

MINUTES  
VIRGINIA BEACH DEVELOPMENT AUTHORITY  
September 20, 2011

The Virginia Beach Development Authority held its annual meeting on Tuesday, September 20, 2011, at 8:30 a.m. in the large conference room at 222 Central Park Avenue, Suite 1000, Virginia Beach, VA, pursuant to notice given by the Chair.

MEMBERS PRESENT:        John W. Richardson, Chair  
                                 Elizabeth A. Twohy, Vice Chair  
                                 Donald V. Jellig, Assistant Secretary  
                                 C. Maxwell Bartholomew, Jr., Commissioner  
                                 Linwood O. Branch, Commissioner  
                                 Bryan D. Cuffee, Commissioner  
                                 Luke M. Hillier, Commissioner  
                                 Jerrold L. Miller, Commissioner  
                                 Shewling Moy Wong, Commissioner  
                                 Dorothy L. Wood, Commissioner

ADVISORS PRESENT:        Don Barnett, Finance  
                                 Michelle Chapleau, Business Development Manager  
                                 Scott Hall, Business Development Coordinator  
                                 Warren D. Harris, Director of Economic Development  
                                 Steve Herbert, Deputy City Manager  
                                 Rob Hudome, Project Development Manager  
                                 Lloyd Jackson, Business Development Manager  
                                 Sean Murphy, VBDA Accountant  
                                 Tammy Owens, SWAM Business Manager  
                                 Kimley Horn Representative  
                                 Tony Russo, Project Development Manager  
                                 Alex Stiles, City Attorney's Office  
                                 Mark Wawner, Project Development Coordinator  
                                 Rosemary C. Wilson, Councilmember

REPORTED BY:                Mark Wawner

RECORDED BY:                Linda Assaid

John Richardson welcomed Bryan Cuffee, appointed by City Council to fill Paul Michels' completed term, to his first meeting.

## **ANNUAL MEETING**

### 1.        Nominating Committee Report/Election of Officers

At the August 2011 meeting, Don Jellig and Linwood Branch agreed to co-chair the nominating committee for the election of officers. On behalf of the Nominating Committee, Don Jellig proposed the following slate of officers for the 2011-2012 year.

Chair:	John W. Richardson
Vice Chair:	Elizabeth A. Twohy
Secretary:	Jerrold L. Miller
Assistant Secretary:	Donald V. Jellig
Assistant Secretary:	Warren D. Harris
Treasurer:	Dan H. Brockwell

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

2. Approved minutes of regular meeting held on August 16, 2011.

MOTION: Shewling Moy Wong  
SECOND: Dorothy L. Wood  
APPROVED: 9-0

Bryan Cuffee abstained because he was not an official member of the board at this time.

## **REVIEW OF FINANCIAL POSITION**

3. Sean Murphy reviewed the Authority's financial statements for the month of August.

### Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$6,183,837, cash receipts for the month were \$202,529, and cash disbursements for the month were \$215,409 for a net decrease in cash of \$12,880. The end of month cash balance in the operating account was \$6,170,957.

- Received \$14,852 in IRB fees;
- Received \$38,000 for final summer lease income from BQI;
- Received 50,000 from city for Farm Bureau capital maintenance;
- Received \$3,335 interest income on CDs and bank accounts;
- Received \$75,662 reimbursement from restricted cash for expenses incurred for VBN (\$6,600), Farm Bureau (\$41,206)\*, Human Services (\$12,856), and Charity Golf tournament (\$15,000);
- Received \$20,680 for one-month of VNB rent;
- Disbursed \$68,689 to City for its portion of BQI lease and VBN July and August rent;
- Set aside \$50,000 for Farm Bureau capital maintenance.

\* Mr. Murphy noted the Authority receives \$150,000 annually from the city for Farm Bureau maintenance. Replacement of seating is currently underway.

### Monthly Cash Flows – EDIP Account

Mr. Murphy reviewed the Reconciliation of Cash to EDIP Status Report for August.

- Reimbursed \$32,486s from SGA fund for Rudee Inlet and other engineering expenses;
- Received \$4,448 in interest income;
- Disbursed \$16,000 for partial South University EDIP;

- Disbursed \$3,872 for Phase IV loan extension legal fees. To be reimbursed from bond sale proceeds;
  - Phase IV receivable increased, SGA Expenses reduced.
4. Bob Bielat of Cherry, Bekaert & Holland reported on the Fiscal Year 2011 Audit Report. All records have been maintained in accordance with governmental accounting standards. The audit report is unmodified and in compliance with laws and regulations. There were no audit adjustments. No material weaknesses regarding internal control were identified. No misstatements were identified. Internal controls are clean with no unusual or material transactions recognized and are documented in the “yellow report”. His firm is independent with respect to the Development Authority and the city. The Authority members were provided a copy of the report to take with them.

Councilmember Rosemary Wilson noted the audit outcome is good news, and Warren Harris commended Sean Murphy and Don Barnett for their efforts relative to this audit.

## **TOWN CENTER**

5. Mark Wawner reported the following regarding Town Center:
- Yard House build out progress continues. Street will be closed to complete grease interceptor installation.
  - Havana Nights is scheduled to open in November. Certificate of Occupancy has been issued.
  - Regarding skateboards and bicycles in the garages, City Council has been asked to pass an ordinance to prohibit both activities and allow police to issue tickets.
  - A sculpture of the Sandler Center logo was donated to the Sandler Center. This piece was done by a former Virginia Beach school teacher who also did the sculpture at the Meyera E. Oberndorf Central Library.

## **DOME SITE**

6. Approved resolution requesting an extension of the non-binding agreement between Leisure and Recreational Corporation and the Virginia Beach Development Authority until March 31, 2012. Rob Hudome reviewed the history regarding this project beginning in July 2007. He reiterated this is not cookie cutter endeavor but is a unique venue containing approximately 43 different entertainment components. The exclusive deal agreement with LARC expires September 30 and Michael Jenkins was in town last week to provide an update and negotiate a term sheet. Cost estimates are being developed and the economic impact analysis appears to be strong. It was reiterated that the state of the economy is the primary driving factor regarding this project. Milestones were set and it was noted the city will get the benefit of studies being conducted relative to this project. Additionally, very little city funds have been expended to date and it is the opinion of the Authority that this is an appropriate project for the site. Now that the Term Sheet is negotiated, Mr. Jenkins has stated he will be able to get financing commitments. R. J. Nutter expressed his appreciation to the Authority’s liaison team – John Richardson and Linwood Branch. He believes a pivotal point was reached in that the pro-forma and term sheet are finalized and acceptable to all parties. The Authority requested a status report from Michael Jenkins be provided at its December 20 meeting. Mr. Hudome’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Linwood O. Branch  
SECOND: Dorothy L. Wood  
APPROVED: 10-0

## **ECONOMIC DEVELOPMENT INVESTMENT PROGRAM**

7. Approved resolution granting \$50,000.00 in Economic Development Investment Program, Part B, funds to Republic Station, LLC. The PowerPoint presentation is incorporated into these minutes and covered the following:
  - Project
    - Authority briefed previously in Closed Session
  - Officers and Directors of the Company
  - Project Information
    - Anticipate opening prior to November 15, 2012
  - Economic Impact
    - Does not include real estate taxes
  - Site
    - Former Saturn Site;
    - Remnant piece of pump station site – meet parking requirements.
  - Architectural Renderings
    - Unique, high-end grocery store;
    - Green Elements.
  - EDIP Request Summary
    - Exceeds all criteria based on tax generation for the city;
    - Fourth project EDIP utilized for redevelopment category.

Staff recommended approval.

MOTION: Luke M. Hillier  
SECOND: C. Maxwell Bartholomew, Jr.  
APPROVED: 10-0

## **ADMINISTRATIVE INFORMATION**

8. VBDA Priorities
  - a. Regarding VBDA Liaison Assignments, John Richardson noted a revised recommendation list will be sent out to the Authority. Members are asked to notify him of any specific areas of interest they may have and changes can be made accordingly.
  - b. VBDA 2010-2011 Annual Report. John Richardson noted Shewling Moy Wong spent a lot of time on the report. Mrs. Wong commended staff of their hard work. She noted this report is a marketing tool within the national and international markets. A new distribution source was utilized this year, Inside Business insert – with no ads, which reached an increased audience of about 9,000. The Chair will present the report to City Council on October 11 and members are encouraged to attend to support him and the product.

c. VBDA Members Activity Update.

Jerry Miller reported the 2007 Strategic Plan is being revised to incorporate the latest incentives and target industry sectors.

At a recent JFCOM meeting, Shewling Moy Wong noted Julie Gifford, Regional Military liaison for the Governor's Office, reported that 1900 highly educated and skilled people will be without jobs by 2013. Twenty-four percent live in Virginia Beach. Information regarding job fairs or any other assistance in getting employment for these employees is being sought.

Dot Wood reported the first public meeting on the Lynnhaven SGA is scheduled for Wednesday, October 5<sup>th</sup> at London Bridge Baptist Church at 6:00 p.m.

9. Director's Report

Regarding the VSBFA bond fee issue, Warren Harris reported contact was made with three local bond attorneys. Overall they are supportive of utilizing the Authority for bond issuance. Discussion pertaining to our body matching the VSBFA rate is met favorably. It is believed that multi-jurisdictional bonds cannot be issued by one of the jurisdictions and must go before the state. Mrs. Twohy believes there is a solution for multi-jurisdictional bonds when the majority of the funds are expended in our city. Currently, this is the biggest challenge regarding issuance of the bonds.

The Authority's 2010 Annual Report was recognized as one of the best for cities with a population greater than 200,000 by the International Economic Development Council (IEDC).

AEDO re-accreditation has been submitted.

Huntington Ingalls Shipbuilding located in Newport News was recently named a Fortune 500 company.

It is anticipated the London Bridge Commerce Center, approximately 18 acres, will be acquired soon through the APZ-1 program. The building will be demolished.

a. Scott Hall provided the monthly broad overview of the current Economic Development Marketing Activity Report.

- Project Types
  - Expansions
  - New
- Project Origins
  - International
  - National
  - Local
- Project Sectors
  - Other
  - Industrial
  - Office

- Existing Business Calls
  - SWaM
  - Non-SWaM
- Highlights
  - megaVENTION!
    - Significant attendance and support;
    - Envision larger event in 2012.
  - SKANSKA USA
    - Headquartered in Convergence Center;
    - Co-hosted DBE contractors event (Tammy Owens lead).
  - Customer Magnetism
    - Named to 2011 Inc. 500/5000 list of America's fastest growing private companies.

Overall, Mr. Hall noted there is a high level of satisfaction with city. He will have more details next month on specific projects. Recent budget events in DC have prompted several companies to withdraw from discussions. Diversity remains good, and retention activity is picking up. Mr. Hall's PowerPoint report is hereby incorporated into these minutes.

Mr. Hall informed the Authority that Kathy Owens of Beach Development Group made application with the US Citizenship and Immigration Services Department to establish an EB5 Regional Center in Virginia Beach; approval is expected within three months. This program provides foreign nationals the opportunity to receive permanent visa status in the US through their investment in certain types of development projects.

## **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:

1. 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). **(Oceanfront)**

MOTION: Elizabeth A. Twohy  
 SECOND: Shewling Moy Wong  
 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: Elizabeth A. Twohy

SECOND: Jerrold L. Miller

APPROVED: 10-0

There being no further business, the meeting was adjourned.

---

John W. Richardson, Chair