

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
APRIL 19, 2022, MINUTES

The City of Virginia Beach Development Authority (“VBDA”) held its regular meeting on Tuesday, April 19, 2022, at 8:30 a.m. in the Economic Development Town Center Boardroom at 4525 Main Street, Suite 700, Virginia Beach, VA, pursuant to notice given by the Chair.

Full video of item presentations and discussions can be viewed on our website at the following link – <https://www.yesvirginiabeach.com/vbda>

MEMBERS PRESENT: Lisa M. Murphy, Chair
Joseph Strange, Vice Chair
William Brunke, Treasurer
W. Taylor Franklin, Assistant Secretary
William Brown, Commissioner
Nneka Chiazor, Commissioner
Michael J. Standing, Commissioner
Guenter H. Weissenseel, Commissioner

ADVISORS PRESENT: Taylor V. Adams, Deputy City Manager/Director of Economic Development
Alexander W. Stiles, Senior City Attorney
Kathy Warren, Deputy Director of Economic Development
Emily Archer, Project Development Manager
Charles J. Bauman, III, Senior Business Development Manager
Devin Cowhey, Business Development Manager
Katrina N. Flowers, VBDA Accountant
Steve Herbert, Consultant for Business Development
Paige Fox, Business Development Manager
Laura D. Hayes, Business Development Coordinator
Elisabeth D. Parker, Administrative Assistant
Jeffrey L. Smith, Business Development Coordinator

REPORTED BY: Taylor V. Adams

RECORDED BY: Annagid Walker & Vicki L. Kelley

Chair, Lisa Murphy, began the meeting at 8:30 a.m.

OPEN FLOOR
No Public Speakers

REGULAR MEETING

MEETING MINUTES

1. Approval of Meeting Minutes, March 15, 2021.

MOTION: Guenter Weissenseel
SECOND: Joseph Strange
APPROVED: 7-0-1

William Brunke abstained from this vote as he did not attend the meeting on March 15, 2021.

FINANCIALS

2. Katrina Flowers presented financials for March 2022.

Operating Account Summary: March 2022

Beginning Cash – March 1, 2022 \$4,318,641

Significant Cash Receipts

\$17,838	VSBFA-Children’s Hospital of the Kings Daughters Bond Fee
\$7,150	VB National Golf Club – Final Profit-Sharing Payment for 2021
\$1,450	Chorus Intelligence for the 2nd 6-months Incubator Lease Payment
\$20,000	SimIS Data Center for Land Sale Partial Deposit
\$740	Bank interest income

Significant Cash Disbursements

\$21,229 Vanasse Hangen Brustlin, Inc. (VHB) for CL Road & Utilities Design

Ending Cash – March 31, 2022 \$4,338,348

Incentive & Initiative Account Summary: March 2022

Beginning Cash – March 1, 2022 \$3,461,911

Significant Cash Receipts

\$401,699	Reimbursables for Dome Site Project
\$76,831	Reimbursables for APZ1 Project
\$425	Bank interest income

Significant Cash Disbursements

\$32,867	Prosper Insurance –Final EDIP Payment for Workforce Expansion Part A
\$42,705	WPL – Atlantic Park (Dome Site) - Reimbursable
\$14,708	Kimley Horn – Atlantic Park (Dome Site)- Reimbursable
\$10,840	17th Street Properties – Partial Payment for EDIP Part B – Capital Investment Reimbursement
\$10,605	Olympia Bendix Two – April Rent for Bio Accelerator
\$5,500	Facility Logix – Feb. – Bio Management Fee

Ending Cash – March 31, 2022 \$3,821,503

Incentive Account Summary: March 2022

Ending Cash held by VBDA \$3,821,503

PLUS: (EDIP) and Other Receivables \$6,042,021

LESS: Payables and Commitments \$7,059,156

Ending EDIP Grant Available Funding \$2,804,368

Incentive Detailed Reporting: March 2022

Beginning EDIP Grant Available Funding \$2,579,583

PLUS: EDIP Grants Closed this Month \$268,492

LESS: New EDIP Grants – March 2022 \$0

LESS: EDIP Payments made this Month \$43,707

Ending EDIP Grant Available Funding \$2,804,368

- Presentation attached

Discussion:

William Brunke asked for a reference to the last slide as to who the Grants were that closed. Ms. Flowers stated she did not have those readily in front of her but could get those for him after the meeting.

Chair Lisa Murphy stated that Ms. Flowers mentioned last month that they were going back through the grants that had expired or the funding had not been drawn down completely. They are contacting those to see if there are proceeds that can be disbursed or if the Grants could be closed. The funds would go back into funds available that have not been expended.

Mr. Brunke asked why the disbursed amount of \$43,707 was included in the previously committed funds. Ms. Flowers explained the funds were actual payments submitted out. Mr. Brunke asked, if we were previously committed to these monies, I would think they would already be accounted for in the EDIP funds available. So that amount would already be deducted from the available funds.

Ms. Flowers explained these were actual payments that were made during March. Chair Murphy stated that she thought Mr. Brunke's point was they should have been on the slide showing payments made. Ms. Flowers went back to a slide and showed they were included in the payables.

Guenter Weissenseel asked if the 2.8 million was a cash balance and Ms. Flowers stated yes that amount is what is available. Mr. Weissenseel also asked if the grants that were already approved were included in the 2.8 million. Ms. Flowers verified that they were all conclusive in the amount shown.

Commissioner Nneka Chiazor asked if you go to the next slide, does that show payments that were made in April and Ms. Flowers stated those funds were dispersed in March 2022.

Chair Murphy explained that offline Mr. Brunke would like to talk with Ms. Flowers about the matter of how it is being shown on the slide. Ms. Flowers agreed.

Deputy Director, Taylor Adams stated we have a rent-paying tenant in the Bio Lab. Mr. Adams did not want the Board to miss that after the time and effort has gone into that project. Mr. Adams commended Devin and Laura for their hard work on that and that the tenant paid for six months' rent payments in advance which makes it a great day for us.

Mr. Adams also commended Ms. Flowers on a job well done. She is continuing to improve our state of operation. One thing to mention is she discovered we had not invoiced the Industrial Revenue Bondholders for some time for our portion of the fees. This is all attributable to her work on going back through the records and invoicing for fees owed and we are beginning to see the revenue.

Mr. Adams also commended Ms. Flowers for her research to find all the EDIP Grants that we are able to close out and restore to the fund balance.

Ms. Flowers announced the staff had completed segment two of the EDIP process training and she thanked the Staff and Administration for their cooperation and collaboration in this training. She also stated the reimbursable expenses had been submitted to Finance and the checks have been received, which will show on next month's receivables.

3. Public Hearing

Chair Lisa Murphy turned the meeting over to the Vice-Chair.

Vice-Chair Joseph Strange opened a Public Hearing. As there were no public speakers at the hearing Mr. Strange closed the Public Hearing.

City Attorney Alex Stiles introduced Hugh Patterson, Bond Counsel, to explain the Bond and answer any questions from the Board.

Mr. Patterson representing the Wilcox-Savage Westminster Canterbury on the Chesapeake Bay shared the information on the Project which is the Assisted Living and Memory Care Facility as well as the Independent Living Facility for which the Bond is requested.

Deputy Director Taylor Adams reminded the Board that when Bond issuance comes before the Authority that this is not the City or Development Authority's debt. We simply serve as a conduit issuer to provide various benefits to the private sector that has made the request.

a) Approval of a Resolution initially approving the issuance of up to \$164,000,000 of the Authority's Revenue Bonds for the benefit of Westminster-Canterbury on Chesapeake Bay.

MOTION: William Brunke
SECOND: Taylor Franklin
APPROVED: 7-0-1

Lisa Murphy abstained from voting on this item and the letter of abstention is attached to these Minutes.

b) Approval of a Resolution authorizing the issuance and sale of up to \$164,000,000 of the Authority's Revenue Bonds for the benefit of Westminster-Canterbury on Chesapeake Bay

MOTION: William Brunke
SECOND: Taylor Franklin
APPROVED: 7-0-1

Lisa Murphy abstained from voting on this item and the letter of abstention is attached to these Minutes.

4. Public Hearing

Approval to add item 4 b to the agenda.

MOTION: William Brunke
SECOND: Nneka Chiazor
APPROVED: 8-0-0

Vice-Chair Joseph Strange opened a Public Hearing. As there were no public speakers at the hearing Mr. Strange closed the Public Hearing.

Bill Nusbaum, an attorney with Williams Mullen and Bond Counsel with Cape Henry Collegiate Schools shared information and a presentation requesting the issuance of two Revenue Bonds for the school's new Center of Innovation for Performing Arts.

Mr. Nusbaum introduced two representatives from the School, Chris Beale, and Ling Xie, and asked them to brief the Board on their project.

- Presentation attached

a) Approval of a Resolution evidencing the official intent of the Authority to issue up to \$16,000,000 in Revenue Bonds for the benefit of Cape Henry Collegiate Schools, Inc.

MOTION: Guenter Weissenseel
SECOND: William Brunke
APPROVED: 7-0-1

Lisa Murphy abstained from voting on this item and the letter of abstention is attached to these Minutes.

b) Approval of a Resolution authorizing the issuance of Revenue Bonds for the benefit of Cape Henry Collegiate Schools, Inc., and the execution of all related documents.

MOTION: William Brunke
SECOND: Guenter Weissenseel
APPROVED: 7-0-1

Lisa Murphy abstained from voting on this item and the letter of abstention is attached to these Minutes.

Vice-Chair Joseph Strange turned the meeting back over to Chair Lisa Murphy.

Agenda Item number 6 became item number 5 and item number 5 became item number 6.

INNOVATION PARK

5. Approval of a Resolution authorizing the lease of approximately 19 acres of Authority property for agricultural purposes to Dawley Family Farms, LLC.

Discussion:

Deputy City Manager Taylor Adams requested the renewal of an existing Lease so the tenant could continue to contribute agriculture to the community.

Chair Lisa Murphy asked about the Lease Term. City Attorney Alex Stiles answered that it was season by season.

- The City and Development Authority parcels are shown on the map that is attached.

MOTION: Taylor Franklin
SECOND: William Brunke
APPROVED: 8-0-0

AMPHITHEATER

6. Tabatha Webster General Manager with Live Nation presented an update on the Virginia Beach Amphitheater
 - Presentation attached

Discussion:

Chair Lisa Murphy stated the updates were exciting, as well as the going cashless which is one thing Covid has brought on for so many. Ms. Webster shared that while Covid brought these things on they are much more efficient and better for everyone.

Chair Murphy shared they were excited that things are getting back to normal and looked forward to additional shows but there is a great lineup so far.

CONTRACTS

7. Approval of a Resolution (i) authorizing the lease of 2656 Lishelle Place from the City of Virginia Beach, (ii) authorizing the establishment of an industrial accelerator in that space, and (iii) authorizing the temporary six-month sublease of that property to BMZ.

Discussion:

Chair Lisa Murphy stated the resolution was not in the Board Packet. City Attorney Alex Stiles asked the members to pause while he checked the location of the document.

Chair Murphy asked how much space was left in the building after the temporary sublease for other potential tenants. Ms. Laura Hayes responded that the sublease would be for the first floor and the staff would need to go through due diligence to make sure the building is up to par to lease to startups to potential tenants. The six-month lease would give ample time to access and take care of the items needing attention.

Chair Murphy asked how long the building had been empty and Ms. Hayes stated three years.

Deputy City Manager Taylor Adams shared that the building had been empty since on or about the summer of 2019 when BMZ relocated as an expansion to their business. Mr. Adams reminded the Board that staff ran an RFP to sell this property and were unsuccessful. The building is in the APZ 1 and if we were to sell it, half the money would go to the City of Virginia Beach and half the money would go back to the state.

Mr. Adams stated that we are seeing a strong appetite for international companies in the manufacturing business looking to base their businesses in Virginia Beach. This creates an opportunity to lease them space while a new space is built, or others vacate space through expansion. We are very excited about this as we see the international incubator across the hall having a waiting list for companies wanted to come in and lease space.

Mr. Adams also added we do have some improvements to make in the Lishelle building, but the improvements would even make it more marketable to the private sector.

City Attorney Alex Stiles stated he wasn't sure why the document was not included in the Board Packet, but he was happy to relay the terms as written.

- Six Month Lease
- \$8,090 per month which is half the market rate
- Can only be used for storage
- Tenant is responsible for any maintenance and repairs to their leased space that occurs while they are there
- Tenant is responsible for any utilities that they may need
- Tenant shall maintain liability and other insurance to VBDA specifications

Mr. Adams also added there are 15.5 thousand square feet and there are 3,000 sq feet of office space in the front of the building and the remainder of the building is the warehouse and or manufacturing space.

MOTION: Nneka Chiazor
SECOND: Joseph Strange
APPROVED: 8-0-0

FACADE IMPROVEMENT GRANTS (FIG)

8. Approval of a Resolution approving 4 grants under the Façade Improvement Program.
 - Presentation attached

MOTION: Joseph Strange
SECOND: Guenter Weissenseel
APPROVED: 8-0-0

ADMINISTRATIVE INFORMATION

9. There were no VBDA Priorities
10. There were no items for Board Member discussion.
11. Director's Report:

DCM/Director Taylor Adams reminded the Board the Golf Tournament will be held on May 6th and we currently have 14 teams registered. Sponsorship activity continues to be strong. This is important for our staff as it contributes to business retention and expansion and usually generates on average around \$15,000 annually that goes toward charities that benefit young people. Last year the Bayside Medical Academy and the Kempsville Entrepreneur Academy were chosen. A lot of the charities do not benefit from the National presence and benefit from this Golf Tournament. Mr. Adams thanked the Board for their continued support in not only the business community but in total.

Mr. Adams shared that we hosted 30 or 40 national companies last year during the Offshore Wind Conference. Virginia Beach had 7 businesses located locally from that event. We are hosting that again this year, but not on such a large scale as the National Conference is in Atlantic City. April 24th from 8:30 till 5:30 there will be another offshore wind welcoming reception and more information will be forthcoming. Twenty international companies will be here that weekend that are interested in Virginia Beach.

Mr. Adams announced that Industry Day is April 20, 2022, at 8:30 am at the Convention Center. The Navy appreciates our support and as this moves along there will most likely be amendments added to the plan.

Mr. Adams welcomed Steve Herbert back to the city as he was a Deputy City Manager here. He has also served in Suffolk as well as the Hampton Roads Alliance and is a member of MEDAC. Steve is back with us in a consultant capacity. Mr. Adams stated that in the role as a Deputy City Manager, he is not able to be here on-site as much as he would like, so Steve is here as a resource for the development team on a day-to-day base for 20 hours a week.

Chair Murphy mentioned an RFI that the Navy issued in conjunction with the Open House coming up tomorrow and asked if that RFI was posted on our website. Mr. Adams confirmed it is. Chair Murphy stated we wanted people to be able to respond to that.

Mr. Adams shared that our Team was the opening speaker at Wind-Europe which is the largest Wind Conference in the World and there were about 800 companies present where we offered information and our team is already receiving interest from that event.

Chair Murphy announced that Dot Wood has resigned and is still on the mend. Hopefully next month we will be able to recognize her and her accomplishments. Chair Murphy also announced we have a new member, Ronnie Parker that will be joining us next month.

RECESS TO CLOSED SESSION

The VBDA moved to recess into a closed session pursuant to the exemptions from open meetings allowed by Section 2.2-3711(A) of the Code of Virginia (1950), as amended, for the following purposes:

CONTRACT NEGOTIATION: Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body, pursuant to Va. Code § 2.2-3711(A)(30). (*District 4, Innovation Park*)

PROSPECTIVE BUSINESS OR INDUSTRY: Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community, pursuant to Va. Code § 2.2-3711(A)(5). (*District 4*)

PUBLICLY HELD PROPERTY: Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, pursuant to Va. Code § 2.2-3711(A)(3). *(District 4)*

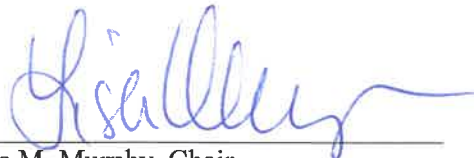
MOTION: William Brunke
SECOND: Taylor Franklin
APPROVED: 8-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: William Brunke
SECOND: Joseph Strange
APPROVED: 8-0-0

Chair Murphy adjourned the meeting at 10:20 am.



Lisa M. Murphy, Chair



April 19, 2022

Mrs. Vicki L. Kelley
Clerk, Virginia Beach Development Authority
4525 Main Street, Suite 700
Virginia Beach, Virginia 23462

Re: Abstention/Disclosure Pursuant to Conflict of Interests Act § 2.2-3112

Dear Ms. Kelley:

Pursuant to the State and Local Government Conflict of Interests Act, I make the following declaration:

1. I am executing this written disclosure regarding the Development Authority's discussion and/or vote on the inducement and approval resolutions of revenue bonds for Westminster-Canterbury on Chesapeake Bay and Cape Henry Collegiate School, Inc. (collectively, the "Applicants").
2. I have a personal interest in Willcox & Savage, P.C. located at 440 Monticello Avenue Suite 2200 Norfolk, Virginia 23510.
3. Willcox & Savage, P.C. provides services to parties participating in the bonds sought by each of the Applicants; therefore, I will abstain from voting on the proposed bond issuance items.

Please record this declaration in the official records of City of Virginia Beach Development Authority. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa M. Murphy", is written over a horizontal line.

Lisa M. Murphy
Chair

LMM/AWS/csk