



SANJO Retention & Expansion

DISCLOSURES: SANJO



- Accounting: Ecountable/Wall, Einhorn & Chernitzer
- Architect/Construction/Engineers: The Miller Group
- Financing: Wells Fargo
- Legal Services: Kaufman and Canoles, P.C.

DISCLOSURES: The Miller Group



- Accounting: Wall Einhorn & Chernitzer, P.C.
- Architect: Covington Hendricks Anderson Architects
- Construction: Balicore, LLC
- Legal Services: Faggert & Frieden, P.C.

ABOUT SANJO



- Specialty type metal stamping manufacturer based in Barcelona, Spain
- Selected Virginia Beach as its North American headquarters in July 2016
- Began trials in January 2018 and delivered products April 2018
- Primary customer is STIHL
- Supports VBDA effort in business recruitment abroad
 - Accompanies team on meetings
 - Provides tours of factory



Existing SANJO Location: 465 Progress Lane, Virginia Beach, VA 23454



PROJECT HISTORY

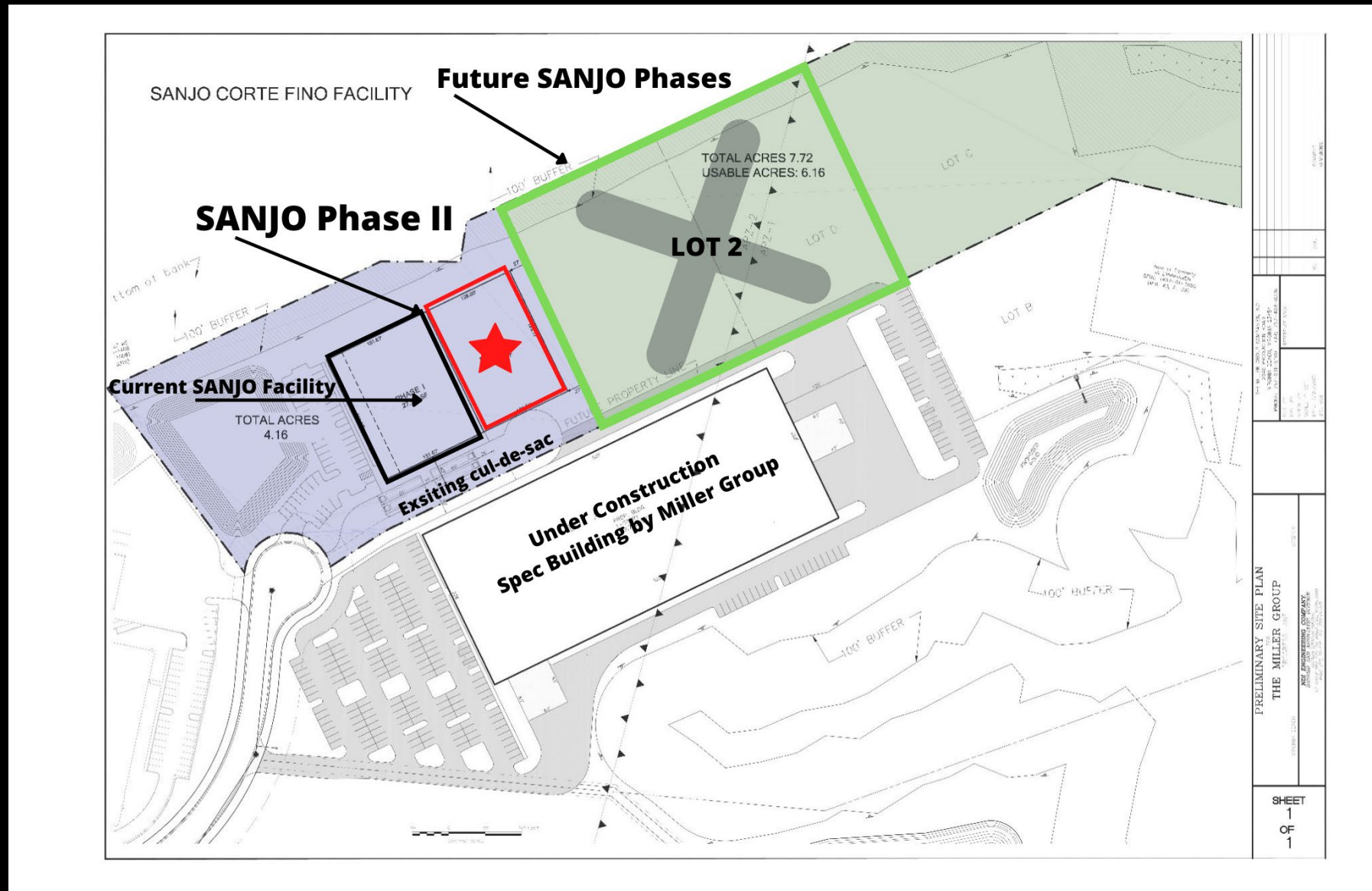
The Miller Group

- Developed and leased building to SANJO – 4.16 acres
 - Phase I built
 - Phase II to be built by March/April 2024
- Retained additional Lot 2 for SANJO expansions beyond Phase II – 6.16 usable acres

SANJO

- Expanded into Virginia Beach in 2016
 - Phase I: 27,781 sq. ft.
- Phase II expansion – 23,446 sq. ft. – to be delivered March/April 2024
- Evaluated relocation to a competing state

SANJO FACILITY PARCELS – owned by The Miller Group



SANJO FACILITY PARCELS – owned by The Miller Group



LAND SWAP SUMMARY

The Miller Group to receive:

- Corporate Landing parcel
- 12 +/- acres
- Valuation: \$2,480,000 (\$200,000 per acre)



**Corporate
Landing
Business Park**
General Booth Boulevard and
Corporate Landing Parkway
Virginia Beach, Virginia

VIRGINIA BEACH
ECONOMIC DEVELOPMENT
4525 Main Street, Suite 700
Virginia Beach, Virginia 23462
757-385-6464 | 800-989-4567 | Fax 757-499-9894
YesVirginiaBeach.com | Email ecdev@vb.gov

SUMMARY OF SOLUTIONS



1. VBDA Land swap with the Miller Group (monetary true-up)
2. Provide SANJO three 5-year land options (VBDA control)
3. EDIP for SANJO Phase II
 - Close out \$600,000 EDIP, with remaining \$232,359 (Phase I)
 - Issue new EDIP for SANJO Phase II

LAND SWAP SUMMARY

- Valuation Variance: \$1,248,000
- Miller Group and VBDA agree to land swap, with the difference made up as follows:
 - Cash contribution by Miller Group to VBDA of \$348,000
 - Remaining \$900,000 value differential applied to cost of construction for SANJO Phase II
 - Value differential gets SANJO economically viable lease rate

EDIP SUMMARY

- Pursuant to Part A of the EDIP Policy
 - Business retention and expansion
- Total project Capital Investment: \$9 million
- Retained jobs: 10
- New jobs: 40
 - Average wage: \$60,000 – \$70,000

- EDIP \$350,000
 - \$4.5 million in personal property
 - \$1 million in specialty build-out
 - 40 new jobs, 10 retained jobs

PROPOSAL TERMS

City of Virginia Beach Development Authority

- Transfer Corporate Landing parcel at 12 +/- acres to The Miller Group
- Remaining \$900,000 value applied towards SANJO Phase II
- Agrees to not otherwise transfer or sell Lot 2 for 15 years (three 5-year options)
 - SANJO's option to exercise
 - Aligns with Lease Term of 15 years
 - Option terminates if SANJO does not expand
- *Agrees to convey Lot 2 to 465 Progress Lane, LLC. at its then-appraised value for additional SANJO phases*
 - Based on SANJO's option to expand
- Award SANJO EDIP for Phase II based on job creation and retention, plus capital investment

PROPOSAL TERMS

The Miller Group

- Transfer Lot 2 ownership to Virginia Beach Development Authority
- Pay \$348,000 to VBDA
- Develop SANJO Phase II at 5.4% development cost
- Agrees to comply with Corporate Landing guidelines
- Deliver Phase II by March/April 2024

PROPOSAL TERMS

SANJO

- Phase II Expansion: 23,446 sq. ft.
- New Lease Term of 15 years
- Estimated Total Development Cost: \$3,234,000
 - After VBDA contribution: \$2,342,000



RECOMMENDATION

- Approve land transaction with The Miller Group
- Approve applying valuation variance to Phase II lease
- Approve EDIP for Phase II of \$350,000

Questions?



VBDA Monthly Cash Flow

City of Virginia Beach Development Authority

July 19, 2022

Operating Account Summary: June 2022

Beginning Cash - June 1, 2022

\$ 4,289,290

Significant Cash Receipts

- **Grand Total of Significant Cash Receipts - \$ 41,104**
 - ✓ **\$18,506** of Norfolk EDA for Industrial Revenue Bond
 - ✓ **\$17,830** of VB National for Apr. 22 Operating Rent
 - ✓ **\$ 2,980** of Charity Donation for the Annual Business Appreciation Golf Tournament
 - ✓ **\$ 1,788** of Interest Income

Significant Cash Disbursements

- **Grand Total of Significant Cash Disbursements - \$ 18,131**
 - ✓ **\$ 3,781** to VB National for Luncheon for Golf Tournament Sponsorship
 - ✓ **\$13,300** to Kimley Horn for CL Southwest Design

Cont. Operating Account Summary: June 2022

- **Significant Cash Disbursements**
 - ✓ \$ 1,050 to Kimley Horn for CL Northeast Design

Ending Cash – June 30, 2022

\$ 4,305,612

Incentive & Initiative Account Summary: June 2022

Beginning Cash – June 1, 2022

\$3,590,200

Significant Cash Receipts

- **Grand Total of Significant Cash Receipts - \$ 215,696**
 - ✓ **\$ 83,602** of Reimbursement for Dome Site for May 2022
 - ✓ **\$131,677** of Reimbursement for Dome Site for June 2022
 - ✓ **\$ 417** of bank interest income

Significant Cash Disbursements

- **Grand Total of Significant Cash Disbursements - \$ 535,985**
 - ✓ **\$86,688** to Cooper Carry – Reimbursable for Dome Site
 - ✓ **\$31,600** to Cooper Carry – Reimbursable for Dome Site
 - ✓ **\$13,389** to Kimley Horn – Reimbursable for Dome Site

Cont. Incentive & Initiative Account Summary: June 2022

- **Cont. Significant Cash Disbursements**

- ✓ **\$317,587** to IMS Gear Virginia – EDIP Part A – Partial Payment
- ✓ **\$ 45,000** to Point One USA, LLC – EDIP Part A – Final Payment
- ✓ **\$ 17,500** to Desman Associates for Atlantic Park Development Parking Study
- ✓ **\$ 5,500** to Facility Logix for May-22 Bio Accelerator Rent
- ✓ **\$ 10,643** to Olympia Bendix Two for Jul-22 Bio Accelerator Rent
- ✓ **\$ 8,078** to Katherine Holdings LLC for FIG Grant

Ending Cash – June 30, 2022

\$3,269,841

EDIP Grant Summary Reporting: June 2022

Beginning VBDA EDIP Grant Balance	\$ 2.732 M
EDIP Grants Expired (Closed)	+ \$ 42 K
New Grants Approved by VBDA	- <u>\$ 74 K</u>
EDIP Grant Funds Available as of June 2022	\$ 2.7 M



City of Virginia Beach Development Authority FY 23 Annual Operating Budget

July 19, 2022 | Virginia Beach Development Authority

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY

Fiscal Year 2023 Operating Budget

	FY 2023	FY 2022 (6/30/22)		FY 2021	
	BUDGET	BUDGET	ACTUAL	BUDGET	ACTUAL
Revenues:		\$2,051,760	\$2,051,760	See Note 1	—
Economic Development Incentive Program (EDIP) Transfer from City of Virginia Beach					
Amphitheater Administrative Fee	\$25,000	\$25,000	\$25,000	—	—
Industrial Revenue Bond Fees	\$240,000	\$240,000	\$228,036	\$231,000	\$221,746
Corporate Park Conduit Lease Revenue	—	—	—	—	—
Bond Application Fees	\$125	\$125	—	\$125	\$125
Miscellaneous	\$1,000	\$1,000	—	\$1,000	—
Interest Income	\$30,000	\$30,000	\$8,441	\$30,000	\$17,595
Total Authority Revenues	\$296,125	\$2,347,885	\$2,313,237	\$262,125	\$239,466

Disclaimer: This budget represents basic operating revenues and expenses only. No revenues or expenses for the SSD, EDIP or other special projects are included in this budget. Lease revenues received from the following are passed through to the City Treasurer's Office and are not part of the VBDA's discretionary spending: Virginia Beach Golf Club and Heron Ridge Golf Club. The VBDA can retain an administrative fee from the Amphitheater lease payment and must remit the remainder to the City Treasurer's Office.

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY – FY 2023 Operating Budget

			FY 2023	FY 2022 (6/30/22)		FY 2021 (6/30/21)		
			BUDGET	BUDGET	ACTUAL	BUDGET	ACTUAL	
Expenses:								
Corporate Landing:								
	Corporate Landing Landscaping		26,595	26,595	26,595	31,298	26,298	
	Corporate Landing Conduit Maintenance & Management Fee		169,228	159,510	211,060	159,010	189,010	
	Corporate Landing Utilities		4,200	4,200	19,530	4,200	4,979	
	Corporate Landing Stormwater Construction Fee		1,400	1,400	1,400	1,400	—	
	Architectural and Engineering Fees		400,000	800,000	524,166	126,100	57,633	
	Total Corporate Landing and VBDA Properties Expense		601,423	991,705	782,751	280,550	277,920	
Administrative:								
	Independent Audit Fees		19,800	18,400	46,835	18,000	17,968	
	Annual Report Fees		25,300	30,000	—	43,300	—	
	Strategy Consultant Fees		50,000	50,000	10,000	50,000	40,000	
	Commissioner Stipend		6,600	6,600	5,800	6,600	4,750	
	Miscellaneous		10,000	10,000	2,982	10,000	—	
	Total Administrative Expense		111,700	115,000	65,617	127,900	62,718	
VBDA Events:								
	Annual Holiday Receptions		19,100	16,500	13,070	16,500	—	
	Business Appreciation Month Event		8,000	8,000	—	8,000	—	
	Amphitheater Box Seats		47,250	45,000	26,595	See Note 2	—	
	VBDA Workshop		500	500	—	500	—	
	Total VBDA Event Expense		74,850	70,000	39,665	25,000	—	
Grants / Special Projects:								
	Small Business Development Center		20,000	20,000	—	20,000	—	
	Rudee Loop Temporary Place Making		—	—	—	—	—	
	Total Grants / Special Projects		20,000	20,000	—	20,000	—	
	Total Authority Operating Expenses		\$807,973	See Note 2	\$1,196,705	\$888,033	\$503,208	\$340,638
	Use of Operating Fund Balance		-\$511,848		—	—	-\$241,083	-\$101,172
	Budgeted Revenues over Expenditures		—		\$1,151,180	\$1,425,205	—	—

NOTES FOR FY23 OPERATING BUDGET

NOTE 1 - The City of Virginia Beach Department of Economic Development FY 2021-22 budget includes an additional \$2,051,760 for the EDIP program. In previous years, the EDIP funding was kept in a dedicated project in the Capital Improvement Program. At the request of Economic Development, this dedication was placed in their FY 2021-22 operating budget. As a result, Economic Development intends to streamline the allocation and administration of these funds to the Virginia Beach Development Authority.

NOTE 2 -The budgeted shortfall of funds is projected to cover potential architectural and engineering fees for the Corporate Landing and VBDA Properties. The Operating Fund Balance will cover any potential shortfall of the FY23 Operating Budget.

Fiscal Year 2023 Annual Operating Budget

The VBDA Operating Fund has been reconciled as of June 30, 2022

- Unrestricted Cash balance is \$4,305,611.76
- Additional cash (restricted) balance is \$7,395,924.71
- ✓ Request approval of the Fiscal Year 2023 Annual Operating Budget

Fiscal Year 2023 Annual Operating Budget

Budget Approval Request

- ✓ To fund the VBDA's Annual operational activities throughout the fiscal year.
- ✓ This fiscal year, the EDIP appropriation will remain in the CIP fund recorded on the City's books. VBDA will have the capability to draw down funds as the expenses occur.



CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
EDIP RECOMMENDATION

VECTRONA INNOVATIVE SYSTEMS AND TECHNOLOGIES

JULY 19, 2022

DISCLOSURES

- President: Joe Gelardi
- Accountant: Paul DiNardo, Wall, Einhorn & Chernitzer, PC
- Financial Institution: Self Financing
- Legal Services: Betsy Burkhard, Holland and Knight, LLP;
Burt Poole/Poole, Brooke & Plumlee, PC
- Landlord/Owner: Larry Hill
- Landlord/Owner Attorney: Howard Sykes Jr.

ABOUT THE COMPANY

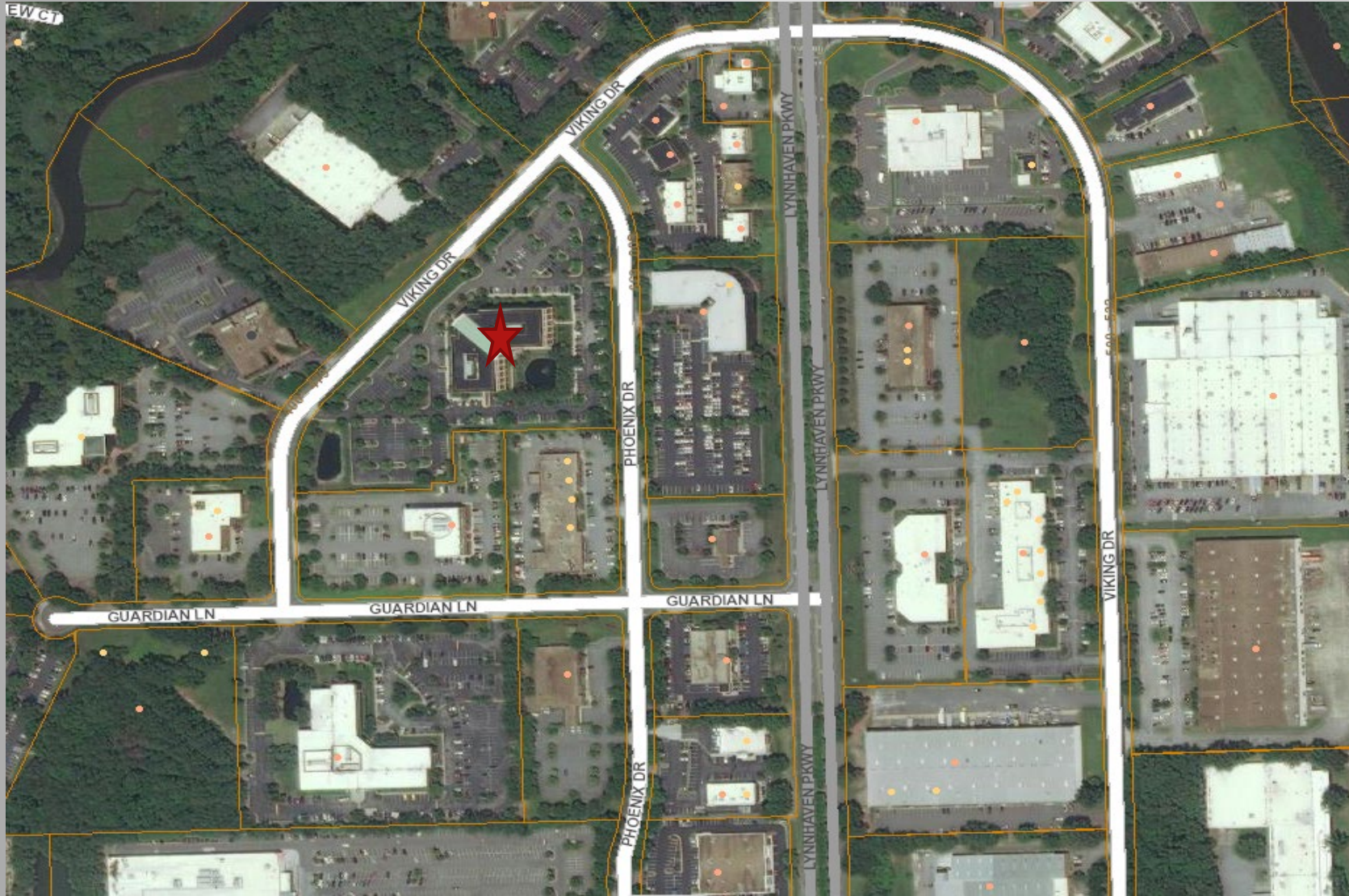
- Established, 2011
- Headquarters, Virginia Beach
- Located, 900 Commonwealth Place
- Provide innovative system analysis, training services, engineering solutions, and develop technology applications to the Department of Defense (DOD)
- Government Partners include:

149th Fighter Wing
Air Combat Command
Department of the Army
Department of the Navy
Department of the Air Force

363rd Training Squadron
Air Education Training Command
U.S. Fleet Forces Command
US Navy Beachmaster Unit TWO
Danville Community College

AFWEXUS
Dabney S. Lancaster Community College
Virginia Department of Emergency Management
US Navy Space and Warfare Systems Command

LOCATION: 468 VIKING DRIVE



PROJECT OVERVIEW

- Desire to relocate from 900 Commonwealth Place occupying 975 SF to 468 Viking Drive to occupy 4,535 SF

CAPITAL INVESTMENT	AMOUNT
REAL ESTATE	\$0
FURNITURE FIXTURES & EQUIPMENT	\$120,000
MACHINERY & TOOLS	\$0
TOTAL:	\$120,000

JOBS	AMOUNT
RETAINED FTE'S	18
NEW FTE'S	40
TOTAL FTE'S:	58
AVERAGE ANNUAL SALARY (Exclusive of Benefits)	\$95,000

RECOMMENDATION

- Economic Development Investment Program (EDIP) Grant: \$85,000
 - ✓ Pursuant to “Part A” of the EDIP Policy
 - ✓ Meets criteria “C-3” - \$4,000 of EDIP funds or less yields for 40 FTE employment opportunity, salaries over \$75,001
- Target sector:
 - ✓ Technology
 - ✓ Headquarters
 - ✓ Expansion and Retention

QUESTIONS?