

MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
DECEMBER 21, 2010

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, December 21, 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: Elizabeth A. Twohy, Vice Chair
Prescott Sherrod, Secretary
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
Erin Burnett, City Attorney
Michelle Chapleau, Business Development Manager
David Couch, Business Development Manager
Cindy Curtis, Director of Parks & Recreation
Barry Frankenfield, SGA Office
Scott Hall, Business Development Coordinator
Mary Hancock, Media Communications Group
Warren D. Harris, Director of Economic Development
Steve Herbert, Deputy City Manager
Rob Hudome, Project Development Manager
Lloyd Jackson, Business Development Manager
Cindy King, City Attorney
Sean Murphy, VBDA Accountant
Meghan Norden, Economic Development
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
John Uhrin, Councilmember
Mark Wawner, Project Development Coordinator
Cynthia Whitbred-Spanoulis, Strategy & Performance Coordinator
Kim Williams, Economic Development
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 November 16, 2010.

MOTION: Jerrold L. Miller
SECOND: Shewling Moy Wong
APPROVED: 9-0

BOND TRANSACTIONS

2. Approved resolution approving the issuance and sale of up to \$30,000,000 of revenue and refunding bonds (LifeNet Health) at a 4.055 fixed rate. Bill Harrison, bond counsel with Williams Mullen, noted this bond request has been approved by City Council. Proceeds will be utilized to refund the outstanding balance of the 2004 Industrial Revenue Bonds and the remainder will be drawn as a construction loan over the next 24 months to finance an education research facility. Closing is scheduled to take place this morning with Suntrust. Alex Stiles noted all documentation is in order. The Authority requested bond counsel express its appreciation to LifeNet for choosing to pass this bond through them in lieu of going through the state.

MOTION: Linwood O. Branch
SECOND: Jerrold L. Miller
APPROVED: 9-0

REVIEW OF FINANCIAL POSITION

3. Sean Murphy reviewed the Authority's financial statements for the month of November.

Monthly Cash Flows – Operating Account

The beginning operating cash on hand for the month was \$6,012,841, cash receipts for the month were \$60,183, and cash disbursements for the month were \$72,050 for a net decrease in cash of \$11,867. The end of month cash balance in the operating account was \$6,000,974.

- Received \$14,926 in IRB fees;
- Received rent in the amount of \$20,123 from East Coast Appliance (ECA);
- Received \$10,981 interest income on CDs and bank accounts;
- Disbursed \$13,622 for VBDA annual holiday networking event;
- Remitted \$20,123 to city for city's portion of ECA rent;
- Disbursed \$4,735 for semi-annual Town Center notes interest;
- Disbursed \$6,323 for temporary staff and final insurance crime liability installment;
- Disbursed \$1,176 for VBN security system repairs;
- Disbursed \$12,783 for Amphitheater walk-in cooler roofs.

Monthly Cash Flows – EDIP Account

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

- Received \$15,733 in interest income;

- Reimbursed \$57,000 in APZ-1 funds;
- EDIP award in the amount of \$10,000 disbursed to South University;
- Reimbursed \$2,119 for Dome site parking study. SGA reimbursement applied for;
- Disbursed \$1,000 for Vicinity Master Plan consultant services.

This report is hereby incorporated into these minutes.

TOWN CENTER

4. Mark Wawner reported the following regarding Town Center:

- New Tenants
 - Dr. Frazier, DDS, northeast corner of Block 10, 3200 sf
 - Just Cup Cakes in space previously occupied by d'mustard
 - Eclectic Design Florist relocated to former Channel 13 space, increased space
 - Letter of Interest signed by Cigar Bar for space on the northeast corner of the Westin block
- Option land loan 90-day extension granted from Wachovia
- East Coast Appliance sanitary sewer grinder pump has failed. Repair to be paid for from rent proceeds.

DOME SITE

5. Approved resolution requesting an extension of the non-binding agreement between Leisure and Recreational Corporation and the Virginia Beach Development Authority. Rob Hudome noted Michael Jenkins was in town yesterday and he is very aggressively pursuing financing and investors in this challenging economic environment. Linwood Branch and Jerry Miller met with Mr. Jenkins and reported they support this extension request. They noted Mr. Jenkins has an exciting professional proposal with notable potential investors lined up and a 9-month extension will not cost the Authority anything. Additionally, a Term Sheet is being developed in conjunction with the City Attorney's office.

MOTION: Jerrold L. Miller
 SECOND: Linwood O. Branch
 APPROVED: 10-0

Dan Brockwell arrived at the beginning of discussion of this item.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

6. Approved a resolution granting \$500,000 in Economic Development Investment Program funds to LifeNet Health, (Princess Anne Commons). David Couch noted the Authority was briefed in Closed Session on this item at its November meeting. The project meets the Capital Investment and Return on Investment criteria under Part "A". LifeNet plans to construct a new 42,000 sq. ft. Class 'A' two story research facility. Also, as part of this project, LifeNet will add an additional 35 positions with average annual salaries excluding benefits of \$100,000 and an additional \$20.6 million in capital investment. Eric Hauser of Williams Mullen and Pat Thompson, VP Corporate Support, attended the meeting on behalf of LifeNet. Mr. Couch's PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Shewling Moy Wong
SECOND: Dan H. Brockwell
APPROVED: 10-0

ADMINISTRATIVE INFORMATION

7. VBDA Priorities
 - a. VBDA Members Activity Update.
 - b. 2011 Meeting Schedule.

Paul Michels reported he and Scott Hall met regarding business opportunities in Brazil. He noted there is a strong interest in Virginia Beach companies establishing a presence in Brazil, and we are interested in Brazilian companies establishing a presence in Virginia Beach. Mr. Michels and Mr. Hall have identified four cities in Brazil to call on.

Regarding the Virginia Small Business Financing Authority (VSBFA), Elizabeth Twohy reported Delegate Ron Villanueva will sponsor a bill at the upcoming General Assembly session for the VSBFA to revert back to its core small business clients and relinquish the non-profit clients, which were included in 2009, back to the localities. Delegate Bob Purkey will champion this bill along with Delegate Villanueva. She noted the City of Norfolk has taken the lead on this and created coalitions within the state.

Elizabeth Twohy and Prescott Sherrod had a general meeting with two members of the Norfolk Economic Development Authority to initiate contact regarding how the two localities can work together regionally.

Mrs. Twohy noted the VBDA 2011 meeting schedule is in the Authority's books.

Don Jellig noted the Military Economic Development Advisory Committee (MEDAC) did not meet. Regarding the Oceana Land Use Conformity Committee (OLUCC), interest in the program and progress continues.

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

Warren Harris reported four proposals were received in response to the Bonney Road RFI. The review committee has been assembled, which does include Vice Mayor Jones. The committee will meet to evaluate these proposals after the holidays.

Regarding the machinery and tool tax levy, Mr. Harris noted STIHL will be speaking on this subject at VMA's annual meeting.

Mr. Harris noted the regular eDEVNEWS was sent out and featured several major accomplishments and accolades.

Mr. Harris also reported the Virginia Beach Green Business Certification Program will be formally introduced next year. The PowerPoint presentation covered the following broad topics:

- Background
- Program Objectives

- Program Details
- Roles and Responsibilities
- Certification Process

Mr. Harris noted Max Bartholomew served as an advisor to this process on behalf of the Authority.

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
 - International
 - National
 - Local
- Project Business Sectors
 - Other
 - Industrial
 - Office
- Business Retention Visits
- 2010 Highlights
 - Virginia Beach Economic Development Activity
 - Statewide Economic Development Activity
 - Regional Commercial Real Estate Activity
 - 11 SWaM workshops & training sessions hosted
 - #2 American MSA, #36 worldwide for performance
 - ADC “Base Community of the Year”
 - IEDC “Award of Excellence”
 - Amerigroup joined Fortune 500
 - Opening of Virginia Natural Gas headquarters
 - Groundbreaking for Operation Smile global headquarters

Mr. Hall noted activity volume remains steady and the stage is set for 2011 to be another active and successful year for the Economic Development Department.

This PowerPoint report is hereby incorporated into these minutes.

Warren Harris noted a letter has been received from Amerigroup requesting consideration of an extension for the balance of the \$2 million EDIP award originally awarded June 2003. The company has met the \$56 million capital investment commitment; however, they fall slightly short of the 185 jobs created commitment. Amerigroup has also requested an extension of its Governor Opportunities Fund (GOF) award, and the state has approved that request. It is anticipated the extension will be until October 31, 2011.

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 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).

MOTION: C. Maxwell Bartholomew, Jr.

SECOND: Luke M. Hillier

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: Dan H. Brockwell

APPROVED: 10-0

Rod Ingram appeared before the Authority to discuss and answer any questions regarding the Disclosure Forms required by the state annually.

There being no further business, the meeting was adjourned.

Elizabeth A. Twohy, Vice Chair