



Legislation Details (With Text)

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Title: Resolution Approving a Commonwealth’s Development Opportunity Fund Performance Agreement among the City of Hampton, Virginia, the Economic Development Authority of the City of Hampton, Virginia, the Virginia Economic Development Partnership Authority, and HII Technical Solutions Corporation, and to Appropriate those Grant Funds to be Received by the City to the Economic Development Fund and Authorize Subsequent Transfer of those Grant Funds to the Economic Development Authority of the City of Hampton, Virginia

Sponsors:

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Resolution Approving a Commonwealth’s Development Opportunity Fund Performance Agreement among the City of Hampton, Virginia, the Economic Development Authority of the City of Hampton, Virginia, the Virginia Economic Development Partnership Authority, and HII Technical Solutions Corporation, and to Appropriate those Grant Funds to be Received by the City to the Economic Development Fund and Authorize Subsequent Transfer of those Grant Funds to the Economic Development Authority of the City of Hampton, Virginia

PURPOSE/BACKGROUND:

The purpose of this resolution is to approve the City of Hampton's (the "City") participation in a Commonwealth's Development Opportunity Fund ("CDOF") Performance Agreement to facilitate the transfer of certain grant funds to be received from the Commonwealth of Virginia pursuant to an award by the Governor through the Virginia Economic Development Partnership Authority ("VEDP") to the Economic Development Authority of the City of Hampton, Virginia ("EDA"), to ultimately be disbursed to HII Technical Solutions Corporation ("HII TSC") for the purpose of inducing HII TSC to acquire, construct, equip, and improve a facility, to be known as the Unmanned Systems Center of Excellence (the "Facility"), in the Hampton Roads Center North ("HRCN") area of the City to design, assemble, and manufacture unmanned systems, provided the HII TSC meets certain criteria relating to capital investment and new job creation.

Discussion:

HII TSC is a Delaware corporation, authorized to transact business in Virginia, and an affiliate of Huntington Ingalls Industries, Inc. HII TSC has announced it intends to work with Campus Parkway, LLC (the "Developer"), a Virginia-based developer, to acquire, construct, lease, equip, and improve the Facility. It is anticipated that approximately \$37,000,000 will be invested in property acquisition

and real estate improvements; and an additional \$9,000,000 will be invested in machinery and tools. It is further anticipated that the Facility will create and maintain 268 new permanent full-time jobs of indefinite duration, with an average minimum annual salary of \$69,201, for which standard fringe benefits shall also be provided. The City has been awarded a grant of and expects to receive \$1,500,000 from the CDOF (the "CDOF Grant"), through VEDP, which it will then disburse to the EDA for administration and disbursement in accordance with the CDOF Performance Agreement. The required local match will be satisfied by the EDA's transfer of property valued at \$1,900,000 to the Developer, in exchange for an equivalent reduction in the purchase option price for HII TSC pursuant to a purchase option.

HII TSC is also eligible to apply for additional local incentives, including the Hampton Enterprise Zone Capital Investment Grant and the Hampton Enterprise Zone Local Utility Tax Refund. EDA has also committed to arrange for the City's Economic Development Department (including specifically its Workforce Development and Minority Programs staff) to work jointly with HII TSC to facilitate collaborative workforce development recruitment and training programs, focused on recruiting and training pipefitters and craftsmen.

Impact:

HII TSC's investment in HRCN will transform formerly vacant property to a center for excellence, which will immediately enhance the value of the City, and may attract and encourage other related and/or complimentary business to similarly locate and invest in HRCN and the City.

Recommendation:

Approve the Resolution.

WHEREAS, HII Technical Solutions Corporation ("HII TSC"), a Delaware corporation authorized to transact business in Virginia, has announced that it intends to work with Campus Parkway, LLC, a Virginia developer, to acquire, construct, lease, equip, and improve a facility to design, assemble, and manufacture unmanned systems, to be known as the Unmanned Systems Center of Excellence (the "Facility");

WHEREAS, the Facility will include a 22,000 square foot facility (the Interim Building) and a 135,000 square foot facility (the Main Building);

WHEREAS, it is anticipated that \$37,000,000 will be invested in property acquisition and real estate improvements; an additional \$9,000,000 will be invested in machinery and tools; and that 268 new jobs will be created and maintained;

WHEREAS, the Governor, through the Virginia Economic Development Partnership Authority ("VEDP"), has awarded a Commonwealth's Development Opportunity Fund ("CDOF") Grant to HII TSC in the amount of \$1,500,000 (the "Grant Funds") for the purpose of inducing HII TSC to make or

cause to be made the aforementioned investments in the City and the Facility in accordance with the Commonwealth's Development Opportunity Fund Performance Agreement (the "Agreement");

WHEREAS, pursuant to the Agreement, VEDP will pay the Grant Funds to the City, after which the City will disburse those funds to the Economic Development Authority of the City of Hampton, Virginia (the "EDA") for the administration and disbursement of the Grant Funds to HII TSC in accordance with the Agreement;

WHEREAS, the stimulation of the additional tax revenue and economic activity to be generated by the total capital investment and the creation of new employment opportunities constitutes a valid public purpose for the expenditure of public funds and is the animating purpose for the CDOF Grant; and

WHEREAS, in order for the City to receive the CDOF Grant from the Commonwealth of Virginia, the City, the EDA, VEDP, and HII TSC it must first enter into the Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Council for the City of Hampton as follows:

1. That it authorizes and directs the City Manager to execute, on behalf of the City of Hampton, Virginia, any and all documents necessary to effect and implement a Commonwealth's Development Opportunity Fund Performance Agreement among the City, the EDA, the VEDP, and HII TSC;
2. That it appropriates those Grant Funds in the anticipated sum of \$1,500,000.00 to the Economic Development Fund; and
3. That it authorizes the transfer of those Grant Funds to the EDA for administration and disbursement in accordance with the Agreement.