



City of Petersburg

Economic Development Authority Meeting

Regular Meeting

Minutes

December 17, 2020

5:00 p.m.

Virtual Meeting

Join Zoom Meeting

<https://zoom.us/j/96507866720?pwd=VWVmSHdpMTJSVGUwZzE1TThtaM0hOdz09>

Meeting ID: 965 0786 6720

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1. **Call to order** – Chairman Samuel Rhue

2. **Roll call of members-** Cynthia Boone

Dr. Ahkinyala Abdullah; Mr. Raymond Crockett, Mr. Lafayette Jefferson Mr. Michael Packer, Mr. Samuel Rhue, Mr. Winston Sanders; Mr. Richard Taylor (arrived after the roll call)

City of Petersburg Staff

Mr. Lionel Lyons

Mr. Anthony Williams, City Attorney and EDA Attorney

Ms. Kelly Evko, Interim Director of Economic Development

Ms. Cynthia Boone, Administrative Assistant

Clay Mansell, Economic Development - Fellow

3. **Approval of the Minutes:**

July 2, 2020 – Mr. Packer made a motion to approve the meeting minutes. It was second by Mr. Lafayette Jefferson. Mr. Rhue moved that the meeting minutes be accepted. The minutes were approved unanimously.

November 19, 2020 -Mr. Packer made a motion to approve the meeting minutes. It was seconded by Mr. Lafayette Jefferson. Mr. Rhue moved that the meeting minutes be accepted with the necessary corrections submitted by Dr. Abdulla. The minutes were unanimously accepted by the board.

4. **Financial Report**

Mr. Richard Taylor, Secretary /Treasurer provided the financial report during Old Business. He stated that there have not been any deposits or withdraws since the financial report at the November meeting.

5. **Report from the Chairman-** Mr. Samuel Rhue

Mr. Rhue thanked everyone for joining the meeting. He stated he is looking forward to assisting with the City and Economic Development with the expanding and opening of new businesses, increasing the tax base and with the Strategic Plan objectives in 2021.

6. New Business

a. FOIA & COIA Training -Mr. Anthony Williams, EDA Attorney

Mr. Williams presented a PowerPoint on the FOIA and COIA training. At the end of the presentation, he asked if there were any questions. Mr. Jefferson asked how to initiate a FOIA disclosure request. Mr. Williams said we would determine what the exemptions are for, and if the exemptions apply, the EDA will send the request to the FOIA office. If the FOIA officer is not able to respond to the request, then they can forward it to the EDA attorney for response. Mr. Jefferson asked if it is possible for board members to get FOIA requests. Mr. Williams answered yes and said it can be as informal as a citizen causally requesting a document. Mr. Jefferson asked if the timeframe starts when first received. Mr. Williams said the request begins immediately. Mr. Jefferson also asked a question about conflict of interest and wanted to know if clarity can be incorporated into the EDA bylaws. Mr. Williams said to stay on the side of caution, and if a board member feels a conflict of interest, they should recuse themselves. Dr. Abdullah asked with a conflict of interest, if they had an issue with a vote, could they recuse themselves form the vote. Mr. Williams said yes, but it is a balance. He stated that board members should vote as their responsibility but shouldn't practice constant recursion since that neglects their duties as a board member. The board member should make the concern known to other members and EDA director and seek resolution of the issue. Kelly Evko thanked Mr. Williams for the extensive presentation.

7. Old Business

a. **Update on Hotel Petersburg:** Dr. Nathaniel Cuthbert

Dr. Cuthbert stated that the gap funding for the project which they had applied for from the Virginia Tourism Corporation was not approved. The Industrial Revitalization grant from the Department of Housing and Community Development was not awarded to the project. He stated how COVID-19 has made the requirements to meet the needs of a grant for a hotel in Petersburg difficult.

Financial institutions are hesitant to loan money for hotel projects. He stated that local incentives are a possibility and the EDA may need to play a role in them acquiring this funding from the City. Mr. Packer asked if there was a way for the EDA to assist in identifying funding.

Dr. Cuthbert and Micheal Packer presented a PowerPoint on how they have identified a potential funding source for the gap financing they need for the project using a percentage of the City Meals Tax. The presentation elaborated on the schematics of the hotel and how they anticipate \$18,385 in revenue from the room reservations daily which will generate \$4,669,000 annually. Dr. Cuthbert explained how the development investment would cost \$17,476,000. Current funding lacks \$2,636,000 that would have to be covered by gap financing. He explained how Hotel Petersburg is in the enterprise zone. He explained that one of the incentives of being in the enterprise zone is that there is an exemption on the first \$2,000,000 in real estate taxes to be deferred for up to five years. An incentive they are seeking to assist with the gap financing for his project is a period of 10 years, they will be requesting to receive 65% of the meal and lodging taxes go to a fund for the EDA. This tax will go through the City to the EDA, who will act as a third party lender of the gap financing to reimburse Hotel Petersburg. Second scenario, If the EDA

receives grants the EDA would keep 65% of the meals tax accumulated from the hotel to use on other future economic development projects. The City of Petersburg would still benefit from this arrangement from other taxes and utility fees. Mr. Packer argues that it is better for the City to get a portion of taxes rather than nothing. Mr. Packer concludes his presentation and asks if Dr. Cuthbert has any comments. Mr. Packer is not asking the board for any action tonight. They must present this to City Council for approval and hope action be taken during the January 5, 2021 Council Meeting. Once they received that approval, then they can come back to the EDA during their January 21, 2021 meeting to ask for action/vote.

Mr. Rhue asked if there are any questions. Mr. Jefferson asked who the developers were. Dr. Cuthbert responded that the development team is himself and his four children, along with Paul Cooper, Retro Hospitality, RevPar, which is a hotel feasibility forecasting company, Commonwealth Preservation, who has helped in the historic tax credits, and Joanne Williams. Mr. Jefferson also asked about the hiring of the people of Petersburg if Petersburg money will be spent towards this project. Dr. Cuthbert stated their hope is to use local labor for construction, but also for staffing of the Hotel once it is operational; however, there is no way to guarantee this and they are willing to explore ways of guaranteeing this.

Mr. Sanders asked, assuming the city can provide the gap loan, he asked what percentage towards completion the project is and what the risk to the EDA if the project is not completed or the grant cannot be funded. Mr. Packer said the EDA would not enter into any agreement where the EDA would have any liability or risk and that the developer would have to match any financing deficiencies. Mr. Packer said on the completion rate, that the primary lender would have to make sure that the money is in place before construction begins. Mr. Rhue asked about a grant. Mr. Packer said that it should come as a grant if possible. Kelly Evko brought attention

back to the deferred fee listed in the presentation. Mr. Packer said that with historical projects, the IRS allows for 20% of the hard costs of development to be added on for purposes of getting tax credits.

Mr. Rhue requested that copies of the presentation to be sent to EDA board members and what the next step is. Kelly Evko said that City Council would have to approve this since it involved public money. Dr. Abdullah asked for further clarification of how this would benefit the citizens of Petersburg and the diversity of contractors. Mr. Rhue mentioned a possible partnership with Virginia State University. Dr. Cuthbert mentioned Mr. Paul Cooper would like to partner with VSU, but that might have to require the project beginning before further action can take place. However, they will begin to research this.

b. Economic development report: Kelly Evko, Interim Director Economic Development

Kelly Evko introduced Sergei Troubetzkoy, Tourism Director for the City of Petersburg. Mr. Troubetzkoy expounded on his background and expertise. He highlighted the Main Street Program and the benefits of this program. He stated how the City plans to place signs celebrating historical figures to include slaves from the City. Mr. Jefferson commented that black people during the period of Petersburg history were “enslaved” and not slaves. Mr. Troubetzkoy stated he will ensure that the correction of the word will be included in the printed material. Mr. Troubetzkoy stated how the program would include diversity form history for the City and will not exclude anyone.

Kelly Evko thanked Mr. Troubetzkov. She began to give an overview of projects for the Department of Economic Development. She stated the Economic Development Department continues to work on disposing of City-owned property. Mr. Rhue asked about a list of City-owned properties and asked if that list is available. Mr. Mansell

stated the list is constantly being updated and is available on the economic development website. Kelly mentioned that the Department of Housing and Community Development's Industrial Revitalization grant which the city applied for over the funding the city applied for the Hotel Petersburg (Tabb Street) was not approved and was limited due to covid-19. The Department of Housing and Community Development chose 3 other projects in the state which had their financing in place. The Department of Housing and Community Development had a total of 1.5 million dollars to award to 3 projects. The city has applied for this grant the past 2 years. The city can reapply next year.

8. Announcements

- a. Next meeting date-January 21, 2021 at 5:00pm

9. Adjournment

Mr. Rhue thanked everyone for attending. Mr. Packer thanked Mr. Williams for providing the FOIA and COIA training this evening. Mr. Packer also thanks the Petersburg City Council for allowing Mr. Williams to act as the EDA attorney. He recognized the two new members of the EDA, Dr. Abdullah and Mr. Crockett. Mr. Packer looks forward to reviving the EDA and becoming more involved in economic development efforts in the City. Mr. Rhue thanked the City administration team and wished everyone a Happy Holidays.