

A RESOLUTION APPROVING THE PROVISION
OF \$800,000 IN ECONOMIC DEVELOPMENT
INVESTMENT PROGRAM FUNDS TO
DRONEUP, LLC

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, the Department of Economic Development (the "Department"), acting on behalf of the Authority, has induced DroneUp, LLC, a Virginia limited liability company (the "Recipient"), to locate its operations at 160 Newtown Road in the City of Virginia Beach (the "Property");

WHEREAS, the inducement includes an agreement to recommend the award to Recipient of \$800,000 in EDIP funds to underwrite a portion of costs associated with the location of the Recipient's operation at the Property;

WHEREAS, Recipient has represented in its application and the Director of Economic Development (the "Director"), upon review of the application submitted by Recipient, has determined and has advised the Authority it will meet at least one of the following performance criteria (the "Performance Criteria") within thirty-six (36) months after the date of this Resolution.

- (a) Tax Revenues: The net amount of direct tax revenues returned to the City as a result of the Recipient's operation will exceed the amount of EDIP Funds provided in thirty-six (36) months; and/or
- (b) Employment Opportunity: For every One Thousand Five Hundred Sixty-Eight and 63/100 Dollars (\$1,568.63) of EDIP funds received, Recipient will create one (1) new "full-time equivalent" employment opportunity in its operation with an average annual salary of \$50,001 to \$75,000, excluding benefits.

WHEREAS, the Director of Economic Development, upon review of the application submitted by Recipient, has determined and has advised the Authority that one or more of the following criteria has been met: (i) the net amount of direct tax revenues returned to the City as a result of Recipient's operation will exceed the amount of EDIP funds provided in thirty-six (36) months, and/or (ii) for every One Thousand Five Hundred Sixty-Eight and 63/100 Dollars (\$1,568.63) in EDIP funds provided to the Recipient will create at least one (1) new "full-time equivalent" employment opportunity in its operation, with an average annual salary of \$50,001 to \$75,000, excluding benefits.

WHEREAS, in addition to the EDIP funds provided in this Resolution, Recipient is expected to receive a grant of \$800,000 from the Commonwealth Opportunity Fund (the "COF Grant"); and

WHEREAS, as a condition to receipt of the COF Grant, the City of Virginia Beach, Authority and Recipient are required to enter into a Performance Agreement for the local administration of the COF Grant.

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

- 1. That the Authority hereby finds:
 - a. that the provision of \$800,000.00 in EDIP funds to DroneUp, LLC, a Virginia limited liability company (the "Recipient") will primarily serve the valid public purpose of fostering and stimulating economic development in the City; and
 - b. that the provision of the EDIP funds is in furtherance of the purposes for which the Authority was created; and

c. that it is unlikely the Recipient would locate its operations within the City without the stimulus of the EDIP award.

2. That the Authority hereby further finds that, based on the direct benefits to the City of Virginia Beach and its citizens resulting from the capital investment and employment opportunities to be generated by the Recipient as a result of its proposed location in Virginia Beach, the provision of \$800,000 in EDIP funds to the Recipient will only incidentally enure to the benefit of private interests.

3. That as of the date of this Resolution, the Recipient has not filled any of the new full-time job positions being incentivized by this EDIP award.

4. That based on these findings, the Authority hereby approves the provision of \$800,000 in EDIP funds to the Recipient to underwrite a portion of the costs associated with the location of the Recipient's operations in Virginia Beach.

5. That disbursement of EDIP Funds by the Authority shall be at the discretion of the Director of the Department of Economic Development of the City of Virginia Beach or his designee (the "Director"), who shall be authorized to require appropriate verification as to qualifying expenditures.

6. That disbursement of EDIP funds to the Recipient shall be on a pro-rata reimbursement basis upon presentation of original receipts for qualifying expenditures to the Director. At the sole discretion of the Director, disbursement may not be prior to the completion of the Performance Criteria. Disbursement of EDIP funds shall be from time to time, but not more frequently than once per month, until fully expended.

7. That as a condition of receiving EDIP Funds, each new job created must be maintained without interruption for thirty-six (36) months from the date of this Resolution (the "Performance Period") or the funds advanced for that new job may be subject to recapture as set forth in Section 8, below.

8. The Director may require the Recipient to enter into a Recapture Agreement approved by the Director to allow for the recapture of funds for any new job created that is subsequently terminated or eliminated by the Recipient. Such Recapture Agreement shall provide for the repayment by the Recipient of that portion of EDIP funds so disbursed prorated for the percentage of the Performance Criteria satisfied prior to the expiration of the Performance Period, and shall contain certain other provision as may be determined or required by the Director. Should an individual new job become vacant but Recipient is actively seeking a replacement employee, EDIP funds advanced for that new job shall not be subject to recapture.

9. As a further condition of receiving the EDIP Funds, the Recipient shall conduct operations in the New Locations (or such other locations in the City of Virginia Beach as may be agreed to by the Authority, including an Existing Location for which funds are awarded) for a minimum of five (5) years from the time of this award. Even if the requirement of paragraph 1 is met, for each year less than five that the Recipient conducts operations at the Property (or other

agreed to location) upon written request from the Authority, the Recipient shall pay to the Authority, as EDIP recapture and not as a penalty, one-fifth (1/5) of the amount of the EDIP Funds provided. Such amount shall be paid within fifteen (15) business days after receipt of request from the Authority, and if not paid by such date, the amount due will bear interest at the rate of ten percent (10%) per annum from such date until paid, and such interest shall be payable by the Recipient in addition to the amount due as calculated above.

10. The Authority may terminate this award and decline to pay any unpaid funds if the Recipient has not satisfied the Performance Criteria and requested the full \$800,000.00 within thirty-six (36) months of the date of this Resolution.

11. The Chair or Vice-Chair are hereby authorized to execute any documents relating to the COF Grant to which the Authority is a necessary party so long as such agreements are in a form deemed acceptable by the Chair or Vice Chair and the City Attorney.

Adopted this 24th day of August, 2022 by the City of Virginia Beach Development Authority.

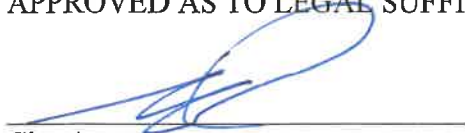
CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: 
Secretary / Assistant Secretary

APPROVED AS TO CONTENT


Economic Development

APPROVED AS TO LEGAL SUFFICIENCY:


City Attorney