

MINUTES  
VIRGINIA BEACH DEVELOPMENT AUTHORITY  
MAY 19, 2009

The regular meeting of the Virginia Beach Development Authority was held on Tuesday, May 19, 2009, at 8:35 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  
Page G. Lea, Vice Chair  
Douglas D. Ellis, Assistant Secretary  
Dan H. Brockwell, Commissioner  
Paul V. Michels, Commissioner  
John W. Richardson, Commissioner

ADVISORS PRESENT: Greg Anger, VBDA Accountant  
Gary Arnold, Parsons Brinckerhoff  
Larry Barry, LandMark Design Group  
Michelle Chapleau, Business Relocation Specialist  
Elizabeth Chupik, City Attorney's Office  
David Couch, Business Development Manager  
Carissa Frasca, Media Communications Group  
Steve Herbert, Deputy City Manager  
Candi James, HBA  
Louis Jones, Vice Mayor  
Tammy Owens, SWAM Business Manager  
Mike Perry, MSA, P.C.  
Joe Strange, Planning Commission  
Jerry Stewart, Workforce Development Coordinator  
Alex Stiles, City Attorney's Office  
Mark Wawner, Project Development 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 21, 2009.

MOTION: John W. Richardson  
SECOND: Douglas D. Ellis  
APPROVED: 6-0

## 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 \$5,218,809, cash receipts for the month were \$246,127, and cash disbursements for the month were \$111,059 for a net increase in cash of \$135,068. The end of month cash balance in the operating account was \$5,353,877. Mr. Anger noted the following:

- Received \$99,527 in legal fees related to Town Center as a reimbursement
- Received Virginia Beach National rent in the amount of \$8,609, which was passed through to the City.
- Received \$17,900 for the Charity Golf Event
- A payment in the amount of \$65,582 was made to B. L. Jones for work at Corporate Landing.
- A payment in the amount of \$32,560 was paid to the City. This represents 20% of the sale of land to Liberty Tax. This reduces the note between the Authority and the City.

### Monthly Cash Flows – EDIP Account

Mr. Anger reviewed the Reconciliation of Cash to EDIP Status Report for April. The Authority received the following reimbursements:

- \$4,700.00 for several months of expenses through the SGA program funds; and
- \$99,527.00 for legal fees related to Town Center.

This report is hereby incorporated into these minutes.

3. Approved Fiscal Year 2010 Town Center Special Service District Budget.

Greg Anger noted the SSD includes the majority of the 12 square blocks entailed in Town Center, and was created to cover costs associated with the maintenance of the garage and enhanced services, and to build-up long term maintenance reserve.

The budget presents assessed values in the SSD beginning in FY 2003 when Town Center was established through FY 2010. It demonstrates healthy growth throughout, including the most recent timeframe mainly due to Block 5 (completion of Two Columbus). Recommending the tax rate remain at \$.45 per \$100 of assessed value – which will generate \$1.66 million. He noted the tenants pay this tax in addition to the overall City tax rate of \$.89 per \$100 of assessed value. Additional funding is provided through lease and parking space rentals, vault space rentals, and two leases on the plaza for outdoor cafes (Bravos! and Sonoma). The majority of the \$500,000 expenses are derived from the garage and plaza for day-to-day operations such as sweeping, maintenance, capital repairs, and sprinkler systems maintenance. The bulk of the \$229,000 budgeted for common elements is for the 24 hour security contract for plaza and garages, and also for electric costs – which have increased approximately 25% of the previous budget amount due to the rate increase. Plaza events are budgeted at \$200,000, a recommended increase of \$22,000. Reserves of \$283,000 are based on .20 per sq. ft. as well as fixed sums. In March 2008 a contract with Republic Parking Systems was approved to manage the garages – which resulted in a savings of approximately \$30,000 – in spite of an increase in the Scope of Work that included an additional garage.

Regarding the Plaza:

- Town Center Advisory Board decides events
- Rob Hudome reviewed upcoming summer events schedule
- Sundays primarily geared to family
- New event added: Art Walk the first Friday of the month

MOTION: Paul V. Michels

SECOND: Page G. Lea

APPROVED: 6-0

The Special Service District Budget document is hereby incorporated into these minutes.

4. Approved Fiscal Year 2010 Annual Operating Budget. Mr. Anger reviewed the various categories within the budget.

Revenue:

- ✓ Anticipate a decrease in industrial revenue bond fees of \$20,000
- ✓ Interest income is anticipated to experience a slight increase.
- ✓ Revenues should exceed expenses by approximately \$600,000

Expenses:

- ✓ Corporate parks should decrease substantially
- ✓ Grant: \$10,000 to SBDC (6<sup>th</sup> annual contribution)

Mr. Anger noted all lease revenues for the Amphitheater, 9<sup>th</sup> Street Garage, Heron Ridge, and Virginia Beach National are passed directly to the City. Mark Wawner noted the funding for the pump station was provided for through cumulative cash reserves. Staff recommended the Authority approve the budget as presented.

MOTION: John W. Richardson

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:
  - Closed on Beacon building. Pilot staff has relocated into new space.
  - Phase IV (Block 2 and Block 9)
    - Block 2 - Planned 14 story office building on top of 6 stories of ground floor retail and a parking garage. Currently 60%-70% pre-leased.
    - Block 9 - financing secured for hotel and luxury apartments via HUD Section 220 loan program - which was also utilized for the Cosmopolitan. Anticipate ground breaking First Quarter 2010.

- Continue to pursue financing for the office tower on Block 2
- Saffron Indian Bistro at the base of the Cosmopolitan Apartments opened

## **ECONOMIC DEVELOPMENT INVESTMENT PROGRAM**

6. Approved resolution granting \$50,000.00 in Economic Development Investment Program, APZ-1 funds, to Tidewater Fleet Supply. Mark Wawner noted this is the first EDIP request from the Oceana Land Use Conformity Committee and APZ-1 program that City Council authorized as part of the City's BRAC program.

Michelle Chapleau's Tidewater Fleet Supply Presentation covered the following:

- Timeline
- The Company
- Company has four locations within the Hampton Roads area, and one location in Richmond.
- Proposed Site
  - Located in APZ-1, Sub Area A and encumbered with Navy restrictive easements
  - Went before Planning Commission May 13, 2009
  - Development Authority will consider at May 19, 2009 meeting
  - City Council will consider at the end of May or beginning of June
  - Subdivision plat under review by DSC
- Meets several OLUCC program objectives
- Proposed Site Concept
- Perspective Rendering
- Amount of Investment
- Estimated Taxes Paid to City Annually
- Additional information regarding EDIP grant and other incentives
  - To be used for infrastructure improvements and/or employee training
  - EDIP funds available from CIP-9.060 (Oceana and ITA Conformity and Acquisition)

MOTION: Dan H. Brockwell

SECOND: Page G. Lea

APPROVED: 6-0

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

## **ADMINISTRATIVE INFORMATION**

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

Regarding the Convention Center Headquarters Hotel, Page Lea noted the evaluation by the consultants of the responses and a reconvening of the Committee is anticipated prior to the June meeting.

Regarding the Dome Site, John Richardson reported a presentation to the Authority by Michael Jenkins of LARC is scheduled for the July meeting. Due the current status of the economy, obtaining financing is the primary challenge in finalizing the project.

Regarding Burton Station, Dan Brockwell reported City Council recently approved a CIP budget. Anticipate additional progress to report at the June meeting.

Don Jellig reported he was out of town for the OLUCC meeting where the EDIP for Tidewater Fleet Supply was endorsed.

Regarding MEDAC, Don Jellig noted the following activity:

- Website is under development;
- Joint Warfighting Conference was extremely successful
  - One of the largest conferences held by the military
  - Attended by many Senior officers in all branches of the military
  - MEDAC and Economic Development hosted a reception which was well received and attended

## 8. Director's Report

Mark Wawner noted Warren Harris, Cynthia Spanoulis, and Scott Hall are at the annual International Conference of Shopping Centers (ICSC) in Las Vegas and will report out at the June meeting. Robert Ruhl and Lloyd Jackson are in Atlanta at a Nano Technology trade show.

- a. The Business Appreciation Charity Golf & Networking Event on May 1 was very successful. Over \$10,000 was raised and donated to the Healthy Families program. The letter from Warren Harris to Dr. Venita Newby-Owens is hereby incorporated into these minutes.

Mr. Wawner noted the Virginia Native Plant Society requested permission for access to the Authority's property owned on London Bridge Road to retrieve some native species. A letter from the Society detailing the results is hereby incorporated into these minutes.

At the direction of Mayor Sessoms and City Council, Steve Herbert reported initiatives regarding alternative energy are underway, and a wind conference was recently held. Additionally, Don Jellig noted MEDAC is also assisting in this undertaking regarding any potential impact on the mission of the Military.

## **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 investment of public funds where competition or bargaining is involved, where, if make public initially, the financial interest of the governmental unit would be adversely affected, pursuant to Va. Code § 2.2-3711(A)(6).  
**{Pembroke; Oceana West Corporate Park (OWCP)}**

MOTION: John W. Richardson

SECOND: Dan H. Brockwell

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: Page G. Lea  
SECOND: Douglas D. Ellis  
APPROVED: 6-0

There being no further business, the meeting was adjourned.

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Donald V. Jellig, Chair