The Virginia Beach Development Authority held its regular meeting on Tuesday, January 20, 2015, at 8:30 a.m. in the large conference room at 4525 Main Street, Suite 700, Virginia Beach, VA, pursuant to notice given by the Chair.

MEMBERS PRESENT: Elizabeth A. Twohy, Chair
Dorothy L. Wood, Vice Chair
Shewling Moy, Secretary
Robert L. Nicholson, Assistant Secretary
Bryan D. Cuffee, Treasurer
Linwood O. Branch, Commissioner
Michael H. Levinson, Commissioner
Stephen J. McNulty, Commissioner
Joseph E. Strange, Commissioner

ADVISORS PRESENT: Michelle Chapleau, Business Development Manager
Betty Clark, Executive Assistant to Director
Curtis Cobert, Jr., Business Development Manager
David Couch, Strategy Coordinator
Scott Hall, Business Development Coordinator
Warren D. Harris, Director
Steve Harrison, Business Development and Research Manager
Rob Hudome, Project Development Manager
Lloyd Jackson, Business Development Manager
Louis R. Jones, Vice Mayor
Sean Murphy, VBDA Accountant
Ron Ripley, Planning Commission
Randy Royal, Kimley-Horn
Jeff Smith, Business Development Manager
Alex Stiles, Senior City Attorney
Svetla Tomanova, Marketing Assistant
Mark Wawner, Project Development Coordinator
Ray White, Business Development Manager
Rosemary Wilson, Councilmember

REPORTED BY: Mark Wawner

RECORDED BY: Linda Assaid

The Authority convened into session and discussed the following:
REGULAR MEETING

1. Approved minutes of regular meeting held on December 16, 2014.

   MOTION: Shewling Moy
   SECOND: Michael H. Levinson
   APPROVED: 9-0

REVIEW OF FINANCIAL POSITION

2. Sean Murphy reviewed the Authority’s financial statements for the month of December.

   Monthly Cash Flows – Operating Account
   The beginning operating cash on hand for the month was $5,165,430 cash receipts for the month were $184,148, and cash disbursements for the month were $224,820 for a net decrease in cash of $40,672. The end of month cash balance in the operating account was $5,124,758.

    Received $5,128 in IRB fees from three bondholders. Schedule of bond recipients is incorporated into the minutes;
    Received two month’s rent from Priority in the amount of $43,709 which will be remitted to the city;
    Received $50,000 for Social Services Building to be set aside in unrestricted cash to pay for capital maintenance;
    Received $1,279 in interest income;
    Transferred $84,032 from ‘Special Project Disbursements’ to ‘Special Project Receipts’ for Virginia Beach National ($16,280), Human Services ($24,704) and Corporate Park ($43,048) capital expenses;
    Disbursed $5,743 for October engineering fees for Corporate Landing and Green Flash;
    Disbursed $8,000 for second and final payment of Independent Audit Fees;
    Disbursed $11,646 for Town Center note interest which is secured by Block 11 land. Reimbursement will be sought from Armada Hoffler upon land sale;
    Disbursed $4,421 for ODU-CITS for one month’s lease rent.*

*Warren Harris noted it will be recommended that the Development Authority no longer pay this lease after June 30, 2015. Would like for the facility to remain in Town Center; however, it will be their decision. A letter will be sent soon to address this. The MODSIM services have been utilized regarding some city transportation issues and will continue to be utilized regardless of location.

Mr. Murphy noted the Purchasing Department’s Solicitation for banking services has a due date of January 29th. A meeting will be scheduled to evaluate the responses, and Rob Nicholson will participate as the Authority’s liaison.
Monthly Cash Flows – EDIP Account
Mr. Murphy reviewed the Reconciliation of Cash to EDIP Status Report for December.
 Disbursed $75,755 for remaining EDIP award balance to Prufrex;
 Disbursed $11,153 for engineering studies for LBCC, Princess Anne Commons, Dome Site, Arena, and October work on the ITA Master Plan..
 Disbursed $90,955 to Armada Hoffler for Town Center Block 11 Streetscape (the majority) and some consultant services.

Mr. Murphy noted a request has been issued for a draw down on the current fiscal year EDIP Appropriations from the city.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

3. Approved a resolution granting $40,000.00 in Economic Development Investment Program, Part C, funds to Tidewater Valve & Fitting for a +2,000 sq. ft. expansion and buildout. A 2016 move-in is anticipated upon lease of current building. Michelle Chapleau noted OLUCC was briefed last week and a recommendation letter from Mayor Sessoms to approve this award is included as part of the resolution. She introduced Mike Bernier, Owner, who was in attendance. He noted he is proud of his company’s growth and expressed his appreciation for the support he has received from the city. Mrs. Chapleau’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Stephen J. McNulty
SECOND: Shewling Moy
APPROVED: 9-0

4. Approved a resolution granting $110,000.00 in Economic Development Investment Program, Part C, funds to VT Milcom, Inc. (for VT Group) based on capital investment. Michelle Chapleau and Ray White worked together on this project. The company is consolidating its various facilities within Hampton Roads and employs several hundred people. Purchase of the facility is contingent upon a successful lease agreement with VT Milcom. Randy Williams and Elaine Clayton of the company were in attendance. They noted the company experienced 18% growth and anticipate a higher growth percentage as a result of this decision. Staff recommended approval. Michelle Chapleau noted OLUCC was briefed last week and a recommendation letter from Mayor Sessoms to approve this award is included as part of the resolution. Mrs. Chapleau’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Shewling Moy
SECOND: Dorothy L. Wood
APPROVED: 9-0

5. Approved a resolution granting $50,000.00 in Economic Development Investment Program, Part A, funds to APAC Customer Service, Inc. (for EGS Corporation) for expenditures related to workforce development for 175 new employees within a year to support a new national healthcare prescription drug client. The training is specifically
designed and developed by the company, and will be formally confirmed prior to reimbursement of expenditures. Salaries do not include commissions, bonuses, or benefits. The company has conducted a national search and decided to utilize unused space in the Baxter Road location. Mr. Hall’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Michael H. Levinson
SECOND: Dorothy L. Wood
APPROVED: 9-0

6. Approved a resolution granting $15,000.00 in Economic Development Investment Program, Part A, funds to Chesapeake Bay Distillery based on capital investment. Warren Harris noted this is one of those rare projects not previously presented in Closed Session due to the timing sequence of submitting it to the Planning Commission. Went to Planning Commission a week ago and will be going before City Council in February 2015. Chris Richeson, Owner, was in attendance. The new location will be will manufacturing and include a tasting room. in the newly identified ViBe arts district. The company has been in business for ten-years and has been manufacturing the Blue Ridge Vodka for a year. Both the on-site distillery and the tasting rooms, which require valid identification, are heavily regulated by the ABC. Warren Harris noted this is an exciting kick-off project to the ViBe district. Mr. Cobert’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Michael H. Levinson
SECOND: Stephen J. McNulty
APPROVED: 9-0

CORPORATE PARKS

7. Approved HRSD/Milestone Communications request to create a microwave-based Wide Area Network (WAN) (communications tower) between its treatment plants and operation centers, AIP, 1434 Air Rail Avenue. The tower will be located behind the building and will not negatively impact AIP. FAA approved height restrictions have been adhered to, and both the Planning Commission and City Council have approved this request. A letter from the Planning Department and the PowerPoint presentation are hereby incorporated into these minutes. Staff recommended approval.

MOTION: Stephen J. McNulty
SECOND: Michael H. Levinson
APPROVED: 9-0

8. Approved Site Development Plans, Architectural Elevations, Site Lighting and Signage, Green Flash Brewery, Corporate Landing Office Park. This approval is subject to the terms contained in Kimley-Horn’s letter dated 1/16/15 and City Council’s approval regarding the height. Scheduled to go before Planning Commission February 11th and to City Council in March. Mike Nuckols was in attendance representing The Miller Group and Green Flash
Brewing. The company hopes to begin construction March 2015 with plan to be operational by Spring 2016.

- Parking space requirement exceeded due to Beer Garden events;
- Due to Beer Garden events, ABC requires fencing;
- Due to height of fermenting kilns, building elevation exceeds requirement by 5’ on part of the building; uniqueness of architecture
- One building and one ground mounted sign does not exceed number of sign allowance;

The Corporate Landing proffers were established 26 years ago in concert with the surrounding neighborhoods, and it was noted they need to be reviewed for potential modifications, in conjunction with Planning, to accommodate projects such as this. When the property was presented to Green Flash it was anticipated variances would be required that were within the range of reason. A road is being constructed to improve access to the site and a stormwater pond is being installed to serve this and the surrounding sites. Additionally, Corporate Landing is currently on the short list for another similar project.

MOTION: Linwood O. Branch
SECOND: Robert L. Nicholson
APPROVED: 8-0-1
Elizabeth Twohy abstained due to a possible future conflict.

TOWN CENTER

9. Approved a resolution amending the terms of the RA note associated with Town Center Phase V Development Agreement. City Council approved the amendment terms and passed a resolution at its January 6, 2015 meeting. Since execution of the First Modification, the Developer has made approximately $6,000,000 more in capital investment in the Core Area than was anticipated. The investments have been to Block 11 (the new tower) and Block 12 (Dick’s Sporting Goods Building) and are anticipated to yield additional assessed value to the Core Area and be beneficial to the TIF. The Developer has also requested a change in the Guarantors from Mr. Haddad and Mr. Hoffler to the recently formed and publically traded Armada Hoffler Properties, Inc. City staff has reviewed the financial statements of AH and is satisfied the company is sufficiently capitalized to be an acceptable guarantor. This change still protects the original purpose of the reimbursement amount provision to ensure the TIF has sufficient monies to meet all the debt service associated with Town Center, while giving the Developer credit for the additional funds it invests in the Core Area. Vice Mayor Jones noted the city is not losing anything and there is no reason to not approve.

MOTION: Linwood O. Branch
SECOND: Dorothy L. Wood
APPROVED: 9-0
10. The following was noted regarding Town Center.
   ➢ Anticipate closing on the Block 11 parking garage this week. The Authority will assume garage operations and maintenance;
   ➢ The New Year’s Eve Last Night on the Town was very successful and had between 8,000 and 10,000 in attendance. There was a laser light show, fireworks, and a crane held the ball that dropped. The event will be held at the site by Keagans if Block 9 is not available.

ADMINISTRATIVE INFORMATION

11. VBDA Priorities
   a. VBDA Members Activity Update.
   b. VBDA Workshop Date.

The Development Authority’s workshop is tentatively set to immediately follow the monthly meeting on March 17, 2015. Focus will be based on the direction given by City Council following its retreat the first week of February. The members were asked to provide suggestions of topics they would like to have included, and the Chair and Vice Chair will assist in setting the agenda. Topics not discussed will be provided in a written report.

12. Director’s Report

Warren Harris noted the following:
   ➢ The London Bridge Commerce Center is on City Councils agenda today to address proposed zoning changes and to transfer the 18 acres entailed to the Development Authority. This property was acquired through the YesOceana program, and can be marketed with the APZ program benefits. Additionally, criteria regarding conforming and compatible uses will have to be complied with. Developing and marketing under the aforementioned provide an opportunity to establish a unique business park.
   ➢ The Community Profile has undergone a considerable review and modification process with the intent to have a two-year shelf life. A stronger emphasis was placed on the international aspect. The cover photo is the most recent version that depicts Town Center including the Clark Nexsen tower. Steve Harrison was the primary staff member leading this endeavor which was a cost sharing partnership in conjunction with Pilot media, and it will be inserted into next week’s Inside Business. It has been converted into a digital format, will be updated as an iBook, and is available on the department’s website.
   ➢ The Bio Task Force continues to meet and focus on specifics. The consultant will be reviewing the draft report with the group today. Tom Frantz, along with Warren Harris, David Couch, and Steve Harrison, are meeting with the Hampton Roads delegation in Richmond on Thursday to see if there are some legislative action opportunities. The market region expands from Richmond to the oceanfront.
   ➢ Operation Smile is hosting its international board next week. The department is hosting the board for a lunch meeting on January 26th. This will provide a unique opportunity with the international community. OpSmile has had a tremendous economic impact in the range of $83 million to $91 million since the Headquarters moved here.
There was an article regarding the HREDA last week regarding the reset mission focus. This reset requires new leadership, and the next step is for a small group of stakeholders and all sector investors to identify the new mission.

The Peterson Companies will be ready within a month to present the Dome Site concepts to stakeholders.

Mr. Harris noted the Authority’s Annual Business Appreciation charity golf event is scheduled for May 1st.

Mayor Sessoms’ State of the City is scheduled for March 4th and seats are available at the Development Authority and department tables.

The HREDA is hosting its annual lunch and meeting on February 5th at the Mariott in Newport News.

a. Scott Hall provided the following highlights:

- Number of jobs is almost triple for the previous year’s July through December timeframe (2013 versus 2014)
- Marketing calendar through June 2015
- Small business workshops take place in the Economic Development Department
- 2015 looks very promising, especially with manufacturing, technology and energy related target sectors
- Growing divide to drive down or contain poverty rates
- HRACRE has a luncheon meeting on Thursday, January 22nd.

Mr. Hall’s PowerPoint presentation is hereby incorporated into these minutes.

Mrs. Twohy expressed her appreciation, on behalf of the Authority, to Scott Hall regarding all the national and international travel that he does for the department.
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:

PROSPECTIVE BUSINESS OR INDUSTRY: Discussion concerning a prospective business or industry or the expansion of an existing business or industry were 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)(4). (Oceanfront)

MOTION: Shewling Moy
SECOND: Dorothy L. Wood
APPROVED: 9-0

The Authority concluded its closed meeting and certified that to the best of each member’s knowledge, only public business matters identified above and lawfully exempted from open meeting requirements under the Code of Virginia were heard, discussed or considered in the closed meeting of the Authority.

MOTION: Dorothy L. Wood
SECOND: Linwood O. Branch
APPROVED: 9-0

There being no further business, the meeting was adjourned.

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Elizabeth A. Twohy, Chair