

INTRODUCED: March 12, 2018

AN ORDINANCE No. 2018-101

As Amended

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a First Amendment to Stone Brewery Cooperation Agreement, as Amended, dated March 2, 2015, as amended, between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of revising the definition of “Phase 2 Facility” to allow for the demolition of an existing structure and construction of a new building.

\_\_\_\_\_  
Patron – Mayor Stoney

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: MAR 26 2018 AT 6 P.M.

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a First Amendment to Stone Brewery Cooperation Agreement, as Amended, dated March 2, 2015, as amended, between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of revising the definition of “Phase 2 Facility” to allow for the demolition of an existing structure and construction of a new building. The First Amendment to Stone Brewery Cooperation Agreement, as Amended, dated March 2, 2015, as amended, shall be approved as to form by the City

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTAIN: \_\_\_\_\_

ADOPTED: \_\_\_\_\_ REJECTED: \_\_\_\_\_ STRICKEN: \_\_\_\_\_

Attorney and shall be substantially in the form of the document attached to this ordinance.

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST
4-7507
FEB 9 2018

Office of the
Chief Administrative Officer

O&R REQUEST

DATE: February 6, 2018

EDITION 1

TO: The Honorable Members of City Council

RECEIVED

THROUGH: The Honorable Levar M. Stoney, Mayor

Handwritten initials and date: JS 3/6/18

MAR 08 2018

FROM: Selena Cuffee-Glenn, Chief Administrative Officer

Handwritten initials: SUG

OFFICE OF CITY ATTORNEY

FROM: Peter L. Downey, Deputy Chief Administrative Officer for Economic Development and Planning

Handwritten signature: RUF

RE: Amendment of the Cooperation Agreement by and between the City of Richmond and the Richmond Economic Development Authority

ORDINANCE OR RESOLUTION NO: \_\_\_\_\_

PURPOSE: To amend the Stone Brewing Cooperation Agreement dated November 14, 2014 by and between the City of Richmond, Virginia, the Economic Development Authority of the City of Richmond, Virginia ("EDA") for the purpose of revising the definition of "Phase 2 Facility" to allow for the demolition of the existing structure and construction of a new building.

REASON: The adopted Cooperation Agreement stipulates that the in order for the City to amend Cooperation Agreement with the EDA, City Council action is required.

RECOMMENDATION: The City Administration recommends adoption of this ordinance.

BACKGROUND: The City and the EDA entered into the Cooperation Agreement in 2014. According to section 1.3.14 entitled Phase 2 Facility, "Phase 2 Facility" means improvements to the Phase 2 Site, including rehabilitation of an existing 30,000 square foot building known as the Intermediate Terminal Warehouse No. 3, such improvements to constitute a facility for commercial enterprise including retail food and beverage sales, parking, and any ancillary development necessary to accommodate the operations of the Company.

The EDA and Stone have worked for the last year on the design of the Bistro which entailed renovating the existing building located at 3101 E. Main Street. After extensive analysis and design, the parties have determined that the existing structure cannot be renovated, as originally contemplated. According to engineering reports prepared by the Timmons Group and GPRS, structural deficiencies prevent the redevelopment of the building for the Bistro. The cost associated with making structural repairs and addressing floodplain issues renders the redevelopment of the building economically and structurally infeasible. Stone and the EDA have evaluated the cost of demolishing the existing structure and building a new building in which to house the Bistro. The

new facility is expected to be approximately 12,000 square feet, but will be subject to all conditions of the COF Performance Agreement with respect to investment and new job creation. Therefore, the EDA requests that the Cooperation Agreement be amended to allow for the demolition of the existing structure and construction of a new, modern building in which to house the Bistro. All other terms and conditions of the Cooperation Agreement and other related Agreements shall remain in full force and effect.

**FISCAL IMPACT / COST:** The City has appropriated \$8 million for the Phase 2 Facility, which will serve as the Bistro. This appropriation is included in the FY18 CIP and shall be granted to the EDA, for the construction of the Bistro for Stone Brewing Co. The rental payments made by Stone pursuant to the Lease shall fully repay the debt service associated with said appropriation.

**FISCAL IMPLICATIONS:** The Cooperation Agreement stipulates that the City will grant the funds necessary to complete the development plan to the EDA, which will to finance the development of the bistro. The debt service will be repaid to the EDA through lease payment made over a 25year lease term. The transactions enabled by the package of ordinances are expected to generate approximately \$12 million in taxable real estate improvements and investment in the City. Stone estimates that the Bistro will generate approximately \$10 million in annual food and beverage sales.

**BUDGET AMENDMENT NECESSARY:** None

**REVENUE TO CITY:** New taxes generated from the development include Personal Property taxes, Real Estate taxes, Meals taxes and Retail Sales taxes.

**DESIRED EFFECTIVE DATE:** Upon adoption.

**REQUESTED INTRODUCTION DATE:** March 12, 2018

**CITY COUNCIL PUBLIC HEARING DATE:** March 26, 2018

**REQUESTED AGENDA:** Regular

**RECOMMENDED COUNCIL COMMITTEE:** Finance and Economic Development

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** The Economic Development Authority must approve the proposed amendments to the Performance Agreement.

**AFFECTED AGENCIES:** Chief Administrative Officer; City Attorney; Economic and Community Development; Planning and Development Review; Parks, Recreation and Community Facilities; and Public Works.

**RELATIONSHIP TO EXISTING ORDINANCE OR RESOLUTION:**

Ordinance #: 2015-149-159

Ordinance #: 2014-254-2015-46

Ordinance #: 2014-246-231

Ordinance #: 2014-237-210

Ordinance #: 2014-228-229

Ordinance #: 2014-218-200

**REQUIRED CHANGES TO WORK PROGRAM(S):** City employees will be assigned to provide the necessary assistance to the Economic Development Authority.

**ATTACHMENTS:** Cooperation Agreement, as amended

**STAFF:** Lee Downey, Director, Economic & Community Development, 646-5633  
Jane Ferrara, Deputy Director, Economic & Community Development, 646-5633

**FIRST AMENDMENT TO  
STONE BREWERY COOPERATION AGREEMENT, AS AMENDED,  
DATED MARCH 2, 2015  
BETWEEN THE CITY OF RICHMOND, VIRGINIA AND  
THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF  
RICHMOND, VIRGINIA**

As Amended

This First Amendment (the "First Amendment") to the Stone Brewery Cooperation Agreement ("Cooperation Agreement"), As Amended, dated March 2, 2015, is entered into this day of \_\_\_\_\_, 2018, between the City of Richmond, Virginia, a municipal corporation and political subdivision of the Commonwealth of Virginia (the "City"), and the Economic Development Authority of the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia (the "Authority") pursuant to Section 4.6 of the Cooperation Agreement. The parties, intending to be legally bound and for valuable consideration, agree as follows:

1. Section 1.3.8 is hereby deleted in its entirety and replaced with the following:

1.3.8 Expansion Date. "Expansion Date" means July 1, 2019.

2. [~~The City and the Authority desire to delete~~] Section 1.3.14 is hereby deleted in its entirety and [~~replace it~~] replaced with the following:

1.3.14 **Phase 2 Facility.** "Phase 2 Facility" means improvements to the Phase 2 Site, which improvements will constitute a facility for commercial enterprise including retail food and beverage sales, parking, and any ancillary development necessary to accommodate the operations of the Company.

3. Section 2.1.2 is hereby deleted in its entirety and replaced with the following:

2.1.2 Phase 2 Appropriation. The City shall pay the Phase 2 Appropriation as soon as is practicable after the City executes the First Amendment to the Stone Brewery Cooperation Agreement ("Cooperation Agreement"), As Amended, dated March 2, 2015.

[2.] 4. Except as specifically modified in this First Amendment, all other provisions of the Cooperation Agreement remain the same. Defined terms used in this [~~amendment~~] First Amendment have the meanings ascribed to them in the Cooperation Agreement. If any of the terms of this First Amendment conflict with the Cooperation Agreement, the terms of this First Amendment control.

The duly authorized representatives of the parties have executed this First Amendment to be effective on the date [~~indicated below~~] written first above.

**SIGNATURES ON FOLLOWING PAGE**

**CITY OF RICHMOND, VIRGINIA**  
a municipal corporation and political subdivision of  
the Commonwealth of Virginia

By: \_\_\_\_\_  
Chief Administrative Officer

APPROVED AS TO FORM:

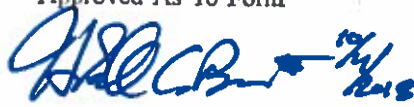
\_\_\_\_\_  
City Attorney

**ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF RICHMOND, VIRGINIA**  
a political subdivision of the Commonwealth of  
Virginia

By: \_\_\_\_\_  
Chairman

APPROVED AS TO FORM:

\_\_\_\_\_  
Bonnie M. Ashley  
General Counsel to the Authority

Approved As To Form  
  
\_\_\_\_\_  
Haskell C. Brown, III  
City Attorney