MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
March 17, 2015

The Virginia Beach Development Authority held its regular meeting on Tuesday, March 17, 2015, at 8:30 a.m. in the large conference room at 4525 Main Street, Suite 700, Virginia Beach, VA, pursuant to notice given by the Chair.

MEMBERS PRESENT: Elizabeth A. Twohy, Chair
Dorothy L. Wood, Vice Chair
Shewling Moy, Secretary
Robert L. Nicholson, Assistant Secretary
Bryan D. Cuffee, Treasurer
Linwood O. Branch, Commissioner
Michael H. Levinson, Commissioner
Stephen J. McNulty, Commissioner
Peter K. Mueller, Commissioner
Charles M. Salle’, Commissioner

ADVISORS PRESENT: Michelle Chapleau, Business Development Manager
Betty Clark, Executive Assistant to Director
Curtis Cobert, Jr., Business Development Manager
David Couch, Strategy Coordinator
Scott Hall, Business Development Coordinator
Warren D. Harris, Director
Steve Harrison, Business Development and Research Manager
Rob Hudome, Project Development Manager
Lloyd Jackson, Business Development Manager
Louis R. Jones, Vice Mayor
Bob Matthias, City Manager’s Office
Sean Murphy, VBDA Accountant
Randy Royal, Kimley-Horn
Doug Smith, Deputy City Manager
Jeff Smith, Business Development Manager
Alex Stiles, Senior City Attorney
Svetla Tomanova, Marketing Assistant
Mark Wawner, Project Development Coordinator
Ray White, Business Development Manager
Rosemary Wilson, Councilmember

REPORTED BY: Mark Wawner
RECORDED BY: Linda Assaid

The Authority convened into session and discussed the following:
REGULAR MEETING

1. Approved minutes of regular meeting held on January 20, 2015.

   MOTION: Michael H. Levinson
   SECOND: Stephen J. McNulty
   APPROVED: 10-0

REVIEW OF FINANCIAL POSITION

2. Sean Murphy reviewed the Authority’s financial statements. Since the February meeting was cancelled due to inclement weather, Mr. Murphy highlighted transactions for both January and February. Balances reflected are for February.

   Monthly Cash Flows – Operating Account
   The beginning operating cash on hand for the month was $5,119,291 cash receipts for the month were $72,138, and cash disbursements for the month were $74,700 for a net decrease in cash of $2,562. The end of month cash balance in the operating account was $5,116,729.
   - Received $1,417 in IRB fees from two bondholders. Schedule of bond recipients is incorporated into the minutes;
   - Received $25,000 from Miller Group for second security deposit for Greenflash Brewery;
   - Received one month’s rent (February) from Priority in the amount of $21,855 which will be remitted to the city;
   - Received $205,373 in January from Live Nation for Amphitheater 2014 rent*;
   - Received $1,299 (January) and $1,190 (February) in interest income on savings and CDs;
   - Remitted $53,653 to the City for Virginia Beach National operations rent for May through October;
   - Transferred $84,032 from ‘Special Project Disbursements’ to ‘Special Project Receipts’ for Virginia Beach National ($16,280), Human Services ($24,704) and Corporate Park ($43,048) capital expenses;
   - Disbursed $5,743 for October engineering fees for Corporate Landing and Green Flash;
   - Disbursed $8,000 for second and final payment of Independent Audit Fees;
   - Disbursed $11,646 for Town Center note interest which is secured by Block 11 land. Reimbursement will be sought from Armada Hoffler upon land sale;
   - Disbursed $4,421 for ODU-CITS for one month’s lease rent.*

   *Development Authority will retain $25,000. Balance to be remitted to city for ground rent.

   Monthly Cash Flows – EDIP Account
   Mr. Murphy reviewed the Reconciliation of Cash to EDIP Status Report.
   - Received $500,000 EDIP Appropriations advance from the City;
Disbursed $31,2005 for partial payment of EDIP award to DOMA;
Disbursed $5,469 (November fees) and $6,574 (December fees) for engineering studies related to London Bridge Commerce Center, Princess Anne Commons, Historic Kempsville, and Wake Park;
Disbursed $52,907 for Block 11 streetscape payment (lighting sidewalks) and escrow agent fee for closing AND $1,800 to Desman Associates peer review in November and December*.

*Mr. Murphy noted the Town Center Commitment has been fully expended and will be removed from the books.

**BRIEFINGS**

3. Tom Frantz, Chair of Mayor Sessoms Biomedical and Healthcare Task Force, updated the Authority on ‘CREATING & ENHANCING A BIOMEDICAL AND HEALTHCARE CLUSTER IN THE VIRGINIA BEACH – RICHMOND REGION.’

The presentation covered the following:

Biomedical & Healthcare Task Force
- The Task Force has completed its assignment over the last 6+ months

Task Force Members
- Composed of major hospital CEOs, University Presidents, Head of Virginia BioTech Park, Head of Eden Capital, Operation Smile CEO, Jefferson Lab CEO

Advisory Committee Members
- Established due to number of volunteers willing to support this endeavor

A Region in Need of a New Economic Driver
- Currently strong reliance on Department of Defense
- Establish a rapid growth Bioscience Industry

A Call to Action from the Commonwealth
- Governor McAuliffe unveiled a new Virginia Bioscience initiative
- City dovetailed off of this announcement

Task Force’s Goals
- Region Covered
  - Oceanfront to the University of Virginia

Areas of Focus
- Diabetes
- Cardiovascular Disease
- Neuroscience
Traumatic Brain Injury/Wounded Warrior-Related Injuries

Recommendations

- **ONE:** Capitalize on current strengths and promote future benefits
  - Enhance the Vertical Entrepreneurial Support Ecosystem
- **TWO:** Diminish weaknesses and prevent potential problems
  - Enhance Translational Research & Commercialization Competitiveness
- **THREE:** Spur economic development and create high-paying, sustainable jobs
  - Develop and Launch an Organizational Entity to Support Bold Development Plan

The Future

- A Biomedical Park in Virginia Beach’s Princess Anne Commons
  - Build on what currently exists within this corridor

Mr. Frantz’s PowerPoint presentation is hereby incorporated into these minutes.

Mrs. Twohy noted the Authority will assist in any way it can when the time comes.

4. Following is a synopsis of Tabatha Webster’s PowerPoint presentation of Farm Bureau Live at Virginia Beach 2014 tax and revenue summary, and 2015 preview.

- **2014 Show Recap**
  - 28 shows
  - 4 shows were sell-outs
- **Financial Impact**
  - To date, the City has received $23.3 million
- **Community Impact**
  - Charitable Donations
    - Donated tickets to 94 local schools, organizations and charities for a total value of $3,048;
  - Military Support
    - Provided over 4000 tickets through various organizations, benefitting all branches, for a total value of $229,093
- **2014 Capital Improvements/Large R&M Recap**
  - Fixed seat replacement complete (Section 103) - $70,812
  - Lawn Irrigation - $8,320
  - High Steel Painting - $40,000
  - Asphalt Replacement - $85,641
    - VBDA Contribution - $115,697
    - Live Nation Contribution - $89,077
- **Announced concerts for 2015 Season – 20th Anniversary**
  - 26 announced to date*
What’s new in 2015?
- Elevate food & beverage program
- Continue humanely raised platform
- Enhanced POS offerings

2015 Capital Improvements/Large R&M
- Fixed seat replacement (Section 203/205) - $165,600
- Concession Extension - $30,000
- Asphalt Replacement - $76,858
- Replace Security/Medical Trailers - $176,500
  - VBDA Portion - $253,661
  - Live Nation Portion - $195,297

*A second Luke Bryan show was added due to the quick sell out and untapped demand. This is unprecedented for this venue.

Other Items of Note:
- From One Hand to Another, Pharrell Williams’ foundation, held a graduation event in 2014.
- Legends will be the new concessionaire. Legends was created specifically for the New York Yankees stadium.
- Address expensive carrier, LN stance not make exclusive.
- Mark Wawner noted capital improvements are an ongoing commitment. Ms. Webster and her team have done a great job staying on top of maintaining the buildings and property in line with the maintenance agreement.

Ms. Webster’s PowerPoint presentation is hereby incorporated into these minutes.

5. Bob Matthias, Assistant to the City Manager, General Assembly 2015 review.
- Defense budget down 4%.
- Mayor Sessoms sent a letter to Governor McAuliffe requesting $500,000 for the Biomedical initiative. Anticipate this request being included with budget amendments when the General Assembly reconvenes on April 15th.
- Maintain post Labor Day opening for now.
- $27 million appropriated for the Governor’s Opportunity Fund. This fund will be renamed.
- Workforce development legislation to address workman’s compensation. This varies dramatically from state to state and factors into business attraction.
- Dominion Virginia Power rates capped for 5-years.
- A Veteran Care Center to be constructed on 15 to 25 acres close to the Municipal Center. State/federal funded partnership.
- General Assembly is currently comprised of 21 Republicans and 19 Democrats. In the case of a tie, the Lt. Governor casts vote.
- The Governor has passed down considerable Conflict of Interest amendments. The Governors administrative standards already apply to the Authority.
- The latest iteration of transportation projects scoring is coming out today which is a 6-year plan beginning in 2016. Aubrey Lane will review the list and fund the projects that solve the most issues with the least amount of money. Currently, the City of Virginia
Beach is not receiving any urban road funds. The City Council has provided some funding to address the number of deteriorating roads and bridges. House Bill 1887 entails major transportation funding changes.

- Some upcoming changes: Jeff McWaters is not going to run for office again, and Bill DeSteph will be seeking that seat. An aide will be seeking Bill DeSteph’s office. Frank Wagner has opponents.
- A lot of activity regarding offshore oil and gas development, along with offshore wind, and the potential to diversify the economy.
- The budget currently has a $2.5 billion shortfall. The Federal government changed the capital gains rate which impacted a lot of people who sold stocks and incurred a lot of nonwitholding income. Additionally, the economy went down.
- This was Mr. Matthias’ 31st session, and noted it was one of the easiest and it even finished a day early.

6. David Couch gave a very brief summary of the 2015-2018 Economic Development Department Strategic Plan. Five Strategic priorities were derived as the department’s strategy. Additionally, the department is currently undergoing AEDO/IEDC reaccreditation. This item will be covered more in depth at the Authority’s workshop. Mr. Couch’s PowerPoint Presentation is hereby incorporated into these minutes.

**LONDON BRIDGE COMMERCE CENTER**

7. Approved resolution accepting the conveyance of 18.245+ acres of city-owned property located at 130 London Bridge Road. This site is zoned I-1, is subject to APZ-1 zoning, and light manufacturing is the acceptable compatible use category.

   MOTION: Linwood O. Branch  
   SECOND: Robert L. Nicholson  
   APPROVED: 9-0  
   Dot Wood had stepped out of the room.

**INDUSTRIAL PARKS**

8. Approved a resolution approving the transfer of 6.957+ acres of property to Daniel Gordon et al as contemplated by the Authority’s 1977 industrial development bond. This action is a housekeeping matter and has been done numerous times. All bond obligations have been met, and the Authority has no interest in the land.

   MOTION: Linwood O. Branch  
   SECOND: Michael H. Levinson  
   APPROVED: 10-0

9. Approved VT Milcom site plan and variances to allow outdoor storage and fencing, 2505 International Parkway. The storage area entails approximately 2500 sq. ft., will be screened in by an 8’ fence, which will be heavily screened by vegetation. Staff
recommended approval. Rob Hudome’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Dorothy L. Wood  
SECOND: Michael H. Levinson  
APPROVED: 10-0

**ECONOMIC DEVELOPMENT INVESTMENT PROGRAM**

10. Approved a resolution granting $20,000.00 in Economic Development Investment Program, Part A, funds to Mission Enterprises, LLC. Kristina Chastain, co-owner with her husband, was present. Mrs. Chastain noted she was successful in obtaining historical registry status. This 10,000 sq. ft. commercial facility will be designed to function as a multi-tenant small business growth asset in the newly established ViBe District at the oceanfront.

MOTION: Dorothy L. Wood  
SECOND: Shewling Moy  
APPROVED: 10-0

**TOWN CENTER**

11. Approved a resolution amending the Town Center Option Agreement Amendment for Block 2 and Block 9 contingent on City Council’s approval on same this afternoon. Armada Hoffler has not finalized plans for Block 9 and plans for Block 2 are several years away. A deed restriction for Block 9 is included which provides for Authority and City approval over any future development, and right to repurchase if there are no approved development plans by April 30, 2018. Sale proceeds will be used to retire a Wells Fargo loan. The developer will incur an option fee equal to the real estate taxes on Block 2 in addition to a special fee. Pertinent documents and the PowerPoint presentation are hereby incorporated into these minutes.

MOTION: Michael H. Levinson  
SECOND: Shewling Moy  
APPROVED: 10-0

12. Mark Wawner noted the following regarding Town Center.

- The Authority was provided a copy of the March entertainment schedule;
- West Elm opened;
- Paper Source opened.
13. VBDA Priorities
   a. VBDA Members Activity Update.

Mrs. Twohy expressed her appreciation to those who attended the dinner with Haulotte.

Mrs. Twohy noted the following:
   - The workshop was postponed in order to have it facilitated so time can be utilized efficiently;
   - Requested Commissioners evaluate what project or committee they may wish to champion. If so, must be connected with appropriate staff;
   - Should committee’s remain or be eliminated.

14. Warren Harris noted the following:
   - Regarding the Authority’s workshop, Jerry Stewart or Karen Kehoe will be calling the Commissioners to seek your input regarding material you would like to have covered and what outcomes you would like to achieve.
   - Mark Wawner was recently inducted into the City’s Hall of Fame. This is the highest recognition within the city which requires both internal and external letters of strong support. Mrs. Twohy added that Mark has had a tremendous impact on the city in the multitude of projects he has been associated with.
   - Steve Harrison served as Co-Chair for the VEDA spring conference. Attendance was at an all time high.
   - Will be working with TCC in developing hotel concepts, which will allow the college to elevate its hospitality curriculum.
   - The HREDA is currently undergoing a strategic evaluation to determine its new mission in which to focus. Although not a candidate, Kevin Sweeney is serving as Interim Director. Williamsburg, James City Council, and York County have withdrawn membership and are creating a historic triangle.
   - Biomedical funding is on track to be included in the upcoming city budget.

   a. Prospect and Project Activity Report.

Scott Hall noted the following:
   - The dollar is gaining strength, which is impacting international markets;
   - Operation Smile held an event where local business leaders were afforded the opportunity to connect with some of the global leaders who were in town;
   - CREED’s presentation held recently at ODU was more optimistic than not. A lot of activity is driven by the port. December 2014 was the best housing month since July 2008;
   - Emphasis is being placed on cities needing to do some transformational development, such as the Bio Medical Sector;
   - Jeff Smith has been instrumental in the Small Business Workshops;
➢ Haulotte, a French company, is looking at establishing a corporate headquarters which will entail 67 new jobs at an average annual salary of $70,000.

Mr. Hall’s PowerPoint is hereby incorporated into these minutes.

**CLOSED SESSION**

The Authority 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:

**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). (Princess Anne District)

MOTION: Shewling Moy
SECOND: Linwood O. Branch
APPROVED: 10-0

The Authority concluded its closed meeting and certified that to the best of each member's knowledge, only public business matters identified above and lawfully exempted from open meeting requirements under the Code of Virginia were heard, discussed or considered in the closed meeting of the Authority.

MOTION: Shewling Moy
SECOND: Linwood O. Branch
APPROVED: 10-0

There being no further business, the meeting was adjourned.

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Elizabeth A. Twohy, Chair