

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
MAY 18, 2010

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, May 18, 2010, 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: John W. Richardson, Vice Chair
 Prescott Sherrod, Assistant Secretary
 Elizabeth A. Twohy, Treasurer
 Dan H. Brockwell, Commissioner
 Jerrold L. Miller, Commissioner
 Shewling Moy Wong, Commissioner

ADVISORS PRESENT: Greg Anger, VBDA Accountant
 Don Barnett, Finance
 Larry Barry, LandMark Design Group
 Erin Burnett, City Attorney's Office
 Michelle Chapleau, Business Development Manager
 Betty Clark, Economic Development Department
 David Couch, Business Development Manager
 Barry Frankenfield, SGA Office
 Carissa Frasca, Media Communications Group
 Scott Hall, Business Development Coordinator
 Warren Harris, Director of Economic Development
 Steve Herbert, Deputy City Manager
 Rob Hudome, Project Development Manager
 Louis Jones, Vice Mayor
 Arlene Ney, Finance
 David Redmond, Planning Commission
 Jerry Stewart, Workforce Development Coordinator
 Alex Stiles, City Attorney's Office
 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 April 20, 2010 with Shewling Moy Wong's modifications to Item #6 as follows: Newtown SGA report given by Boo Twohy, and Mrs. Wong is a member of the Governor's Asian Advisory Board.

MOTION: Jerrold L. Miller
SECOND: Shewling Moy Wong
APPROVED: 6-0

John Richardson noted this is Greg Anger's last meeting. He has accepted a job with the United States Defense Department and is relocating to Florida. Mark Wawner noted the Authority's financial affairs will be tended to in conjunction with Don Barnett and Arlene Ney, who is assuming Greg's duties on an interim basis, with the city's Finance Department.

REVIEW OF FINANCIAL POSITION

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

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$5,891,747, cash receipts for the month were \$86,738, and cash disbursements for the month were \$128,813 for a net decrease in cash of \$42,074. The end of month cash balance in the operating account was \$5,849,673.

- Received rent in the amount of \$20,133 from East Coast Appliance and passed through to the city.
- Received rent and profit sharing in the amount of \$27,441 from Virginia Beach National.
- Raised \$16,600 from the Business Appreciation Charity Golf & Networking Event held May 7, 2010 for charity.
- Paid annual fee for the Virginia Beach Amphitheater Box which is utilized for economic development purposes.

Monthly Cash Flows – EDIP Account

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

- Half of the .04 increase in the cigarette tax is appropriated for the EDIP

This report is hereby incorporated into these minutes.

3. Approved Fiscal Year 2011 Town Center Special Service District (SSD) Budget.

Greg Anger noted the SSD was created to cover costs associated with the maintenance of the garage and enhanced services.

The budget presents assessed values in the SSD beginning in FY 2003 when Town Center was established through FY 2011. Block 7 Westin Hotel assessment was the only increase due to the build out of condos. Mr. Anger noted this is a zero based budget and block by block expenses remain similar to the previous budget year. Reserves are set aside annually and placed in a separate long term capital maintenance account.

Recommending the tax rate remain at \$.45 per \$100 of assessed value – which will generate \$1.7 million. The bulk of the \$227,000 budgeted for common elements is for the 24 hour security contract for plaza and garages, and also for electric costs – which will decrease due to the fuel surcharge decrease and energy efficient light bulb replacements.

Regarding the Plaza:

- Town Center Advisory Board:
 - Consists of Town Center stakeholders
 - Decides events
 - Recommended increase in type and number of events
- Rob Hudome reviewed upcoming summer events schedule
- Sundays primarily geared to family

MOTION: Dan H. Brockwell

SECOND: Jerrold L. Miller

APPROVED: 6-0

The Special Service District Budget and the accompanying line item descriptions are hereby incorporated into these minutes.

4. Approved Fiscal Year 2011 Annual Operating Budget. Mr. Anger reviewed the various categories within the budget.

Revenue:

- ✓ Anticipate a significant decrease in industrial revenue bond fees.
- ✓ Interest income is anticipated to experience an increase.
- ✓ Land sale conservative estimate.
- ✓ Increase in lease income due to East Coast Appliances.

Expenses:

- ✓ Substantial decrease in architectural & engineering fees.
- ✓ Staff recommends approval of Annual Holiday reception for upcoming year.

Staff recommended the Authority approve the budget as presented.

MOTION: Prescott Sherrod

SECOND: Dan H. Brockwell

APPROVED: 6-0

The budget and the accompanying line item descriptions are hereby incorporated into these minutes.

TOWN CENTER

5. Mark Wawner reported the following regarding Town Center:
 - Buildout of Jimmy John's sub shop on Block 5 continues.
 - Buildout of Saffron Indian Bistro expansion on Block 10 continues.

- Buildout of Barker Campbell Farley on Block 5 began in April with a June completion anticipated.
 - Rob Hudome reported on the upcoming event schedule for the Fountain Plaza and the Sandler Center Plaza. The 4th Annual Wine & Art Festival was a success. The Friday art walk, held on the same day, included 40+ artists. The second year of the “Why Not Wednesdays” now also includes local farmers, a local florist, and a local seafood vendor. Fountain Plaza events begin this week, with bands scheduled for Friday and Saturday evenings and Sunday activities geared toward families.
6. Approved sublease of an additional 56 sq ft of low head room vault space in the Block 4 parking garage to Williams Mullen. The term of the sublease will run concurrent to the Williams Mullen existing vault space lease at a rate of \$15.35 per sq ft with a 3% annual escalation clause. Mark Wawner noted the Development Authority owns the ground floor space in the Armada Hoffler Tower garage and the vault spaces located under the garage ramps are an amenity for the tenants. Additionally, this is a revenue generating source for the SSD. The Storage Space sublease document is hereby incorporated into these minutes.

MOTION: Jerrold L. Miller
SECOND: Dan H. Brockwell
APPROVED: 6-0

7. Approved award of annual structural engineer contract for VBDA Town Center parking garages, in addition to the 9th Street and 31st Street garages, to Kimley Horn and Associates. Rob Fries and Richard Petty (Convention & Visitors Bureau) received and reviewed nine responses for the contract, as noted by Rob Hudome. Staff recommended approval.

MOTION: Elizabeth A. Twohy
SECOND: Shewling Moy Wong
APPROVED: 6-0

8. Approved award of Plaza Maintenance Contract to Divaris Property Management, Inc. Services to be provided include cleaning and maintenance of mechanical systems for both fountains, and streetscaping. Additional grounds maintenance was added due to the many events being scheduled. Rob Hudome noted the contract was set to expire the end of May, one response was received to the RFP which was due May 3, and Divaris has had this contract for the past five years. The contract has a 3% annual escalation clause although the management fee remained the same. Staff recommended approval.

MOTION: Elizabeth A. Twohy
SECOND: Jerrold L. Miller
APPROVED: 6-0

PRINCESS ANNE COMMONS

9. Approved Seven Cities Termination Agreement, Princess Anne Commons. The parties involved notified the City they were unable to move forward with the project. Staff recommended approval.

MOTION: Jerrold L. Miller

SECOND: Dan H. Brockwell

APPROVED: 6-0

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

10. Approved a resolution granting \$33,000.00 in Economic Development Investment Program APZ-1 funds to Automotive Services Finance, Inc. The company, which provides financial services, is non-conforming per the Zoning Ordinance. This arrangement is modeled after a VDOT program in order to accomplish a seamless relocation of the company. The company will receive \$25,000 to assist with relocation expenses and the additional \$8,000 based on pay for performance guidelines. The owner of the building would be allowed to backfill the vacated space with any user for two years; however, have agreed to limit the new tenant to conforming use. There are many more businesses located within APZ-1 in this category, and inventory is being compiled. Michelle Chapleau noted the letter from the OLUCC signed by the Mayor supporting award of this grant utilizing APZ funds is in the Authority members' books. Mrs. Chapleau told the Committee the annual progress report will roll out mid-July. Her PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Dan H. Brockwell

SECOND: Shewling Moy Wong

APPROVED: 6-0

ADMINISTRATIVE INFORMATION

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

Regarding Workforce Development, Prescott Sherrod noted a visit was made to Lockheed Martin. Discussions occurred regarding the company's expansion and consolidation. Opportunity, Inc. has a State of the Workforce event on July 10. Flyers for this event will be available on Thursday June 10th.

Regarding the Newtown SGA, Boo Twohy noted the study is slated to go before the Planning Commission on June 9th and City Council for consideration and adoption to the City's Comprehensive plan on July 6th. The Newtown SGA committee provided a draft copy to the VBDA liaisons.

Regarding the VBDA Annual Report, Shewling Moy Wong noted she attended a meeting with staff to begin preparing the report to be presented to City Council in September.

Regarding Burton Station, Dan Brockwell noted a bus tour of various communities in the region for residents is scheduled for Saturday departing Bayside Elementary School at 9:00 a.m. He noted there are approximately 30 residences in Burton Station, and the Planning Department is handling reservations.

12. Warren Harris reported:

- City Council adopted the FY 2010-2011 budget, which did support an additional \$395,000 of funding for the Economic Development Investment Program (EDIP). However, the department did lose a position which is currently occupied due to a budget cut.
- The EDIP is currently being evaluated and proposed enhanced modifications will be brought before the Authority at the next meeting.
- The Business Appreciation golf outing enjoyed a full field of golfers. Approximately \$4,000.00 will be donated to each of the three local chosen charities – The Hope House Foundation, the Virginia Beach Education Foundation and the Grow Smart program. This event received rave reviews, and Mr. Harris noted he foresees continued growth and success.
- Amerigroup is the city's newest Fortune 500 company and recently hosted an Eco Fair to bring focus to sustainability.
- Oceana Naval Air Station was nominated for and won the national "Active Base Community of the Year" award. The award will be presented at the 2010 ADC Annual Conference being held in San Francisco August 8-11. This award speaks highly of the successful partnership between the city and Navy in responding to the BRAC Commission's orders.

a. Project and Prospect Activity Report.

Scott Hall provided the monthly broad overview of the current Economic Development Marketing Activity Report as follows:

- Project Types
 - Expansions
 - New
- Project Origins: Local vs out of area projects split approximately 50/50
 - International
 - National
 - Local
- Project Business Sectors
 - Other
 - Industrial
 - Office
- Of Interest
 - Hosted, participated in, attended, or co-sponsored a total of nine visits, events, a conference, an expo, and an EcoFair.

This PowerPoint report is hereby incorporated into these minutes.

The department is hosting a seminar with Williams Mullen on June 22 for defense related companies.

Warren Harris noted the e-mail blasts continue to be well received and generate feedback. Additionally, the city hosted the American Planners Association and our Comp Plan was recognized for its quality presentation, and content – i.e., alternative transportation, Strategic Growth Areas, and Special Economic Growth Areas (SEGAs).

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).

MOTION: Elizabeth A. Twohy
SECOND: Prescott Sherrod
APPROVED: 6-0

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: Shewling Moy Wong
APPROVED: 6-0

There being no further business, the meeting was adjourned.

Donald V. Jellig, Chair