

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
APRIL 21, 2009

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, April 21, 2009, 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: Donald V. Jellig, Chair
Page G. Lea, Vice Chair
Teresa H. Carrington, Secretary
Douglas D. Ellis, Assistant Secretary
Elizabeth A. Twohy, Treasurer
C. Maxwell Bartholomew, Jr., Commissioner
Dan H. Brockwell, Commissioner
Paul V. Michels, Commissioner
Jerrold L. Miller, Commissioner
John W. Richardson, Commissioner
Prescott Sherrod, Commissioner

ADVISORS PRESENT: Greg Anger, VBDA Accountant
Gary Arnold, Parsons Brinckerhoff
Larry Barry, LandMark Design Group
Howard Berry, LandMark Design Group
Jim Carroll, Small Business Development Center
Michelle Chapleau, Business Relocation Specialist
David Couch, Business Development Manager
Carissa Frasca, Media Communications Group
Warren D. Harris, Economic Development Department Director
Steve Herbert, Deputy City Manager
Rob Hudome, Project Development Manager
Brian Lucas, AHCC
Tony Nero, AHCC
Mike Nuckols, Faggert & Frieden
Tammy Owens, SWAM Business Manager
Troy Parker, Thalhimer
Matt Rogers, Live Nation
Mike Ross, HBA
Robert Ruhl, Business Development Coordinator
Tony Russo, Project Development Manager
Eric Smith, Armada Hoffer
Joe Strange, Planning Commission
Jerry Stewart, Workforce Development Coordinator
Alex Stiles, City Attorney's Office
John Uhrin, Councilmember
Mark Wawner, Project Development Coordinator
Cynthia Whitbred-Spanoulis, Strategy & Performance Coordinator
Rosemary Wilson, Councilmember

REPORTED BY: Mark Wawner

RECORDED BY: Linda Sheehan

The Authority convened into session and the following was discussed:

REGULAR MEETING

1. Approved minutes of regular meeting held on March 17, 2009.

MOTION: Douglas D. Ellis

SECOND: Jerrold L. Miller

APPROVED: 8-0

Page Lea, Paul Michels, and John Richardson arrived after the vote was cast.

REVIEW OF FINANCIAL POSITION

2. Review of financial statements.

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$5,309,799, cash receipts for the month were \$238,915, and cash disbursements for the month were \$329,905 for a net decrease in cash of \$90,991. The end of month cash balance in the operating account was \$5,218,809. Mr. Anger noted the following:

- Received Virginia Beach National rent for January and February in the amount of \$10,454 and the Amphitheater's 2008 season rent in the amount of \$180,668, which was passed through to the City.
- Land sale proceeds in the amount of \$152,800. Per the agreement between the City and Development Authority, 20% of the proceeds will be applied to pay down the note balance, and 80% will be retained by the Authority for future approved land purchases.
- Legal fees in the amount of \$99,527 were paid to Hunton & Williams.
- A payment in the amount of \$28,153 was made to B. L. Jones for Corporate Landing fountain and pump station work.

Monthly Cash Flows – EDIP Account

Mr. Anger reviewed the Reconciliation of Cash to EDIP Status Report for March. The Authority received the following reimbursements:

- \$84,696 for Town Center Garage Bond Proceeds and legal consulting fees; and
- \$47,591 for several months of expenses through the SGA program funds

This report is hereby incorporated into these minutes.

3. Matt Rogers, General Manager of the Amphitheater, briefed the Authority regarding taxes and revenues for the 2008 season and previewed the 2009 concert season. He noted 2008 was a record revenue year for the City. The 2009 concert season may be challenging due to the economy; however, there is a strong line up of artists.

Following is a synopsis of Mr. Rogers' PowerPoint presentation:

- 2008 Show Recap
 - Actual Attendance of 265,595 for season (includes comps)
 - This was the only Billy Joel concert on his tour scheduled at an Amphitheater
 - Couple experimental events
- Financial Recap (1996-2008)

- To date, the City has received just under \$15 million in 13 seasons.
- Community Impact
 - Charitable Donations
 - Local schools, organizations and charities
 - City Employees/Military Appreciation
 - Pearl Jam Concert – Coupons redeemed valued at \$86,544
- Greening Efforts
 - Recognized as a Virginia Green attraction through DEQ
- Recent Acknowledgements
 - Nominated for Venue of the Year by Academy of Country Music.
- Announced concerts for 2009 Season
 - 19 to date
- Capital Improvements Recap (2006-2008)
 - Permanent Improvements: Live Nation invested \$580,421; City invested \$231,996 2006
- Planning for the Future
 - Move or expand surface parking lot by 500-600 spaces to replace those lost due to the continued growth and development surrounding the Amphitheater.
 - Continue to improve traffic management.

In addition to other miscellaneous events involving its employees, Mr. Rogers reported the Amphitheater served as the primary staging area for a public/private exercise involving thousands of mutual aid workers and numerous vehicles. He noted the annual job fair is scheduled this Saturday at Landstown Middle School.

Mr. Rogers PowerPoint presentation is hereby incorporated into these minutes.

4. Jim Carroll of the Small Business Development Center of Hampton Roads, Inc. briefed the Authority on the previous year (2008) and the current year - 2009.

Business owners are more focused in how to keep their business afloat – for example finding financing, and decreasing the number of employees. There is a larger reliance on the website, and SBDC is now operational in Facebook. Additionally, Economic Developments' web site has a link to the SBDC site.

Mr. Carroll's 'Overview of Current and Future Activities' PowerPoint presentation briefly covered:

- 2008 Accomplishments;
- 2008 Virginia Beach Specific Initiatives;
 - Minority Business Council (MBC) Fair
 - Broad Opportunity Workforce Development (BOWD)
- Customer Satisfaction and Newsletter;
 - Utilizing Customer Satisfaction RatePoint Survey
- What is on the Horizon?
 - Working closely with Workforce Development Coordinator
 - Part time counselor to assist in surge of service providers

Mr. Carroll noted the SBDC loses three dollars for every dollar it does not raise. Warren Harris told the Authority funding in the amount of \$10,000 for the SBDC is included in the Authority's budget item on the May agenda.

Mr. Carroll's PowerPoint presentation, 2008 Performance Report, and other handouts are hereby incorporated into these minutes.

TOWN CENTER

5. Mark Wawner reported the following regarding Town Center:
 - Received Certificate of Occupancy on Virginian Pilot space located at the base of the Westin Hotel Friday, April 17.
 - Closing and exchange to occur within ten days
 - Take possession of Beacon building
 - Allows for implementation of Town Center Phase IV
 - Staff to occupy new space mid-May
 - Art Institute in Two Columbus will have 52 employees and anticipates 2000 students
 - Phoenix University to occupy 10,000 sq. ft. in vacant space at the base of Cosmopolitan Apartments. Hiring of staff and recruiting of students will begin this summer.
 - Saffron Indian Bistro to occupy vacant space at the base of the Cosmopolitan Apartments – previously housed Johnny Rockets.

INDUSTRIAL PARKS

6. Approved resolution to modify Lakeview Corporate Park (formerly Independence Corporate Park) deed restrictions. This action allows for uses previously excluded. It specifically allows for a full service financial institution and drive-thru on the property as an approved use. It also provides additional clarity to the building design. This item requires both Planning Commission and City Council approval due to the current zoning restrictions.

Staff recommended approval of these amendments to the deed restrictions. The resolution and 'Amendment to Recorded Conditions and Restrictions' are hereby incorporated into these minutes. Approval of architectural and site plans will be brought before the Development Authority at a later time.

MOTION: Jerrold L. Miller
SECOND: C. Maxwell Bartholomew, Jr.
APPROVED: 9-0-2

Paul Michels abstained because he is the current owner of the land involved in this item.
John Richardson abstained because his law firm represents membersTrust Credit Union.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

7. Request for approval of a resolution granting \$400,000.00 in Economic Development Investment Program funds to the Art Institute of Virginia Beach – a subsidiary of Education Management Corporation. The Art Institute will occupy the first two floors (35,000 sq. ft.) of Two Columbus Center under a ten year lease with two additional five year options, and will entail a significant build out to support the curriculum to be offered. Tuition ranges between \$22,000 to \$28,000 per year. This will be the only facility of its kind throughout the mid-atlantic region.

Warren Harris noted this project does fall within our target markets; however, this request does require City Council approval because it is structured much like the EDIPs approved for Hampton University and MEAC. Review of unaudited financials indicates the Art Institute has a steady increase in student enrollment and revenues, and is well funded. Additionally, 90% of institute graduates obtain employment in their chosen field's within six months of graduation.

David Couch's PowerPoint presentation is hereby incorporated into these minutes. Staff strongly supports this request and recommended approval.

MOTION: Page G. Lea
SECOND: Elizabeth A. Twohy
APPROVED: 11-0

ADMINISTRATIVE INFORMATION

8. VBDA Priorities - *Commissioners*
 - a. Annual Report. – *J. Miller*
 - b. VBDA Members Activity Update. – *D. Jellig*

Regarding the upcoming VBDA Fiscal Year Annual Report FY09, Jerry Miller reported a meeting took place March 23rd. New sections will be added for: VBDA Liaison Activities; Sports Marketing; Sandler Center highlights; and the Pembroke SGA.

Regarding the Pembroke SGA, Boo Twohy said the next meeting is scheduled for April 22 and draft plans for the 1,200 acres will be discussed. A Public Open House is scheduled for May 21 at Princess Anne High School to share the Draft Plan. In summation, Don Jellig noted after the plan is finalized, it will go before the Planning Commission, and then before City Council. Steve Herbert estimated these steps to be completed mid-summer.

Regarding Workforce Development, Prescott Sherrod noted at the follow-up meeting with Amerigroup it became apparent they are more interested in exiting military than employees available from other companies due to downsizing. Also, Opportunity, Inc. received 145 responses to its survey. The top job skills identified were: work habits, attitude, ethics, and soft skills. The ATC is addressing workforce readiness training for high school graduates. A follow-up visit is scheduled with Lockheed Martin to address its workforce concerns. Additionally, the use of the ATC partnership with the city and state is growing. A meeting with Skanska will be scheduled soon.

Regarding the Dome site project with LARC, John Richardson reported he along with Steve Herbert, Rob Hudome and Jim Ricketts spent a day with Michael Jenkins in Dallas, Texas the previous week. They met in Beck Construction which built most of downtown Dallas and will be the construction management firm for the Dome site project. He reiterated that 90% of the work would be sub-contracted to local businesses. Proposed renderings and a land proposal on the land (long term lease, purchase, profit participation, etc.) are anticipated within the month.

Regarding the Burton Station/Northhampton Boulevard SGA, Warren Harris reported a meeting took place with the city managers of Virginia Beach and Norfolk. He noted Regina Williams was enlightened on the progress and impact Burton Station has on both cities. The Mayors of both cities need to have a follow-up meeting.

Teresa Carrington noted the April 6 OLUCC meeting was cancelled.

9. Director's Report – *W. Harris*
 - a. Economic Development Department Budget Review.
 - b. Business Appreciation Charity Golf & Networking Event May 1, 2009.
 - c. Project and Prospect Activity Report. – *D. Couch*

Warren Harris told the Authority the department's upcoming fiscal year budget was decreased by \$28,000 in addition to the \$16,000 decrease from the current fiscal year. Additionally, the employee occupying the research position retired, so this position was eliminated. This is a significant position, and reduces personnel by 5.9%. Mr. Harris' PowerPoint presentation is hereby incorporated into these minutes.

It is anticipated the EDIP will be fully funded in fiscal year 2010.

Don Jellig requested Authority members to continue to focus on the business development aspect on the various projects they are liaison for.

Mr. Harris said the department continues to reach out to various business segments. Most recently the Retail Alliance is currently scheduled to meet with some smaller retailers.

Mayor Sessoms continues to be active in meetings with existing companies. VT Milcom and Avalon Bay are scheduled next week. Lord Mayor Heskey of STIHL's home country recently visited and is very pleased with STIHL's operation in Virginia Beach

The Chamber is consolidating its regional offices and will be vacating the space it occupies on this floor. Consideration is being given to the vacant space being occupied by the City's newly formed SGA office, and for a short term by the contractor hired by HRT to develop the EIS for light rail.

Heron Ridge Golf course is currently undergoing an internal audit.

Regarding the Business Appreciation Charity Golf Classic and Networking Reception sponsored by the Authority scheduled for May 1, Mr. Harris anticipates a sell-out - doubling the number of participants, and tripling the private sector participation. Funds will be donated to the Virginia Beach Health Department's Healthy Families Program. All sponsors will be recognized in several various ways. The reception begins at 5:30.

David Couch provided the monthly broad overview of current project and prospect activity report as follows:

- Project Activity – April 2009
 - Project Type (#'s) – New Location, Expanding Business
 - Expansions and New Project Activity (January – April)
 - Geographical Origin (#'s) – Local, National, International
 - International, National, Local Activity (January – April)
- New Location Projects (37 Total)
 - Geographical Origin (%) – Local, National, International
 - Industry Type (%) – Industrial, Office, Other
- Expanding Business Projects (18 total)
 - Geographical Origin (%) – Locally, Nationally, and Internationally Based
 - Industry Type (%) - Industrial, Office

- Recent Activity
 - Marketing Trips Year-to-Date
 - Recent Marketing Missions
 - May Missions (7)

Mr. Couch's PowerPoint presentation 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:

1. 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). (~~Oceanfront~~, **Pembroke SGA**)

MOTION: Jerrold L. Miller
SECOND: Elizabeth A. Twohy
APPROVED: 11-0

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: C. Maxwell Bartholomew, Jr.
SECOND: Prescott Sherrod
APPROVED: 11-0

There being no further business, the meeting was adjourned.

Donald V. Jellig, Chair