

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
November 15, 2011

The Virginia Beach Development Authority held its regular meeting on Tuesday, November 15, 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
 Jerrold L. Miller, Secretary
 Donald V. Jellig, Assistant Secretary
 Dan H. Brockwell, Treasurer
 Linwood O. Branch, Commissioner
 Bryan D. Cuffee, Commissioner
 Luke M. Hillier, Commissioner
 Shewling Moy Wong, Commissioner
 Dorothy L. Wood, Commissioner

ADVISORS PRESENT: Michelle Chapleau, Business Development Manager
 David Couch, Business Development Manager
 Mary Hancock, Media and Communications
 Steve Herbert, Deputy City Manager
 Rob Hudome, Project Development Manager
 Sean Murphy, VBDA Accountant
 Tammy Owens, SWaM Manager
 David Redmond, Planning Commission
 Jerry W. Stewart, Workforce Development Coordinator
 Alex Stiles, City Attorney's Office
 Mark Wawner, Project Development Coordinator
 Cynthia Whitbred-Spanoulis, Strategy & Performance Coordinator
 Rosemary Wilson, Councilmember
 Debbie Zywna, Planning

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 October 18, 2011.

MOTION: Jerrold L. Miller
SECOND: Shewling Moy Wong
APPROVED: 8-0

REVIEW OF FINANCIAL POSITION

2. Sean Murphy reviewed the Authority's financial statements for the month of October.

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$6,096,261, cash receipts for the month were \$227,810, and cash disbursements for the month were \$149,623 for a net increase in cash of \$78,187. The end of month cash balance in the operating account was \$6,174,448.

- Received \$94,038 in IRB fees;
- Received \$30,000 for 1.5 months of lease income from Priority;
- Received \$100,000 CIP funds for Cellar Door/Amphitheater;
- Received \$1,899 interest income on CDs and bank accounts;
- Received \$1,648 for charity golf tournament shirts reimbursement;
- Disbursed \$17,975 for VBDA annual report production and shipping;
- Disbursed \$100,000 to Amphitheater Capital maintenance funds. Corresponding entry to aforementioned receivable entry for the same amount;
- Disbursed \$30,000 Priority lease income to restricted funds. Corresponding entry to aforementioned receivable entry for the same amount;
- Disbursed \$1,648 for charity golf tournament shirts. Corresponding entry to aforementioned receivable entry for the same amount;

Monthly Cash Flows – EDIP Account

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

- Reimbursed \$2,187 from SGA funds for Rudee Inlet survey fees;
- Received \$4,053 in interest income;
- Reimbursed \$214,036 from APZ-1 funds for BMZ EDIP payment;
- Disbursed \$81,159 for partial EDIP payments to LifeNet (\$73,210) and Klett Consulting (\$7,949);
- Disbursed \$201,027 of APZ-1 funds for BMZ partial EDIP payment;
- Disbursed \$860 for Rudee Inlet engineering fees. SGA reimbursement has been filed.

3. Approved resolution accepting the transfer of property from the City of Virginia Beach for potential future development. Steve Herbert's PowerPoint presentation entitled "Transfer of Property to the City of Virginia Beach Development Authority for Potential Future Development" covered the following and is hereby incorporated into these minutes.

- Background
- Property Transfers
- Location Map
- Authority Ownership

MOTION: Elizabeth A. Twohy

SECOND: Dan H. Brockwell

APPROVED: 10-0

BOND TRANSACTIONS

4. Approved resolution approving the issuance and sale of up to \$5,000,000 of Residential Care Facility Mortgage Revenue Bonds (Westminster Canterbury). Hugh Patterson represented Westminster Canterbury as bond counsel and stated his client would like to close on this bond today. Alex Stiles noted City Council approved this bond issuance and all documentation is in order.

MOTION: Donald V. Jellig
SECOND: Dan H. Brockwell
APPROVED: 10-0

5. Approved resolution approving the issuance and sale of up to \$6,500,000 of Multifamily Housing Revenue Bonds (New Sands Apartments Limited Partnership). Bill Harrison represented New Sands Apartments as bond counsel. A representative from the company, located in Chicago, was also present. Plan to sell bonds next week, and indenture is approved. Funds will be utilized to acquire a 120 unit low income senior housing complex located adjacent to the existing long term care facility.

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

It was noted that both of these bond issuances will bring fee revenue to the Authority.

TOWN CENTER

6. Mark Wawner reported the following regarding Town Center:
 - The group “Occupy Virginia Beach” received a one week permit; however, seven individuals participated. The permit expired and the group did not receive an extension.
 - Yard House will open Sunday, November 20th.
 - Havanna Nights will open Monday, November 21st and has already booked several jazz acts. Town Center will now offer live music every night
 - Light-up the Town parade with laser light show on Saturday, November 19. This event grows in size and number of participants every year.

INDUSTRIAL PARKS

7. Michelle Chapleau briefed the Authority regarding the recent acquisition of the London Bridge Commerce Center (LBCC) under the yesoceana.com program and the transfer to the VBDA. Her PowerPoint covered the following:
 - The Property
 - Located in APZ-1
 - Economic Development Opportunity
 - LBCC assigned to Development Authority for ultimate development
 - Attract appropriate conforming uses
 - Concept Sketch with Potential Parcel Layout
 - Phased Project

- Long term plan is to redevelop the site
- Build new flex office space
- Next Steps
 - Remaining 13 leases will be honored and the majority expire next year.
 - Authority will receive a more comprehensive briefing upon transfer of property to the VBDA

The property is being maintained under the city's Facilities Management.

Funding for the APZ program was an issue at the 2011 General Assembly session and will continue to be questionable – as are most state government programs. FY12 monies have already been expended, and there is a huge backlog of parcels to acquire from willing sellers utilizing most of the FY13 projected funding. Additionally, there is ample residential and commercial property to acquire for years beyond FY13. It was noted that Delegate Barry Knight attends the OLUCC meetings. The VBDA members received the yesoceana.com annual progress report for the period ending June 30.

Mrs. Chapleau's PowerPoint presentation is hereby incorporated into these minutes.

ADMINISTRATIVE INFORMATION

8. VBDA Priorities
 - a. VBDA Members Activity Update.

Regarding MEDAC, Don Jellig noted this group assists the city in maintaining a good relationship with the military.

Regarding OLUCC, Don Jellig noted approximately \$90 million has been expended to acquire land within APZ-1, Clear Zone, and ITA/RAA areas. The largest tract acquired is almost 2000 acres within the ITA near Fentress Airfield. The program has been successful in accomplishing the mission of removing inappropriate uses and replacing them with appropriate uses. He noted the redevelopment activity on Virginia Beach Boulevard in conjunction with this program is attracting automotive uses and the committee foresees a transformation within the next seven to ten years.

Regarding a link for the VBDA annual report being provided on the Inside Business site which was discussed at the Authority's October meeting, Shewling Moy Wong noted details pertaining to "hits" was not available. Additionally, the VBDA annual report is available on the department's website for free, the quality of the report stands on its own merits, and it does not contain ads like other localities. The recommendation is to forego this opportunity for this year and revisit next year.

In conjunction with Manufacturing Appreciation Week, Dot Wood reported on her visit to STIHL on October 21. The City was recognized for being the first in the Commonwealth to eliminate the Machinery and Tools tax. Mrs. Wood noted this was an educational event regarding the manufacturing sector's contribution toward job creation and economic vitality. She also commented on how clean and organized the facility is. Senator Harry Blevins, Senator Jeff McWaters, and Delegate Bob Purkey and Delegate Scott Tiller also attended. The News Release dated November 7, 2011 is hereby incorporated into these minutes.

Regarding the Lynnhaven SGA, Dot Wood highlighted the next steps. Steering committee to meet December 12; commercial/industrial and business owner clusters to review draft plan on December 13; City Council briefing on December 13; Planning Commission briefing on draft plan on December 14; and public meeting on December 14.

- b. The Authority's meeting was moved from December 20th to December 13th. Mrs. Twohy will chair the meeting and a total of eight Commissioners are able to attend.

9. Director's Report

Warren Harris introduced Karen Kehoe, newly hired Grow Smart Coordinator. He noted this program was transferred from Libraries to the Workforce Development component of Economic Development. This program addresses getting the youngest citizens in Virginia Beach "Ready to Learn" and succeed. These children are our future workforce. Mrs. Kehoe has extensive professional early education experience. She received her undergraduate degree from Notre Dame and her master's degree from Harvard.

The Mayor hosted a roundtable on November 10 which focused on the Newtown area. Topics discussed included: Business issues, Newtown SGA, light rail, and development opportunities were among the topics discussed. It was noted that the outreach by the Mayor and the department's business retention team is paying dividends.

Regarding the VSBFA issue, the coalition participated in a conference call which did bring some resolve to the issue. A 60(state)/40(locality) split agreement has been reached. This applies to non-profit bonds. Mr. Harris noted the Governor agrees to this split ratio. The state did increase its threshold to \$250,000. This agreement is only applicable for the term of the governor, and the localities may choose to revisit this arrangement in future years.

Dan Brockwell and Shewling Moy Wong attended the Virginia Conference on World Trade held in Norfolk at the end of October. Mr. Brockwell said it emphasized cultural differences in business negotiations and was extremely informative. Globally, the United States is in the minority in the way it conducts business compared with the world.

The Hampton Roads Chamber of Commerce annual meeting will be held December 8th at the Virginia Beach Convention Center. Authority members interested in attending please let Linda Assaid know.

Warren Harris briefed the Authority on Kimley-Horn's fee proposal for land survey services for the Princess Anne Road and Witchduck Road development. It is planned to acquire Oakmeads Business Center to assemble and develop. This survey will indicate Kempsville area development opportunities. Authorization by the Authority to contract for these services is required. The Development Authority would be reimbursed for expenses upon sale of property. Three responses were received when the RFI was issued. Councilmember Harry Diezel and the historical community are working on this project. Term sheet and Development Agreement for the old school site is almost finalized.

MOTION: Jerrold L. Miller
SECOND: Elizabeth A. Twohy
APPROVED: 10-0

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)**
2. 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). **(Beach)**

MOTION: Elizabeth A. Twohy
SECOND: Jerrold L. Miller
APPROVED: 10-0

Jerrold Miller stepped out of closed session for discussion of the first item and returned for the remainder of closed session items.

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: Jerrold L. Miller
SECOND: Donald V. Jellig
APPROVED: 10-0

There being no further business, the meeting was adjourned.

Elizabeth A. Twohy, Vice Chair