

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
SEPTEMBER 21, 2010

The annual meeting of the Virginia Beach Development Authority was held on Tuesday, September 21, 2010, at 8:32 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, Assistant Secretary
Elizabeth A. Twohy, Treasurer
C. Maxwell Bartholomew, Jr., Commissioner
Linwood O. Branch, Commissioner
Dan H. Brockwell, Commissioner
Luke M. Hillier, Commissioner
Paul V. Michels, Commissioner
Shewling Moy Wong, Commissioner

ADVISORS PRESENT: Larry Barry, LandMark Design Group
Ron Berkebile, SGA Office
Michelle Chapleau, Business Relocation Specialist
Betty Clark, Economic Development Department
David Couch, Business Development Manager
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
Sean Murphy, VBDA Accountant
Arlene Ney, Finance
Tammy Owens, SWAM Business Manager
Tony Russo, Project Development Manager
Jerry Stewart, Workforce Development Coordinator
Alex Stiles, City Attorney's Office
Mark Wawner, Project Development Coordinator
Cynthia Whitbred-Spanoulis, Strategy & Performance Coordinator
Debbie Zywna, Planning

Don Jellig introduced Linwood Branch, newly appointed VBDA Commissioner attending his first meeting.

REPORTED BY: Mark Wawner

RECORDED BY: Linda Sheehan

The Authority convened into session and the following was discussed:

ANNUAL MEETING

1. Nominating Committee Report/Election of Officers

At the August 2010 meeting, Don Jellig agreed to chair the nominating committee for the election of officers with Max Bartholomew and Jerry Miller assisting. On behalf of the Nominating Committee, Don Jellig noted the following slate of officers for the 2010-2011 year was proposed.

Chair:	John W. Richardson
Vice Chair:	Elizabeth A. Twohy
Secretary:	Prescott Sherrod
Assistant Secretary:	Donald V. Jellig
Assistant Secretary:	Warren D. Harris
Treasurer:	Dan H. Brockwell

MOTION: Donald V. Jellig
SECOND: C. Maxwell Bartholomew, Jr.
APPROVED: 10-0

2. Review and approval of minutes of regular meeting held on August 17, 2010.

MOTION: Shewling Moy Wong
SECOND: Prescott Sherrod
APPROVED: 9-0-1
Linwood Branch abstained because he was not an official member of the Authority in August 2010.

BOND TRANSACTIONS

3. Approved resolution approving the issuance and sale of up to \$12,300,000.00 of revenue refunding bonds to refund the outstanding Residential and Health Care Facility First Mortgage Revenue Bonds (**OUR LADY OF PERPETUAL HELP**), Series 1997, previously issued by the Authority for the benefit of Our Lady of Perpetual Help Health Care Center, Inc. A representative from Hunton Williams, bond counsel, attended the meeting on behalf of their client. The President and Chair of the Board/Administrator attended the meeting on behalf of the facility. This refunding will pay off the current outstanding bonds, and will result in a substantial savings. The new bonds will be purchased by Suntrust. This facility is connected to the Richmond diocese, and the bond issuance is dependent on the diocese guarantee. It was noted the Development Authority's bond fee will continue. All pertinent documentation is hereby incorporated into these minutes.

MOTION: Elizabeth A. Twohy
SECOND: Linwood O. Branch
APPROVED: 10-0

REVIEW OF FINANCIAL POSITION

4. Sean Murphy reviewed the Authority's financial statements for the month of August.

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$5,860,062, cash receipts for the month were \$180,838, and cash disbursements for the month were \$152,314 for a net increase in cash of \$28,524. The end of month cash balance in the operating account was \$5,888,586.

- Received \$19,712 in IRB fees;
- Received rent in the amount of \$20,123 from East Coast Appliance;
- Received \$9,642 interest income on CDs and bank accounts;
- Reimbursed \$131,161 from restricted cash for:
 - \$125,562 for Human Services Building capital maintenance;
 - \$5,600 for Virginia Beach National ground water permit.

Monthly Cash Flows – EDIP Account

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

- Received \$16,494 in interest income;
- Disbursed \$8,802 for Town Center sidewalks around green area;
- Dome site parking study expenditure in the amount of \$1,925 will be reimbursed and reflected on next month's statement.

Mr. Murphy noted the external auditing firm has completed the field work on the Authority's fiscal year ending June 30, 2010 books and anticipate finalized financials be provided at next month's meeting.

This report is hereby incorporated into these minutes.

Don Jellig recognized Arlene Ney for her outstanding assistance to the Authority in the interim of Greg Anger's departure and Sean Murphy's employment and training.

5. Approved Beach Quarters Inn Lease Agreement Amendment as follows:
 - Allow for any capital elevator maintenance as a rent reduction up to \$55,000;
 - Waive BQI's right to give notice of termination prior to the lease expiration date.

MOTION: John W. Richardson

SECOND: Dan H. Brockwell

APPROVED: 7-3

Rob Hudome noted the hotel generates approximately \$250,000 in revenue annually, and is well managed. Staff intends to issue an RFP for a new management company in the spring of 2011, and recommended approval of this amendment. The resolution is hereby incorporated into these minutes.

TOWN CENTER

6. Mark Wawner reported the following regarding Town Center:
 - Dr. McDaniels, dermatologist and research, relocated from the First Colonial area and opened an office on Westin Block 7.
 - The Beacon building has been removed, and the first phase of the parking lot process is complete. Anticipate paving and restriping within the next 10 days.

- The annual Halloween festival is scheduled for October 30 and has always been well attended.
- The annual lighting of Town Center is scheduled for November 20.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

7. Approved resolution adopting revised Economic Development Investment Program Policy and Procedure and requesting City Council approval of same.

MOTION: C. Maxwell Bartholomew, Jr.
 SECOND: Linwood O. Branch
 APPROVED: 10-0

Warren Harris reported the proposed EDIP revisions are necessary and are in line with modifications made to the respective programs administered by the General Assembly, the Governor's office, and other states in order for the city to be more competitive. The committee consisted of John Richardson, Doug Ellis, and the Authority's City Council liaisons. City Council was briefed on the proposed amendments last month.

The PowerPoint consisted of the following:

Background

- Comprehensive review done at VBDA request

Proposal (Part A)

- Extend investment period requirement
- Expand number of incentive amounts relative to salary tiers
 - Lower tier must be workforce development training
 - Upper tier very little workforce development (VP level positions)
- Allow funds to be dispersed for job creation
 - Position must be filled for 1 year
 - Must fall within target industry sector
- Expand qualifying reimbursable expenses

Proposal (Part B)

- Include Special Economic Growth Areas (SEGAs)
- Expand qualifying reimbursable expenses

APZ-1 Proposal (Part C)

- Created specifically for APZ-1 projects
- Funding made available via CIP-9.060
- Establish Real Estate Broker Commission
- Establish Building Retrofit Matching Grant Program

Key Points

- Grants are discretionary
- Regional policy regarding Hampton Roads companies will apply
- Available for new locations and expansions
- Sunset and performance provisions will apply

The PowerPoint is hereby incorporated into these minutes.

This item will be brought to City Council for approval next week on September 28th. These changes enhance and align the city's competitiveness with the immediate surrounding area.

8. Approved resolution granting \$100,000.00 in Economic Development Investment Program funds to InMotion Hosting, Inc. to be utilized for employee training and on-site improvements. Scott Hall noted the company is headquartered in California where the two co-owners reside. The remainder of the employees are located within this area. The company is expanding from 5,000 sq. ft. to 18,000 sq. ft. and adding an additional 275 FTE's – the majority of which are new technical support positions. Additionally, Mr. Hall noted the company is committed to community involvement, and is interested in partnering with the Advanced Technology Center (ATC).

MOTION: John W. Richardson
SECOND: Shewling Moy Wong
APPROVED: 10-0

Mr. Hall's PowerPoint presentation is hereby incorporated into these minutes.

9. Approved resolution granting \$12,000.00 in Economic Development Investment Program funds to Lumber Liquidators, Inc. The company will be moving into the remaining space within the Cataldo building located within APZ-1. A recent article in the Virginian Pilot noted the company's "profits grew almost 22% between 2008 and 2009, through the recession, and jumped a third more in the first half of 2010." The project is supported by the Oceana Land Use Conformity Committee and a letter of endorsement from the committee is hereby incorporated into these minutes. Note: EDIP funds utilized are from the APZ-1 Capital Improvement Fund Program.

MOTION: John W. Richardson
SECOND: Prescott Sherrod
APPROVED: 10-0

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

John Richardson left the meeting after the vote was taken for this item.

ADMINISTRATIVE INFORMATION

10. VBDA Priorities
 - a. Liaison Assignments.
 - b. VBDA Members Activity Update.
 - c. Virginia Beach Development Authority Annual Report

Regarding liaison assignments, Don Jellig told the members to let John Richardson know if they have any interests in being added to or removed from a current assignment.

Regarding the Virginia Small Business Financing Authority bond fee issue, Mrs. Twohy reported she met with Secretary of Commerce and Trade James Cheng along with Don Jellig and Jerry

Stewart to express the city's concern regarding the loss in revenue. She said they were well received but did not leave feeling there would be any immediate changes. She followed up with a letter, and a lengthy letter was also sent from Rod Woolard of Norfolk.

Regarding Workforce Development, Mrs. Twohy reported she and Jerry Stewart met with Labels Unlimited. The company is looking at a 25000 sq. ft. expansion. She noted the company just got a bond issue and chose to go through the state at bond counsel's suggestion. Mrs. Twohy feels we need to reach out to bond attorney's to establish some synergy and inform them of the benefits in acquiring the bonds through the locality.

Dan Brockwell noted the Burton Station workshop was rescheduled for next month.

Regarding expanding in the international markets, Paul Michels noted he would like to see this effort move forward. He knows there are a lot of medium sized international companies that have cash and are interested in establishing a presence in the United States. Likewise, there may be some United States companies interested in establishing a presence in another country. Mr. Michels' travels related to his business affords him the opportunity to work with different organizations in various countries in order to do some relationship building.

It was noted the Norfolk IDA will be appointing two members to serve as liaisons regarding the Virginia Small Business Financing Authority bond fee issue. Boo Twohy and Max Bartholomew were nominated to represent the VBDA, but this will be discussed again at the November meeting.

Shewling Moy Wong noted the annual report is very well done and addresses return on investments wherever possible.

Warren Harris noted the business development, redevelopment, and job creation involvement of the Authority has been superior in this challenging local, national, and international economy. The city is second in job creation and announcements. Huge strides have been made on the development plans for the Dome site, Convention Center Headquarters Hotel, and Burton Station. The Pembroke SGA and the Newtown SGA are completed and the ITA SGA plan is in the process of being developed.

VBDA Annual Report

VBDA Mission & Role

2010 Accomplishments

- More than 1450 new jobs
- \$49 million in new capital investment
- AmeriGroup recognized as a Fortune 500 company

2010 Overview

Financial Accomplishments

Virginia Beach Amphitheater

The Town Center of Virginia Beach

- Components

- Office space – 95% leased
- Residential
 - Studio 56 Units – 72% sold
 - Cosmopolitan Apartments – 90% occupied
- Retail – 70% occupied

Economic Development Investment Program

- \$568,000 funds leveraged:
 - \$26,399,000 in Capital Investment
 - 786 Jobs Created

Workforce Development

- Liaison Committee focused on workforce needs
- Connect 16,000 exiting military with employment opportunities

Smart Growth & Strategic Planning - Master Plans developed with stakeholder involvement

- Northampton/Burton Station
- Pembroke
- Newtown Road
- Intertraffic Facility Area (ITA)

Oceana Land Use Conformity Program

- Awarded incentive Grants totaling \$700,000 to 12 qualifying companies
- “Active Base Community of the Year” awarded by the Association of Defense Communities
- Yesoceana.com website

Existing Industry Initiatives and Accomplishments

- Provided financial support to the SBDC
- Hosted cluster meetings in Corporate Landing and Airport Industrial Park
- Retained major international manufacturing firm during global restructure

Marketing Missions - Initiated by the Economic Development Department and partnering with other agencies, (i.e. Port Authority, HREDA, VEDA)

- 45 National Trips
- 8 International Trips

Marketing Our Strengths

- Launched “Powerful Forces at Work” website redesign
 - Video Testimonials
 - Targeted E-mail Blasts
 - Wall Street Journal Campaign

Challenges

- SBFA Bond Fee Issue
- Reduced funding in Operating Budget
- EDIP funding a declining revenue stream
- Machinery and Tools Tax potential reduction or elimination
- Land Inventory

The PowerPoint presentation and the corresponding notes are hereby incorporated into these minutes.

Warren Harris and Don Jellig are presenting the annual report to City Council at 4:00 this afternoon and all Authority members are encouraged to attend if their schedules allow.

Mark Wawner informed the Authority about a document that was generated in response to questions posed to Jim Wood regarding CBD-South TIF. He suggested the Commissioners take the document with them which addresses revenue sources, annual debt service, the TIF, how the money is being spent, etc. Mr. Wawner said Town Center is profitable and successful in generating positive income to the city.

11. Director's Report

The Planning Department's proposed Parking Ordinance, which has the potential to decrease parking density, is being reviewed. Economic Development Department staff will meet with the two Authority liaisons – Boo Twohy and Jerry Miller - in the near future.

Regarding the Golf Management Agreement RFP for the city's three municipal courses, it was noted eight proposals were received. A review committee has been appointed of which Mark Wawner is a member. A short list will be developed this week, interviews will be scheduled next week, and a recommendation will be brought before City Council in November.

It was noted that John Richardson has indicated he supports reinstating the Authority's annual holiday reception.

The Virginia Natural Gas ribbon cutting is scheduled for November 3 at 11:30.

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 – 12 dropped; 15 added
 - Expansions
 - New
- Project Origins
 - International
 - National
 - Local
- Project Business Sectors
 - Other
 - Industrial
 - Office
- Of Interest
 - Marketing Events
 - Upcoming Events

Mr. Hall noted new marketing materials are being developed. The defense piece is complete, the office piece is in production and will be ready for the next meeting, and the technology piece will follow.

Regarding Don Jellig's tenure as Chair of the Authority, Boo Twohy noted great strides were made regarding connectivity and involvement with staff and leadership.

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 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). **(Rose Hall)**

MOTION: Elizabeth A. Twohy
SECOND: C. Maxwell Bartholomew, Jr.
APPROVED: 9-0

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: Shewling Moy Wong
SECOND: Prescott Sherrod
APPROVED: 9-0

There being no further business, the meeting was adjourned.

Donald V. Jellig, Chair