

# Minutes of the Navy Hill Development Advisory Commission December 7<sup>th</sup> Working Meeting

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Sat., Dec. 7, 2019

9:00  
AM

Richmond City Council Chambers  
900 E. Broad Street, Richmond VA

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## **Members Present**

Pierce Homer (Chair), John Gerner (Vice Chair), Mark Gordon, Grindly Johnson, Suzanne Long, Dr. Hakim Lucas, Mimi Sadler, Michael Schewel, and Dr. Corey Walker.

## **Call to Order**

Pierce Homer called the meeting to order and welcomed the attendees.

## **Introductions**

Individual commission members introduced themselves.

## **Approval of Minutes of the Previous Meeting**

Minutes of the December 4<sup>th</sup> meeting were approved.

## **Disclosures**

There were no disclosures at this meeting.

## **Freedom of Information Act (FOIA)**

There were no FOIA requests since the December 4<sup>th</sup> meeting.

## **City Administration Presentation on Overview of the Navy Hill Project**

Topics included: comments by NHDC Foundation's Monroe Harris; how the proposed Navy Hill redevelopment fits into One Richmond; the need for an arena-based project; and community benefits. Leonard Sledge's presentation slides are available at:

[http://www.navyhillcommission.org/City\\_Administration-Overview\\_of\\_the\\_Navy\\_Hill\\_Project\\_12-07-19.pdf](http://www.navyhillcommission.org/City_Administration-Overview_of_the_Navy_Hill_Project_12-07-19.pdf)

## **Orrick Presentation on Protections and Risk Matrix Response**

Topics included: flow of funds; bond issuance protections; construction protections; operations & maintenance protections; and private development protections. Darrin Glymph and Matthew Neuringer's presentation slides are available at:

[http://www.navyhillcommission.org/Orrick-Navy\\_Hill\\_Development\\_Project\\_Legal\\_Safeguards\\_and\\_Protections-12-07-19.pdf](http://www.navyhillcommission.org/Orrick-Navy_Hill_Development_Project_Legal_Safeguards_and_Protections-12-07-19.pdf)

## **Better Housing Coalition Presentation on Affordable Housing**

Topics included: RVA affordable housing options; community impacts; economic impacts; past development examples; 2020 Strategic Plan goals; development costs; and housing as a community priority. Greta Harris' presentation slides are available at:

[http://www.navyhillcommission.org/Better\\_Housing\\_Coalition-Affordable\\_Housing\\_12-07-19.pdf](http://www.navyhillcommission.org/Better_Housing_Coalition-Affordable_Housing_12-07-19.pdf)

## **Planned Citigroup Presentation on Bond Financing**

Presentation slides are available at:

[http://navyhillcommission.org/Citi-Navy\\_Hill\\_Financing\\_Overview\\_12-07-19\\_v2.pdf](http://navyhillcommission.org/Citi-Navy_Hill_Financing_Overview_12-07-19_v2.pdf)

## **Planned MuniCap Presentation on Navy Hill Revenue Projections**

Presentation slides are available at:

[http://www.navyhillcommission.org/MuniCap-Navy\\_Hill\\_Revenue\\_Projections\\_12-07-19.pdf](http://www.navyhillcommission.org/MuniCap-Navy_Hill_Revenue_Projections_12-07-19.pdf)

**Public Comment Period**

Whitney Whiting asked about the parcels that were earlier identified outside the increment financing area. Kristin Reed talked about past Richmond public-private partnerships and her concerns about governance of development projects. Allan Chipman spoke about sunset provisions for other tax increment financing (TIF) districts. Justin Griffin read quotes from a 1967 study for the existing Richmond coliseum that are similar to comments made today about the proposed arena project. His follow-up email message with a link to the original source is attached. Other written public comments are also attached. These are from Jeff Thomas, Jonathan Miller, and Sheryl Baldwin.

**Adjournment****Audio Recording**

Available at:

[http://www.navyhillcommission.org/2019-12-07\\_Navy\\_Hill\\_Commission\\_Meeting.mp3](http://www.navyhillcommission.org/2019-12-07_Navy_Hill_Commission_Meeting.mp3)

**Recent Press Coverage of Commission Efforts and Members:**

Richmond Times-Dispatch (December 7, 2019)

[https://www.richmond.com/news/plus/with-final-report-due-in-two-weeks-citizen-commission-wrestling/article\\_74910cbe-0e5a-5308-98a1-c5a5bd6cef36.html](https://www.richmond.com/news/plus/with-final-report-due-in-two-weeks-citizen-commission-wrestling/article_74910cbe-0e5a-5308-98a1-c5a5bd6cef36.html)

Richmond Free Press (December 6, 2019)

<http://m.richmondfreepress.com/news/2019/dec/06/independent-unbiased/>

## "A Study of the Proposed Richmond Coliseum" from 1967

Justin Griffin <JG@nocoliseum.com>

Sat 12/7/2019 4:07 PM

To: All Members <members@navyhillcommission.org>

Cc: Pierce Homer <piercehomer@navyhillcommission.org>; John Gerner <johngerner@navyhillcommission.org>

■ 1 attachments (2 MB)

A Study of the Proposed Richmond Coliseum.pdf;

*Available at:*

*<https://nocoliseum.com/Docs/A%20Study%20of%20the%20Proposed%20Richmond%20Coliseum.pdf>*

Commission Members,

Thank you for still allowing public comment today even though the meeting had gone far over its time.

Attached is the study from 1967 about the current Richmond Coliseum which I read from today.

It is a fascinating read. The parallels go far behind what I touched on today.

Hope you have a good rest of the weekend.

Best,  
Justin Griffin

## Navy Hill: Addendum filed to original IRS complaint alleging self-dealing, private inurement, violation of disclosure law

Jeff Thomas <jeffthomasrva@gmail.com>

Sun 12/8/2019 3:46 PM

To: John Gerner <johngerner@navyhillcommission.org>

■ 1 attachments (2 MB)

IRS addendum regarding NH District Corporation Jeff Thomas 12-8-19.pdf;

*Available at:*

[http://www.navyhillcommission.org/IRS\\_addendum\\_regarding\\_NH\\_District\\_Corporation\\_Jeff\\_Thomas\\_12-8-19.pdf](http://www.navyhillcommission.org/IRS_addendum_regarding_NH_District_Corporation_Jeff_Thomas_12-8-19.pdf)

Dear Mr. Gerner,

I regret to bring your attention to the following.

Please see the attached December 8, 2019 addendum to my original November 18, 2019 IRS complaint regarding NH District Corporation. This addendum reveals new evidence supporting allegations of illegal behavior by NHDC that came to light after my original complaint was filed.

I have extremely serious concerns about the 501(c)(3) nonprofit status of NH District Corporation. I have described to the Internal Revenue Service in a complaint and this addendum detailed evidence of a pattern of activity that appears to me to violate federal laws governing 501(c)(3) nonprofits.

I am neither a lawyer nor an IRS agent and cannot offer legal or financial advice. I can only write about what I know as a private citizen and what has been reported in the media. Among other developments, NHDC's spokesperson admitted publicly in writing that it is a sham charity receiving millions of dollars in no-bid "marketing" payments from two for-profit corporations for the benefit of those two for-profit corporations. One of these for-profit companies is inextricably bound to NHDC through financial relationships, its CEO/leader, general counsel/secretary, and a former spokesperson.

On December 2, I requested the organization's application for exemption, Form 1023, which must be disclosed (<https://www.irs.gov/charities-non-profits/public-disclosure-and-availability-of-exempt-organizations-returns-and-applications-documents-subject-to-public-disclosure>). I received a response from NHDC this afternoon, December 8. NHDC has refused to release its application for exemption, Form 1023, to me at this time, although they claim they will provide me a copy in January at the latest. They also admit that their Form 1023 is not widely available (i.e., posted online), but "anticipates" they will do post it on its website "in the next ten business days." I am assuming arguendo that this is a legal response; however, the important point on this matter is that I do not know whether NHDC wrote in its application for exemption, Form 1023, whether its sole source of funds in FY 2017 would not be 'gifts' but money from for-profit corporations to market for those for-profit corporations.

If the IRS does indeed find that NHDC is not a nonprofit charity, then one possible result is that NHDC would lose its tax exempt status and its contributors would have to pay substantial financial penalties. I do not know enough about the law to estimate the likelihood of this happening. Furthermore, the IRS is not permitted to communicate the status of its examination to me or any other third party (<https://www.irs.gov/pub/irs-news/fs-08-13.pdf>).

I am informing you of this because my understanding is that NHDC is using its nonprofit status to lower projected interest rates on bonds and hence estimated financing costs. I do not know what would happen to NHDC's financial claims about the Navy Hill project if the IRS strips NHDC of its nonprofit status.

Thank you,

Jeff Thomas

## Additional questions about the Navy Hill Project

Jonathan Miller <jonathanmillerfina@gmail.com>

Tue 12/10/2019 1:36 PM

To: stephanie.lynch@richmondgov.com <stephanie.lynch@richmondgov.com>; All Members <members@navyhillcommission.org>

Cc: amy.robins@richmondgov.com <amy.robins@richmondgov.com>

Good Afternoon Stephanie and Members of the Navy Hill Commission,

I have a Masters Degree in Finance and I don't yet believe that we can effectively assess the Navy Hill Project.

I have a couple of additional questions about the project and about the new report being commissioned by Council:

1. Is it possible for the new consultancy to review the logic for closing the current Coliseum? I don't believe the financial statements given to the commission were complete. The financial statements for the Coliseum that were provided to the commission include these statements:

A." The schedules are not intended to be a complete presentation of the financial statements of the Richmond Coliseum."

B." The Coliseum shares employees with four other city owned entertainment facilities — Altria Theater, Dominion Arts Center, RVA On Ice, and the Bon Secours Washington Redskins Training Center. During the years ended June 30, 2018 and 2017, payroll and expense allocations to these facilities were \$242,553 and \$475,200, respectively. As of June 30, 2018 and 2017, \$12,424 and \$34,956, respectively, was due for such expenses. During the years ended June 30, 2018 and 2017, payroll allocations from these facilities were \$114,453 and \$291,092, respectively."

In other words, the largest single expense category for the Coliseum was apparently being debited and credited using an opaque formula in which some of those costs were apparently moved from the books of other facilities. Where are the complete audited financials?

Source:

<http://www.richmondgov.com/mayor/documents/ResponseAttachColiseumFinancials1718.pdf>

2. Will the new consultancy be expected to calculate a net present value of the expected future cash flows for the Navy Hill Project? Put simply, a net present value calculation allows you to account for the time value of money. There is a big difference between receiving \$10 million today, versus receiving \$10 million in 30 years. A net present value calculation will account for inflation and investment returns that occur over the time frame of the project.

3. Hunden Analytic Partners assumed that there would be no cannibalizing of existing demand by the new apartments, hotels, restaurants and entertainment venues. They said that our economy would grow enough that this impact would not be noticeable. Will this new study estimate the impact on existing businesses and their cash flows? How can we estimate that?

Thank you for your time and attention.

Regards,

Jonathan Miller  
519 West 20th Street,  
Richmond VA, 23225

## Re: Navy Hill Commission - December 5 Update Information for the Commission on TIFs from The Week

Sheryl Baldwin <jaderesearch@verizon.net>

Wed 12/11/2019 11:15 AM

To: John Gerner <johngerner@navyhillcommission.org>

■ 1 attachments (159 KB)

Navy Hill Facts and Fantasies.pdf;

Available at:

[http://www.navyhillcommission.org/Sheryl\\_Baldwin-Navy\\_Hill\\_Facts\\_and\\_Fantasies.pdf](http://www.navyhillcommission.org/Sheryl_Baldwin-Navy_Hill_Facts_and_Fantasies.pdf)

Dear Sir,

I have research some information about TIFs and other comments and I am attaching them to this message as a PDF file.

I will appreciate your sharing this with other members of this Commission.

I have three main reasons for opposing this bloated project, all three are funding for RPS Schools, as schools are often starved for funding under TIF projects. In addition there has been a complete lack of transparency and blatant disregard for both Virginia and City Charter requirements for competitive procurements. About 2/3 of the no bid contracts leave RVA, going to NoVA and CA, rich sources of Democratic donors. I am deeply suspicious this is another Terry McAuliffe Ripoff Richmond ploy, through which he will obtain donations to his new PAC for federal elections. He created the other one incorrectly, by not bothering to check FEC rules and regulations (since rules have never applied to him) so he is unable to use his existing PAC in federal elections, the reason he is not running for President, along with 0% poll numbers. His current well funded PAC can only be used in Virginia elections. That was a major factor helping swing the Virginia legislature Blue. He has already completely destroyed downtown RVA by eviscerating MCV research capabilities and the BioTech Park, which had provided a positive economic driver for downtown. That destruction of these research capabilities has also led to several laboratories moving out to Henrico County. This project suspiciously originated just a couple of months after McAuliffe learned of his PAC screw up.

An excellent article from The Week is provided in the attached file. I think it would be valuable for other commission members to read the article.

Thank you very much for passing this document on to the other Commissioners.

Sincerely,

**Sheryl Baldwin, PhD**

jaderesearch@verizon.net