

RESOLUTION NO. 13224-19

A RESOLUTION AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE AND THE CITY CLERK TO ATTEST, ON BEHALF OF THE CITY OF NEWPORT NEWS, VIRGINIA, THAT CERTAIN MASTER AGREEMENT FOR REGIONAL ECONOMIC DEVELOPMENT, DATED THE 1ST DAY OF JULY, 2019, BY AND BETWEEN THE HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE, THE CITY OF CHESAPEAKE, THE CITY OF FRANKLIN, THE CITY OF HAMPTON, THE COUNTY OF ISLE OF WIGHT, THE CITY OF NEWPORT NEWS, THE CITY OF NORFOLK, THE CITY OF POQUOSON, THE CITY OF PORTSMOUTH, THE CITY OF SUFFOLK, THE COUNTY OF SOUTHAMPTON, AND THE CITY OF VIRGINIA BEACH.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Newport News:

1. That it hereby authorizes and directs the City Manager to execute and the City Clerk to attest, on behalf of the City of Newport News, Virginia, that certain Master Agreement for Regional Economic Development by and between the Hampton Roads Economic Development Alliance, the City of Chesapeake, the City of Franklin, the City of Hampton, the County of Isle of Wight, the City of Newport News, the City of Norfolk, the City of Poquoson, the City of Portsmouth, the City of Suffolk, the County of Southampton, and the City of Virginia Beach.
2. That a copy of the said Master Agreement for Regional Economic Development is attached hereto and made a part hereof.
3. That this resolution shall be in effect on and after the date of its adoption, April 23, 2019.

PASSED BY THE COUNCIL OF THE CITY OF NEWPORT NEWS ON APRIL 23, 2019

Mabel Washington Jenkins, MMC
City Clerk

McKinley L. Price, DDS
Mayor

A true copy, teste:

City Clerk

EXECUTION COPY

MASTER AGREEMENT FOR REGIONAL ECONOMIC DEVELOPMENT

This **MASTER AGREEMENT FOR REGIONAL ECONOMIC DEVELOPMENT** (as in effect from time to time, "*Agreement*") is entered into as of July 1, 2019 ("*Effective Date*"), by and between the **HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE**, a Virginia non-stock, non-profit corporation ("*Alliance*"), the **CITY OF CHESAPEAKE**, a political subdivision of the Commonwealth of Virginia ("*Chesapeake*"), the **CITY OF FRANKLIN**, a political subdivision of the Commonwealth of Virginia ("*Franklin*"), the **CITY OF HAMPTON**, a political subdivision of the Commonwealth of Virginia ("*Hampton*"), the **COUNTY OF ISLE OF WIGHT**, a political subdivision of the Commonwealth of Virginia ("*Isle of Wight*"), the **CITY OF NEWPORT NEWS**, a political subdivision of the Commonwealth of Virginia ("*Newport News*"), the **CITY OF NORFOLK**, a political subdivision of the Commonwealth of Virginia ("*Norfolk*"), the **CITY OF POQUOSON**, a political subdivision of the Commonwealth of Virginia ("*Poquoson*"), the **CITY OF PORTSMOUTH**, a political subdivision of the Commonwealth of Virginia ("*Portsmouth*"), the **CITY OF SUFFOLK**, a political subdivision of the Commonwealth of Virginia ("*Suffolk*"), the **COUNTY OF SOUTHAMPTON**, a political subdivision of the Commonwealth of Virginia ("*Southampton*"), and the **CITY OF VIRGINIA BEACH**, a political subdivision of the Commonwealth of Virginia ("*Virginia Beach*;" Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Southampton and Virginia Beach individually and collectively, whether one or more, "*Public Investors*"). Each of the Alliance and the Public Investors are referred to individually as a "*Party*" and collectively as the "*Parties*."

RECITALS:

A. The Parties desire to stimulate growth of businesses, high paying jobs, tax base, the regional economy and economic opportunity for the citizens, businesses, cities and counties in the Hampton Roads region of Virginia ("*Region*"). Accomplishing this objective requires a regional working relationship that is cooperative, harmonious, aligned and adequately resourced.

B. The Parties have determined that the findings and recommendations set forth in the report on *Inward Investment and Business Environment Improvement Actions* (March 2018), issued by IBM-Plant Location International ("*Report*"), should be used as a strategic plan to guide the Region's economic development efforts. The Report recommends that the Region's economic development efforts primarily focus on the following industry sectors (collectively, "*Targeted Industries*"): Shared Services, IT and Software Development, Food Processing, Transport Technologies, Data Analytics and Transportation/Distribution. The Report also recognizes that from time to time additional industry sectors may warrant inclusion in the Targeted Industries and that a portion of Alliance resources should be made available to develop opportunities in such additional sectors. Examples of such additional industry sectors include cybersecurity, biotech R&D and manufacturing, data centers and other opportunities arising from the Region's investment in broadband infrastructure and the transcontinental undersea data cables connecting the Region and the Mid-Atlantic United States to Europe and South America.

C. The Parties intend to implement a comprehensive regional economic development program on the terms set forth in this Agreement that is consistent with the following core principles:

(i) The program will be investor/customer oriented to improve the Region's competitive position and to better serve the investors in the Alliance;

(ii) Marketing, messaging, regional site preparation/development, workforce development, cluster development and innovation through business expansion, retention and attraction will be coordinated regionally;

(iii) The vehicle for this initiative will be a true regional/local partnership between government, business, education and non-profits in the Region with visible and active leadership from the highest levels including CEOs, Mayors, Chairs, Chief Administrative Officers and Presidents;

(iv) Sustainable resources of at least \$4 million annually will be provided to the Alliance, funded equally by business and government;

(v) The Report will be utilized as a strategic plan to guide the Region's comprehensive economic development strategy; and

(vi) A public-private steering committee will be formed to provide leadership to advance the restructuring and resourcing of the Region's economic development program.

NOW, THEREFORE, for and in consideration of the covenants set forth in this Agreement, the Parties stipulate and agree as follows:

1. Term of Agreement. The initial term of this Agreement begins on July 1, 2019 and expires on June 30, 2022. Thereafter, unless a Party notifies the other Parties that it will withdraw from this Agreement not less than thirty (30) days prior to the end of the initial term or the then current term, the term of this Agreement automatically will renew and be extended for an additional one (1) year period.

2. Funding by Public Investors. The Public Investors will provide annual funding ("**Public Funding**") to the Alliance in an amount approximately equal to the total commitments for annual funding provided to the Alliance by contributors that are not Public Investors (*e.g.*, individuals, businesses, non-profit organizations, educational institutions, foundations, parties providing grants, commissions and boards (individually and collectively, whether one or more, "**Private Investors**")). Payment of Public Funding may be made in annual, semi-annual or quarterly-annual installments as determined by each Public Investor in its discretion from time to time.

(i) Baseline Public Funding. For the fiscal year July 1, 2019 to June 30, 2020, Public Funding for each Public Investor will be in the baseline amounts set forth on Exhibit A attached to and incorporated in this Agreement by this reference. Beginning in 2020 and annually

thereafter, the Public Investors collectively will determine their respective funding amounts for the forthcoming fiscal year so that the aggregate amount of Public Funding is consistent with the principles set forth in Section 3.

(ii) Annual Appropriation. Notwithstanding anything to the contrary in this Agreement, (i) funding to be provided by each Public Investor pursuant to this Agreement is subject to annual appropriation in each Public Investor's annual budget and (ii) failure of any Public Investor to make an annual appropriation of its required annual funding under this Agreement prior to July 1 of any year in the term of this Agreement will not constitute a breach of this Agreement by such Public Investor but rather will constitute the automatic withdrawal of such Public Investor from this Agreement. Any Public Investor that is automatically deemed to have withdrawn from this Agreement will no longer be entitled to any benefits, or have any future obligations, under this Agreement.

3. Equal Funding by Private Investors and Public Investors. One of the core principles of this Agreement, and of the engagement and financial support from Private Investors, is that sustainable resources of at least \$4 million annually be provided to the Alliance, funded equally by Public Investors and Private Investors. Consequently, if at any time (i) the annual funding provided by Private Investors is less than the annual funding provided by Public Investors, then the Public Investors may reduce the Public Funding to a level approximately equal to the annual funding provided by Private Investors and (ii) the annual funding provided by Public Investors is less than the annual funding provided by Private Investors, then the Private Investors may reduce their annual funding to a level approximately equal to the Public Funding. Notwithstanding the provisions of this Section, the Parties acknowledge that it is unlikely that annual funding by Public Investors and Private Investors ever will be exactly equal due to Public Investors funding pursuant to budget appropriations on a fiscal year basis, funding from Private Investors being made on a calendar year basis and the Parties' expectation that annual funding will take approximately three years to reach approximately \$4 million annually.

4. Obligations of the Alliance. The Alliance will have the following responsibilities and obligations:

(i) Annual Plan. Establish an annual business plan ("*Annual Plan*") that includes a budget, staffing and the programs and actions to be taken by the Alliance during the forthcoming year, including goals, action items and performance metrics to be used to manage and measure progress in implementing the Annual Plan ("*Performance Metrics*"). The Annual Plan and Performance Metrics will be consistent with the Report's recommendations, subject to available financial resources and staffing. The Annual Plan and Performance Metrics may be adjusted periodically by the Alliance Board of Directors. If Performance Metrics are not being achieved, then the Alliance Board of Directors and Alliance management will assess the relevant causative factors and implement appropriate measures in response to such factors. Failure to meet any Performance Metrics will not, by itself, constitute a breach of this Agreement unless the Alliance fails to develop and implement appropriate responses.

(ii) Services and Functions. The Alliance will:

(a) Be the lead and single point of contact and information source for outside investors, Virginia Economic Development Partnership (“*VEDP*”) and other state agencies, real estate brokers, real estate developers, franchise utilities, the Port of Virginia, site consultants, workforce boards, educational institutions and all other parties seeking to invest in or be involved in the Region’s economic development.

(b) Develop a regional operating protocol with VEDP.

(c) Manage regional and support local responses to outside investors throughout the overall site/facility location evaluation and selection process.

(d) Work collaboratively with the Public Investors and other regional economic development stakeholders to (A) develop the Region’s economic development strategy, value proposition and message development and (B) market the Region as a location for business operations, quality and inclusive economic growth and talent attraction and job creation through local, national and international marketing campaigns and business development activities. Primary focus will be given to economic growth within the Targeted Industries.

(e) Develop and manage the Region’s business retention, expansion and organic growth strategy, in conjunction and collaboration with the Public Investors’ economic development departments and other organizations involved in the Region’s economic development strategy, including growth of business clusters and startups within the Targeted Industries. This will include monitoring, benchmarking, assessing and directly supporting a local and regional business retention and expansion strategy.

(f) Support each Public Investor’s efforts to close economic development transactions.

(g) Work collaboratively to enhance the Region’s long-term regional business environment improvement programs and efforts as set forth in the Report, including regional talent and workforce development, site and facility development, pro-business regulations and return on investment driven economic incentives.

(h) Organize and manage the Region’s economic developer team (“*RED Team*”). The Red Team will (A) obtain input from the Public Investors and other organizations involved in regional economic development into the Annual Plan, (B) develop and implement marketing and branding strategies for the Region, (C) coordinate with each Public Investor’s economic development department, and other organizations involved in regional economic development, on implementation of the Region’s economic development strategy and performance of the Annual Plan, (D) ensure that regional and local economic development efforts are aligned, are complimentary, are cost effective and do not conflict or compete with each other, (E) develop and implement a regional operating protocol between the Alliance and the Public Investors to promote coordination of communications regarding economic development inquiries and (F) develop and implement a regional operating protocol between the Alliance and the Public Investors to promote coordination of site preparation and development in support of the Region’s economic development strategy.

(i) Work collaboratively with each Public Investor’s economic development department to benchmark local and regional competitiveness and regularly provide data and information regarding matters that could impact each Public Investor’s ability to attract or retain business and employment.

(j) Maintain and develop regional business intelligence (demographic, market and property data, etc.) in coordination with the Hampton Roads Planning District Commission, ReInvent Hampton Roads, Go Virginia, the Port of Virginia and local universities, and serve as an information source in support of regional and local economic development.

(iii) Annual Report. Provide an annual report to the Public and Private Investors covering the Alliance's activities, budget and achievement of Performance Metrics for the applicable period.

5. Obligations of the Public Investors. The Public Investors will:

(i) Recognition of Role of the Alliance. (a) Designate the Alliance as its official regional economic development organization and single point of contact for regional marketing, business attraction, client communications and care and (b) work cooperatively with the Alliance with respect to business attraction, closing in-bound investment opportunities, business retention and expansion and marketing and messaging in support of the Annual Plan and the Region's economic development strategy. For the avoidance of doubt, this provision does not preclude Public Investors from facilitating the expansion and retention of existing businesses within their respective jurisdictions or from pursuing leads and opportunities with new-to-market companies that have selected a specific jurisdiction as their preferred location for business investment. It is the intent of the Parties that they will have a regional working relationship that emphasizes communication and is collaborative, cooperative and aligned to maximize economic development opportunities.

(ii) Funding. Provide their respective shares of the Public Funding.

(iii) RED Team. Direct and appoint their senior economic development officer to be the primary staff liaison to the Alliance and represent the Public Investor on the RED Team, and ensure that regional and local economic development efforts are aligned, are complimentary, are cost effective and do not conflict or compete with each other.

(iv) Engagement in Governance of the Alliance. Designate an elected official (Mayor/Chair or other elected official) to serve on the Alliance Board of Directors and actively participate in and represent the Public Investor in Alliance governance and program matters. This person will serve as the Public Investor's key communication liaison with the Alliance. The Public Investor's chief administrative officer may serve as an alternate voting representative on the Board of Directors in the absence of such elected official.

(v) Services and Functions. The Public Investors will:

(a) Actively align and coordinate their economic development activities and efforts to ensure that such activities and efforts are supportive of the Region's overall regional economic development strategy and do not duplicate or conflict with the regional strategy and the Annual Plan.

(b) Cooperatively work with the Alliance to improve regional and local competitiveness and market readiness to support the growth and expansion of the Targeted Industries.

(c) Coordinate with the Alliance to develop, monitor, benchmark, assess and implement an effective local and regional business retention and expansion strategy.

(d) Participate in the Alliance and RED Team planning processes to help ensure that the Annual Plan and operating protocols incorporate the Public Investors' priorities.

(e) Respond to leads or prospects referred by the Alliance in a timely manner pursuant to protocols established by the Alliance and approved by the RED Team.

(f) Participate in the Alliance led marketing and business development activities designed to promote the Region overall as a business location.

6. Governance of the Alliance. Management and governance provisions for the operation of the Alliance are set forth in the Alliance Bylaws. The Parties recognize that revisions to such governance and management Bylaw provisions will be required to provide more effective and efficient management and governance for the Region's economic development program. The Parties and the Private Investors will evaluate and implement a governance structure that may include, among other revisions, the following:

(a) Public Investors that provide at least \$125,000 of annual Public Funding (collectively, "**Major Public Investors**") will have a prominent role in the development of a new governance and management structure.

(b) The Major Public Investors will be represented on the Alliance Board of Directors.

(c) At-large representation on the Alliance Board of Directors and a subcommittee structure will be utilized to provide opportunities for all Public Investors to have input into the operation and direction of the Alliance.

7. Administrative Provisions.

(i) Entire Agreement. This Agreement contains the entire agreement of the Parties regarding the subject matter of this Agreement, and there are no other terms, obligations, covenants or conditions, oral or otherwise, of any kind whatsoever.

(ii) Amendments; Waivers. No change or modification to, or waiver of any provision of, this Agreement will be binding or enforceable unless in writing and signed by the Parties.

(iii) Assignment. This Agreement, and the rights and obligations of the Parties under this Agreement, may not be assigned by any Party without the prior written consent of all Parties.

(iv) Additional Public Investors. Should any other city or county desire to become a party to this Agreement from time to time, such city or county may do so by signing and delivering a Joinder Agreement also approved and signed by the Parties.

(v) Counterparts. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original but all of which together will constitute one and the same

agreement. This Agreement and any amendments or joinders to this Agreement, to the extent signed and delivered by means of a .PDF, facsimile machine, email or other electronic transmission, will be treated in all manner and respects and for all purposes as an original agreement or instrument and will be deemed to have the same binding legal effect as if it were the original signed version thereof delivered in person.

(vi) Severability. If any term, covenant, condition or provision of this Agreement is unlawful, invalid or unenforceable, such illegality, invalidity or unenforceability will not affect the remaining provisions of this Agreement, which will remain in full force and effect and will be binding on the Parties.

(vii) Headings. The headings of the sections of this Agreement are inserted for convenience only and do not affect the meaning or interpretation of this Agreement or any provision of this Agreement.

(viii) Construction. Unless the context requires otherwise, singular nouns and pronouns used in this Agreement will be deemed to include the plural, and pronouns of one gender will be deemed to include the equivalent pronoun of the other gender.

(ix) Notices. All notices, requests, demands or other communications provided for in this Agreement must be in writing and will be deemed to have been given and received, when addressed to the Parties at the addresses set forth on their respective signature pages to this Agreement, (a) one (1) business day after being sent by reputable overnight carrier for priority next day delivery, charges prepaid, or (b) five (5) business days after being sent by registered or certified U.S. Mail, return receipt requested, postage prepaid. Each Party may designate a different or additional address or addressee from time to time by notice to the other Parties.

(x) Default by Alliance. If the Alliance fails to fulfill any material obligation under this Agreement and such failure continues for more than sixty (60) days after notice of such failure is given by a Public Investor, then the Public Investors may terminate this Agreement by notice to the Alliance; *provided* that if the remedy requires work to be done or actions taken which by their nature reasonably cannot be accomplished within such period, then no default will be deemed to exist if the Alliance commences and diligently pursues appropriate remedies to completion within one hundred twenty (120) days or such longer period as may be approved by the Public Investors.

(xi) Applicable Law. This Agreement will be governed by, and will be construed and performed in accordance with, the laws of the Commonwealth of Virginia.

(xii) No Third-Party Beneficiaries. This Agreement is for the benefit of the Parties only. No other person or entity will have any right or entitlement, whether as third-party beneficiary or otherwise, with respect to or by reason of any provision of this Agreement.

[Remainder of page intentionally left blank; signature pages follow.]

[Signature page—Master Agmt for Regional ED]

IN WITNESS WHEREOF, an authorized representative of each of the Parties has signed this Master Agreement for Regional Economic Development effective as of the Effective Date.

HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE,
a Virginia non-stock, non-profit corporation

By: _____ (SEAL)
Print Name: Robert S. Herbert
Title: Interim President and CEO

Address for Notices:
500 East Main Street
Suite 1300
Norfolk, VA 23510
Attn: President/CEO

[Signatures continue on next page]

[Signature page—Master Agmt for Regional ED]

CITY OF NEWPORT NEWS,
a political subdivision of the Commonwealth of Virginia

By: _____ (SEAL)

Name: Cynthia D. Rohlf

Title: City Manager

APPROVED AS TO FORM AND CORRECTNESS:

City Attorney

APPROVED AS TO CONTENT:

City Manager

Address for Notices:

2400 Washington Avenue, 10th floor

Newport News, Virginia 23607

Attn: City Manager

With a copy to:

2400 Washington Avenue, 9th floor

Newport News, Virginia 23607

Attn: City Attorney

[Signature pages for each Public Investor to be added]

[Signatures continue on next page]

EXHIBIT A

<u>Public Investor</u>	<u>Baseline 2019-2020 Public Funding</u>
Chesapeake	\$ 240,397
Franklin	\$ 8,176
Hampton	\$ 134,669
Isle of Wight	\$ 36,552
Newport News	\$ 179,388
Norfolk	\$ 244,703
Poquoson	\$ 12,053
Portsmouth	\$ 94,572
Suffolk	\$ 90,237
Southampton	\$ 17,750
Virginia Beach	<u>\$ 400,000</u>
Total	\$ 1,458,932