



RICHMOND CITY COUNCIL

NAVY HILL DEVELOPMENT WORK SESSION

October 7, 2019

Darrin L. Glymph, Esquire

Orrick, Herrington & Sutcliffe LLP

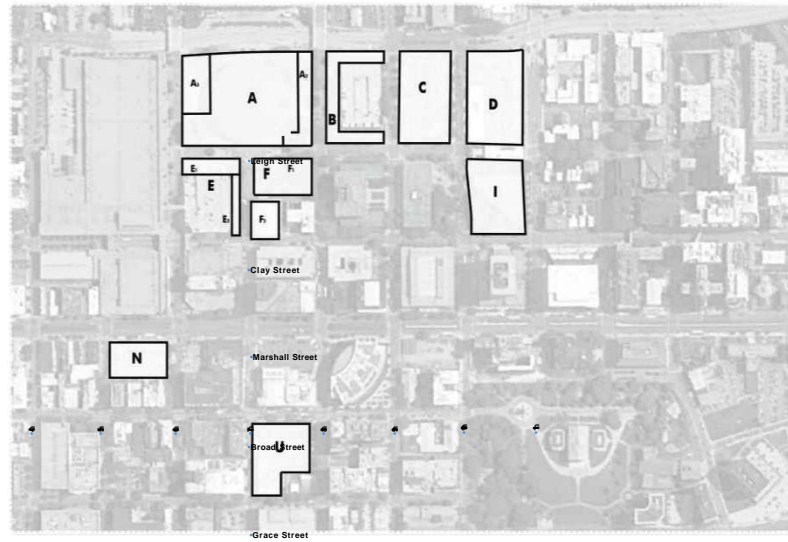




What is the Navy Hill Development?

- The Navy Hill Development is the largest economic development project in the history of the City of Richmond and is expected to result in \$1.5 billion of investment and produce:
 - New 17,500 seat Arena
 - Renovation of Blues Armory
 - 500 Key Hotel – Upper Upscale or Luxury
 - 480 units of Affordable Housing
 - Space for new GRTC Transit Center
 - Road Projects
 - Location for a New Department of Social Services Building

Master Plan



block	uses	min area by use	area by block	capital investment
		gross floor square feet	gross square feet	minimum
A1	arena	415,000	415,000	\$235,000,000
A2	multi-family residential	230,000	255,000	\$66,411,704
	retail	25,000		
A3	office	254,500	277,900	\$133,294,544
	retail	23,400		
B	multi-family residential	203,000	228,000	\$46,175,871
	retail	25,000		
C	multi-family residential	195,500	483,500	\$157,286,000
	office	213,000		
	GRTC Transit Center	65,000		
	retail	10,000		
D	office / research	475,000	645,000	\$307,272,848
	retail	15,000		
	hospitality	155,000		
E	multi-family residential	93,390	107,390	\$23,548,426
	retail	14,000		
F1	hotel	341,651	349,138	\$162,984,184
	retail	7,487		
F2	retail / food market	18,000	54,000	\$10,000,000
	hotel support	36,000		
I	multi-family residential or	439,000	541,000	\$136,930,656
	office retail	102,000		
N	multi-family residential or office	416,340	430,590	\$133,590,870
	retail	14,250		
U	multi-family residential and/or hotel	377,000	410,250	\$123,121,056
	retail	33,250		



Who are the Parties to the Navy Hill Development?

- **City of Richmond**

- Location of Navy Hill Project
- Oversight of Public Improvements
- Location of Increment Financing Area
- Economic beneficiary of the Development

- **Economic Development Authority**

- Issuer of Bonds, Landlord to the Arena and Armory Leases
- All functions will be performed by the City Administration

- **NH Foundation**


- Not-for-profit organized by community leaders to oversee NH District Corporation

- **NH District Corporation**

- Not-for-profit organized to implement the Navy Hill Project
- Party to legal documents

- **Capital City Partners**

- Private entity formed to raise private money and develop the mixed-use private development, the Arena, and the Armory



What is the overall legal structure of the Navy Hill Development

- **Development Agreement**

- Between the City and NH District Corporation
- Establishes the project development components (private and public) and timing
- Establishes overarching obligations of the parties
- Establishes community benefits imposed on the Developer (affordable housing, MBE participation and Job Creation)

- **Purchase and Sale Agreement**

- Between the City and NH District Corporation
- Creates mechanism for City to sell private parcels to NH District Corporation
- Establishes purchase price for the private parcels

- **Deed of Ground Lease (Arena)**

- Between the EDA and NH District Corporation
- Provides structure for the design, construction, financing, operation and maintenance of the Arena

What is the overall legal structure of the Navy Hill Development

- **Deed of Ground Lease (Armory)**

- Between the EDA and NH District Corporation
- Provides structure for the design, construction, operation and maintenance of the Armory

- **Cooperation Agreement**

- Between the City and the EDA
- Reiterates components of City Increment Revenues from the Navy Hill Fund Ordinance
- Establishes obligation for City to transfer City Incremental Revenues to EDA to repay the Bonds
- City's payment obligation limited to City Incremental Revenues - NO FULL FAITH AND CREDIT PLEDGE OR MORAL OBLIGATION IMPOSED ON CITY

- **Grant Agreement**

- Between the City, the EDA and NH District Corporation
- Establishes Grant to Developer of Certain Taxes (Property Taxes and Admissions Taxes)

What is the Financing and Operating Structure of the Arena

Arena Lease

- EDA will lease Property to NH District Corporation
- 30 year Lease Term
- All functions of EDA will be performed by the City Administration
- NH District Corporation required to design and construct the Arena
- City will approve Technical Requirements of Arena and verify any subsequent refinements
- EDA Revenue Bonds will pay for the Construction of the Arena
- Bonds will be repaid from City Incremental Revenues (no GO or MO pledge)
- Fixed Price Contract – City not responsible for overruns
- Bonds will not be issued until all conditions precedent are satisfied (Private Development must be viable)
- Arena will be operated by Private Operator - City not responsible for operation or maintenance
- City will approve Operation and Maintenance Plan (which is updated every 5 years)
- City not responsible for Security, Law Enforcement or Traffic Management
- NH District Corporation will indemnify the EDA for certain losses
- City entitled to access to Arena and a City Club Suite



What is the Financing and Operating Structure of the Armory

Armory Lease

- EDA will lease Property to NH District Corporation
- 65 year Lease Term with annual rent of \$55,000
- All functions of EDA will be performed by the City Administration
- NH District Corporation required to design, renovate, maintain and operate the Armory
- NH District Corporation will pay all costs related to the renovation, operation and maintenance of the Armory
- City will have NO financial obligation for the Armory
- City will approve Concept Plan of Armory – including Use and Development criteria
- City not responsible for Security, Law Enforcement or Traffic Management
- NH District Corporation will indemnify the EDA for certain losses

What are the Property Transfer Mechanics for Private Development

- **Pursuant to the Development Agreement and the Purchase and Sale Agreement:**
 - Land will be sold by the City to the Developer
 - Purchase Price will be paid upfront and escrowed with independent 3rd Party
 - Projects includes – 500 Key Hotel, 480 units of Affordable Housing, Space for GRTC Transit Center, Road Projects.
 - Developer solely responsible for performing all Work necessary to design, build, operate and maintain the Projects
 - City approves Master Plan, including uses by block, minimum capital investment and square footage
 - Purchase Price will serve as “Developer Performance Security”
 - Numerous conditions imposed on Developer before Financial Close/Issuance of Bonds (executed construction contracts and payment of the Purchase Price)
 - Imposed Covenants to run with land for the Hotel, Affordable Housing and Construction Requirements



Questions?