

A RESOLUTION APPROVING AN EXTENSION
OF TIME TO SATISFY THE CONDITIONS FOR
THE PROVISION OF \$120,000 IN ECONOMIC DEVELOPMENT
INVESTMENT PROGRAM FUNDS TO PRUFREX USA, INC.

WHEREAS, the City of Virginia Beach Development Authority (the "Authority") was created pursuant to Chapter 643 of the Acts of Assembly of 1964, as amended (the "Act");

WHEREAS, one of the primary purposes of the Act is to enable development authorities "to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth....";

WHEREAS, pursuant to §6 of the Act, the Authority has the power, *inter alia*, "to sell, exchange, donate and convey any or all of its facilities or other properties whether realty or personalty whenever the Authority shall find any such action to be in furtherance of the purposes for which the Authority was organized";

WHEREAS, pursuant to §7 of the Act, "the Authority may foster and stimulate the development of industry in the area within its jurisdiction... [and] may accept, and expend for the purposes stated above, money from any public or private source....";

WHEREAS, pursuant to §10 of the Act, the City of Virginia Beach (the "City") "is authorized and empowered to make appropriations and to provide funds for the operation of the Authority and to further its purposes";

WHEREAS, the economic development goals and objectives of the City include achieving a higher ratio of nonresidential to residential real estate assessments, investing in land and infrastructure to benefit future economic growth, and maximizing the return of economic development efforts through the development and implementation of programs and strategies that facilitate new business investment and encourage retention and expansion activities, thereby improving the overall quality of life in the City;

WHEREAS, the City established the Economic Development Investment Program ("EDIP") as part of its overall effort to enhance the City's ability to accomplish these goals and objectives;

WHEREAS, pursuant to the authority and empowerment set forth in §10 of the Act, City Council authorized the transfer of funds in the EDIP account to the Authority and the provision of future EDIP appropriations to the Authority to enable the Authority to more effectively continue its efforts to foster and stimulate economic development by inducing businesses to locate or remain in the City;

WHEREAS, on July 16, 2013, the Authority approved an EDIP in the amount of \$120,000 (the "2013 EDIP Award") to Prufrex USA, Inc. ("Prufrex");

WHEREAS, the 2013 EDIP Award was made as Virginia Beach's required local match of a \$120,000 award to Prufrex made by the Commonwealth in 2013 under the Governor's Commonwealth Opportunity Fund (the "COF Award");

WHEREAS, the COF Award required Prufrex to expend a total of \$7,330,000 and to create and maintain 60 New Jobs (the "Target");

WHEREAS, due to a miscommunication regarding the performance criteria necessary for retention of the COF Award, as well as unforeseen economic difficulties experienced by Prufrex, Prufrex has not complied with the terms of the COF Award within the timeframe allowed by the COF Award;

WHEREAS, the Commonwealth has required that Prufrex repay the entire \$120,000 received under the COF Award;

WHEREAS, Prufrex has represented to the Department of Economic Development (the "Department") that if it were required to make this repayment that it could cause Prufrex to be forced to leave Virginia Beach and the Commonwealth of Virginia;

WHEREAS, on September 15, 2020, the Authority approved an award of \$120,000 to Prufrex (the "2020 EDIP Award") to allow repayment of the COF Award on the condition that if Prufrex fails to meet the Target within six (6) months, the Authority will direct the Department to negotiate with Prufrex to repay to the Authority fifty percent (50%) of the 2020 EDIP Award;

WHEREAS, to date, Prufrex has made good faith efforts to meet the Target but has encountered difficulty in locating qualified employees; and

WHEREAS, given the economic circumstances, and the ongoing efforts of Prufrex, the Authority is of the opinion that an extension of time to meet the Target is in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

That if Prufrex fails to satisfy the Target (as defined in the Governor's Development Opportunity Fund Performance Agreement dated February 19, 2014), specifically to expend a total of \$7,330,000 and create and maintain 60 New Jobs on or before December 16, 2021, the Department will pursue the repayment by Prufrex of fifty percent (50%) of the 2020 EDIP Award.

[SIGNATURES ON FOLLOWING PAGE]

Adopted this 20th day of July, 2021 by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: 
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:


Economic Development

APPROVED AS TO LEGAL
SUFFICIENCY:


City Attorney