

news & features



SCOTT ELMQUIST

Private Players

More than a year into negotiations, city officials refuse to disclose details of the team behind a \$1.4 billion development plan.

by Jason Roop

Who would run the massive, 30-year development project proposed for 10 blocks of downtown Richmond?

What qualifications do they bring? What's their financial backing? How are they legally connected with each other? Who are their advisers? What are their roles?

You'll find out when, and if, the \$1.4 billion project moves forward, says Mayor Levar Stoney, whose administration enters its 13th month negotiating what would be the city's largest economic development project in more than 50 years.

Until then, the answers remain under lock and key — or at least hidden behind Freedom of Information Act denials and other declined requests.

The project was birthed by Tom Farrell,

president and chief executive of Dominion Energy. He and six others formed the NH Foundation and the NH District Corp., filing with the State Corporation Commission on July 26, 2017.

Four months later, Stoney called for proposals to redevelop the 10-block area from the closed Richmond Coliseum at Fifth Street, behind the Richmond Marriott, to 10th Street, behind City Hall. He stressed that the idea was a "city of Richmond project," belonging to "no other entity."

The city received a single submission for the project, from the NH District.

In November, the mayor held another news conference to announce an agreement in principle with NH District to build

a 17,500-seat arena, hotel, apartments, restaurants, retail, affordable housing and a restoration of the historic Richmond Blues Armory.

Mayor Levar Stoney is entering the 13th month of negotiations to redevelop a 10-block area of downtown that includes the Richmond Coliseum, which would be the city's largest economic development project in 50 years.

He named only two people connected with the project — Farrell, who was in attendance, and C.T. Hill, a former executive with SunTrust who retired in February 2012, after 41 years with the bank and its predecessors.

Hill is the only person listed in documents with the SCC, named as president of the NH District Corp. and the NH Foundation.

More than five months since that news conference, Stoney continues to face questions about the project while stump-

Development on page 6

Development from page 5

ing for his proposed city budget under consideration by City Council.

Stoney continues to say his team is working to get the best deal for Richmond — but declines to offer any other details until those negotiations are over.

“It’s really not clear what’s going on here,” says Jeff Cartwright, a retired prosecutor from New Jersey who moved to Richmond in 2016.

Interested in the project and frustrated by the lack of details, Cartwright says, he filed a lawsuit against the city after it turned down his Freedom of Information Act request to get a copy of the NH District’s application.

A judge sided with the city in December. “I was hoping that it would resolve by now with the release of some form of the proposal,” Cartwright says.

In refusing his request, the city cited an exemption in state law that allows officials to withhold public information if their bargaining power would be hurt by the information becoming public.

With that decision in mind, *Style Weekly* filed a FOIA request seeking only one portion of the application — section 4.3.4, in which the city asks for a list of people involved, including such information as key personnel, advisers and references.

Style contended that such information would not interfere with the city’s leverage in negotiations — and that for a project of this magnitude was in the public interest.

The city denied the request March 29 with an email from Matthew A. Welch, senior policy adviser in the Planning and Economic Development Department.

“Release of the Proposal (or portions thereof) during such negotiations would ‘adversely affect the [City’s] bargaining position or negotiating strategy,’ and, therefore, the records responsive to your request are being withheld from disclosure,” Welch wrote, citing Virginia code.

Style appealed, and also turned to the NH District

Corp. and NH Foundation, asking them to share the information.

Taking the lead from Richmond officials, they also declined to share that section of their application.

“Because the City and NH District remain in active negotiations,” spokesman Jeff Kelley said in a written response, “we respect the City’s decision to ensure this process is handled without compromise.”

The entities aren’t entirely mysteries.

There are contractors such as Kelley, and others working to drum up support. *Style* has met and interviewed real estate lawyers with the firm Roth Jackson, who speak on the project’s behalf.

A former adviser to Mayor Dwight Jones, Grant Neely, who works for Dominion Energy, has been a public face of the project, referring to his role as a volunteer who works for the board of the NH Foundation.

But none of those people, at least on paper, is known to be a director, officer, board member or full-time employee.

In their articles of incorporation with the SCC, NH District Corp. and NH Foundation filed as nonstock corporations, meaning no one will be granted shares, and neither entity operates for profit.

Both entities also have applied to receive the non-profit designation of 501c3 at the federal level. Kelley declined to offer a copy of the applications or the date of their filing, saying only, “The 501c3 application is still in process.”

A Virginia nonstock corporation doesn’t need federal nonprofit status unless it wants to receive the associated benefits, says lawyer Kathleen A. Kelley of Arlington-based Bean Kinney & Korman.

“There is no time line” on filing, says Kelley, who specializes in corporate and transactional law and government contracts and works with nonprofits.

Because the NH organizations aren’t yet 501c3s, other documents typically rich with public information, form 990s, don’t exist — and wouldn’t until the year after an organization becomes a 501c3.

If the organizations still are waiting on their designations, Kelley says, the earliest a 990 would become available is 2020.

That’s been a frustrating realization for Josh Stanfield, executive director of Activate Virginia. Stanfield says he repeatedly sought access to 990 forms as a way of learning more about the NH District and NH Foundation.

Why did NH District and the NH Foundation organize this way and seek a 501c3 status? They wouldn’t elaborate. It isn’t a city requirement for this project.



SCOTT ELMQUIST

A former advisor to Mayor Dwight Jones, Grant Neely, who works for Dominion Energy, has become a public face for the project.

But the designation comes with tax relief, the ability to raise money, leverage in getting grants and other benefits, lawyer Kelley says.

At the SCC, the NH Foundation appears to be set up as the umbrella entity for the downtown project. The foundation is the lone member of the NH District Corp. and is run by a board.

Along with Farrell, the board members are:

- Melody Barnes, co-founder of policy strategy firm MBSquared Solutions LLC.
- Martin J. Barrington, the former chairman and chief executive of Altria who has been nominated as chairman of Anheuser-Busch InBev.
- William H. Goodwin Jr., a philanthropist whose holdings include the Jefferson Hotel. He’s the retired chairman and president of Riverside Group.
- Dr. Monroe E. Harris Jr., an oral and maxillofacial surgeon and president of the board of trustees at the Virginia Museum of Fine Arts.
- Dr. Pamela J. Royal, a dermatologist who serves on several community boards and is a director of Dominion Energy.

In this kind of setup, Kathleen Kelley says, the board of the foundation makes long-term decisions. Its president and officers fulfill those long-term goals.

The NH District likely serves as a separate entity to create a shield between it and the foundation board to reduce risk and liability, she says. Other reasons could be for management, taxes, record keeping or issuing bonds.

Like the project itself, those details are unavailable.

Cartwright, the retired lawyer who lost his case against the city, says his appeal is scheduled for a court hearing this summer. Until then, he doesn’t know much about the \$1.4 billion proposal, he says. “None of us do.” **S**



The Navy Hill project is the brainchild of chairman, president and chief executive of Dominion Energy, Thomas F. Farrell II.

news & features



The \$30 million jump in construction estimates for three Richmond schools exposes more of a divide than money.

by Jason Roop

Sticker Shock

When School Board member Jonathan Young first learned of the new price tag for three schools the district is building, he says he was amazed.

"The moment that I heard about a \$30 million increase in what we're going to spend," he recalls — "I said stop the press."

The Richmond Free Press, more precisely, is how several members of the Richmond School Board discovered in March that construction estimates for one middle and two elementary schools had jumped from \$110 million to \$140 million.

The news didn't come from a meeting, an email to members, a news release from the city or a memo from the city's chief administrative officer. The cost breakdowns weren't available on the city website.

The amounts also didn't come from the Education Compact, a group organized by Mayor Levar Stoney to build collaboration on academic issues among the mayor, City Council and School Board.

Nor did the costs come from the Joint Construction Team — a committee of city and schools representatives charged with overseeing construction. Minutes from 22 meetings the committee has held since

July 5 include no construction estimates.

"All this information should have been out there a long time ago," City Councilwoman Kristen Larson says. "If you're a member of the public, the biggest avenue to get this information is through the newspaper."

Which is why an increase of 27 percent in cost estimates for new schools came as such a surprise and set off a scramble last week.

Four School Board members — Young, Kenya Gibson, Patrick Sapini and Felicia Cosby — issued a joint letter to city procurement officials March 27 expressing concern about the new numbers and

seeking answers.

"Not throwing any shade," City Councilman Michael Jones tweeted about the board members' letter, "but what are y'all discussing in your meetings? This is not Council-Mayor form of government. The superintendent reports to and works for the School Board."

"I like Mike a lot," Young says, "and his observation is astute. It's very astute."

"I'm a little frustrated with our communication around these issues," School Board member Scott Barlow says. "I think communication clearly needs to improve."

The process wasn't supposed to work this way.

Stoney championed an increase to the meals tax of 1.5 percent that City Council approved in February 2018. The goal was to increase a revenue stream to the city against which it could borrow \$150 million to build a few new schools.

Citing transparency and fiscal management — and to avoid previous problems with school construction — City Council passed a resolution May 29 seeking a five-year plan on what schools were going to build with the meals tax, quarterly updates and publicly available reports posted online.

"None of that has happened," Larson says.

Plans got underway to build three of five new schools that the Richmond School Board deemed priorities. The city of Richmond issued a request for proposals in May to build George Mason and E.S.H. Green elementary schools and a middle school to replace Elkhardt-Thompson in May.

The most recent construction estimates were \$110 million from November 2017. They were put together by longtime Richmond Public Schools administrator and interim superintendent Tommy Kranz, who now serves as assistant superintendent for operations at the Montgomery County Public Schools.

Proposals were due in June for what the city referred to as an "aggressive timeline to complete construction" by the fall of 2020 — a tight turnaround that typically comes with higher costs.

The mayor held a groundbreaking at each of the three school sites Dec. 19.

Schools on page 8

Schools from page 7

Around that time, *Style* made inquiries about how much the three schools would cost, and to what other projects the remainder of the \$150 million would go toward. As of Dec. 13, the school system said it could provide no answers.

The new \$140 million figure came to light last month, in a response from the Richmond Public Schools to City Council, which asked for an update on construction costs while it reviewed the mayor's proposed budget for fiscal year 2020.

The Free Press picked up the news in a March 22 article. Taken aback, the four members of the School Board sent their letter five days later, asking how the construction costs could be so out of line with initial estimates — and what other localities spend.

They expressed continued frustration last week after the city and Richmond Public Schools issued a joint news release addressing the new estimates without answering their specific questions.

The release blamed initial estimates as off, and cited inflation and a requirement that the buildings be LEED Silver certified, an environmental designation, as an added cost.

In his email newsletter, Richmond School Superintendent Jason Kamras says he's "furious" about the situation. Initial estimates were "just wrong," he told The Richmond Times-Dispatch: "We started with bad numbers and now we have real numbers."

Kranz takes exception to the characterization of his estimates, saying a wide array of variables, including cost increases, square footage, construction timetables and other factors, cause changes to estimates.

"That doesn't make the estimates wrong," he says. "That's the part that has got me frustrated with the statement that, basically, the administration has called me out and said the number's not right."

In the end, estimates will be refined and a hard number determined. "I think honestly they're doing it correctly" Kranz says. "But I wish that they would understand and communicate it, instead of trying to say, blame the prior numbers."

Richmond officials say teamwork, trust and communication with each other and the public, are recurring points of concern.

It's unclear why the five other members of the School Board didn't sign the letter, but it seems to illustrate the different approaches to governance that may be aligning in different ways on the board.

Board member Liz Doerr, answering questions from *Style* emailed to the board, says she wasn't asked whether she wanted to sign the letter.

"I would never spring something like this on my colleagues," she wrote, "and I'm very disappointed that they did not ask for my input here. We need the whole board to be a team if we are going to be successful."

As for costs, Young wants to know why Enon and Beulah elementary schools in Chesterfield County were built for so much less — at \$243 and \$231 per square foot, versus Richmond's elementary school estimates of around \$295 per square foot.

An elementary school in Fairfax County, with a contract awarded in January, is being built at a cost of \$27 million for 750 students — at \$256 per square foot.

Other issues with costs can be traced to the lack of a comprehensive facilities plan for schools, with consolidation put off and lack of consistent sizes for each school.

Another idea has been for the schools to hire someone to handle construction, rather than splitting the work with the city. In the resolution it passed in May, City

Council favored the idea that Larson put forth, to increase efficiencies and effectiveness with schools as the end user of their buildings.

"My thought was, have the schools build the schools like almost every other school division does," Larson says.

In the meantime, she says, the \$140 million figure needs clarification. "At the end of the day," she says, "we're doing less construction because these costs are high." **S**

Mayor Fires Chief Administrative Officer

Inspector general report finds issues with the hiring of family members at City Hall.

by Jason Roop

Mayor Levar Stoney has fired the city's chief administrative officer, Selena Cuffee-Glenn, the day he received a report from the inspector general detailing how six of her relatives, including her daughter and husband, came to work for the city.

The report from the inspector general, James Osuna, cites an anonymous complaint made to his office in late April as the impetus for his investigation. Osuna says in his Sept. 18 report that he notified the state police, state auditor of public accounts, the city attorney and commonwealth's attorney.

He concludes that there was "no evidence of direct involvement" by Cuffee-Glenn in the employees' hiring or pay levels, but that subordinates "felt obligated to approve" her daughter's salary at a higher level than others.

In addition, he found that "high level subordinates," including directors of the departments of public works and public utilities, were involved. He also cited inconsistencies in the hiring of relatives as provisional employees and their compensation reviews, recommending that the process "be reviewed for consistency of application throughout the city."

Stoney said he was "concerned and deeply disappointed" by the findings in the report, in a statement.

"In my opinion, the conduct detailed in this report erodes the public trust, violates the spirit of good governance and has diminished my confidence in the CAO to continue to serve in her role," Stoney said.

The city's deputy chief administrative officer for finance and administration, Lenora Reid — brought to Richmond by Cuffee-Glenn — will serve as interim



SCOTT ELMOQUIST/FILE

Former chief administrative officer for the city, Serena Cuffee-Glenn, Frank J. Thorton of Henrico Board of Supervisors and Mayor Levar Stoney in a photo from June 25, 2018, at the opening celebration for the Pulse.

chief administrative officer.

The news of Cuffee-Glenn's relatives working for the city isn't new. The Times-Dispatch reported in May on the hiring of Cuffee-Glenn's daughter, Alexis Glenn.

Also in May, WRIC-TV 8 reported on questions surrounding the hire of Cuffee-Glenn's husband, Keith Glenn, as a deputy in the Sheriff's Office — which is included in the city budget but falls outside of City Hall's purview. But in recent months questions have been raised about the details of Alexis Glenn's hiring and what other family members might be on the city payroll.

In an Aug. 1 email to the mayor's spokesman, Jim Nolan, *Style Weekly* asked how many of Cuffee-Glenn's relatives worked for City Hall. Nolan replied Aug. 23, referring the question Jeff Gray, senior policy adviser to Cuffee-Glenn, and to the Department of Human Resources. In answer to questions from *Style*, Gray replied that Cuffee-Glenn's office had "no knowledge" of how many relatives

worked for City Hall or who they were.

When *Style* asked him to clarify his answer, considering that at least one family member's employment at City Hall had been made public, Gray declined to elaborate and referred questions to human resources.

The city denied a Freedom of Information Act request filed by *Style* seeking the names, titles, pay rates and other public information about any employees who were related to Selena Cuffee-Glenn.

The city cited familial relationships as an exemption to FOIA law, so *Style* amended its request, seeking information about two employees by name. A response to that request, due Sept. 18 according to FOIA law, has gone unanswered.

The inspector general's report cited six family members as working for the city, without revealing their names: Cuffee-Glenn's husband, daughter, a nephew or niece, two second cousins and one of their spouses. **S**