

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
February 21, 2023 MINUTES

The City of Virginia Beach Development Authority (“VBDA”) held its regular meeting on Tuesday, February 21, 2023, 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 Brown, Commissioner
William Brunke, Treasurer
W. Taylor Franklin, Assistant Secretary
Penny Morgan, Commissioner
Ronnie L. Parker, Commissioner
Michael J. Standing, Commissioner
Joseph E. Strange, Vice-Chair
Guenter H. Weissenseel, Commissioner

MEMBERS ABSENT: David Bernd, Secretary
Nneka Chiazor, Commissioner

CITY COUNCIL: Vice Mayor Rosemary Wilson

ADVISORS PRESENT: Taylor V. Adams, Deputy City Manager
Alexander W. Stiles, Senior City Attorney
Kathy Warren, Deputy Director, Economic Development
Laura Hayes Chalk, Deputy Director, Economic Development
Michael R. Anaya, Project Development Planner III
Emily Archer, Project Development Manager
Devin Cowhey, Business Development Manager II
Katrina N. Flowers, VBDA Accountant
Paige Fox, Business Development Manager II
Letitia Langaster, Business Development Manager
Elisabeth D. Parker, Administrative Technician
Katelyn Philleo, Business Development Representative I
Charles E. Rigney, Business Attractions Administrator
Joshua Spicer, Intern
Svetla Tomanova, Project Development Planner II
Annagid Walker, Account Clerk III
Deborah Zywna, Project Development Planner III

REPORTED BY: Taylor V. Adams

RECORDED BY: Elisabeth D. Parker

Chair, Lisa Murphy, began the meeting at 8:31 a.m. and opened the floor for public comment.

OPEN FLOOR
No Public Speakers

REGULAR MEETING
MEETING MINUTES

1. Approval of Meeting Minutes, January 17, 2023.

MOTION: William Brunke
SECOND: Joseph Strange
APPROVED: 9-0-0

FINANCIALS

2. Katrina Flowers presented financials for January 2023.

Operating Account Summary: January 2023

Beginning Cash – January 1, 2023 **\$2,835,601**

Significant Cash Receipts

- Grand Total of Significant Cash Receipts - \$743,970
- \$349,395 Atlantic Park/Dome Site Reimbursement from the City
- \$ 87,350 Westminster Canterbury – Annual Industrial Bond Administration Fee
- \$ 28,510 Cherry Bekaert – Reimbursement for FY21 Annual Audit
- \$251,397 Atlantic Park/Dome Site Reimbursement from the City
- \$ 12,960 Corporate Landing Infrastructure – Reimbursable Nutrient Credit Purchase for Pond D
- \$ 14,358 Interest Income

Significant Cash Disbursements

- Grand Total of Significant Cash Disbursements - \$1,021,557
- \$ 63,499 Kimley Horn – Survey, Geotech, E&S work and due diligence studies for Innovation Park Phase 2
- \$ 12,960 Corporate Landing Infrastructure – Reimbursement for Nutrient Credit Purchase for Pond D
- \$ 70,652 Singer Davis – Atlantic Park (Dome Site) Project Legal Services
- \$ 31,342 Hunton Andrews Kurth – Atlantic Park (Dome Site) Project Legal Services
- \$ 1,750 Commissioner Stipends for 2nd Half of FY22
- \$ 4,258 WPL – Reimbursable Expense for Dome Site Project
- \$ 31,000 Kimley Horn – Reimbursable Expense for Dome Site Project
- \$ 14,205 Globalinx – Monthly Conduit Management Charge – February 2023
- \$ 8,875 KH-CN Partners – Project Coordination and Management for Phase I ESA Atlantic Park
- \$ 2,960 Venture on-site GMP Cost Validation – Dome Site Project – Reimbursable
- \$ 13,125 Corporate Landing Stormwater – Design Southwest and Northeast Atlantic Park
- \$ 5,056 Lishelle Place Facility Assessment and Feasibility Study
- \$ 14,203 Vanasse Hangen Brustlin, Inc – Corporate Landing New Roadway Design, Human Service Roof Replacement and Miller Group Parcel Survey
- \$ 6,400 Cherry Bekaert – Annual Audit for June 30, 2022
- \$694,392 Live Nation Worldwide, Inc – Amphitheater Roof Replacement – Reimbursable
- \$ 46,880 Live Nation Marketing, Inc – 2023 Veterans United Amp Season (4 Parking Passes and 8 Tickets)

Ending Cash – January 31, 2023 **\$2,555,491**

Incentive & Initiative Account Summary: January 2023

Beginning Cash – January 31, 2023 **\$2,656,485**

Significant Cash Receipts

- Grand Total of Significant Cash Receipts - \$481
- \$ 481 Bank Interest Income

Significant Cash Disbursements

- Grand Total of Significant Cash Disbursements - \$ 10,923

\$ 10,923 Olympia Bendix-Two – Bio Accelerator Monthly Rent – January 2023

Ending Cash – January 31, 2023 \$2,645,647

Incentive Summary Reporting: December 2022

Beginning VBDA EDIP Grant Balance	\$3,656,689
Earned Interest and Activity Analysis Fee	+\$ 39
EDIP Grants Expired (Closed)	+\$ 79,043
New Grants Approved by VBDA	<u>-\$ 140,000</u>
EDIP Grant Funds Available as of December 2022	\$3,595,771

Discussion:

Commissioner William Brunke asked if the ROX.Xpress asked for an extension regarding their closed EDIP grant and for a status update about the status of the closed EDIP grant for the ROX.Xpress. Deputy City Manager Taylor Adams answered by stating there is no request for an extension and the routes are not active at present day.

BUSINESS PARKS

3. Approval of Precision Measurements, Incorporated (PMI) construction design presented by Emily Archer.

Discussion:

The presentation included a request for a variance regarding the height of the proposed enclosure at the back of the project. Commissioner Gunter Weissenseel asked what the problem was with making the enclosure 8 feet high. Ms. Archer offered to make that request to the company if need be. The enclosure is screened, located in the back and has doors. Commissioner Penny Morgan stated that currently the plan is wood and it doesn't match the structure. Chair Lisa Murphy asked if the board has approved this type of minor variation before. She also asked Commissioner Weissenseel if it was the height or building materials that was bothering him. Commissioner Weissenseel responded that it was the materials and what it's proposing to be made of. Commissioner William Brunke offered that he did not personally have strong feelings about this request, he just wants to be consistent with what the board has done in the past and what they intend to do in the future. Chair Murphy was ok with it as is because she doesn't think anyone will really be able to see it since it will be surrounded by landscaping. She then asked Ms. Archer why the requirement is 8 feet. Ms. Archer stated it's probably to protect the enclosure if it is visible from the right of way. Chair Murphy clarified that these are not City requirements, simply design criteria and design criteria changes will be discussed today as well. She then asked for the will of the group so they could make a decision and then offered to suggest to the company that they incorporate some brick and wood. Ms. Archer agreed that the board could ask for voluntary compliance at least on the material or if there was a way to integrate the brick columns with wood in between to halfway satisfy the design criteria. Commissioner Taylor Franklin stated the motion to approve with the amended design requirements.

MOTION: Taylor Franklin
SECOND: Gunter Weissenseel
APPROVED: 9-0-0

4. Approval of the Innovation Park Design guideline update presented by Emily Archer.

Discussion:

Chair Lisa Murphy asked if the plans are reviewed when going through the site plan process. Ms. Archer explained that staff tries to review everything concurrently with the DSC site plan submission to ensure design criteria compliance is met and or any issues are worked out with Planning's approval so that by the time it is brought forth before the VBDA, it's on its third or fourth review, and ready for approval in staff's opinion. Once a Business Development Rep finds a business and a property to house it in, there's early discussion on what is expected for the property and the exact criteria is provided to them. Ms. Archer also

works with their engineer on stormwater functions to ensure those presubmittal meetings take place. Chair Murphy thanked Ms. Archer for the before and after comparison of the guidelines.

MOTION: Taylor Franklin
SECOND: Gunter Weissenseel
APPROVED: 9-0-0

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (EDIP)

5. Approval of a Resolution to close out \$120,000 EDIP Part “A” award for Prufrex presented by Deputy Director Laura Chalk.

Discussion:

Chair Lisa Murphy asked if there was a reason why we didn’t go with the full award. Deputy Director Laura Chalk stated she wasn’t sure why as it was originally awarded in 2013 and neither she nor any of the current staff were present at that time. Deputy City Manager Taylor Adams shared that the reason for that amount was due to the 50/50 match that was required for the Commonwealth Opportunity Fund going back to the early days of Governor McCauliffe . That amount was exactly what was needed to match the fund at that time. Chair Murphy stated that the challenge on the additional capital investment is that they can’t really expand when they can’t find employees. Ms. Chalk agreed and shared that part of the EDIP performance criteria states the business must retain an employee for a full year before they get paid out and they’re having challenges with that right now, as many employers are, finding 10 additional people to employ and keep on staff for a full year. They also can’t invest additional capital and buy more equipment if they can’t find the 10 extra people. They’re a strong company with one of their major customers being Stihl, they’ve been a good partner to the City for the last 10 years, we don’t see them going anywhere, and they’ve made most of their capital investment. Deputy City Manager Adams inserted a quick correction to his earlier statement, it was the McDonald Administration. Commissioner William Brunke asked if the second \$120,000 was the one the board participated in repaying the Governor’s Opportunity Fund. Ms. Chalk confirmed that was correct. Commissioner Brunke stated that now we are meeting our own requirements we put into that repayment and addressing that. Ms. Chalk answered that originally staff was going to request the company pay back \$50,000 if they didn’t meet their criteria but the world has changed since those decisions were made and now the ask is to just close the EDIP.

MOTION: Penny Morgan
SECOND: Ronnie Parker
APPROVED: 9-0-0

CONTRACTS

6. Approval to edit the Miller Group and Sanjo Land Swap Resolution presented by Deputy Director Laura Chalk.

Discussion:

Commissioner Taylor Franklin asked if this was just a gap from what was originally priced to now. Deputy Director Laura Chalk confirmed that and explained there is a \$900,000 gap that is trying to be filled since the Corporate Landing lot developable acres is less than what was originally thought. It wasn’t clear that some of the wetlands pond was included. It is part of the property and we only charge for usable acres. Chair Lisa Murphy asked if there was any discussion about sharing the value differential. Ms. Chalk said no and that this was a cash neutral transaction.

MOTION: Taylor Franklin
SECOND: Gunter Weissenseel
APPROVED: 9-0-0

7. Approval of a lease agreement in the International Incubator with Actualtic USA Inc. presented by Paige Fox.

No Discussion

MOTION: Michael Standing
SECOND: Penny Morgan
APPROVED: 8-0-1

Chair Lisa Murphy abstained from the vote pursuant to the Conflict of Interests Act § 202-3114(E) and her letter of abstention is incorporated into these minutes

8. Approval of a lease agreement in the International Incubator with KAPA Global, Incorporated presented by Letitia Langaster.

Discussion:

Chair Murphy asked if this will fill up this space and Letitia Langaster confirmed that it would. She asked Deputy Director Laura Chalk to also confirm that another company was moving out soon in the International Incubator and Ms. Chalk verified that was correct as well. That company will fulfill their two-year lease term in September. Chair Murphy was glad to hear that the companies are doing what the board wants them to do.

MOTION: William Brunke
SECOND: Joseph Strange
APPROVED: 9-0-0

ADMINISTRATIVE INFORMATION

9. VBDA Priorities: *L. Murphy, Chair*
10. VBDA Members: *L. Murphy, Chair*

VBDA Priorities/Members Update:

Chair Murphy asked Commissioner William Brunke for an update on changes to the EDIP policy. He expressed that he has been in communication with staff and will bring something forth at the next meeting. Chair Murphy had nothing further.

11. Director's Report: *T. Adams*

Director's Report:

Deputy City Manager Taylor Adams acknowledged and thanked Vice Mayor Rosemary Wilson for her continued support of City staff's international efforts by participating in one of the most effective meetings he's ever been a part of in recruiting new business from Spain. He also thanked the VBDA for their continued support of the International Incubator as he's seeing businesses line up to start coming in. Real estate is becoming scarcer and it's important that we start focusing more actively on growing our professional office climate.

Mr. Adams announced the return of the largest annual fundraiser for the VBDA which is the Golf Tournament. It has been scheduled for May 5th at the Virginia Beach National golf course and all members are welcome and any members of our business community are welcome to help us support local charities through this effort. Examples of groups we've supported in the past include the Kempsville Entrepreneurial Academy, Bayside Medical Studies Academy, and Begin Again Foundation led by Marc and Audrey Leishman.

Mr. Adams welcomed and introduced the newest addition to the Economic Development Team, Mr. Charles "Chuck" Rigney as the new Business Attractions Administrator with a focus on business retention and expansion. Mr. Rigney expressed his gratitude and he's looking forward to working with the VBDA too. Mr. Adams also welcomed and introduced Josh Spicer, a Virginia Wesleyan student who has been with the department since the fall semester but this was the first VBDA meeting he could make due to his academic schedule.

Chair Lisa Murphy moved to recess into a closed session.

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:

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)(29). *(District 2) (District 4) (District 5)*

LEGAL MATTERS: Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, pursuant to Va. Code § 2.2-3711(A)(8). *(District 2)*

MOTION: William Brunke
SECOND: Taylor Franklin
APPROVED: 9-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: Joseph Strange
SECOND: William Brunke
APPROVED: 9-0-0

Chair Lisa Murphy adjourned the meeting at 10:09 am.



Lisa M. Murphy, Chair



February 21, 2023

Ms. Elisabeth D. Parker
City of Virginia Beach Development Authority
4525 Main Street, Suite 700
Virginia Beach, Virginia 23462

Re: Abstention/Disclosure Pursuant to Conflict of Interests Act § 2.2-3114(E)

Dear Ms. Parker:

Pursuant to the State and Local Government Conflict of Interests Act, I make the following declaration:

1. I am executing this written disclosure regarding the City of Virginia Beach Development Authority's discussion and/or vote on the proposed lease of office space to Actualtic S.L. (the "Applicant").
2. Willcox Savage is a service provider for the Applicant, and I am employed by, and have a personal interest in, Willcox Savage, whose address is 440 Monticello Avenue, Suite 2200, Norfolk Virginia 23510.
3. The City Attorney's Office has advised me that although I have a personal interest in this transaction, because I do not personally provide services to the Applicant, the Act provides that I may participate in the Authority's discussion and vote on this application, upon disclosure of this interest. I have nevertheless chosen to voluntarily abstain from the Authority's consideration of this matter.

Accordingly, I respectfully request that you record this declaration in the official records of the Authority.

Thank you for your assistance and cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa M. Murphy', written over a light blue horizontal line.

Lisa M. Murphy
Chair

LMM/AWS