

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
OCTOBER 19, 2010

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, October 19, 2010, 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
 Donald V. Jellig, Assistant Secretary
 Dan H. Brockwell, Treasurer
 C. Maxwell Bartholomew, Jr., Commissioner
 Linwood O. Branch, Commissioner
 Luke M. Hillier, Commissioner
 Paul V. Michels, Commissioner
 Jerrold L. Miller, Commissioner
 Shewling Moy Wong, Commissioner

ADVISORS PRESENT: Larry Barry, LandMark Design Group
 Ron Berkebile, SGA Office
 Bob Bielat, Cherry, Bekaert & Holland
 Michelle Chapleau, Business Development Manager
 Betty Clark, Economic Development Department
 Marc Davis, Media Communications Group
 Barry Frankenfield, SGA Office
 Warren D. Harris, Director of Economic Development
 Steve Herbert, Deputy City Manager
 Rob Hudome, Project Development Manager
 Lloyd Jackson, Business Development Manager
 Louis Jones, Vice Mayor
 Sean Murphy, VBDA Accountant
 Tammy Owens, SWAM Business Manager
 David Redmond, Planning Commission
 Jim Ricketts, Convention & Visitors Bureau
 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
 Rosemary Wilson, Councilmember
 Debbie Zywna, Planning

REPORTED BY: Mark Wawner

RECORDED BY: Linda Sheehan

The Authority convened into session and the following was discussed:

REGULAR MEETING

1. Approved minutes of annual meeting held on September 21, 2010.

MOTION: Shewling Moy Wong
SECOND: C. Maxwell Bartholomew, Jr.
APPROVED: 10-0

REVIEW OF FINANCIAL POSITION

2. Sean Murphy 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 \$5,884,010, cash receipts for the month were \$65,753, and cash disbursements for the month were \$75,379 for a net decrease in cash of \$9,626. The end of month cash balance in the operating account was \$5,874,384.

- Received \$18,667 in IRB fees;
- Received rent in the amount of \$20,123 from East Coast Appliance (ECA);
- Received \$8,005 interest income on CDs and bank accounts;
- Received rent in the amount of \$18,764 from Virginia Beach National (VBN);
- Partial payment of \$6,400 to Cherry, Bekaert & Holland for VBDA audit;
- Remitted \$49,662 to city for previous month's ECA and VBN rent;
- Portion of VBN rent placed in restricted cash for capital maintenance;
- Miscellaneous includes temporary employee payments for interim VBDA Accountant (Arlene Ney) through July

Monthly Cash Flows – EDIP Account

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

- Received \$15,753 in interest income;
- Reimbursed \$1,925 for Dome site parking study;
- Disbursed APZ EDIP award in the amount of \$57,000 to Tidewater Fleet;
- Added APZ-1 Program Receivable line item on EDIP Reconciliation.

This report is hereby incorporated into these minutes.

Regarding the Development Authority's role in the management of Virginia Beach National (VBN), Mark Wawner noted the Authority owns VBN and the current management agreement expires at the end of 2012 but does have two three-year extensions. Additionally, interviews were held the previous day with the short listed RFP responders to the recent golf course management RFP. It is hoped a recommendation will be made to City Council within 45 days, and it will come before the Authority.

3. Bob Bielat of Cherry, Bekaert & Holland reported on the Fiscal Year 2010 Audit Report. All records have been maintained in accordance with governmental accounting standards. The audit report is unmodified and in compliance with laws and regulations. There were no audit adjustments. No material weaknesses regarding internal control were identified. No misstatements were identified, and there were no disagreements with management. His firm is independent with respect to the Development Authority and the city, and is not aware of

any consultations which would be associated with a second opinion. No new accounting principals were instituted within the period being examined. The Authority members were provided a copy of the report to take with them.

TOURISM 2010

4. Jim Ricketts provided a broad overview of the Summer Tourism 2010 Results as follows:

- Summer Season Major Hotel Indicators
- Summer Occupancy
- Summer ADR
- Summer RevPAR
- YTD Occupancy (through August)
- YTD ADR (through August)
- YTD RevPar (through August)
- September (September 5 – October 2)
- Preliminary Summer Overnight Visitor Data
- Ten-Year Rolling Averages
 - Absolute OCC (%)
 - Absolute ADR (\$)
 - Absolute RevPAR (\$)
- Convention Marketing and Sales
 - Fiscal Year Overview 2006-2007 through 2009-2010
 - Featured 2010 Conventions

Mr. Ricketts noted even though the city is developing itself as year round destination, summer continues to be the primary visitor season. All hotel indicators are up which bodes well with potential investors. Myrtle Beach, Ocean City, coastal Carolina and Williamsburg are the city's primary competition for market share. Representative family income and number of first time visitors continue to increase. Family safety continues to have a high ranking. Almost half of the visitors come to Town Center. CVB is being as aggressive as possible to book conventions; however, the lack of a headquarters hotel continues to be an issue.

Mr. Ricketts' PowerPoint is hereby incorporated into these minutes.

INDUSTRIAL PARKS

5. Approved site, E&S, and landscape plans and architectural elevations, materials and colors for a building/parking expansion, Bryant & Stratton College, Parcel A-3, Centre Pointe Office Park. The college is expanding its existing facility with a two story, 14,172 sq. ft. addition. The parking lot will be reconfigured to allow for 54 additional spaces. The college is working with the adjacent land owner to secure land for additional parking. These plans meet all Centre Pointe Office Park criteria. It was noted the college will be maintaining the retention pond. Additionally, the neighborhood is very supportive of this project. Staff recommended approval.

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

TOWN CENTER

6. Mark Wawner reported the following regarding Town Center:
 - It is anticipated paving of the Beacon parking lot will be completed within the next two weeks. The contractor used crushed concrete as remediation to underlying soft soils incurred, and he noted the recent extreme rain has impacted progress.
7. Approved assignment of sublease of vault space in the Block 4 parking garage to VHB-Landmark Design Group (LMDG). Mark Wawner noted this is a housekeeping matter in conjunction with the VHB-LMDG merger. It was noted monies collected for the vault space subleases go into the SSD to maintain Town Center.

MOTION: Luke M. Hillier
SECOND: Shewling Moy Wong
APPROVED: 10-0

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

8. Approved resolution granting \$100,000.00 in Economic Development Investment Program funds to Loan Care Service Center, a division of Fidelity National Financial, (Rose Hall). Jenifer Cottle and other representatives of the company were present. The company's Regional Financial Service Center Headquarters is within the department's target market. The Virginia Beach location is the largest regional service center. The funds will be utilized for employee training, office space build-out and to purchase equipment. The city is retaining 284 jobs and will be gaining 226 jobs with the expansion. The company may also receive additional assistance from state programs. Staff recommended approval.

MOTION: Jerrold L. Miller
SECOND: Shewling Moy Wong
APPROVED: 10-0

The PowerPoint presentation is hereby incorporated into these minutes.

ADMINISTRATIVE INFORMATION

9. VBDA Priorities
 - a. Liaison Assignments.
 - b. VBDA Members Activity Update.

Don Jellig noted the Convention Center hotel committee met and additional information will be provided later in the meeting.

Regarding Workforce Development, Boo Twohy reported Michelle Chapleau is working with Labels Unlimited regarding an expansion within the APZ-1 and possible incentive funding.

Additionally, she and Jerry Miller are involved in the proposed changes in parking for development being addressed by the new Green Ribbon Committee.

10. Director's Report

Regarding the Golf RFP award, Mark Wawner noted the city anticipates transferring operations of the municipal courses by January 1, and City Council is entering into a ten-year lease on the courses. Four management firms were recently interviewed by the city staff committee headed up by Cindy Curtis. Additionally, Heron Ridge and Stumpy Lake Golf courses are under a long term lease agreement. Mr. Wawner noted all the golf courses have had a challenging summer but the courses have been able to sustain \$60 green fees.

It is anticipated a RFI for the Bonney Road site will be issued within the next month to see what interest may exist within the development community in accordance with the Pembroke Plan. Staff will look to the Authority for guidance and assistance in this process.

A RFP for the previous Kemps Landing Elementary School site and property may be issued soon. This location provides unique redevelopment and repositioning facility opportunities.

There has not been any activity regarding the VSBFA (Virginia Small Business Financing Authority) since the meeting in Richmond a couple months ago. It is hoped the remedy to this situation will be accomplished administratively in lieu of legislatively.

The authority was reminded of the Tidewater Fleet open house scheduled for Wednesday, October 20 and the Virginia Natural Gas ribbon cutting on November 3 at 11:30 a.m.

The Mayor's Maritime event recently held was successful. Many unique opportunities exist for partnerships associated with this industry.

The department's Powerful Forces at Work marketing campaign received an international award from the International Economic Development Council for the best campaign of its type.

The e-mail blasts continue to be very effective site consultant tools.

a. Project and Prospect Activity Report.

Warren Harris noted a healthy balance of new business and expansions of existing businesses continues to be maintained.

Mr. Harris noted due to some recent realignment of duties in the department, Jerry Stewart and Lloyd Jackson are primarily dedicated to business retention. Opportunities continue to grow with the maritime and bio life science areas.

Scott Hall is currently on an international mission trip in Germany and France.

David Couch is currently in UK, London

Warren Harris provided the monthly broad overview of the current Economic Development Marketing Activity Report as follows:

- Project Types
 - Expansions
 - New
- Project Origins
 - International
 - National
 - Local
- Project Business Sectors
 - Other
 - Industrial
 - Office
- Of Interest
 - Marketing Events
 - Upcoming Events

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). **(Princess Anne Commons/APZ-1)**

MOTION: Elizabeth A. Twohy

SECOND: Linwood O. Branch

APPROVED: 9-0

Max Bartholomew came back into the meeting during closed session.

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: Shewling Moy Wong
APPROVED: 10-0

There being no further business, the meeting was adjourned.

John W. Richardson, Chair