

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
MARCH 17, 2009

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, March 17, 2009, at 8:34 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
C. Maxwell Bartholomew, Jr., Commissioner
Dan H. Brockwell, Commissioner
Jerrold L. Miller, Commissioner
Prescott Sherrod, Commissioner

ADVISORS PRESENT: Greg Anger, VBDA Accountant
Larry Barry, LandMark Design Group
Michelle Chapleau, Business Relocation Specialist
David Couch, Business Development Manager
Carissa Frasca, Media Communications Group
Michael Guida, membersTrust Credit Union
Scott Hall, Business Development Coordinator
Warren D. Harris, Economic Development Department Director
Steve Herbert, Deputy City Manager
Rob Hudome, Project Development Manager
Lloyd Jackson, Project Development Manager
Candi James, HBA
Andy Keeney, Kaufman & Canoles
Eric Keplinger, MEB
Mike Nuckols, Faggert & Frieden
Tammy Owens, SWAM Business Manager
Troy Parker, Thalhimer
Jim Ricketts, Convention & Visitors Bureau
Mike Ross, HBA
Robert Ruhl, Business Development Coordinator
Tony Russo, Project Development Manager
Ellen Sanders, AECOM
Eric Smith, Armada Hoffler
Joe Strange, Planning Commission
Jerry Stewart, Workforce Development Coordinator
Alex Stiles, City Attorney's Office
Mark Stiles, City Attorney
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 February 17, 2009.

MOTION: Jerrold L. Miller

SECOND: Teresa H. Carrington

APPROVED: 6-0

Don Jellig introduced City Attorney Mark Stiles - Les Lilley's replacement.

REVIEW OF FINANCIAL POSITION

2. Review of financial statements.

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$5,295,242, cash receipts for the month were \$210,039, and cash disbursements for the month were \$195,482 for a net increase in cash of \$14,557. The end of month cash balance in the operating account was \$5,309,799. Mr. Anger noted the following:

- Received Amphitheater's 2008 season rent in the amount of \$180,668, which was passed through to the City. Mr. Anger noted \$1.5 million in taxes were generated, and the annual presentation by Amphitheater management is scheduled for the April meeting.

Monthly Cash Flows – EDIP Account

Mr. Anger reviewed the Reconciliation of Cash to EDIP Status Report for February. Received engineering fees reimbursement through APZ-1 and SGA program funds. Final payment for Block 5 streetscapes surrounding Two Columbus Center was made. Disbursement of EDIP funds was made as follows:

- Olympia Development - \$53,724
 - Originally awarded \$800,000 August 2008 under Part B.

This report is hereby incorporated into these minutes.

Mr. Anger reported Liberty Tax closed on its purchase of .8 acres on March 6, which will be reflected in next months' financials.

TOWN CENTER

3. Mark Wawner reported the following regarding Town Center:
 - Armada Hoffer continues to seek financing for Phase IV.
 - Beacon build-out near completion in the Westin retail area. Anticipate closing on the Beacon building the third week of April, and taking possession the first week of May.
 - Contingent on the timing of office tower financing:
 - Beacon building may be utilized for construction office staging, and

- Block 9 secured for apartment and conference center construction, or
 - Beacon building will be demolished to allow for tower construction.
- Two Columbus Center – anticipate announcing several additional new tenants soon.

INDUSTRIAL PARKS

4. Approved resolution to modify Lakeview Corporate Park (formerly Independence Corporate Park) deed restrictions. This resolution also waives the Authority's buy back option and addresses some minor housekeeping matters.

Andy Keeney of Kaufman & Canoles, Michael Guida of membersTrust Credit Union, Troy Parker with Thalhimer, Mike Nuckols with Faggert & Frieden, and Eric Smith with Armada Hoffler were in attendance.

Mark Wawner noted this property was originally owned by VDOT, and an interstate fly over Mt. Trashmore was planned. When the fly over plans were cancelled, a three party sale/purchase occurred. The Development Authority purchased the land from VDOT, and ultimately sold it to Coastal Training Technologies. The allowed uses, design criteria and building envelope established upon Coastal's purchase of the land will require modifications to permit the proposed project – membersTrust Credit Union - to move forward. Coastal no longer has a need for this land due to its diversified locations throughout the world. The land is zoned I-1 restricted industrial use, and would require expansion of uses under I-1 to allow for the proposed use. Also, Coastal Training Technologies and Armada Hoffler support the proposed project.

MembersTrust plans a \$4 million investment with a creation of 20 new jobs. The Credit Union recently merged with Fort Monroe Bank. Its headquarters was located off Princess Anne Road and South Boulevard in Virginia Beach. MembersTrust continues to grow and currently has a seven city charter. In addition to being a branch of membersTrust, this facility will also serve as its Corporate Headquarters.

Access to this property is via a private road served by private utilities developed under a partnership between Paul Michels and Armada Hoffler. Coastal and membersTrust would share the entrance located at the southeast corner of Holland Road and Studio Drive. It was noted all four sides of the building will be finished, and structure details will be brought to the Authority for consideration in the future.

The applicant must also receive approval from the Planning Commission and City Council, and the Authority will write a letter of support to both bodies. City Council approval is anticipated in May, closing June 1, and a grand opening in November 2009.

Warren Harris noted staff agrees with and recommends the necessary deed restriction modifications. All documentation pertaining to this item and the PowerPoint are hereby incorporated into these minutes.

MOTION: Page G. Lea
 SECOND: C. Maxwell Bartholomew, Jr.
 APPROVED: 8-0

5. Approved site, E&S, and landscape plans and architectural elevations, materials and colors, for building modifications to accommodate the addition of nineteen loading docks, Lillian

Vernon Corporation, Parcel 78A, OWCP. These modifications will enhance leasing flexibility on the 900,000 sq. ft. vacant building. Staff recommended approval. All documentation pertaining to this item is hereby incorporated into these minutes.

MOTION: Jerrold L. Miller
SECOND: Douglas D. Ellis
APPROVED: 8-0

6. Corporate Landing Landscape Grounds Maintenance Services

a. Approved the second and final one-year extension of the Corporate Landing Landscape Grounds Maintenance Contract to Greenworld Landscape in the amount of \$6,000.00 annually. Staff recommended approval. Documentation pertaining to this item is hereby incorporated into these minutes.

b. Approved one-year agreement with the Sheriff's Department Sheriff's Workforce for landscape maintenance of Corporate Landing property along General Booth Boulevard in the amount of \$6,917.85 annually. Staff recommended approval. Documentation pertaining to this item is hereby incorporated into these minutes.

MOTION: Jerrold L. Miller
SECOND: Dan H. Brockwell
APPROVED: 8-0

It was noted that the cost of both contracts remain unchanged.

DOME SITE

7. Approved resolution requesting a 120-day extension of the non-binding agreement between Leisure and Recreational Corporation and the Virginia Beach Development Authority. It was reiterated that neither the City nor Authority are expending any funds; however, Michael Jenkins has invested a significant amount of money. Don Jellig noted John Richardson is supportive of this extension request. Also in support of the extension, Jerry Miller noted in mid-January some preliminary schematics reflected the building elevation and included many national franchises. With the current market, opening within the next three years is Mr. Jenkins' best case estimate.

MOTION: Douglas D. Ellis
SECOND: Dan H. Brockwell
APPROVED: 8-0

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

8. Approved a resolution granting \$75,000.00 in Economic Development Investment Program funds to ADS. David Couch noted this company is within the economic development target markets, is establishing a new corporate headquarters, qualifies under Part A and meets all three criteria. ADS is relocating to a larger facility within Virginia Beach, and funds will be utilized primarily for new hire employee training costs. The City has had a relationship with ADS since June 2004, and the company has experienced continuous growth in addition to its acquisition in 2008 of MAR-VEL – a war fighter gear kit assemblage facility.

Mr. Couch noted the Recapture Agreement is being drafted which will require the company to maintain a presence in Virginia Beach for a minimum of five years, and will also contain a sunset component if these EDIP funds are not requested within the next 42 months. All documentation pertaining to this item, including Mr. Couch's PowerPoint presentation, is hereby incorporated into these minutes.

MOTION: Douglas D. Ellis

SECOND: Teresa H. Carrington

APPROVED: 7-0-1

Prescott Sherrod abstained due to his tenant/lessee relationship with the applicant.

ADMINISTRATIVE INFORMATION

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

Regarding OLUCC, Teresa Carrington reported the committee met March 9, and there has been some progress in the movement of property.

Regarding Corporate Landing Business Park, Jerry Miller reported the group met recently primarily to discuss a company that desires a presence in the office park. Although the City is very interested in keeping the company in Virginia Beach, it is not an appropriate consideration for Corporate Landing Office Park. Staff will continue looking for more appropriate alternative locations.

Regarding Workforce Development, Prescott Sherrod reported a visit was recently made to Sentara, and noted the company currently has approximately 500 openings. During 2008, Sentara hired approximately 4,500 employees, which includes 900 nurses. The company has competitive salaries, and is actively recruiting from area colleges and exiting military. The City is working with the Technical and Career Education Center to expand its programs. Nine school guidance counselors participated in a visit to Nexcom which provided some insight into gaps regarding school programs and employment opportunities. Mayor Sessoms, Billy Harrison, and Jerry Stewart met with Amerigroup, and a follow-up meeting is scheduled for March 30. Opportunity, Inc. recently completed its survey, and the data is a component of the Workforce Development plan.

Regarding the Convention Center Hotel, Page Lea reported the Committee met last week and reviewed the additional information requested for and received from Armada Hoffler and Garfield Traub. He noted the consultant assisted in evaluating these packages. Additional questions have been forwarded and responses were requested within 30 days. The Committee is following the PPEA process which was adopted by the Authority in conjunction with this project. The next steps entailed are: (a) the Committee will make a recommendation to the Development Authority and City Council; and (b) applicable documentation regarding timeline, architectural design, and pricing will be then be generated.

10. Director's Report

Warren Harris provided each member with the new version of the 'Virginia Beach Community Profile'. He noted it is also posted on the web site and available electronically.

The Virginia Beach Amphitheater was one of two Live Nation Amphitheater's nominated for venue of the year by the Academy of Country Music. Matt Rogers, General Manager, will attend the Authority's April meeting to report out on the many successes of the 2008 concert season. The announcement is hereby incorporated into these minutes.

Mayor Sessoms announced during his State of the City three European manufacturing companies (Busch Manufacturing, STIHL, Inc., and Carraro Group) have made commitments to either expand or locate operations in Virginia Beach. The News Release dated March 12, 2009 regarding these announcements is hereby incorporated into these minutes.

The Burton Station plan may qualify for grant money provided for in the Federal stimulus package through the Economic Development Administration. Staff will work on the application materials to determine if this project is a candidate under the guidelines established.

Regarding the 2009 General Assembly activity:

- Funding was added to the GOF for VEDP and the Tourism Council;
- Greater exemption latitude regarding economic development activities FOIA requests was approved;
- Virginia Small Business Financing Authority - Decisions regarding inducement of revenue bonds remains with each locality. Don Jellig noted City of Norfolk Mayor Fraim has written a letter to Governor Kaine regarding the competitive bond status of a company located in more than one locality.

Mayor Sessoms is championing alternative energy sources. A consortium has been created, and Carraro Group may be at the forefront of manufacturing some of this technology. Additionally, the City is in the process of performing its due diligence relative to the potential oil and gas exploration opportunities off of the coast. A conference on wind as an alternative source of energy will be held at the Municipal Center, Building 14, on March 23.

The Mayor and City Manager plan to re-engage with the port based on the new strategy established in the potential acquisition and reorganization. Although Virginia Beach is less impacted than other localities, it does have significant maritime activity. The City plans to host an event with port representatives in the near future.

Mayor Sessoms met with several small business representatives on February 19. Don Jellig, Teresa Carrington, and Boo Twohy attended on behalf of the Authority. This event received positive feedback and was a productive worthwhile effort. The Mayor plans to host this event every six months.

Scott Hall provided the monthly broad overview of current project and prospect activity report as follows:

- Project Activity – March 2009
 - Project Type (#'s) – New Location, Expanding Business
 - Geographical Origin (#'s) – Local, National, International
- New Location Projects (30 Total)
 - Geographical Origin (%) – Local, National, International
 - Industry Type (%) – Industrial, Office, Other
- Expanding Business Projects (19 total)

- Geographical Origin (%) – Locally, Nationally, and Internationally Based
- Industry Type (%) - Industrial, Office
- Recent Activity
 - Announcements
 - Marketing Missions

Mr. Hall noted the United States remains a strong contender for investors, and his PowerPoint presentation is hereby incorporated into these minutes.

The RFP on the Newtown Road SGA is ready to go out. Don Jellig requested Authority members notify him if interested in serving as a liaison for this endeavor. He noted Dan Brockwell and Teresa Carrington are the Burton Station SGA liaisons, and Boo Twohy and Prescott Sherrod are the Pembroke SGA liaisons.

There being no further business, the meeting was adjourned.

Donald V. Jellig, Chair