

A RESOLUTION MODIFYING AND CLOSING  
THE ECONOMIC DEVELOPMENT INVESTMENT  
PROGRAM AWARD TO PRUFREX USA, INC.

WHEREAS, the City of Virginia Beach Development Authority (the "Authority") was created pursuant to Chapter 643 of the Acts of Assembly of 1964, as amended (the "Act");

WHEREAS, one of the primary purposes of the Act is to enable development authorities "to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth...";

WHEREAS, pursuant to §6 of the Act, the Authority has the power, *inter alia*, "to sell, exchange, donate and convey any or all of its facilities or other properties whether realty or personalty whenever the Authority shall find any such action to be in furtherance of the purposes for which the Authority was organized";

WHEREAS, pursuant to §7 of the Act, "the Authority may foster and stimulate the development of industry in the area within its jurisdiction... [and] may accept, and expend for the purposes stated above, money from any public or private source....";

WHEREAS, pursuant to §10 of the Act, the City of Virginia Beach (the "City") "is authorized and empowered to make appropriations and to provide funds for the operation of the Authority and to further its purposes";

WHEREAS, the economic development goals and objectives of the City include achieving a higher ratio of nonresidential to residential real estate assessments, investing in land and infrastructure to benefit future economic growth, and maximizing the return of economic development efforts through the development and implementation of programs and strategies that facilitate new business investment and encourage retention and expansion activities, thereby improving the overall quality of life in the City;

WHEREAS, the City established the Economic Development Investment Program ("EDIP") as part of its overall effort to enhance the City's ability to accomplish these goals and objectives;

WHEREAS, pursuant to the authority and empowerment set forth in §10 of the Act, City Council authorized the transfer of funds in the EDIP account to the Authority and the provision of future EDIP appropriations to the Authority to enable the Authority to more effectively continue its efforts to foster and stimulate economic development by inducing businesses to locate or remain in the City;

WHEREAS, on July 16, 2013, the Authority approved an EDIP in the amount of \$120,000 (the "2013 EDIP Award") to Prufrex USA, Inc. ("Prufrex");

WHEREAS, the 2013 EDIP Award was made as Virginia Beach's required local match of a \$120,000 award to Prufrex made by the Commonwealth in 2013 under the Governor's Commonwealth Opportunity Fund (the "COF Award");

WHEREAS, the COF Award required Prufrex to expend a total of \$7,330,000 and to create and maintain 60 New Jobs (the “Target”);

WHEREAS, due to a miscommunication regarding the performance criteria necessary for retention of the COF Award, as well as unforeseen economic difficulties experienced by Prufrex, Prufrex has not complied with the terms of the COF Award within the timeframe allowed by the COF Award;

WHEREAS, the Commonwealth has required that Prufrex repay the entire \$120,000 received under the COF Award;

WHEREAS, Prufrex has represented to the Department of Economic Development (the “Department”) that if it were required to make this repayment that it could cause Prufrex to be forced to leave Virginia Beach and the Commonwealth of Virginia;

WHEREAS, on September 15, 2020, the Authority approved an award of \$120,000 to Prufrex (the “2020 EDIP Award”) to allow repayment of the COF Award on the condition that if Prufrex fails to meet the Target within six (6) months, the Authority will direct the Department to negotiate with Prufrex to repay to the Authority fifty percent (50%) of the 2020 EDIP Award;

WHEREAS, on July 20, 2021, the Authority extended Prufrex’s time to meet the Target;

WHEREAS, to date, Prufrex has made good faith efforts to meet the Target but has encountered difficulty in locating qualified employees;

WHEREAS, to date, Prufrex has made Capital Investments, totaling \$5,874,293 and created 50 New Jobs, as those terms are defined in the EDIP Policy;

WHEREAS, the Capital Investment and New Jobs would qualify Prufrex for an EDIP of up to \$334,971 under the performance criteria set forth in the EDIP Policy;

WHEREAS, since the 2020 EDIP Award Prufrex has undergone a change in leadership due to a death, and has been unable to fill any additional new jobs despite seeking qualified candidates;

WHEREAS, the Authority is of the opinion that Prufrex has made a good faith effort to meet the Target, and modifying the 2020 EDIP Award to change the Target to Prufrex’s existing Capital Investment and New Job creation is appropriate under the circumstances, and is in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

The Capital Investment of \$5,874,293 and 50 New Jobs are deemed sufficient to satisfy the performance criteria of the 2020 EDIP Award and that award is hereby deemed modified and both the 2013 EDIP Award and the 2020 EDIP Award are hereby closed as of the date of this Resolution.

Adopted this 21<sup>st</sup> day of February, 2023 by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH  
DEVELOPMENT AUTHORITY

By:   
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:

  
Economic Development

APPROVED AS TO LEGAL  
SUFFICIENCY:

  
City Attorney

A RESOLUTION AMENDING THE TERMS OF  
THE LAND SWAP BETWEEN THE MILLER  
GROUP AND THE CITY OF VIRGINIA BEACH  
DEVELOPMENT AUTHORITY

WHEREAS, the City of Virginia Beach Development Authority (the "Authority") was created pursuant to Chapter 643 of the Acts of Assembly of 1964, as amended (the "Act");

WHEREAS, one of the primary purposes of the Act is to enable development authorities "to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth...";

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WHEREAS, pursuant to §10 of the Act, the City of Virginia Beach (the "City") "is authorized and empowered to make appropriations and to provide funds for the operation of the Authority and to further its purposes";

WHEREAS, the economic development goals and objectives of the City include achieving a higher ratio of nonresidential to residential real estate assessments, investing in land and infrastructure to benefit future economic growth, and maximizing the return of economic development efforts through the development and implementation of programs and strategies that facilitate new business investment and encourage retention and expansion activities, thereby improving the overall quality of life in the City;

WHEREAS, on August 16, 2022 the Authority approved a land swap (the "Land Swap") with The Miller Group, LLC (the "Miller Group") whereby the Authority was to acquire 7.72+/- acres of property at 465 Progress Lane from an affiliate of the Miller Group (the "Expansion Parcel") in exchange for 12.4+/- acres of Authority-owned property located in the Corporate Landing Business Park (the "Corporate Landing Parcel");

WHEREAS, as detailed in the Resolution approving the Land Swap, the purpose of the Land Swap was to secure the retention and expansion of Sanjo Virginia Beach, Inc. ("Sanjo") in Virginia Beach;

WHEREAS, the Land Swap would facilitate the construction of Phase II of Sanjo's facility on the parcel adjacent to the Expansion Parcel (the "Existing Parcel") and give Sanjo the option to further expand its operations onto the Expansion Parcel in the future;

WHEREAS, the terms of the Land Swap were first amended on September 20, 2022 to allow for the Expansion Parcel to be acquired by the Authority via a land condominium, with no other changes;

WHEREAS, based on mapping and records available at the time the Land Swap was approved, the parties believed the entire Corporate Landing Parcel was usable for development, but after refinement it has been determined that only 10.4 acres +/- are usable;

WHEREAS, as the Land Swap was based on valuation of the usable acreage, the smaller usable parcel results in Miller Group receiving \$52,000 less in net consideration;

WHEREAS, to close the gap, Authority staff and Miller Group have proposed that the Authority contribute services to Miller Group valued up to \$52,000 as set forth in the Amended Summary of Terms attached hereto and incorporated herein;

WHEREAS, all other terms of the Land Swap would remain the same and the Authority would have the same rights to the Expansion Parcel as originally contemplated;

WHEREAS, the Authority is of the opinion that the amendments to the Land Swap as set forth in the Second Amended Summary of Terms will allow this transaction to proceed which is in the best interests of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:


1. The Authority approves the Land Swap, as defined above, so long as such transaction is substantially consistent with the Second Amended Summary of Terms, attached hereto as Exhibit A, and incorporated herein, subject to such modifications as may be deemed appropriate and acceptable to the Chair or Vice Chair and deemed legally sufficient by the City Attorney.

2. The Chair or the Vice Chair is hereby authorized to execute and deliver all such documents and agreements and to take all such actions as such officers and City Attorney may deem necessary or desirable in connection with the transaction as contemplated herein.

Adopted this 21<sup>ST</sup> day of FEBRUARY, 2023, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH  
DEVELOPMENT AUTHORITY

APPROVED AS TO CONTENT:

  
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Economic Development

By:   
\_\_\_\_\_  
Secretary/Assistant Secretary

APPROVED AS TO LEGAL  
SUFFICIENCY:

  
\_\_\_\_\_  
City Attorney