

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
September 19, 2023 MINUTES

The City of Virginia Beach Development Authority (“VBDA”) held its regular meeting on Tuesday, September 19, 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
Linda Garris-Bright, Commissioner
Penny Morgan, Commissioner
David Weiner, Commissioner
Guenter H. Weissenseel, Commissioner

MEMBERS ABSENT: W. Taylor Franklin, Assistant Secretary
Ronnie L. Parker, Commissioner
Michael J. Standing, Commissioner

CITY COUNCIL: Vice Mayor Rosemary Wilson
City Councilman Michael Berlucchi

ADVISORS PRESENT: Alexander W. Stiles, Senior City Attorney
Ashley-Loren Grant, Assistant City Attorney
Charles E. Rigney, Interim Director of Economic Development
Laura Hayes Chalk, Deputy Director
Kathy M. Warren, Director, Planning & Community Development
Emily L. Archer, Project Development Administrator
Michael R. Anaya, Planner III
Charles J. Bauman, III, Business Development Coordinator
Katrina N. Flowers, VBDA Accountant
Paige M. Fox, Business Development Manager II
Letitia Langaster, Business Development Manager II
J. D. Hines, Senior Land Development Engineer
Tecora D. McIntyre, Administrative Specialist I
Elisabeth D. Parker, Executive Assistant II
Katelyn Philleo, Business Development Representative I
Jeffrey L. Smith, Business Development Coordinator
Annagid Walker, Account Clerk III
Taylor Wilke, Media and Communications Coordinator
Deborah Zywna, Planner III

REPORTED BY: Charles E. Rigney

RECORDED BY: Elisabeth D. Parker

Chair Lisa Murphy began the meeting at 8:30 a.m. and opened the floor for public comment.

OPEN FLOOR

No public speakers.

INTRODUCTION OF NEW COMMISIONERS

1. Welcoming of newly appointed Authority Commissioners led by Chair Lisa Murphy.

Discussion:

Chair Lisa Murphy welcomed the newly appointed Authority Commissioners and asked them to introduce themselves. Commissioner Linda Garris-Bright and Commissioner David Weiner introduced themselves and gave personal/business backgrounds.

ANNUAL MEETING

2. Commissioner Dr. William Brown and Commissioner Guenter Weissenseel nominated the Committee Report/Election of Officers.

Current Officers:

Chair:	Lisa Murphy
Vice-Chair:	W. Taylor Franklin
Treasurer:	William Brunke
Secretary:	Guenter Weissenseel
Assistant Secretary:	William Brown
Assistant Secretary:	Charles E. Rigney (Elected August 15, 2023)

MOTION: Guenter Weissenseel

SECOND: Penny Morgan

APPROVED: 7-0-0

REGULAR MEETING

MEETING MINUTES

3. Approval of Meeting Minutes, August 15, 2023

MOTION: William Brunke

SECOND: Penny Morgan

APPROVED: 5-0-2

Commissioner Linda Garris-Bright and Commissioner David Weiner abstained from the vote due to being newly appointed to the Authority.

FINANCIALS

4. Review of Financial Statements for August of 2023 presented by Katrina Flowers.

Operating Account Summary: August 2023

Beginning Cash – August 1, 2023 **\$4,601,686**

Significant Cash Receipts

- Grand Total of Significant Cash Receipts - \$3,576,396
 - \$301,000 2nd Tax Incentive funding for The Constitution LLC- City View Two- Reimbursement from City
 - \$509,204 Corporate Landing Business Park Pond Excavation and Mobilization Utility Work- Reimbursement from City
 - \$167,732 Amphitheater Roof Replacement- Reimbursement from City
 - \$133,538 Innovation Park Offsite Infrastructure- Reimbursement from City

\$ 27, 600	Reimbursement for Sewer Construction Design Task (80%) Services through 5/31/23 – GoVA Grant from Hampton Roads PDC
\$909,692	Atlantic Park Venue Payments for Venture Waves, LLC- Reimbursement from City
\$1,507,677	Atlantic Park Offsite Work for Venture Waves, LLC- Reimbursement from City
\$ 19,953	Interest Income

Significant Cash Disbursements

- Grand Total of Significant Cash Disbursements - \$3,664,496
- \$ 301,000 City View Two incremental Real estate taxes through FY2023- Payment #2 to be reimbursed by City
- \$ 54,268 Atlantic Park Construction Inspection Services
- \$ 28,279 Lishelle Place Design Development Documents and Project Management
- \$ 167,732 Amphitheater Stage and Administration Building Generators- to be reimbursed by City
- \$ 133,538 Innovation Park Offsite Design Work- to be reimbursed by City
- \$ 15,463 New Corporate Landing Access Road & Geotech Service to be reimbursed by City
- \$ 23,438 Corporate Landing Business Park Offsite Infrastructure Bond Surety for Towne Insurance Agency, LLC to be reimbursed by City
- \$ 509,204 Corporate Landing Business Park Offsite Infrastructure to be reimbursed by City
- \$ 909,692 Atlantic Park Entertainment Venue for Venture Waves, LLC to be reimbursed by City
- \$1,507,677 Atlantic Park Offsite Infrastructure-Street work, bank excavation and duck work for Venture Waves, LLC to be reimbursed by City
- \$ 14,205 Monthly recurring conduit management for Globalinx- August 2023

Ending Cash – August 31, 2023 **\$4,583,391**

Incentive & Initiative Account Summary: August 2023

Beginning Cash – August 1, 2023 **\$2,889,288**

Significant Cash Receipts

- Grand Total of Significant Cash Receipts - \$464
- \$ 464 Bank interest income

Significant Cash Disbursements

- Grand Total of Significant Cash Disbursements - \$11,329
- \$ 11,329 Olympia Bendix Two- Monthly Bio-Accelerator Rent & Pro Rata Taxes current- Sept. 2023

Ending Cash – August 31, 2023 **\$2,875,769**

EDIP Grant Summary Reporting: August 2023

Beginning VBDA EDIP Grant Balance	\$3,315,536
Earned Interest and Activity Analysis Fee	+\$ 80
EDIP Grants Expired (Closed)	+\$ 0
New Grants Approved by VBDA	-\$ 0
EDIP Grant Funds Available as of August 2023	\$3,315,616

VANGUARD LANDING

5. Approval of a Resolution extending Sentara’s Due Diligence Period for the Acquisition of the Promissory Note made by Vanguard Landing, which is currently held by the Authority, presented by Senior City Attorney Alexander Stiles.

Senior City Attorney Alexander Stiles stated the Authority made a loan to Vanguard Landing in 2014. The loan has been in default since 2019. In April of 2023, Sentara approached the Authority about purchasing the note. The Authority provided Sentara with 60 days to perform due diligence. Sentara has since asked for an additional 90 days to complete their due diligence. Mr. Stiles spoke with the Virginia Housing Authority, who has been working with the Virginia Attorney General's office, Sentara, and Vanguard Landing. It appears that Virginia Housing will be financing a construction loan to Vanguard Landing in the next 30 days. However, in order to make sure Sentara has more than enough time to complete its due diligence, Mr. Stiles proposed a 90-day extension to avoid having to grant an additional shorter extension. The Authority is currently owed \$2.1 million but has agreed to sell the note to Sentara for \$1.2 million.

Discussion:

Commissioner William Brunke asked Senior City Attorney Alexander Stiles whether granting the extension would affect the Authority's current first priority lien position. Mr. Stiles assured him that the Authority would not be weakening its current position. Commissioner William Brown asked Mr. Stiles if Sentara really believes that Vanguard Landing is going to close soon on the construction loan from Virginia Housing. Mr. Stiles affirmed that he had heard from Virginia Housing and Sentara that closing was imminent. Chair Lisa Murphy feels it is important that Sentara will be acquiring the Vanguard Landing promissory note, since they are in a better position to make the project happen.

MOTION: William Brown
SECOND: William Brunke
APPROVED: 7-0-0

VBDA CONTRACTS AND LEASES

6. Approval of exercise of option to extend the VBDA lease with Town Center Associates 11 for 4525 Main Street, Suite 700 presented by Senior City Attorney Alexander Stiles.

Mr. Stiles stated that the original lease was signed in 2013 for the duration of 10 years. The lease provides for two five-year extension periods with a 3% escalation each year. Currently, the rate is \$37.96. Interim Director Charles Rigney informed the Authority that he called Armada Hoffler and inquired about a \$1 discount on some of the operating costs resulting in an approximately \$25,000 reduction in annual costs in return for the relocation right since the lease had automatically renewed. Mr. Rigney recommended approval of the lease renewal without any kind of relocation option as opposed to the \$25,000 savings.

Discussion:

Commissioner Penny Morgan asked what a relocation would look like. Interim Director Charles Rigney stated that Armada Hoffler would try to move the City's Department of Economic Development to Columbus Center and it's not feasible due to the amount of time and money it would take to execute. The cost of the move would far exceed the \$25,000 in potential cost savings.

MOTION: Penny Morgan
SECOND: Guenter Weissenseel
APPROVED: 7-0-0

7. Approval of the renewal and extension of the lease for the Human Services Building located at 3432 Virginia Beach Boulevard presented by Senior City Attorney Alexander Stiles.

Mr. Stiles informed the Authority that they own and lease the Human Services Building to tenants. Mr. Stiles stated that the bonds are retired, but the arrangements are still in place. The City contributes \$47,910.67 monthly or \$574,928.04 annually to a capital account for maintenance and building upkeep.

This is a revenue neutral transition for the Authority. The request is to extend the lease for an additional five years.

Discussion:

Commissioner William Brunke asked if this is the same building with the roof issues that the Authority was repairing. Mr. Stiles confirmed that was correct and the funds used are from the City.

MOTION: William Brunke
SECOND: Penny Morgan
APPROVED: 7-0-0

8. Approval of the renewal and extension of the Town Center Security contract with Divaris presented by Senior City Attorney Alexander Stiles.

Mr. Stiles shared that the Town Center Security contract with Divaris expired on July 1st, 2023; however, the services continued uninterrupted. The request is to extend the contract for an additional three years with two one-year extensions. The fees for security are funded from the SSD at about \$300,000 per year with an annual management fee of \$25,000 and an administrative fee of \$7,700.

No Discussion

MOTION: William Brown
SECOND: Linda Garris-Bright
APPROVED: 7-0-0

INNOVATION PARK

9. Request approval of a Resolution authorizing the conveyance of an easement to Dominion Energy on the terms set forth in the Summary of Terms presented by Assistant City Attorney Ashley-Loren Grant.

Discussion:

Commissioner William Brunke asked what the permitted uses were for the land on which the Authority is providing an easement, and what the Authority would be able to do with the land after the easement is granted? Assistant City Attorney Ashley-Loren Grant informed him that any use of the land already in place will continue to be allowed once the easement is established. Dominion is aware of the concept plan for Innovation Park, which will be recorded with the easement, and has agreed not to intentionally construct any facilities in direct conflict with what is proposed on the concept plan. The actual construction plans in furtherance of the concept plan will need to go through Dominion's Engineering Department to be approved with regard to specifics. Commissioner Brunke also inquired about the adjacent properties shown on the presentation map. He asked how the process will go with this new housing development in the works and if the Authority is the first to start this process with Dominion. Ms. Grant informed Commissioner Brunke that the state has given the easements needed to pass through the Military reservation. The SEC has approved the route as of August 2022; however, Dominion does have the authority to ask the SEC for condemnation approval. Dominion is working towards accommodating any residential concerns. Chair Lisa Murphy confirmed with Ms. Grant that a large portion of this route runs through the reserved Southeastern Parkway area. Commissioner David Weiner asked for the starting and stopping points of the overhead power lines. The route starts to go overhead at Harper Switching Station. Commissioner Brown confirmed that Dominion has the right to pass through Innovation Park, but they are seeking agreement as to price with the Authority. Senior City Attorney Alexander Stiles informed Commissioner Brown that Dominion would need to exercise condemnation authority to pass through if no agreement were to be reached; but ultimately that is correct. Chair Murphy stated that the only potential impact is the grading of the parking lot, however it will not impact the ability to site a new business. Ms. Grant confirmed that was correct if the building isn't located within the easement area. Chair Murphy confirmed the Authority is not planning

to site a building or structures within the area to be encumbered by the easement. Commissioner Guenter Weissenseel asked if there is a current prospect. Mr. Stiles informed him that there is. The Authority is also getting confirmation of permission to utilize the easement area. The preliminary concept plan has been submitted to the Dominion Engineers for their review and they believe it will be fine with the facilities.

MOTION: Guenter Weissenseel
SECOND: Lina Garris-Bright
APPROVED: 7-0-0

ADMINISTRATIVE INFORMATION

10. VBDA Priorities: *No Discussion*

11. VBDA Members: *L. Murphy*

Discussion:

Chair Lisa Murphy welcomed new members again.

12. Director's Report:

Discussion:

Interim Director, Charles Rigney, gave an update on a trip taken to the Brazil Wind Power conference with Paige Fox, Business Development Manager, to be engaged in what they are doing in the wind business. Mr. Rigney reminded the Authority that about 20 members of the Brazilian Delegation came up to the pre-IPF show back in March. Due to their involvement on this side, Economic Development decided to plan a trip to do the same. Due to weather conditions, they were only able to visit Sao Paulo, Fortaleza, Rio de Janeiro. The American Consulate arranged for the team to make the presentation to about 60 Brazilian companies. They were interested in hearing our pitch about Virginia Beach and the Hampton Roads area. There was an opportunity after the presentation to speak one-on-one with their Authority and about 30 individuals agreed to the offer. The American Consulate was very gracious to have them there. Mr. Rigney believes there will be significant prospect opportunities in Brazil. Chair Lisa Murphy inquired about the types of industries and businesses that Mr. Rigney was speaking to. He informed her that they were involved in building the ships that take these platforms out to sea. They also visited an onshore blade manufacturing company that is looking to move into offshore.

Chair Lisa Murphy moved to recess into a closed session.

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 purpose:

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 1*) (*District 2*) (*District 3*)

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*) (*District 3*) (*District 5*)

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). (*District 1*) (*District 3*)

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). *(District 2) (District 3) (District 5)*

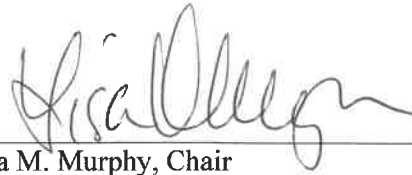
MOTION: William Brunke
SECOND: William Brown
APPROVED: 7-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: Guenter Weissenseel
SECOND: Penny Morgan
APPROVED: 7-0-0

Chair Lisa Murphy adjourned the meeting at 10:26 a.m.



Lisa M. Murphy, Chair