamily residential units, inclusive of 300 affordable housing units
- A new grocery/fresh food market
- Increased Pump Station Capacity

- A model community for sustainability which positively impacts the social determinants of health
- A project that can begin construction within approximately 12 months of a signed development agreement.

(Conceptual photographs, drawings, site plans, and a video were presented.)

ADJOURNMENT