

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
February 20, 2024, MINUTES

The City of Virginia Beach Development Authority (“VBDA”) held its regular meeting on Tuesday, February 20, 2024, 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
Eric Keplinger, Commissioner
Penny Morgan, Commissioner
Ronnie L. Parker, Commissioner
David Weiner, Commissioner
Guenter H. Weissenseel, Secretary

MEMBERS ABSENT: Linda Garris-Bright, Commissioner
Michael J. Standing, Commissioner

CITY COUNCIL: Council Member Michael Berlucci
Vice Mayor Rosemary Wilson

ADVISORS PRESENT: Charles E. Rigney, Director, Economic Development
Laura Chalk, Deputy Director, Economic Development
Kathy M. Warren, Director, Planning & Community Development
Christopher S. Boynton, Deputy City Attorney
Alexander W. Stiles, Senior City Attorney
Lyndon S. Remias, City Attorney
Emily L. Archer, Project Development Administrator
Michael R. Anaya, Planner III
Charles J. Bauman, III, Business Development Coordinator
Henry W. Cobb, Business Development Representative II
Paige M. Fox, Business Development Manager II
J. D. Hines, Senior Project Manager
Blake Huffman, VBDA Senior Accountant
Letitia E. Langaster, Business Development Representative II
Matt Mader, Senior Land Development Engineer
Howie McEntee, Accountant II
Tecora McIntyre-Catlett, Executive Assistant II
Ihsane Mouak, Business Development Coordinator
Elisabeth D. Parker, Executive Assistant II
Samantha Renaud, Executive Assistant I
Paul J. Scully, Development Liaison
Jeffrey L. Smith, Business Development Coordinator
Annagid Walker, Account Clerk III
Pamela D. Witham, Senior Planner
Deborah Zywna, Planner III

REPORTED BY: Charles E. Rigney

RECORDED BY: Elisabeth D. Parker

Chair Lisa Murphy began the meeting at 8:30 a.m. and opened the floor for public comment.

OPEN FLOOR

No public speakers.

REGULAR MEETING

MEETING MINUTES

1. Approval of Meeting Minutes, January 16, 2024

MOTION: Taylor Franklin

SECOND: Penny Morgan

APPROVED: 9-0-0

FINANCIALS

2. Review of Financial Statements for January 2024 presented by Blake Huffman.

Operating Account Summary: January 2024

Beginning Cash – January 1, 2024 **\$4,983,985**

Cash Receipts Detail

- Grand Total of Cash Receipts
 - \$ 25,000 Recognition of non-refundable option fee - SIMIS
 - \$ 22,730 Interest Income

Cash Disbursements Detail

- Cash Disbursements Detail
 - \$ 14,632 Monthly recurring charge conduit management for Globalinx – February ‘23
 - \$ 24,584 Legal Services for Dome Site – Davis Commercial Law Group
 - \$ 2,500 Appraisal Services – 110 S. Independence Ave. – Soccia & Company

Ending Cash – January 31, 2023 **\$4,987,296**

- Payments Reimbursed by City of VB - January
 - \$3,029,742 Atlantic Park -Venture Waves Draw #11 – Entertainment Venue
 - \$1,166,311 Atlantic Park -Venture Waves Draw #11 – Offsite Infrastructure (City Asset)
 - \$ 290,066 Innovation Park – Architectural Graphics – Offsite Infrastructure
 - \$ 21,752 Innovation Park – Kimley Horn – Pump Station Redesign
 - \$ 12,000 Innovation Park – Virginia Aquatic Resource – Stream Impact Mitigation

Total Cash After City Reimbursements

Capital Maintenance: December 2023

- Amphitheater - \$615,959 (Total funds available)
 - \$ 9,444 Held by VBDA
 - \$ 606,515 Held by City CIP
- Human Services Building - \$3,058,448 (Total funds available)
 - HBA Architects - Roof
 - \$ (7,246) Replacement A&E
 - \$ 47,911 Monthly Lease
- VB National Golf Course - \$340,315 (Total funds available)

\$ 26,488 Revenue Agreement (November and December)

Incentive & Initiative Account Summary: January 2024

Beginning Cash – January 1, 2024

\$2,779,319

Cash Receipts Detail

- No Significant Receipts

Cash Disbursements Detail - \$11,329

- Grand Total of Significant Cash Disbursements - \$
\$ 11,329 Olympia Bendix Two (Bio Accelerator Lease Payment to include Pro-rata Real Estate Taxes-January 2024)

Ending Cash – January 31, 2024

\$2,768,019

Beginning VBDA EDIP Grant Balance

\$3,054,022

ACA International Expired Grant

\$500,000

Global Technical Systems Expired Grant

\$600,000

Earned Interest and Activity Analysis Fee

+S 68

EDIP Grant Funds Available as of December 2023

\$4,154,090

Construction in Progress**

- Atlantic Park – Entertainment Venue - \$14,578,520 (paid to date)
\$ 3,029,742 Venture Waves Draw #11
- Atlantic Park – Parking - \$13,480,789 (paid to date via CDA)
- International Incubator - \$88,620
No Transactions in January 2024

Discussion:

Commissioner William Brunke asked for a refresher on what the purpose of the two expired grants were created for. Mr. Huffman stated that he believes ACA International was a capital investment at Harper and Dam Neck Roads that never moved forward and could be returned to the available fund balance. The second, Global Technical Systems, had also received a Commonwealth Opportunity Fund (COF) Grant. The City returned the full \$1.8 million of COF money to the state. Of the \$1.2 million VBDA EDIP award, \$600,000 was paid based on capital investment, but no funds were requested for job expansion and the performance period expired over a year ago. Mr. Brunke asked to clarify that all state funds were returned, and the City of Virginia Beach has no obligation. Mr. Huffman confirmed nothing was transferred to VBDA and there are no obligations to the state. Economic Development Director Charles Rigney noted that the ACA was one of the projects at Corporate Landing that had not progressed within the time approved by the Authority and that all outstanding transactions at the park have been reviewed and cleaned up.

TOWN CENTER

3. Request approval of bid for demolition of building at 110 S. Independence Blvd (former Circuitry City Building) presented by Emily Archer on behalf of Pamela Witham who was absent for the entirety of meeting.

Discussion:

Commissioner William Brown questioned why the demolition estimate in November 2023 was in the range of \$300,000 to \$400,000 but this current bid is much lower. He asked the range for the bids received, and Ms. Archer noted the highest bid received was about \$225,000 and believes the estimate was received coming out of the pandemic and was impacted by inflationary prices. Chair Lisa Murphy asked Ms. Archer if 15% is enough of a cushion for the project. Ms. Archer stated that there are supporting specifications and a contract to be signed that will hold all parties in place but believes the 15% will be sufficient. Ms. Murphy asked the motion reflect a maximum of \$100,000 to ensure sufficient funds for the demolition.

MOTION: Eric Keplinger
SECOND: William Brunke
APPROVED: 9-0-0

VBDA ASSETS

4. VBDA Land Asset Overview updates presented by Emily Archer.

Discussion:

Chair Murphy asked Ms. Archer to share an update on the VB National Golf Course and when the asset management committee will meet. Ms. Archer stated that the VBDA has two scopes of work underway for VB National. One with an architect for a facility conditions assessment of all the buildings that should be completed and presented in the March VBDA meeting detailing capital needs. The second is by the VBDA's engineer, VHB, for BMP assessments to understand functionality and conditions of the storm water facilities. There are 12 ponds on the property and these results should also be available at the March VBDA meeting. Ms. Archer's team will be meeting with the VBDA Asset Committee in advance of the March VBDA meeting to review results and bring recommendations. Ms. Archer notes that help will be needed with prioritization of the facility's needs. Ms. Murphy added that this will help the VBDA understand the scope, cost and what needs to be completed and the Board will complete the upcoming March meeting with a recommendation from the committee.

Mr. Brunke stated that the vacant Circuit City building costing \$42,000 in utilities is a lot of money and asked if it can be assumed the cost will now be zero? Ms. Archer confirmed one of the first things completed was contacting Dominion Energy to deenergize the building. The sprinkler system was connected to power, which is why the power was left on and there were also some ghost water bills which is why it was brought to the VBDA. Mr. Brunke notes the cost of utilities covers almost half the cost of removal.

Mr. Brunke asks Ms. Archer to further explain the condominium unit listed as Town Center Block 7, how it works and who owns it. Alexander W. Stiles, Senior City Attorney, responded by stating the VBDA owns the Conference Center itself but it is operated by the hotel operator under a 99-year management agreement. Mr. Brunke asked to clarify that this is referring to the second floor and Mr. Stiles confirms that owning the Conference Center was part of the City incentive to get the Westin in Virginia Beach. The VBDA owns the Conference Center, the operator manages it, and they pay a revenue sharing to the VBDA of 10% above \$2.8 million. He asked whether the City Auditor or the Office of Economic Development has recently reviewed the numbers. Mr. Rigney stated it was just done and his guess is that it was \$47,000. Mr. Blake Huffman adds it is somewhere in the range of \$40,000, but it is the first year anything was received from the agreement in about three years due to the pandemic. Mr. Brunke asks if the 10% of gross banquet revenue only consists of room rentals or if it includes F&B (food and beverage). Ms. Murphy clarified that Mr. Brunke specifically meant Conference Room rentals not lodging room rentals. Mr. Huffman states he is unsure if it includes food and beverage because it goes hand in hand with the restaurant, so a lot of capital maintenance costs are split between the two. Mr. Huffman will follow up and let the Authority know. Ms. Murphy asks for it to be included in next month's financial report.

ECONOMIC DEVELOPEMNT INVESTMENT PROGRAM (EDIP)

5. Request approval of a Resolution amending the Economic Development Investment Program Policy and requesting City Council consider approval of same presented by Alexander Stiles and Charles Rigney.

Discussion:

Commissioner David Weiner asked if the language used in the presentation "City's targeted industry sector" were SGA areas. Mr. Stiles notes it is not geographical, but types of industries included are things like high tech and engineering firms. Mr. Weiner also asked if the 36-month period is the time given to use the grant. Mr. Stiles explained they have 36 months from the date of the award to establish the job and they also want the job to be kept for at least a year. Mr. Stiles added that this deadline may be extended and while the city

allows 36 months, the state gives up to 5 years and the desire is to sync the state and local deadlines. Mr. Weiner refers to his printout from the Economic Development web page. He asks if the waiver of conditional use permits is also a part of the grant. Mr. Stiles responds that he believes those are services the department can provide to work with anyone who is not necessarily getting an award. This action does not need to be presented to the Board. The expediting permitting processes is not part of the EDIP, it is separate. Mr. Brunke asked if under the definition of average annual wage, Mr. Stiles can include a note that these numbers are adjusted quarterly, to more accurately indicate when the wage was updated. Mr. Stiles confirms this can be done. Commissioner Ronnie Parker asks if there is a historical data point that shows how many businesses under the SWAM umbrella may now not qualify with the new average wage. Mr. Stiles states he's unsure, but the Economic Development team can complete the research. Commissioner William Brown states that he noticed the EDIP is now capped at \$3,000 per job while previously it was up to \$4,000 and is curious why this number is reduced. Mr. Stiles states that if it is the will of the body, an upper limit could be added. Mr. Brown notes that he is unsure of how often this would come up as salary would have to be more than \$98,000 to qualify. Mr. Brunke comments that while they were looking for something a little higher, it was suggested that it could be tied to the Virginia Employment Commission (VEC) as they found it to be a good middle ground and the rates of 1.2 and 1.7 are meant to be an incentive not a subsidy. These are for working towards a living wage not a minimum wage and these numbers are not statistical but something that was found in discussion. Mr. Brunke moves to send the policy onto City Council with the slight modification to the definition of adjusted annual wage, as to adjust the quarterly component of it, using language Mr. Stiles finds appropriate.

MOTION: William Brunke
SECOND: Penny Morgan
APPROVED: 9-0-0

AMPHITHEATER

6. Request approval of Amphitheater 2024 concert series box presented by Alexander Stiles and Charles Rigney.

Discussion:

Mr. Rigney recommends renewing the concert box series as business attraction and retention efforts are really ramping up. The total cost is roughly \$53,000 with the first concert in May. He recommends reviewing who and how this is attended as it has been difficult to have a presence at the box with the company and develop a relationship with existing contacts. Mr. Rigney states that if the Board is supportive, his team will present recommendations in next month's meeting on who attends and how in order to keep track of who is attending and how everything will be handled. Ms. Murphy agrees to meet with Mr. Rigney and Mr. Stiles to discuss the policy and come back to the group. Mr. Stiles states that previous policy was at the discretion of the previous Economic Development Director. Moving forward the hope is to document who is using the box since it is public information. Commissioner Taylor Franklin asks if the process can be reviewed prior to the Board approving the motion. Mr. Stiles states today's request is only about the renewal of the box and defers to Ms. Murphy. Ms. Murphy asks if there is a deadline for renewal. Elisabeth Parker, VBDA Clerk, states she has been in contact with Meg Slovenkay at Live Nation and informed her this request was being presented to the Authority to be voted on. Ms. Murphy states that she does not think the issue lies with having a box but the utilization. Mr. Rigney offers that the box is good for optics, but staff will be sure it is documented as far as who is there, and selected to attend. The main issue was that city staff were not always able to attend the concert with clients and this was not conducive to developing a relationship. The box is eight seats which the board agreed should allow room for staff to attend as well.

MOTION: Penny Morgan
SECOND: Guenter Weissenseel
APPROVED: 9-0-0

ADMINISTRATIVE INFORMATION

6. VBDA Priorities:

Discussion:

Commissioner David Weiner had questions regarding the Historic Kempsville property. He spoke to Council Member Michael Berlucchi and believes it has been discussed with Planning Department Director, Kathy Warren. Ms. Warren says that as far as acquisitions, there is one owner who is seemingly interested in selling and they are looking at the benefit of rezoning the bank building. Mr. Weiner states this goes back to several parcels sold in that area and rezoned to B4K to be easier to sell. He states the bank building is owned by the city and his thoughts are that if the property was rezoned it would benefit potential buyers. Ms. Warren states they are looking at it and have two more acquisitions to make before determining if it is worth rezoning on a parcel.

7. VBDA Members: *No Discussion*

8. Directors Report: *C. Rigney*

Discussion:

Mr. Rigney welcomes back Deputy Director Laura Chalk and congratulates her newly appointed Executive Assistant, Samantha Renaud. He also shared the following highlights:

- Two companies submitted bids for the Future Base Design RFP to NAVFAC for the horse stable property on Oceana Boulevard, but were both rejected by the Navy. A meeting will be held either this week or the following week to find out what mark was missed. It seems the Navy is heavily relying on the end user and staff believes they went to great pains to meet the criteria. The meeting could determine if there is a path forward. The 100 acres would be a big benefit to Virginia Beach. Ms. Murphy asks if there was any reason given for the rejection. Charles J. Bauman, III, Business Development Coordinator, stated that in their observation, the Navy did not see the developer as the end user. The Navy is looking for the end user and not a middleman.
- There is a busy upcoming travel schedule for the team. They are moving forward with the Alliance and Virginia Economic Development Partnership to meet with our Spain and London consultants. As Director, Mr. Rigney wants the business development managers to be more blended in terms of international and domestic opportunities. There are several conferences coming up that staff will attend. Greener Pastures conference shows how trails benefit economic development opportunities along the trails. It has been shown throughout the country that when you put in right you expect to see development. His team will be on the road trying to generate business and opportunities and will continue to vet new companies. Ms. Murphy agrees trails are a critical importance to the city. Mr. Rigney notes that Virginia Beach ranks well in terms of corporate offices and this is good news for the City of Virginia Beach. The cost of construction interest and where the market would have to be on per foot basis is prohibitive. Virginia Beach is one the best places to locate offices, especially in Town Center. Once interest rates improve, hopefully we can stir up new office developments.

Chair Lisa Murphy moved to recess into a closed session.

RECESS TO CLOSED SESSION

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

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)(30). (*District 2*)

LEGAL MATTERS: Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would

adversely affect the negotiating or litigating posture of the public body; and 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)(7). (*District 6*)

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 5*)

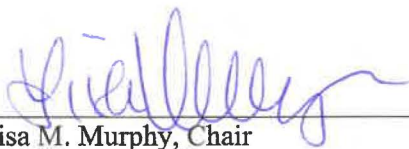
MOTION: William Brunke
SECOND: Eric Keplinger
APPROVED: 9-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: William Brunke
SECOND: Penny Morgan
APPROVED: 9-0-0

Chair Lisa Murphy adjourned the meeting at 10:11 a.m.



Lisa M. Murphy, Chair