

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY  
June 16, 2020 MINUTES

The City of Virginia Beach Development Authority held a special meeting on Tuesday, June 16, 2020, at 8:30 a.m. in the Economic Development Town Center Boardroom at 4525 Main Street, Suite 700, Virginia Beach, VA, pursuant to notice given by the Chair.

MEMBERS PRESENT: Dorothy Wood, Chair  
Lisa M. Murphy, Vice-Chair  
William Brunke, Treasurer  
David Bernd, Secretary  
William Brown, Commissioner  
W. Taylor Franklin, Commissioner  
Peter Mueller, Commissioner  
Joseph Strange, Assistant Secretary

ADVISORS PRESENT: Taylor Adams, Director of Economic Development  
Alexander Stiles, Senior City Attorney  
Ron Williams, Deputy City Manger  
Charlie Bauman, Business Development Manager  
Laura Hayes, Business Development Coordinator  
David Couch, Business Development Administrator  
Letitia Langaster, Business Development Manager  
Ihsane Mouak, Project Development Manager  
Sean Murphy, VBDA Accountant  
Jeffrey Smith, Business Development Manager  
Lyndon Remias, City Auditor  
Vicki Kelley, VBDA Clerk

REPORTED BY: Taylor V. Adams

RECORDED BY: Vicki Kelley

**OPEN FLOOR**  
No public speakers

**SPECIAL MEETING**

1. Approved Minutes
  - May 19, 2020.

MOTION: Lisa Murphy  
SECOND: William Brunke  
APPROVED: 8-0

- Special Meeting on June 4, 2020.

MOTION: William Brunke  
SECOND: Lisa Murphy  
APPROVED: 8-0

## REVIEW OF FINANCIAL POSITION

### 2. Sean Murphy gave the monthly financial overview

#### Operating Account Summary: May 2020

Beginning Cash	\$4,713,163
• Significant Cash Receipts	
✓ \$31,198 from VB National for Jan– Mar operations and capital maintenance rent	
✓ \$2,447 of interest income	
• Significant Cash Disbursements	
✓ \$13,000 to Globalinx for conduit management fee	
✓ \$2,133 of utility bills for 110 S Independence Blvd	
Ending Cash	\$4,713,163

#### Incentive Account Summary: May 2020

Beginning Cash	\$4,634,257
• Significant Cash Receipts	
✓ \$1,500,000 transfer of EDIP funding from City of Virginia Beach	
✓ \$816 of monthly interest income	
• Significant Cash Disbursements	
✓ \$728,170 of Part A award payments for capital investment to:	
o Mermaid Winery (\$10,699)	
o Global Technical Systems (\$599,480)	
o LifeNet Health (\$117,991)	
✓ \$529,660 of Part B award payments to AHP Tenant Services	
✓ \$6,597 of legal fees and appraisals related to the Dome Site	
✓ \$9,985.50 of Bio Initiative funding for Bio Accelerator June rent	
Ending Cash	\$4,849,977

#### Incentive Account Summary: May 2020

Ending Cash held by VBDA	\$4,849,977
PLUS: EDIP and other Receivables	\$8,423,757
LESS: Payables and Commitments	<u>\$13,006,208</u>
Ending Available Funding	\$267,526

Director, Taylor Adams stated the small balance does not show a mismanagement of funds, but it shows the \$1.5 million dollars that is going out to the small businesses to assist in the struggles due to the pandemic. The support of the Authority is greatly appreciated.

### 3. Sean Murphy gave the Fiscal Year 2021 Annual Operating Budget review

- FY 2021 Budget attached
- Director Taylor Adams explained the need for a refresher on the Marketing Strategies going forward

- Treasurer William Brunke asked there be a statement added to the line item of the Amphitheater to show the amount paid this year was rolled over to the new FY 20-21
- Director Taylor Adams explained we are showing a deficit in the total budget, and this is the case each year
  - It is difficult to project revenues for the new projects, which is why it is noted with a zero
  - The expenses are shown actual
  - Showing the worst-case scenario, but as you see actual for the current year the revenue makes up the difference
- City Attorney Alex Stiles stated we would bring this back before the members in July for a vote to adopt

## **TOWN CENTER**

4. Approval for Authority joining in the HIVE lease between the City and Divaris Corner LLC for limited purposes
  - City Attorney, Alex Stiles shared with the members that the City needs the cooperation of the VBDA to agree to install an elevator in this space in the extraordinary unlikely circumstance that the City terminates this lease for failure to appropriate funds
    - Alex Stiles expressed the City has never defaulted on a lease and will not ever plan to
    - This has been asked of the VBDA to make Divaris feel more comfortable executing the lease
  - Director Taylor Adams explained the use of the space
    - This will create a space to assist the Small Business community with efforts as Jeff Smith has been continuing to do for some years now
    - It will give us a space to collaborate for Small Business Covid-19 recovery
    - The City needs a more robust offering in place in fostering small business ecosystem
    - Coming out of the City's first disparity study our department was charged to establish a SWAM office at Town Center
    - We have been working with higher ed partners and we anticipate a workforce training component that will also happen in this space
  - Director Taylor Adams agreed with City Attorney, Alex Stiles that if the City ever defaulted in a loan it would be catastrophic to the City's Bond rating
    - There is very little risk that the City would ever default in a loan, but we do need the VBDA support in executing this lease
    - Buying out the lease would be more advantageous than defaulting a lease
  - Taylor Franklin asked why is Divaris pushing this in the lease
    - Director Taylor Adams explained that Divaris did not like out non-appropriation language
    - This is the work around that our City Attorney, Alex Stiles and their attorney were able to come to agreement on
  - Lisa Murphy asked that we were voting to agree to this, but very unlikely that it would ever come to pass

- Director Taylor Adams explained the lease is being carried in the Economic Development Budget

MOTION: William Brunke  
SECOND: Lisa Murphy  
APPROVED: 8-0-0

5. Approval of the exercise of the first renewal term of Town Center Parking Security Contract
  - The Contract with Divaris for Parking Security was approved back in 2017
  - There are three optional renewals
    - The staff is very happy with the performance
    - Building and parking security are joined as opposed to two separate contracts
    - We ask that the contract is renewed
  - David Bernd asked why not bid this out.
    - City Attorney, Alex Stiles stated we can't
    - Divaris, that owns the building, is providing security inside
    - We tried separating this and they were not able to coordinate
  - Director Taylor Adams explained it was mostly the economy of skill we achieved by utilizing the same security firm that is on the inside of the building to manage the garages
    - Rob Fries, the department managing the Parking Garage looked into another company and the price was not even close

Motion: David Bernd  
Second: Lisa Murphy  
Approved: 8-0-0

## **CORPORATE PARKS**

6. Approval of Resolution authorizing the sale of the 18.24-acre parcel known as London Bridge Commerce Center
  - Ihsane Mouak shared a presentation attached to these minutes
  - Lisa Murphy asked if there was access to the property from London Bridge Road
    - Director Taylor Adams explained that permanent access would come from the new road, but Public Works Transportation understands and agrees we would be able to right in right out until the construction of the new road is complete
    - The new road will be from Potters Road
  - Director Taylor Adams explained the value was derived from an RFP that the Authority approved to be published
    - The origin of this agreement was a public process that led to multiple proposals, evaluation and selection of the best value
  - Director Taylor Adams shared there was a public process to come to these terms
  - City Attorney Alex Stiles explained that the Navy was included on the due process

- Lisa Murphy added the value of the land is limited due to the fact of the Navy restrictions over it and a limit to what could be done that got us to the \$100,000
- Director Taylor Adams stated that was correct and that it was APZ1 property
- Lisa Murphy also stated that when reviewing the proposals and one thing we wanted to make sure that the part that was facing the interstate and London Bridge Road there were design criteria
  - The property is abandoned now and what it looks like is important
- Lisa Murphy also stated she believed there was a reversionary right if the property wasn't used in the way it was intended
  - Director Taylor Adams replied that the contract contemplates industrial use with the Navy approval that it fit within the deed restriction only

Motion: Lisa Murphy  
 Second: Joseph Strange  
 Approved: 7-0-1

Taylor Franklin abstained from this vote and his abstention letter is attached to these minutes

7. Approval of SAIC sign waiver in Oceana West Industrial Park
  - Ihsane Mouak shared a presentation that is attached to these minutes

Motion: David Bernd  
 Second: Taylor Franklin  
 Approved: 8-0-0

#### **ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (EDIP)**

8. Approval of a resolution authorizing \$350,000 in EDIP Part A Funds as the Local Match for a Commonwealth's Development Opportunity (COF) fund Grant for Apex Systems
  - Laura Hayes shared a presentation that is attached to these minutes
  - Director Taylor Adams added that the Authority is being asked to invest in the jobs only
    - The \$1.8 million capital investment did not factor into our calculation with our match with the Commonwealth
    - The value for us and the return on the Authority's investment is the 147 new high paying jobs as well as helping us fill the 3,000 high-tech vacancies in the region
    - We would like to thank our colleagues at the Hampton Roads Economic Development Alliance for the role they played in bringing this company to Virginia Beach
  - Lisa Murphy asked the value of the 147 jobs average salary
    - Director Taylor Adams replied just over \$62,000
  - Lisa Murphy shared that she had no doubt that if they start recruiting here, they will bring more millennials and tech people to our community

Motion: Lisa Murphy  
 Second: William Brunke  
 Approved: 8-0-0

9. Approved a resolution approving extension of the performance period for Sanjo
  - Laura Hayes shared a presentation that is attached to these minutes
  - Director Taylor Adams explained this company has been a great resource in Spain just like STIHL has been in Germany
  - Lisa Murphy shared she knew this company has had a challenge finding the right workforce here
    - Director Taylor Adams agreed
      - It is not easy to find experience in Fine Blanking

Motion: Lisa Murphy  
Second: William Brunke  
Approved: 8-0-0

10. Approved a resolution approving extension of the performance period for Studio Center
  - Cole Trower shared a presentation that is attached to these minutes
  - Lisa Murphy asked the reason for their inability
    - Cole Trower explained they had unforeseen staffing circumstances

Motion: William Brunke  
Second: Peter Mueller  
Approved: 8-0-0

## **ADMINISTRATIVE INFORMATION**

Director Taylor Adams shared with the Authority that the Annual Services Engineering Contract that has been held by Kimley Horn.

The direction from the commissioners is that we put an RFP out on the street in the very near future. Ihsane Mouak has been working on this RFP and with consensus from the Board we will publish this week.

The Commissioners responded by nodding their heads.

## **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:


Motion: Lisa Murphy  
Second: William Brunke  
Approved: 8-0-0

**CONTRACTS:** 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).

**PUBLICLY-HELD PROPERTY:** 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).

**PROSPECTIVE BUSINESS OR INDUSTRY:** 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: Lisa Murphy  
Second: William Brunke  
Approved: 8-0-0



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Dorothy L. Wood, Chair