

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
November 17, 2023 MINUTES

The City of Virginia Beach Development Authority (“VBDA”) held its special meeting on Friday, November 17, 2023, 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
W. Taylor Franklin, Vice-Chair
William Brown, Assistant Secretary
William Brunke, Treasurer
Michael J. Standing, Commissioner
Linda Garris-Bright, Commissioner
Penny Morgan, Commissioner
David Weiner, Commissioner
Ronnie L. Parker, Commissioner
Eric Keplinger, Commissioner

MEMBERS ABSENT: Guenter H. Weissenseel, Secretary

CITY COUNCIL: Vice Mayor Rosemary Wilson
Council Member Michael Berlucchi
Council Member Worth Remick

ADVISORS PRESENT: Alexander W. Stiles, Senior City Attorney
Charles E. Rigney, Interim Director of Economic Development
Emily L. Archer, Project Development Administrator
Michael R. Anaya, Planner III
Charles J. Bauman, III, Business Development Coordinator
Katrina N. Flowers, VBDA Accountant
Paige M. Fox, Business Development Manager II
Letitia Langaster, Business Development Manager II
J. D. Hines, Senior Land Development Engineer
Tecora D. McIntyre, Executive Assistant II
Elisabeth D. Parker, Executive Assistant II
ShiKim Holden, Administrative Technician
Katelyn Philleo, Business Development Representative I
Jeffrey L. Smith, Business Development Coordinator
Annagid Walker, Account Clerk III

REPORTED BY: Charles E. Rigney

RECORDED BY: ShiKim Holden

Chair Lisa Murphy began the meeting at 8:30 a.m. and read the special meeting letter.

SPECIAL MEETING CALL

OPEN FLOOR

No public speakers.

MEETING MINUTES

1. Approval of Meeting Minutes, October 17, 2023

MOTION: William Brunke

SECOND: Linda Garris-Bright

APPROVED: 10-0-0

VBDA ANNUAL FINANCIAL REPORT

2. VBDA Annual Financial Report given by Senior Manager, Logan Booth, and Engagement Director, Laura Harden, of Cherry Bekaert.

Ms. Harden introduced herself and Mr. Booth. Rob Churchman, whom was not in attendance, was acknowledged as second independent reviewer of the audit upon completion. Ms. Harden informed the Board of the two audit types performed, financial and compliance. Cherry Bekaert audited the financial statements of the Authority for the year ended June 30, 2023. The report was issued and dated November 16, 2023. An unmodified opinion was issued on the financial statement. Cherry Bekaert identified no instances of noncompliance required to be reported under Government Auditing Standards or the Specifications for Audits of Authorities, Boards, and Commissions. An understanding of the Authority's internal controls is gained to help design the audit procedures. Any control deficiencies are required to be reported. Cherry Bekaert noted no material weaknesses in the financial statement but found one deficiency that is believed to be significant. In the fiscal year 2023, the City of Virginia Beach and the Authority collectively discovered that \$702,868 of construction in progress assets related to the Atlantic Park project, which were sitting on the Authority's books, should have been transferred to the City for fiscal year 2022. As a result, the Authority's capital assets and net position were overstated in fiscal year 2022 by \$702,868. In lieu of going back and restating its fiscal year 2022 financial statement, the Authority has adjusted its fiscal year 2023 financial statement to accurately present capital assets and net position as of June 30, 2023. Cherry Bekaert recommends that the Authority and the City review and reconcile transactions yearly to ensure they are completely and accurately reported. In addition, the Authority, working with the City's Finance Department, will establish annual reconciliation procedures to ensure that the ownership of capitalizable projects is properly identified and/or allocated at the start of the projects. Ms. Murphy clarified that this deficiency was due to a mischaracterization, not a misappropriation of funds. Ms. Harden confirmed that there was no misappropriation of assets and that the deficiency was due to a double counting of assets based on an unclear understanding of who had ownership of certain capital assets and infrastructure associated with the Atlantic Park project. Mr. Stiles stated that at the beginning of construction it was unclear who had ownership of certain assets. Ms. Harden agreed. Mr. Booth provided the board with communications required to be disclosed under auditing standards. The initial area is significant accounting policies. No new accounting policies were adopted, and the application of existing policies was not changed during the year. No inappropriate accounting policies or practices were noted. The Authority's identification of, accounting for, and disclosure of the Authority's relationships and transactions with related parties were evaluated as required by professional standards. The review of those transactions with the related parties noted that all transactions were of standard business practices and there was no significant or improper related party transactions noted. Additionally, there were no significant or unusual transactions that the audit procedures discovered or that Cherry Bekaert was not made aware of by management. Accounting estimates are prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The most sensitive estimate affecting the financial statements was management's estimate of the land held for resale is based on the acquisition cost plus improvements. Cherry Bekaert evaluated the key factors and assumptions used to develop the land held for resale in determining that it is reasonable in relation to the financial statements taken as a whole. It was determined that the financial statement disclosures are neutral, consistent, and clear. Under the auditing standards, Cherry Bekaert is required to be independent of

the authority. Mr. Booth affirmed their independence. If any difficulties or any disagreements with management were encountered, it is required to be communicated with the Authority. Cherry Bekaert is not aware of any consultations with any other any other CPA firms as it as it relates to the Authority's financial statements. The company is not aware of any other management consultations that would not occur in the normal courts of business of the Authority. A management representation letter was also received prior to issuing the audit report dated November 16, 2023. Mr. Booth informed the board that there is no concern in regard to matters relating to the Authority's financial position. The financial statements include required supplementary information that is reviewed, but not opined. Supplementary information schedules are also included for review with opinions relating to the schedules.

No Discussion

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (EDIP)

3. Request approval of a Resolution authorizing an EDIP Part "A" award in the amount of \$167,000 to DOMA Technologies presented by Business Development Manager Letitia Langaster.

A request to move agenda item 5 to item 3 was made and implemented. Ms. Langaster introduced Mayor Bobby Dyer and welcomed him to give a presentation. Mayor Dyer welcomed City Council members and DOMA Technology guests to the front. Mayor Dyer spoke about the future advancement of bringing jobs to the City of Virginia Beach and thanked the Authority for their contribution. Mayor Dyer also acknowledged the opening of Old Dominion University's Data Institute. A City flag was presented to Founder Pat Feliciano and Chief Operating Officer Chris Hutchenson. Mr. Feliciano expressed excitement regarding locating to Virginia Beach and partnership with the Authority. Ms. Murphy praised DOMA Technologies for their focus on hiring veterans and asked Mr. Feliciano to elaborate on the work the company does for veterans through their work with the VA Hospital. Mr. Feliciano explained that DOMA Technologies is the national provider for the Private Medical Record Outreach Program for the VA. The company goes into private provider communities on behalf of their hired veterans and gather their medical records. Data is extracted and the medical records are adjudicated to expedite the disability claim process. This allows the process to be shortened from 40 days to 12 days. Over one million veterans have been helped over the last 12 years through this process. Mr. Feliciano opened the floor up to Ms. Langaster. Ms. Langaster began her presentation giving company background, disclosures, and client portfolio. The company is moving from their 30K square foot location at Seahawk Circle to a 69K square foot location at London Bridge Road with a five-year lease term. This three-phase project is expected to be completed June 2024. The expectant hiring projection is 275 FTEs with an average salary of \$60,000. The company was previously awarded a satisfied EDIP grant in October 2014. A grant was also awarded in November 2019, but was not utilized due to effects of COVID. Ms. Langaster informed the board that she is recommending a \$167,000 EDIP grant for job creation and capital investment under Part A of the EDIP. The target industry sectors are business retention and expansion, information technology, and SWAM certified. Governor Youngkin announced that Virginia Economic Development Partnership (VEDP) has awarded a \$245,600 grant for Virginia Jobs Investment Program to DOMA Technologies.

No Discussion

MOTION: Taylor Franklin
SECOND: William Brown
APPROVED: 10-0-0

FINANCIALS

4. Review of Financial Statements for October of 2023 presented by Katrina Flowers.

Operating Account Summary: October 2023

Beginning Cash – October 1, 2023

\$4,542,153

Significant Cash Receipts

- Grand Total of Significant Cash Receipts - \$6,561,624
- \$3,104,434 Payment to AGI for Innovation Park Offsite Infrastructure (Reimbursement from City CIP)
- \$ 85,744 Industrial Revenue Bond Annual Administration Fee
- \$1,253,490 Atlantic Park Entertainment Venue to Venture Waves LLC (Reimbursement from City CIP)
- \$ 69,851 Innovation Park Design (Reimbursement from City CIP)
- \$ 531,770 Corporate Landing Stormwater Construction (Reimbursement from City CIP)
- \$1,016,358 Atlantic Park Offsite Infrastructure to Venture Waves LLC (Reimbursement from City CIP)
- \$ 279,646 Payment to Live Nation Worldwide, Inc. for Amphitheater Capital Maintenance (Reimbursement from City CIP)
- \$ 197,284 Commonwealth Opportunity Fund (COF) grant reimbursement for Acoustical Sheetmetal Company
- \$ 23,047 Interest Income

Significant Cash Disbursements

- Grand Total of Significant Cash Disbursements - \$6,699,730
- \$ 35,990 Construction and project management expenses for Lishelle Place
- \$ 58,578 Atlantic Park Construction Inspection expense
- \$ 525,035 Corporate Landing Park Business Park Offsite Infrastructure (To be reimbursed by City CIP)
- \$3,104,434 Payment to AGI for Innovation Park Offsite Infrastructure (To be reimbursed by City CIP)
- \$ 112,232 Innovation Park Phase II Real Estate Commission for AGI/VBDA Land (To be reimbursed by City CIP)
- \$ 14,632 Monthly recurring charge conduit management for Globalinx-October 2023
- \$1,253,490 Atlantic Park Entertainment Venue to Venture Waves LLC (To be reimbursed by City CIP)
- \$ 69,851 Innovation Park Infrastructure (To be reimbursed by City CIP)
- \$ 279,646 Payment to Live Nation Worldwide, Inc. for Amphitheater Capital Maintenance (To be reimbursed from City CIP)
- \$1,016,358 Atlantic Park Offsite Work to Venture Waves LLC (To be reimbursed by City CIP)
- \$ 32,200 Corporate Landing land sale to BMKV Holdings, LLC for real estate commission on Perimeter Parkway
- \$ 197,284 Commonwealth Opportunity Fund (COF) grant reimbursed for Acoustical Sheetmetal Company

Ending Cash – October 31, 2023

\$4,369,263

Incentive & Initiative Account Summary: October 2023

Beginning Cash – October 1, 2023

\$2,946,572

Significant Cash Receipts

- Grand Total of Significant Cash Receipts - \$455
- \$ 455 Bank interest income

Significant Cash Disbursements

- Grand Total of Significant Cash Disbursements - \$56,492
- \$ 25,981 Taste Unlimited LLC (EDIP Final Payment for Part A grant)

\$ 11,420	Olympia Bendix Two (Bio Accelerator Lease Payment to include Pro-rata Real Estate Taxes-October 2023)
\$ 10,000	CLR, Inc. (FIG Grant)
\$ 9,091	Ray Ray's at the Mayflower, LLC (FIG Grant)

Ending Cash – October 31, 2023 **\$2,890,003**

EDIP Grant Summary Reporting: October 2023

Beginning VBDA EDIP Grant Balance	\$3,315,714
Earned Interest and Activity Analysis Fee	+\$ 100
EDIP Grants Expired (Closed)	+\$ 35,000
New Grants Approved by VBDA	-\$ 130,000
EDIP Grant Funds Available as of October 2023	<u>\$3,220,814</u>

VBDA ASSET REVIEW

5. A review of VBDA assets presented by Interim Director, Charles Rigney.

Interim Director, Charles Rigney, introduced new VBDA employee Pam Witham and informed the board of her new role in VBDA asset management. Ms. Witham thanked the Authority for the opportunity to work with them and gave professional background. Mr. Rigney directed the Authority to the VBDA asset list and suggested dissecting each of the assets in future meetings.

Discussion:

Chair Lisa Murphy asked if a report could be composed from Authority engineers that identifies expenses involved in the VB National update and stormwater management. Ms. Archer informed Ms. Murphy that the Authority requested two scopes of work from an architect to do a facility condition assessment of all VB National buildings and VHB is doing a thorough analysis of the pond. A completed report is anticipated by second quarter of 2024. Ms. Murphy explained that the process was a result of the VB National audit.

CORPORATE LANDING BUSINESS PARK

6. Request approval of improvements proposed by TDS Properties, LLC at Corporate Landing presented by Emily Archer.

Ms. Archer informed the board that this is an existing property within Corporate Landing. According to the Corporate Landing design criteria, any time modification is proposed, the VBDA approval is required. Ms. Archer began her presentation giving company background and disclosures. The company is requesting a 7,620 square foot warehouse building in the rear parking lot to house their fabrication equipment. The request eliminates the need to find additional storage locations. Parking has not posed an issue even with the displacement of parking behind the company building. An engineering drawing showed that the company avoided utility easements and required setbacks. The only visibility of the warehouse is at the entrance of the driveway. The max building height is 24 feet. Materials utilized include brick veneer, on the first floor, to match existing office building and EIFS panels in gray tones on the second floor. There will be metal insulated doors and glazing panels to match the adjacent building windows. The designs meet the 1990 Corporate Landing Design Criteria. Construction is anticipated in January 2024.

Discussion:

Ms. Murphy asked if this was needed to get the company's site plan approved. Ms. Archer confirmed. Commissioner Weiner abstained from the vote. Ms. Murphy clarified that articulation and faux windows were requested to avoid setting a bad precedent, but the building will be mostly out of view.

MOTION: Taylor Franklin
SECOND: Michael Standing
APPROVED: 9-0-1 (Mr. Weiner abstained from the vote)

7. Request approval of Corporate Landing Stockpile Policy presented by Emily Archer.

Ms. Archer informed the board of construction on the new Pond D that removed 40,000 cubic yards of dirt and created three stockpiles. There are currently agreements to provide 4,500 cubic yards of sand to Forbes, 3,250 cubic yards to Miller Group, and 2,500 cubic yards to Global Way totaling 10,250 cubic yards total. There is 9,750 cubic yards of sand fill remaining. Due to expensive sand transportation costs, the request is for VBDA to approve a policy for staff to know how to proceed when receiving sand requests. Ms. Archer provided the board with an example of a current contractor reaching out and the disclosures of the company. The market rate is currently \$9.50 per cubic yard. The recommendation is to set a reduced rate for the stockpile material at 50% of market rate, which totals \$4.75 per cubic yard, for all developments within Corporate Landing Business Park and require market rate for any outside requests. Stockpile material is to be picked up and transported at the purchaser's sole cost and expense regardless of who the requester is. Purchaser is required to notify staff at least one week in advance of picking up stockpile material and provide truck tickets in order to satisfy the transaction. Purchaser must also pay the VBDA via check in advance of loading stockpile material. Mr. Stiles expressed that this policy will be in effect for Innovation Park as well.

Discussion:

Ms. Murphy spoke about the benefits of the policy update. Ms. Morgan asked if it was necessary to change the policy to include both Corporate Landing and Innovation Park. Mr. Stiles informed her that both are written into the policy.

MOTION: Ronnie Parker
SECOND: Eric Keplinger
APPROVED: 9-0-1 (Mr. Weiner abstained from the vote)

TOWN CENTER

8. Request approval of 110 South Independence Blvd demolition presented by Emily Archer.

Ms. Archer began her presentation by giving information about the building. Currently the Fire Department has intermittent trainings as long as permitted. Water services were recently disconnected due to the City receiving a \$500 water bill and investigating. There is ongoing staff time used for graffiti and debris removal, landscape maintenance, security or trespassing, and undesirable requests for purchase. The request is to release a solicitation for demolition of the building to save manhours and eliminate the costs of unnecessary staff time. The estimated cost of demolition ranges from \$300,000 to \$400,000.

Discussion:

Mr. Brunke asked if the site is more valuable without the proposed building. Ms. Archer believes that it is. Mr. Stiles stated that any user would have to demolish the building. Ms. Archer informed the board that the slab would remain due to the expense. Redevelopment would be responsible for storm water. Ms. Murphy clarified that Ms. Archer was asking for approval to put out a bid. Ms. Archer confirmed and informed the board that any bids received would be brought back for specific approval on the final number.

MOTION: Michael Standing
SECOND: Linda Garris-Bright
APPROVED: 10-0-0

ADMINISTRATIVE INFORMATION

9. VBDA Priorities: *No Discussion*
10. VBDA Members: *No Discussion*
11. Interim Director's Report: *C. Rigney*

Discussion:

Interim Director, Charles Rigney, spoke about DOMA Technology and the importance of the opening of the Data Science Institute from Old Dominion University. Mr. Rigney also spoke on the moving of the British cyber security company, Chorus Intelligence, from the incubator to Town Center. The company was the first tenant in the international office incubator. The international office incubator will be expanded beginning in January. VBDA will be able to offer additional square footage in our international incubator. Mr. Rigney thanked Ms. Langaster for handling the DOMA Technologies EDIP and coordinating the event for the company. A letter was received from Congresswoman Jen Kiggans congratulating VBDA for their award presented by the International Economic Development Council and recent work with the HIVE. The marketing mission to the UK and Northern Ireland was successful. Ms. Fox has a report of several visitors coming in the spring. Mr. Rigney congratulated Tecora McIntyre on her promotion to Executive Assistant. All staff was asked to RSVP for the Christmas party being hosted at the Westin on December 6th. Mr. Rigney also informed the staff of Ms. Chalk being on maternity leave. Ms. Murphy informed the board of a team working on updates to the EDIP policy. The policy's anticipated completion is before the next scheduled VBDA meeting. Ms. Murphy received a request to reconsider the meeting day. Councilmember Wilson spoke about altering the day of the VBDA meetings due to extensive City Council scheduling. Councilmember Berlucchi spoke about his favor of Tuesday meetings, but openness to changing the time to work for everyone. Mr. Stiles suggested the second Tuesday of the month in place of the third Tuesday. Ms. Morgan inquired about how the day was chosen. Mr. Stiles informed her that this has been the longstanding weekday. Ms. Murphy asked if changes to the by-laws are required for the update. Mr. Stiles informed her that he believes so, however he will have to look into it.

Chair Lisa Murphy moved to recess into a closed session.

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 purpose:

CONTRACTS: 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)(29). (*District 1*) (*District 2*) (*District 3*)

LEGAL MATTERS: Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, pursuant to Va. Code § 2.2-3711(A)(8). (*District 2*) (*District 3*) (*District 5*)

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 1*) (*District 3*)

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 2*) (*District 3*) (*District 5*)

MOTION: William Brunke
SECOND: William Brown
APPROVED: 10-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: Taylor Franklin
SECOND: William Brunke
APPROVED: 10-0-0

INNOVATION PARK

9. Request approval of a Resolution amending the Terms of the Land Transaction between the Authority and YCH, LLC presented by Interim Director, Charles Rigney.

Mr. Stiles informed the board that this request relates to 2008 Hudome Way. The Authority authorized the sale of approximately 14 acres to YCH, LLC. YCH, LLC is the proprietor of YNOT Pizza. Staff is proposing a resolution that would allow the Authority to reacquire the entire parcel for the original purchase price of approximately \$128,000 per acre which equates to \$1.8 million. The Authority would grant YCH, LLC an option to reacquire 3.75 acres for \$128,571 per acre. The option would be valid for one year from the date the Authority takes title to the property. In order to utilize the option, YCH, LLC would have to have an approved site plan. The company would then have to commence construction within one year of the reacquisition. Mr. Stiles confirmed that the one-year construction requirement starts from the time of purchase with a maximum of two years. The 3.75 acres will be subject to reversion to the VBDA if YCH, LLC does not start construction within the one-year period. The acres will be utilized for a YCH, LLC or affiliate headquarters building along with other commercial buildings to be leased to third parties.

MOTION: Taylor Franklin
SECOND: Linda Garris-Bright
APPROVED: 10-0-0

Chair Lisa Murphy adjourned the meeting at 10:10 a.m.



Lisa M. Murphy, Chair



November 17, 2023

Ms. ShiKim Holden
Clerk, Virginia Beach Development Authority
4525 Main Street, Suite 700
Virginia Beach, Virginia 23462

Re: Abstention/Disclosure Pursuant to Conflict of Interests Act § 2.2-3115(F)

Dear Ms. Holden:

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 vote to approve the proposed improvements by TDS Properties, LLC at Corporate Landing Business Park.
2. I have a personal interest in Batchelder & Collins Inc. located at 2305 Granby Street Norfolk, Virginia 23517.
3. Batchelder & Collins Inc. is providing services for this project to the general contractor Hoy Construction. Therefore, I will abstain from voting on this matter.

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 blue ink, appearing to read "David W. Weiner".

David W. Weiner
Commissioner

DW/AWS/csk