MINUTES
VIRGINIA BEACH DEVELOPMENT AUTHORITY
May 19, 2015

The Virginia Beach Development Authority held its regular meeting on Tuesday, May 19, 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: 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
Peter K. Mueller, Commissioner
Charles M. Salle’, Commissioner
Joseph E. Strange, Commissioner

ADVISORS PRESENT: Curtis Cobert, Jr., Business Development Manager
David Couch, Strategy Coordinator
David Dallman, Kimley-Horn
Marc Davis, Media & Communications
Scott Hall, Business Development Coordinator
Steve Harrison, Business Development and Research Manager
Ashley Hashampour, Economic Development/GrowSmart
Rob Hudome, Project Development Manager
Lloyd Jackson, Business Development Manager
Sean Murphy, VBDA Accountant
Nancy Leavitt, Finance
Ron Ripley, Planning Commission
Doug Smith, Deputy City Manager
Jeff Smith, Business Development Manager
Jerry Stewart, Workforce Development Coordinator
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 April 21, 2015.

MOTION: Bryan D. Cuffee
SECOND: Shewling Moy
APPROVED: 10-0

REVIEW OF FINANCIAL POSITION

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

Monthly Cash Flows – Operating Account
The beginning operating cash on hand for the month was $5,183,832 cash receipts for the month were $1,035,766, and cash disbursements for the month were $1,031,879 for a net increase in cash of $3,887. The end of month cash balance in the operating account was $5,187,719.

- Received $12,220 in IRB fees from two bondholders. Schedule of bond recipients is incorporated into the minutes;
- Received April rent from Priority in the amount of $21,855 which will be remitted to the city;
- Received $1,261 in interest income on savings and CDs;
- Received $13,726 from Virginia Beach National for operations and capital maintenance rent for January, February and March;
- Received $20,250 from twenty-three participants for Charity Golf sponsorships. As has been done in the past, these monies are set aside and an end of year appropriation will be made to the City Treasurer for disbursement to the charities;
- Disbursed $955,721 to pay off Town Center note and November thru March accrued interest;
- Disbursed $4,526 for ODU-CITS for April sublease rent;
- Disbursed $2,346 for Commissioner Crime Bond – FY15 insurance reimbursement to the City;
- Disbursed $2,493 to Otto for Operation Smile event planning;
- Disbursed $10,146 for Human Services elevator oil cooler units.

Monthly Cash Flows – EDIP Account
Mr. Murphy reviewed the Reconciliation of Cash to EDIP Status Report.

- Disbursed $142,718 for partial payment of EDIP award to Cape Henry Associates for workforce expansion, ($31,250), Sussex Development ($11,913), and STIHL ($99,555);
- Disbursed $75,000 for full award payment of EDIP (APZ-1) to Elite Motors for capital investment;
- Disbursed $900 to Desman Associates for Block 11 peer review services in February.
a. Review of preliminary Fiscal Year 2016 Annual Operating Budget
   ➢ FY 2016 - Audio/Visual Improvements has been zeroed out. This was a one-time expenditure associated with the June 2014 move.
   ➢ FY 2016 – ODU Transportation Center lease amount reflects only one-month due to June 30, 2016 expiration date.

b. Review of preliminary Fiscal Year 2016 Town Center Special Service District Budget.
   ➢ The SSD budget was approved by City Council; however, the Development Authority provides the funding.

The DRAFT budgets were provided to the Authority to review prior to being presented at the June meeting for formal approval.

3. Approved recommendation to move VBDA Operating Account to Bank of Hampton Roads. Sean Murphy noted the city’s Purchasing office issued a RFP which netted three responses. Two of the respondents were interviewed, and Bank of Hampton Roads was chosen. A ‘Notice of Intent to Award’ memorandum prepared by the Purchasing Division is included in the Authority’s documentation and hereby incorporated into the minutes. Rob Nicholson was the Authority’s liaison to this process, and noted he is glad to see the Authority’s monies in a local banking institution. Mr. Murphy anticipates all required signatures will be obtained and monies will be transferred by the end of FY 2015.

   MOTION: Michael H. Levinson
   SECOND: Charles M. Salle’
   APPROVED: 10-0

4. Jim Carroll of the Small Business Development Center of Hampton Roads, Inc. presented the Authority with a brief report on the past operating year and plans for the future:
   ➢ SBDC Background
     o Reviewed the entity’s history
     o Non-profit, own board, own budget
     o Co-op with Eastern Shore, 18 cities and counties
     o 5 full-time, 5 part-time employees
   ➢ Accomplishments
     o Noted if all small businesses closed, unemployment would be 60%
     o iFly biggest success, 3-year endeavor
     o New Government contract prototype tested in Virginia Beach
   ➢ 2015 Programs
     o Propel Mentor-Protégé Program
       ▪ Began in Knoxville
       ▪ Provides training and 2-year mentorship
       ▪ Partnered with SunTrust
       ▪ 7-week bootcamp
   ➢ 2015 Challenges
   ➢ 2014 SBA Excellence & Innovation Award Winner
Mr. Carroll’s PowerPoint presentation is hereby incorporated into these minutes.

**BONDS**

5. Nancy Leavitt with the Finance Department came before the Authority to address the FY-15 Public Facility Revenue Bond Sale. The Authority approved a resolution approving the issuance of up to $52,000,000 in new money public facility revenue bonds and up to $45,000,000 in public facility refunding revenue bonds (PFRB). A resolution to approve the PFRBs will go before City Council on June 2, 2015. A June 10, 2015 sale date and a June 25, 2015 closing date are planned. The Development Authority is the conduit for issuing these secured debt new money and refunding bonds, and this exact same structure has been used eight times to fund various projects. Mrs. Leavitt noted that interest rates for both classifications of money are currently the same as they were in 2014. It is anticipated that a savings of approximately $4.4 million (11%) will be achieved over the twelve year life of the loan. The 23 City projects - which consist of Roads, Buildings, Technology, and Economic Development - account for $35,375,000 of the new money. The sole school project, to consolidate Old Donation Center and Kemps Landing Magnet, accounts for $16,134,000 of the new money. Mrs. Leavitt’s PowerPoint presentation and all bond documentation are hereby incorporated into these minutes.

MOTION: Stephen J. McNulty
SECOND: Linwood O. Branch
APPROVED: 10-0

**OCEANFRONT**

6. Approved a resolution authorizing the temporary suspension of parking restrictions at 8th Street and Atlantic Avenue. Alex Stiles noted this is a housekeeping matter. City Council adopted a resolution authorizing and approving the suspension of the Commercial Parking Restriction until October 31, 2016. The current owner, Mike Standing, would like to suspend the Commercial Parking Restriction until October 31, 2016 in order to use the 8th Street property as a commercial public parking lot while it plans the redevelopment of the 8th Street Property and the adjacent property. Mr. Standing was in attendance and noted he owns Chicks across the street from this site and it is the intention to expand the restaurant.

MOTION: Linwood O. Branch
SECOND: Michael H. Levinson
APPROVED: 8-0-2
Bryan Cuffee and Steve McNulty abstained due to TowneBank relationship.
Approved a resolution granting $25,000.00 in Economic Development Investment Program, Part C, funds to Powertrain Industries, Inc. The company is classified as a conforming use under the APZ-1 Ordinance, and is proposing to relocate and expand from its current location in Airport Industrial Park (leasing 8,712 sq. ft.) to Oceana South Industrial Park (purchase existing 20,840 sq. ft. building) and occupy approximately 10,000 sq. ft. Powertrain plans to sublease the remaining 10,000+ sq. ft. Mr. Cobert’s PowerPoint presentation and the Oceana Land Use Conformity Committee approval letter signed by Mayor Sessoms’ are hereby incorporated into these minutes.

MOTION: Shewling Moy
SECOND: Bryan D. Cuffee
APPROVED: 10-0

Approved a resolution granting $40,000.00 in Economic Development Investment Program, Part C, funds to S&S Precision. The company is classified as a conforming use under the APZ-1 Ordinance, and is proposing to expand its current location (9,000 sq. ft.) by 4,950 sq. ft. Curtis Cobert noted the company received a letter notifying it is incompatible due to the ‘retail sale’ feature of the business. Charlie Salle’, Authority’s liaison to OLUCC, noted this is a minor technicality because selling directly to the government is considered retail sales. The Navy is working with them and granted an extension until 2019 to become compliant or relocate. If S&S does not become compliant the company will reimburse 20% of the award amount received up to that point. Additionally, Captain Louis J. Schager, NAS Oceana Executive Officer, sits on OLUCC as a Navy liaison in an advisory capacity and agrees with this scenario. Mr. Cobert’s PowerPoint presentation and the Oceana Land Use Conformity Committee approval letter signed by Mayor Sessoms’ are hereby incorporated into these minutes.

MOTION: Charles M. Salle’
SECOND: Shewling Moy
APPROVED: 10-0

Approved a resolution granting $25,000.00 in Economic Development Investment Program, Part C, funds to YUMJACK, LLC d/b/a Yummy Goodness Catering Company. The company is classified as a conforming use under the APZ-1 Ordinance and there is no Navy easement. The company is proposing to expand from 1,350 sq. ft. to 2,125 sq. ft. at its existing location and extend its lease by another five years. Yummy Goodness has created a loyal corporate catering clientele base, and has added a community kitchen that allows other small culinary based businesses an opportunity to rent kitchen space. It was noted no funds will be dispersed under this award unless and until the terms of the 2012 Award are fully satisfied. Mr. Cobert’s PowerPoint presentation and the Oceana Land Use Conformity Committee approval letter signed by Mayor Sessoms’ are hereby incorporated into these minutes.
MOTION:    Michael H. Levinson
SECOND:    Shewling Moy
APPROVED:  8-0-2
Bryan Cuffee and Steve McNulty abstained due to TowneBank relationship.

**Part A**

10. Approved a resolution granting $125,000.00 in Economic Development Investment Program, Part A, funds to Zero Point. Economic Development staff has been engaged with Zero Point for 2+ years to assist in locating a new headquarters site. However, in December 2014 the company’s consultant contacted staff regarding a significant expansion project with a Spring 2015 decision deadline. This project consists of two Phases and this grant is relative to Phase 1. It is anticipated Phase II will be brought before the Authority within the next few years. Zero Point was also granted $75,000+ from the state’s Virginia Jobs Investment Program. It was noted Navy easement compliance approval is pending; therefore, this is contingent upon receiving that approval. Mr. Cobert’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION:    Linwood O. Branch
SECOND:    Shewling Moy
APPROVED:  10-0

11. Approved a resolution granting $100,000.00 in Economic Development Investment Program, Part A, funds to Valkyrie Enterprises, LLC. Gary Lasota, the President & CEO, is the former CEO of AMSEC. Valkyrie has numerous partners located within Virginia Beach and the region. The company will be leasing an additional 35,000 sq. ft. at its current location to accommodate growth, and expenses will be self-funded from current operations. This grant is based on the creation of 100 FTE at an average salary of $85,500 per job. Ray White noted the two top personnel planned to be at this meeting, but both became ill. Mr. White’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION:    Linwood O. Branch
SECOND:    Shewling Moy
APPROVED:  8-0-2
Bryan Cuffee and Steve McNulty abstained due to TowneBank relationship.

**Administrative Information**

Mark Wawner noted the following regarding Town Center.

- Build out of Tupelo Honey continues with plans to open the latter part of the summer;
Tenants for the apartments are being phased in under a temporary Certificate of Occupancy. The Punch List is being finalized and upon completion of the items anticipate closing out escrow and receiving permanent Certificate of Occupancy;

The Seventh Annual Y-Not Wednesday kicks off the first week of June for the season and continues through August 26\textsuperscript{th}. This has been a successful and growing event. Proceeds go to the Sandler Center Foundation to benefit the ACCESS the ARTS Program which reaches at-risk and underserved students in Title 1 schools throughout Hampton Roads.

The Authority was provided a copy of the June entertainment schedule.

12. VBDA Priorities
   a. VBDA Members Activity Update.

Regarding OLUCC, Charlie Salle’ and Dot Wood (the Authority’s liaisons) noted the program is currently out of money, but will be receiving additional funds on July 1, albeit less than in the previous years of the program. Although there is still land to be acquired under the umbrella of the program, it has greatly dwindled due to the many acquisitions over the course of the past nine years.

Shewling Moy attended One Million Cups recently and noted it was well attended by approximately 60 people. This weekly meeting is held at Stratford University and provides the opportunity for two entrepreneurs to tell attendees about their business and network. Ray White noted this program has been well received in the community, and the room size has been increased twice. Michael Levinson noted he attended the kick off meeting and found it to be fascinating. Paul Hirschbiel discussed various financial aspects.

13. Scott Hall noted the following regarding Prospect and Project Activity:
   ➢ Marketing activity remains strong – Staff has made 100+ retention contacts;
   ➢ Social media being utilized to follow and recognize companies for accomplishments;
   ➢ Manufacturing roundtable discussed Workforce initiatives;
   ➢ Unemployment for city is 4.7 – region around 5%;
   ➢ Site selection consultants have Virginia Beach in their sites;
   ➢ Biomedical initiative has City Council support. $1 million was appropriated in the FY16 budget;
   ➢ The Business Appreciation Golf Tournament had 120+ participants;
   ➢ Dr. Lee visited the City last week;
   ➢ Tidewater Community College Workforce Development staff in the process of moving into space being leased;
   ➢ HREDA continues on its ‘reset’ mission. Good meeting with the community regarding CEO replacement and rewrite of job description. Should be composed of public and private entities;
   ➢ One Million Cups is a national program which has a strong local organizational committee. The goal is to have 104 presenters over the course of the year.
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 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). (Oceanfront)

MOTION: Shewling Moy
SECOND: Charles M. Salle’
APPROVED: 10-0

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: Shewling Moy
SECOND: Linwood O. Branch
APPROVED: 10-0

There being no further business, the meeting was adjourned.

Dorothy L. Wood, Vice Chair