

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
OCTOBER 20, 2009

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, October 20, 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
John W. Richardson, Vice Chair
Prescott Sherrod, Secretary
Douglas D. Ellis, Assistant Secretary
Elizabeth A. Twohy, Treasurer
C. Maxwell Bartholomew, Jr., Commissioner
Dan H. Brockwell, Commissioner
Luke M. Hillier, Commissioner
Paul V. Michels, Commissioner
Jerrod L. Miller, Commissioner
Shewling Moy Wong, Commissioner

ADVISORS PRESENT: Greg Anger, VBDA Accountant
Larry Barry, LandMark Design Group
Michelle Chapleau, Business Relocation Specialist
Betty Clark, Economic Development Department
David Couch, Business Development Manager
Jerrod Fishbac, Economic Development Department Intern
Carissa Frasca, Media Communications Group
Rob Fries, City of Virginia Beach
Warren D. Harris, Economic Development Department Director
Steve Herbert, Deputy City Manager
Al Hutchinson, Convention & Visitors Bureau
Lloyd Jackson, Project Development Manager
Louis Jones, Vice Mayor
Pam Matthias, Executive Assistant to Deputy City Manager
Patti Phillips, Finance
David Redmond, Planning Commission
Jim Ricketts, Convention & Visitors Bureau
Robert Ruhl, Business Development & Marketing Coordinator
Jerry Stewart, Workforce Development Coordinator
Alex Stiles, City Attorney's Office
Mark Wawner, Project Development Coordinator
Cynthia Whitbred-Spanoulis, Strategy & Performance Coordinator

REGULAR MEETING

1. Approved minutes of regular meeting held on September 15, 2009.

MOTION: Douglas E. Ellis
SECOND: Shewling Moy Wong
APPROVED: 8-0

Max Bartholomew and Prescott Sherrod arrived after the vote for this item was taken.

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:

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). (**Pembroke SGA**)

MOTION: Elizabeth A. Twohy
SECOND: Paul V. Michels
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: Prescott Sherrod
SECOND: Douglas D. Ellis
APPROVED: 10-0

John Richardson recused himself from this Closed Session because the entity discussed is a client of his firm. He joined the meeting after Closed Session.

REVIEW OF FINANCIAL POSITION

2. Greg Anger reviewed the Authority's financial statements for the month of September.

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$5,499,924, cash receipts for the month were \$50,313, and cash disbursements for the month were

\$110,760 for a net decrease in cash of \$60,447. The end of month cash balance in the operating account was \$5,439,477. Mr. Anger noted the following:

- Rental payment received in August from Beach Quarters Inn Best Western in the amount of \$38,000 was transferred to the city.
- The Development Authority's cost sharing percentage for light pole replacement at the Amphitheater in the amount of \$25,793 was taken out of restricted cash.
- Virginia Beach Development Authority Annual Report printing costs in the amount of \$7,065 was paid.

Monthly Cash Flows – EDIP Account

Mr. Anger reviewed the Reconciliation of Cash to EDIP Status Report for September.

- Received reimbursement in the amount of \$13,045 for expenses related to the SGA program.
- Paid \$5,000 deposit on land located in Burton Station which will be reimbursed via SGA funds.

This report is hereby incorporated into these minutes.

TOWN CENTER

3. Mark Wawner reported the following regarding Town Center:
 - Art Institute registration is currently being conducted. Full staff is on board and located on the ground floor of Two Columbus Center. Build out of classrooms and restaurant continues. Anticipate classes to begin January 2010.
 - The Sandler Center for the Performing Arts season has begun.
4. Approved resolution, East Coast Appliance, Inc. (ECA), short term lease of former Circuit City property which the Authority acquired in August of this year. Rob Nicholson, the owner of ECA, was present. Staff commented, when performing due diligence, it was noted that the business is thriving. The proposed lease terms were reviewed with the Authority and are hereby incorporated into these minutes. This is a triple net lease. The tenant will be responsible for:
 - All utilities;
 - Internal and external property maintenance and repair;
 - Structural repairs;
 - Insurance

Mr. Nicholson plans to have ECS open for business prior to the holiday season. Staff recommended approval. The resolution, Temporary Lease Term Sheet, and PowerPoint presented regarding this project are hereby incorporated into these minutes.

MOTION: Luke M. Hillier
SECOND: C. Maxwell Bartholomew, Jr.
APPROVED: 9-1-1

Paul Michels voted No because he believes other possible options should be explored.
John Richardson abstained because East Coast Appliance, Inc. is a client of his firm.

Mr. Michels feels more time should be allotted so the city and any potential tenant has the opportunity to strengthen terms that would benefit the city and incorporate issues discussed in Closed Session. Warren Harris noted prior to today's meeting he initiated phone calls to the broker of an interested tenant to no avail. Regarding the other interested tenant, he was not comfortable with responses provided when seeking clarity.

Doug Ellis pointed out that the key to this particular property is the flexibility of the city to quickly get control for further development of Town Center, or to be used by the light rail project. Elizabeth Twohy noted she believes this is a good use of the property, especially when it entails the expansion of a local business.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

5. Approved resolution granting \$45,000.00 in Economic Development Investment Program funds to Transformational Defense Industry, Oceana West Corporate Park (OWCP). Andrew Finn, Senior Vice President and CFO for Transformational Defense Industry was present. The company manufactures state of the art breakthrough weapons operating systems, and average annual salaries (excluding benefits) will be \$72,778. It is expanding its current Virginia Beach facility by 1,000 sq. ft., increasing staff from 24 to 35, and relocating the Corporate Headquarters from Washington, D.C. Robert Ruhl noted the parent company is located in Switzerland, and other locations were considered. The company meets both the capital investment and return on investment criteria. Funds will be used for onsite utility improvements/upgrades and employee training. Staff recommended approval under Part A of the EDIP. Mr. Ruhl's PowerPoint is hereby incorporated into these minutes.

MOTION: Jerrold L. Miller
SECOND: Dan H. Brockwell
APPROVED: 11-0

6. Approved resolution granting \$23,000.00 in Economic Development Investment Program funds, Part B, to Impressions In Print, APZ-1, Sub-Area E. Michelle Chapleau noted the Development Authority was briefed in Closed Session on this project in August, and APZ funds are being made available via the Oceana project. At its September meeting, the Oceana Land Use Conformity Committee (OLUCC) formally recommended approval via a letter from the Chair – Mayor Will Sessoms. Mrs. Chapleau's PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Prescott Sherrod
SECOND: John W. Richardson
APPROVED: 11-0

INDUSTRIAL PARKS

7. Lakeview Office Building, Armada Hoffler Development Company, Unit 3A (Parcel), Lakeview Corporate Park.
 - a. Approved the following variances:
 1. Reduce the Building Setback on the West property line from 75' to 65'.
 2. Reduce the Building Setback for the parking adjacent to the west elevation from 20' to 13.5'.
 3. Landscaping variance to provide landscaping per minimum city standard requirements.
 4. Irrigation variance to allow for no irrigation.
 - b. Approved the final site, E&S, and landscape plans and the architectural elevations, materials, and colors.

The following was covered in the PowerPoint which is hereby incorporated into these minutes.

- Project Parameters
 - Anticipate site work to begin mid-November 2009
- Aerials of Site
- CMSS Architects Site Plan
 - Site Data, Parking Summary, Landscape Summary
- Requests for Variances – Identified above in 1-4
 - Minimal
 - The Authority requested Item (a.3.) be modified to replace “per minimum city standard requirements” with “per VBDA standards”.
 - LEED certified building
- MSA
 - Map depicting Variance #1 & Variance #2
- Armada Hoffler Development/CMSS Architects
 - Tony Nero of Armada Hoffler was in attendance

MOTION: Douglas D. Ellis

SECOND: Dan H. Brockwell

APPROVED: 10-0-1

Paul Michels abstained because he has a business interest in the property entailed in this item.

ADMINISTRATIVE INFORMATION

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

Regarding VBDA Liaison assignments, Don Jellig noted the updated list is in their package and requested the members review it and let him know of any assignment changes they may propose for themselves.

The Authority agreed to forego the Annual Holiday Celebration in light of the numerous financial challenges due to the state of the economy.

Doug Ellis noted details forthcoming later in the meeting regarding the Convention Center Headquarters Hotel.

Regarding the Dome Site, John Richardson reported Michael Jenkins had an encouraging visit to New York recently.

Regarding the initial Newtown SGA Phase I meetings on September 30 and October 1 with the design team – Urban Design Associates (UDA), Shewling Moy Wong reported the geographic area under consideration was defined; strengths, weaknesses and opportunities were evaluated; and noted the public hearing was well attended. UDA will return in December for design charrettes, and the process is estimated to take six months. The information handout is hereby incorporated into these minutes.

Regarding Burton Station, Dan Brockwell noted LandMark Design Group was selected to provide the A&E component for Phase I. Anticipate construction documents to be issued mid-to late 2010.

Regarding Workforce Development, Prescott reported a meeting took place with Skanska to discuss the best use of the balance remaining on the EDIP award. The company was advised to connect with the State Workforce Development Office and the Virginia Beach Public Schools. Skanska is seeking more business via public private partnership opportunities relative to bridge design and construction.

Mr. Sherrod also noted Amerigroup's recruiting is now more manageable and staff intends to connect them with Opportunities, Inc. for assistance in attaining a greater number of exiting military that fit the company's human resources needs. Additionally, the company could benefit by connecting with the Department of Business Assistance. Amerigroup is awaiting a survey on exiting military being conducted by Regent due out within the next couple of months.

Regarding MEDAC, the Authority was informed the basic web site, entitled vbmilcom.com, is now live. MEDAC's primary purpose is to engage current employers with the exiting military and their capabilities.

9. Director's Report
 - a. Project and Prospect Activity Report.

The Development Authority members were encouraged to attend the membersTrust groundbreaking tomorrow.

Warren Harris noted the two events recently hosted by the department were successful and well attended. The first, was the Mayor's roundtable with Airport Industrial Park (AIP) businesses. The companies were briefed on Burton Station and the Northampton Boulevard expansion and development. Dan Brockwell and Shewling Moy Wong attended. The second was a biomedical,

technology reception held at the Westin Hotel. Great dialogue was had with this fairly new field which is a logical target industry for the city to attract.

Mr. Harris noted a community meeting was held with Burton Station residents and other city department partners (i.e., housing, utilities, etc.) to reinforce the plan is moving forward. It is hoped a joint meeting with Norfolk staff to coordinate efforts will occur in the near future.

- a. David Couch provided the monthly broad overview of the current Project and Prospect Activity Report as follows:
 - Combined Project Activity – Calendar Year 2009
 - Project Type (#'s) - Expansions, New
 - Geographical Origin (#'s) - International, National, Local
 - Industry Type (#'s) – Other, Industrial, Office
 - New Location Projects – October 2009
 - Geographical Origin (%) – Local, National, International
 - Industry Type (%) – Industrial, Office, Other
 - Expanding Business Projects – October 2009
 - Geographical Origin (%) – Locally, Nationally, and Internationally Based
 - Industry Type (%) - Industrial, Office, Other
 - Highlights
 - Marketing Missions/Events
 - Special Events

Scott Hall is currently attending a symposium in Seus Japan, which is also represented by a variety of local companies.

Tammy Owens is currently attending the COMTO conference in Virginia Beach.

Robert Ruhl, Jerry Stewart, David Couch, and Michelle Chapleau recently attended the Modsim expo at the city's Convention Center.

Warren Harris and Michelle Chapleau recently attended the VEDP marketing briefing.

Regarding the City's upcoming budget, Warren Harris noted every department has been directed to prepare its budget with a 15% deduction. This equates to \$317,000 in the Economic Development Department budget. This is a significant reduction to the departments' funding which will call for substantial modifications to overall operations, and may include the elimination of personnel.

Luke Hillier left prior to the Authority moving into Closed Session.

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:

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). (**Corporate Landing, Oceanfront**)

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

There being no further business, the meeting was adjourned.

Donald V. Jellig, Chair