

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
FEBRUARY 15, 2022 MINUTES

The City of Virginia Beach Development Authority (“VBDA”) held its regular meeting on Tuesday, February 15, 2022, 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.

Full video of item presentations and discussions can be viewed on our website at the following link – <https://www.yesvirginiabeach.com/vbda>

MEMBERS PRESENT: Lisa M. Murphy, Chair
William Brunke, Treasurer
W. Taylor Franklin, Assistant Secretary
William Brown, Commissioner
Penny Morgan, Commissioner
Michael J. Standing, Commissioner
Joseph E. Strange, Commissioner
Guenter H. Weissenseel, Commissioner

ADVISORS PRESENT: Taylor V. Adams, Deputy City Manager/Director of Economic Development
Alexander W. Stiles, Senior City Attorney
Kathy Warren, SGA Manager
Kaitlen S. Alcock, Planning Department
Emily Archer, Project Development Manager
Charles J. Bauman, III, Senior Business Development Manager
Devin Cowhey, Business Development Manager
Katrina N. Flowers, VBDA Accountant
Paige M. Fox, Business Development Manager
Laura D. Hayes, Business Development Coordinator
Letitia E. Langaster, Business Development Manager
Ihsane Mouak, Project Development Manger
Elisabeth D. Parker, Administrative Assistant
Lyndon S. Remias, City Auditor
Jeffrey L. Smith, Business Development Coordinator
Svetla G. Tomanova, Marketing Assistant
Raymond K. White, Business Development Coordinator
Rosemary C. Wilson, Vice-Mayor
Deborah Zywna, Planner III

REPORTED BY: Taylor V. Adams

RECORDED BY: Vicki L. Kelley

Chair, Lisa Murphy, began the meeting at 8:30 a.m.

OPEN FLOOR
No Public Speakers

REGULAR MEETING

MEETING MINUTES

1. Approval of Meeting Minutes, February 15, 2021.
 - Chair Murphy shared with the Board Members that Treasurer, William Brunke asked for more details in the minutes, in addition to the statement - see video of the meeting.

MOTION: Taylor Franklin
SECOND: Michael Standing
APPROVED: 8-0-0

DCM/Director Taylor Adams asked the Chair to confirm the charge was for the administration to go back to traditional minutes. Chair Murphy confirmed for staff to go back to the format minutes were recorded before the video.

FINANCIALS

2. Katrina Flowers presented financials for January 2022.

Operating Account Summary: January 2022

Beginning Cash - January 1, 2022 \$4,394,712

Significant Cash Receipts

\$193,261	Amphitheater Rent
\$19,936	VB National Rent Revenue
\$40,000	VB National Revenue for 2021 Profit Sharing
\$733	Bank interest income

Significant Cash Disbursements

\$14,768	Vanasse Hangen Brustlin (VHB) for CL New Roadway Design
\$8,050	Kimley Horn for CL Stormwater
\$11,470	Taste Catering & Events for Catering for VBDA Annual Holiday Celebration
\$13,792	Globalinx for Jan. 15th conduit management fee
\$13,792	Globalinx for Feb. 15th conduit management fee

Ending Cash –January 31, 2022 4,387,799

Incentive & Initiative Account Summary: January 2022

Beginning Cash – January 1, 2022 \$3,725,801

Significant Cash Receipts

\$425	Bank interest income
-------	----------------------

Significant Cash Disbursements

\$21,286	Olympia Bendix Two –Jan. & Feb. Rent for Bio Accelerator
\$101,061	Cooper Carry –Atlantic Park (Dome Site) -Reimbursable
\$11,729	Kimley Horn –Atlantic Park (Dome Site)-Reimbursable
\$11,789	Singer Davis LLC –Dec Legal Services (Dome Site)
\$11,000	Facility Logix –Nov. & Dec. –Bio Management Fee
\$5,838	Assissi Medical Services formerly known as the Veterinary Hospital – DIP Grant

Ending Cash –January 31, 2022	\$3,563,462
Incentive Account Summary: January 2022	
Ending Cash held by VBDA	\$3,563,462
PLUS: Economic Development Investment Program (EDIP) and Other Receivables	\$6,393,020
LESS: Payables and Commitments	\$7,057,264
Ending EDIP Grant Available Funding	\$2,899,218

- Presentation attached
- Ms. Flowers added:
 - Financial review completed back to 2015
 - Updated all EDIP grants
 - Met with City Auditor’s, Management, VBDA Chair, and Treasurer
 - Staff Training for the EDIP process and procedures will begin in two weeks

Discussion:

Chair Lisa Murphy shared her appreciation for all the hard work Ms. Flowers put in to get the bottom-line figure of the total EDIP funds the VBDA has available, which was \$2,899,218.

Mr. Brunke shared his appreciation for the time Ms. Flowers spent with him in a meeting last week answering many questions and wanted to share that he felt very comfortable with the results of available grant funds.

Mr. Brunke also requested going forward to expand on the available funds to show new commitments, disbursements, and available balance. He also requested to show those grants that have expired and add those funds back to the fund balance.

Mr. Standing asked how to propose actual versus commitments. Mr. Brunke explained when an incentive is approved it will then become a commitment which will reduce the available funding and those grants that expire will then be added back to the available funds. Mr. Brunke shared that Ms. Flowers has a very detailed spreadsheet that tracks the EDIP grant commitments, performance periods, and expiration dates.

DCM/Director Taylor Adams explained that when he became the Interim Director in December 2018 the staff presented a list of all open grants that had expired, and they were working towards closing or extending those grants when the Pandemic hit and as a team had decided to wait until the Pandemic was over to continue that work.

Mr. Adams also offered to segregate the EDIP grants that were under the old EDIP policy prior to the new policy approved April 2019 and the grants approved under the new policy. He then asked City Auditor Lyndon Remias if that would help his office as well. Mr. Remias replied he wasn’t sure if that would add value or not.

Mr. Remias then thanked Ms. Flowers and explained his office has been working with her on the review but had not seen the actual spreadsheet that was completed. Mr. Remias then suggested separating the number of grants available under Parts A, B and C of the EDIP policy from the grants available under Part E of the policy because the Part E portion is a large receivable but not part of the \$2 million received each year. This would show where the other receivables are. Mr. Adams commented that we have that information and would be happy to provide it.

Mr. Brunke commented that the \$2 million appropriation is not immediately drawn down from the city as there is a backlog available for drawdown. Mr. Brunke asked if there were any restrictions on drawing those funds or does this require action from City Council.

Mr. Adams explained that it depends on the type of money. For years the EDIP funds have been tied to a CIP Fund but prior to his arrival as Director, they were part of the City Operating Budget. That complicates the ability to draw down funds as Operating Budget funds as opposed to a CIP funds, the funds are swept back into the Fund Balance if not expended by June 30th. The CIP funds are not bound by fiscal year.

If the VBDA requested the funds be drawn down, then City Council action would probably need to happen, but this year we requested the funds be given to the VBDA at the beginning of fiscal year, taking into consideration the funds were in the Operating Budget, which would go back to the General Fund if not expended.

Chair Murphy stated there were \$49,000 in CARES Act funds included in the total funds available.

Mr. Remias asked what the bulk of receivables was. Ms. Flowers explained that Parts A, B and C were all included in that but would be happy to show the details. Mr. Brunke stated that there were about \$5 million in funds from the City.

3. SGA Manager Kathy Warren presented the Plan of Action in response to the Audit.
 - Presentation attached

Discussion:

Chair Murphy shared that element numbers 5 and 6 of the Plan of Action are what they had been discussing and was the big takeaway as the headline was that we did not know how much money we had.

Chair Murphy also shared that she had gone back through the EDIP Policy noting opportunities for process improvement. The EDIP Policy requires that once a disbursement is made under a grant, the Board gets the backup documents to provide checks and balances.

Discussion about reviewing the portion of EDIP policy related to incentives to insure its consistency with the Commonwealth Opportunity Fund's guidelines.

Chair Murphy added that she understands the current software may not be sufficient for what is needed, and that staff may be coming back to us requesting a more applicable software and Mr. Brunke has recommended a few.

BUSINESS PARKS

4. Approval of a Resolution authorizing the sale of approximately three and a half (3.5) acres of property at Corporate Landing to Precision Measurements Inc. Ihsane Mouak shared a presentation which is attached.

Discussion:

Chair Murphy asked if the price is still \$200,000 per acre, or are we are just approving a credit of the cost of two streetlights, which is the only change. Ms. Mouak verified.

Mr. Brunke asked if the settlement would show the actual cost as the resolution is generic. Senior City Attorney, Alexander Stiles verified the actual cost would be in the contract. Ms. Mouak shared we would not have an exact cost until the site plan approval.

MOTION: William Brunke
SECOND: Guenter Weissenseel
APPROVED: 8-0-0

5. The request for approval to release the landscaping restriction at 1400 Air Rail Avenue was deferred upon request by Mr. Stiles.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (EDIP)

6. Approval of a Resolution of a correction to EDIP Part E Grant approved on August 18, 2021, for The Nobles International, LLC.

Discussion:

Chair Murphy asked if this was a check that needed to be made payable to the Landlord and Jeffrey Smith verified it was.

MOTION: William Brunke
SECOND: Joseph Strange
APPROVED: 8-0-0

ADMINISTRATIVE INFORMATION

7. VBDA Priorities
 - Chair Murphy announced we would continue working on the jobs piece of the EDIP Policy.
 - Ms. Murphy explained she had been asked questions on the Oceana MOU.
 - i. There are concerns about skipping the Master Plan
 - ii. Raymond White shared they are still trying to work through the details, including the Master Plan.
 - iii. There will be a meeting to discuss, and it is a work in progress.
 - iv. Any redevelopment must be consistent with the APZ-1 rules, regulations, and restrictions.
 - v. Chair Murphy shared the Board would like to share their thoughts and ideas.
 - vi. Mr. White expressed to the Board that the Navy would like to concentrate on those types of companies that line up with their mission.
8. No other Board Members had items to discuss.
9. Director's Report
 - DCM/Director Adams publicly commended Ms. Flowers on her hard work with the accounting update.
 - Vanguard Landing has submitted the payment that was due, and it has been deposited.

RECESS TO CLOSED SESSION

The VBDA 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:

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). *(Town Center, Corporate Landing, Innovation Park)*

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). *(Town Center, Corporate Landing, Innovation Park, Princess Anne)*

MOTION: Taylor Franklin

SECOND: Joseph Strange

APPROVED: 8-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: Taylor Franklin

SECOND: Joseph Strange

APPROVED: 7-0-0

Penny Morgan left the meeting during the closed session prior to voting to certify.

Chair Murphy adjourned the meeting at 10:00 am.



Lisa M. Murphy, Chair