

**NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY
BOARD OF COMMISSIONERS SPECIAL MEETING**

**June 30, 2023
8:30 a.m.
227 27th Street, Newport News**

1. Pledge of Allegiance to the Flag of the United States of America
2. Roll Call
3. Consider approval of minutes of regular meeting, June 20, 2023.
4. New Business
 - a. Consider a resolution approving the dissolution of the Brooks Crossing Grocery Store LLC and transfer of the property to the Newport News Economic Development Authority
5. Any other business to come before the Board.
 - Comments from the Public: (*Time Limit 5 Minutes*)
6. Adjournment

**Minutes of a Meeting of the
Newport News Redevelopment and Housing Authority
June 20, 2023**

Having duly given public notice, the Board of Commissioners of the Newport News Redevelopment and Housing Authority met at 227 27th Street, in the City of Newport News, Virginia, at 8:30 a.m. on Tuesday, June 20, 2023.

Pledge of Allegiance

Mr. Holloman led the assembly in the Pledge of Allegiance to the Flag of the United States of America.

Roll Call

The meeting was called to order by the Chairman, and those present were as follows:

Commissioners present: -

Kenneth Penrose
William Black
George Knight
Barbara Holley
Thaddeus Holloman
Lou Call

Dr. Wallace-Davis's absence were excused.

Also present:

Raymond H. Suttle, Jr.
Kaufman & Canoles, P.C.

Karen R. Wilds
Executive Director

Lysandra Shaw
Deputy Executive Director

Carl V. Williamson
Director of Housing

Valarie Ellis, Director
Administrative Services

Lisa Dessoffy, Director
Finance

David Staley, Director
Community Development

Teresa Bennett
Executive Assistant

Torkeesha Brooks
Executive Assistant

Justin Orié
NNRHA IT Department

Tricia Wilson – via Zoom
City of Newport News, Department of Development

Approval of Minutes, May 16, 2023

Commissioner Knight moved that the minutes of the meeting of the Board of Commissioners held on May 16, 2023 be approved. The motion was seconded by Commissioner Call and passed with a majority vote. Mr. Holloman abstained as he was not present for the May meeting.

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Communications

The following communications were provided to the Board and reviewed by the Executive Director. Ms. Wilds provided the Board with a letter from Nya Cyrus who was the recipient of the NNRHA Commissioners scholarship. Ms. Cyrus plans on attending Old Dominion University to study Psychology.

New Business

Public Hearing

Mr. Penrose announced a Public Hearing was being held June 20, 2023 to receive comments on the proposed Central Office Cost Center and Public Housing Operating Budgets for FY 2023-2024 and authorizing the Chairman to sign HUD form 52574. Copies of the budgets we posted on our website at 222.nnrha.com

No public comments or emails were made or received.

Commission Black made a motion to close the Public Hearing. Commissioner Holloman seconded the motion which passed with a unanimous vote.

**The Board of
Commissioners of the
Newport News
Redevelopment and
Housing Authority
Approving the Central
Office Cost Center and
Public Housing
Operating Budgets for
FY 2023-2024 and
Authorizing the
Chairman to sign HUD
form 52574**

The Board had been provided copies of a resolution approving the Public Housing budgets and Central Office Cost Center (COCC) budget for FY 2023-2024. The budgets are based on an estimated 98% of our eligible subsidy from HUD, consistent with the proration available to the Authority for FY 22-23. The total revenue for all Asset Managed Projects (AMPs) is \$8,018,935. This is more than FY23 (\$896,585 or 12.5%) mainly because the Authority will receive the Asset Repositioning Fee (ARF) for the redevelopment of Ridley Place. The projected net operating subsidy of \$5,251,159 makes up the bulk of our total revenue and is up \$1,132,746 over last year, due to the increased calculated eligibility for the properties and increased funding for Ridley. The net rental revenue collected from tenants projected for this fiscal year is \$2,139,295. This is overall \$170,296 less than last year due to a decrease in per unit tenants' rents and more accurate rent forecasting utilizing our current average rents rolls, which is based on current household income. All properties are projected to have occupancy rates of 95-99%.

Projected investment income is up significantly due to increased earnings on the VML/VACO Net Asset Value Stable Fund Investments. The current dividend rate averages around 5.2%.

Total maintenance expenditures are budgeted to decrease by \$25,332 to \$1,645,264. The budgeted insurance line items have increased by \$51,054 or 13.9%, mostly due to overall market conditions. We increased property and auto insurance costs, acquiring additional coverage for Property Manager Error and Omissions and Umbrella Insurance policies. Our General Expenses includes such items as our Payment-in-lieu-of-taxes (PILOT) and collection losses (2% of rents) which are both a function of total rental income and are slightly down from last year. The budget for the Central Office Cost Center (COCC) was also provided to the Board. The revenue for the COCC is made up of fees allowed to be assessed to all programs administered by the Authority. The total projected revenue is \$3,244,438 which is approximately \$63,819 more than in FY23. Overall COCC expenses total \$3,210,356 (4.8% more than last year) leaving a positive cash flow of \$34,082. This increase is mostly attributed to increased payroll and health insurance costs. Both budgets allow for a 5% salary increase to all staff which is recommended to be given at the start of the fiscal year.

Commissioner Knight made a motion to approve the resolution. Commissioner Black seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

**The Board of
Commissioners of the
Newport News
Redevelopment and
Housing Authority
Authorizing Charge off
of Tenants' Accounts
Receivable**

The Board had been provided copies of a resolution authorizing charge off of tenants' accounts receivable, seven months, ending April 30, 2023 – all Public Housing properties. There are 56 accounts recommended for charge-off action with a total dollar value of \$168,483.66 for the period of October 1, 2022 – April 30, 2-23. The average amount per vacated account is \$3,008.63. Recoveries from previously charged-off accounts are \$17,345.93 for the 12 months ending April 30, 2023. In December 2022 the Board approved charge-offs for May 1 – September, 2022 in the amount of \$62,531.17. This reduces our actual loss to \$213,668.90 this fiscal year representing 9.2% of anticipated rents. We budget 2% of our net rental revenue as a collection loss. Ms. Wilds stated the eviction moratorium ended last summer and we began dealing with the large number of households who would not comply with a repayment agreement in the ensuing months. This has been the major factor influencing the excessive write offs for this period. Ms. Wilds indicated we anticipate

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this turning around for the next period.

Commissioner Knight made a motion to approve the resolution. Commissioner Holley seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

**The Board of
Commissioners of the
Newport News
Redevelopment and
Housing Authority
Adopting the Housing
Opportunity through
Modernization Act of
2016 – Section 103 Over-
Income Rule**

The Board had been provided copies of a resolution adopting the Housing Opportunity through Modernization Act of 2016, Over Income Rule Provision – Section 103. Ms. Wilds stated the Department of Housing and Urban Development (HUD) requires all Public Housing Authority's (PHA's) to establish new limits regarding whether a public housing household can continue living in public housing if its income exceeds a maximum limit set by the Department of Housing and Urban Development. Specifically, the Housing Opportunity through modernization Act of 2016 (HOTMA), Section 103 applies to all PHA's with 250 or more public housing units. According to the statute, after a household's income has exceeded the over-income limit for 24 consecutive months (the "grace period"), a PHA must either terminate the household's public housing tenancy within six months or charge the household an alternative non-public housing rent ("alternative rent"). The alternative rent must equal the greater of the Fair Market Rent (FMR) or the amount of monthly subsidy provided for the unit as determined by the amount of Operating and Capital Funds apportioned to a unit. Once a family is determined to be over-income, NNRHA must notify the head of household. HOTMA requires PHAs to report the total number of Over Income (OI) households living in public housing and the total number of households on a PHA's public housing waiting list each year. The number of households living in public housing with income exceeding the over-income limitation will include the number of households in the 24 consecutive month grace period, the number in the period before termination and the number of non-public housing over-income (NPHOI) families paying the alternative rent. NPHOI households cannot participate on a resident council or receive a HUD utility allowance. Currently, we have no residents affected by this policy.

Commissioner Holloman made a motion to approve the resolution. Commissioner Knight seconded the motion which passed with a unanimous vote. The resolution is attached to and made a part of these minutes.

Report to the Board

A Report to the Board for May, 2023 had been provided to the Commissioners. A copy of the subject report is on file in the office of the Executive Director.

Mr. Williamson reported nine (9) residents received scholarship assistance from the Newport News Redevelopment and Housing Authority. A virtual Scholarship Award program was held. Ms. Wilds welcomed all recipients, sponsors and guest. Howard Gwynn, Commonwealth Attorney for the City of Newport News was the guest speaker. Each student was introduced and allowed to share a few words of gratitude.

A single-family home was purchased by an HCV-V participant in Newport News.

Ms. Dessofoy reported June 30th is the end of the fiscal year for the Authority. We will start the audit in the fall.

Ms. Shaw reported the Lift and Rise residential units are complete and move-ins began in late May. We have 31 move-ins as of last week. There are another 41 applications that are being processed. There are only approximately 9 units that have not been assigned. We expect lease-up to be completed with the month. At the Ridley site there is foundation work and framing underway. Completion of Ridley III-R, the northern portion, is planned for March 2024 and Ridley IV-R, the southern portion, is planned for November 2024. The final design for the Health and Wellness Trail has been submitted to the City for approval. For the downtown housing, as mentioned last month, the Authority was awarded \$5 million in HUD CNI supplemental development funding for construction of replacement housing. The CNI development team is still awaiting Virginia Housing action on competitive Low Income Housing Tax Credit (LIHTC) application for the Downtown Phase, a 73-unit, four story elevator building at 28th and Washington Avenue. In the final rankings the project scored third and is unfunded. Virginia Housing staff has indicated that our application will be reconsidered for approval to the Virginia Housing brand in late June. USI continues to conduct outreach to Ridley residents, as well as complete needs assessments for each household. Currently, 168 former Ridley families are enrolled in case management and family supportive services.

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Ms. Ellis reported the elevator in the Wilbern building is still down. Due to supply chain issues, we are still waiting on a part. We are hopeful that the elevator will be repaired by the end of August. We are making reasonable accommodations for those that cannot manage the stairs.

Mr. Staley reported the residential rehabilitation for fiscal year July 1, 2022 through June 30, 2023 has increased 25% from last year. We have had 41 cases this year up from 33 cases last year. We attribute the increase to the positive impact of the Choice Neighborhood Initiative has had over the entire southeast community and also the marketing exposure of the Residential Façade Program. We anticipate that trend to continue.

Closed Session

Mr. Knight moved the Board enter into a Closed Session for the purpose of: Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation where such consultation or briefing in open meeting would adversely affect the negotiating or litigation posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel in compliance with Virginia Code 2.2-3711 (A) (7). The motion was seconded by Mr. Black.

Coming out of Closed Session Mr. Knight made a motion certifying only public business matters lawfully exempted from open meeting requirements by Virginia Law and only those matters as identified in the motion were discussed in the closed meeting, today. Mr. Knight requested approval of the resolution certifying adherence to the Virginia Freedom of Information Act. The motion was seconded by Mr. Black which passed with a unanimous vote.

Adjournment

There being no other business to come before the Board, the Chairman adjourned the meeting at 9:21 a.m.

Secretary-Treasurer

ITEM NUMBER 4


New Business

- a. Consider a resolution approving the dissolution of the Brooks Crossing Grocery Store LLC and transfer of the property to the Newport News Economic Development Authority

4a

NEWPORT NEWS REDEVELOPMENT AND HOUSING AUTHORITY

MEMORANDUM

DATE: June 26, 2023
TO: All Board Members
FROM: Karen R. Wilds 
Executive Director
SUBJECT: Brooks Crossing Grocery Store LLC

We are meeting today to consider the dissolution of the Brooks Crossing Grocery Store LLC. This is necessitated because all obligations under the New Markets Tax Credits (NMTC) financing have been satisfied. The NNRHA took action on September 15, 2015 to create the referenced LLC in connection with the NMTC program to finance the construction and equipping of the grocery store at Brooks Crossing and closed on the NMTC financing on January 27, 2016. The NMTC program required the continuous operation of the assisted business for seven years. In January 2023, the project met all Community Benefit requirements. At that time the \$2,120,169 loan converted to a grant to the project.

The resolution also authorizes the transfer of the property to the Newport News Economic Development Authority by the LLC.

Taking this action today will allow the transaction to be completed in the current fiscal year and eliminate the need for annual audit for the 2023-24 fiscal year.

The attached resolution is recommended for approval.

**RESOLUTION OF THE NEWPORT NEWS REDEVELOPMENT AND HOUSING
AUTHORITY AS SOLE MEMBER BROOKS CROSSING GROCERY STORE LLC**

WHEREAS, the City of Newport News, Virginia (the “City”) and the Economic Development Authority of the City of Newport News, Virginia (the “EDA”) determined that a food desert existed in the Southeast section of the City; and

WHEREAS, in order to meet the needs of the community and its residents, EDA and the City determined to facilitate the construction of a building containing approximately 28,458 square feet located at 3101 Jefferson Avenue, in the City (the “Property” or “Grocery Store”) to be leased to a grocery store operator in the Brooks Crossing Shopping Center; and

WHEREAS, in order to facilitate the financing of the construction of the Grocery Store, federal income tax credits through the New Market Tax Credit Program (“NMTC”) were utilized; and

WHEREAS, in connection with the NMTC Program, Newport News Redevelopment and Housing Authority pursuant to Section 36-19(12) of the Code of Virginia formed and organized Brooks Crossing Shopping Center LLC to be the owner of the Property and Grocery Store; and

WHEREAS, Brooks Crossing Grocery Store LLC entered into a lease for the Property to Scanlon Enterprises, LLC dated January 27, 2016, an Amendment to Lease Agreement dated September 5, 2017 and an Assignment of Lease Agreement dated _____ to _____ (collectively, the “Lease”); and

WHEREAS, the Compliance Period for the NMTC has expired and the NMTC has been completed; and

WHEREAS, it is now the appropriate time to dissolve and cancel Brooks Crossing Grocery Store LLC and to transfer the Property and assign the Lease to the EDA.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE AUTHORITY AS SOLE MEMBER OF BROOKS CROSSING GROCERY STORE LLC THE FOLLOWING:

NNRHA hereby cancels and dissolves Brooks Crossing Grocery Store LLC and the Executive Director, Karen R. Wilds, is authorized to execute any and all necessary documents to cancel and dissolve Brooks Crossing Grocery Store LLC with the State Corporation Commission.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to execute a deed and other necessary documents to convey the Property to EDA and an Assignment of Lease and Contracts to transfer the Lease on the Property any and all contracts and agreements associated with the Property.

This Resolution shall be effective immediately this 30th day of June, 2023.

NEWPORT NEWS REDEVELOPMENT
AND HOUSING AUTHORITY

BY: _____
Kenneth P. Penrose, Jr., Chair

ATTEST:

BY: _____
Karen R. Wilds
Secretary Treasurer

ASSIGNMENT OF LEASE AND CONTRACTS

This ASSIGNMENT AND ASSUMPTION OF LEASE AND CONTRACTS ("Assignment") is made effective June 30, 2023 (the "Effective Date"), by and between **BROOKS CROSSING GROCERY STORE LLC**, a Virginia limited liability company ("Assignor"), and **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Assignee"), (collectively, the "Parties" and individually, "Party").

RECITALS:

WHEREAS, Assignor was organized and formed to help facilitate and finance the construction of a grocery store in the Southeast community located in the Brooks Crossing Shopping Center (the "Grocery Store") located in the City of Newport News (the "City"); and

WHEREAS, Assignor was a conduit for Assignee in the financing of the Grocery Store as part of New Market Tax Credit Program financing arrangement; and

WHEREAS, the compliance period for the New Market Tax Credit Program has expired and the New Market Tax Credit Program for the transaction has been completed; and

WHEREAS, Assignor will be dissolved, cancelled and will cease to exist as of June 30, 2023; and

WHEREAS, Assignor has conveyed and transferred the real property located at 3101 Jefferson Avenue, Newport News, Virginia (the "Property") to Assignee; and

WHEREAS, Assignee has entered into a lease agreement (the "Lease") with the tenant operator of the Grocery Store with Harrell Enterprise and other contracts and agreements (the "Contracts") related to the Property that it now wishes to assign to Assignee.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Parties hereto hereby agree as follows:

AGREEMENT:

1. **Assignment and Assumption.** Assignor hereby assigns, sets over and transfers to Assignee, and Assignee hereby assumes, all of Assignor's right, title and interest in and the Lease and Contracts.
2. **AS-IS.** Assignor represents that to the best of Assignor's knowledge; Assignor is not in breach or default of the Lease and/or Contracts nor has Assignor received a notice of default. Assignor has not made and does not make any express or implied warranty or representation of any kind whatsoever with respect to the Lease and Contracts and rights assigned hereunder, including but not limited to, compliance of the Lease and Contracts with the requirements of any law, rule, specification or contract pertaining thereto. Assignee accepts the Lease and Contracts and rights assigned hereunder on an "AS IS, WHERE IS, WITH ALL FAULTS" basis.

- 3. **GOVERNING LAW.** This Assignment and all transactions hereunder shall be governed by the laws of the Commonwealth of Virginia.
- 4. **Counterparts.** This Assignment may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment effective as of this 30th day of June, 2023.

ASSIGNOR:

BROOKS CROSSING GROCERY STORE LLC, a Virginia limited liability company

By: Newport News Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, its sole member

By: _____
Karen R. Wilds, Executive Director

APPROVED AS TO FORM:

Raymond H. Suttle Jr.
Counsel to Brooks Crossing
Grocery Store LLC

ASSIGNEE:

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS, VIRGINIA, a political subdivision of the Commonwealth of Virginia

By: _____
Florence G. Kingston, Secretary/Treasurer

APPROVED AS TO FORM:

Raymond H. Suttle Jr.
Counsel to EDA

TITLE INSURANCE UNDERWRITER: Unknown to preparer.

THIS DOCUMENT IS EXEMPT FROM TAXATION PURSUANT TO VIRGINIA CODE §58.1-811(A)(3) and §58.1-811(C)(4), AS AMENDED AS TO GRANTOR'S TAX

PREPARED BY AND RETURN TO:
Raymond H. Suttle, Jr. VSB#28902
Kaufman & Canoles, P.C.
11815 Fountain Way, Ste 400
Newport News, VA 23606

Tax ID No. 305040239
Consideration \$0.00
Assessed Value: \$4,120,000.00

THIS DEED, made this 30th day of June, 2023, by and between **BROOKS CROSSING GROCERY STORE LLC**, a Virginia limited liability company, Grantor, party of the first part; and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS, VIRGINIA**, a political subdivision created and existing under the laws of the Commonwealth of Virginia, Grantee, party of the second part, whose mailing address is 2400 Washington Avenue, Newport News, VA 23607.

WITNESSETH: That for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged, the said Grantor does grant and convey with General Warranty and English Covenants of Title unto to the said Grantee, its successors and/or assigns, forever, the following described property, to-wit:

All that certain lot, piece or parcel of land situate, lying and being in the City of Newport News, Virginia, together with all improvements thereon and appurtenances thereto belonging known and designated as PARCEL A-5, on that certain plat entitled, "PLAT SHOWING SUBDIVISION, PAREL A, PROPERTY OF ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF NEWPORT NEWS, VIRGINIA", dated December 18, 2015, made by VHB, Transportation Land Development Environmental Services, and duly recorded in the Clerk's Office of the Circuit Court for the City of

Newport News, Virginia (the "Clerk's Office") as Instrument No. 150018545.

Together with and subject to those certain non-exclusive easement granted in the Master Declaration of Easements, Covenants and Restrictions dated December 29, 2015 as Instrument No. 150018544, as amended by Declaration of Easements, Covenants and Conditions (Brooks Crossing-Parcels A-3, A-4, A-5, A-6 and A-7) dated December 29, 2015 and recorded in the Clerk's Office aforesaid as Instrument No. 150018546.

Subject, however, to any and all easements, restrictions and provisions of record affecting the same property.

Together with all and singular the buildings and improvements thereon, rights and privileges, tenements, hereditaments, easements and appurtenances unto the said land belonging or in anywise appertaining.

(Signatures appear on the following page)

WITNESS the following signature and seal:

BROOKS CROSSING GROCERY STORE LLC, a Virginia
limited liability company

By: _____
Its: Karen R. Wilds, Authorized Representative

Approved as to form:

By: _____
Raymond H. Suttle, Jr., Esquire

COMMONWEALTH OF VIRGINIA
City of _____, to-wit:

The foregoing instrument was acknowledged before me in Newport News, Virginia, this
the 30th day of June, 2023, by Karen R. Wilds, Authorized Representative of Brooks Crossing
Grocery Store LLC, a Virginia limited liability company, who is personally known to me, or
produced _____ as identification.

Notary Public

My commission expires: _____

ITEM NO. 5
Other Business