The Virginia Beach Development Authority held its regular meeting on Tuesday, October 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: Dorothy L. Wood, Chair
Robert L. Nicholson, Vice Chair
Shewling Moy, Secretary
Michael H. Levinson, Assistant Secretary
Bryan D. Cuffee, Treasurer
Linwood O. Branch, Commissioner
Stephen J. McNulty, Commissioner
Peter K. Mueller, Commissioner
Charles M. Salle’, Commissioner
Joseph E. Strange, Commissioner

ADVISORS PRESENT: Michelle Chapleau, Business Development Manager
Betty Clark, Executive Assistant
Curtis Cobert, Jr., Business Development Manager
Warren D. Harris, Director
Steve Harrison, Business Development and Research Manager
Rob Hudome, Project Development Manager
Lloyd Jackson, Business Development Manager
Louis Jones, Vice Mayor
Sean Murphy, VBDA Accountant
Ron Ripley, Planning Commission
Randy Royal, Kimley-Horn
Douglas L. 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 annual meeting held on September 15, 2015.
REVIEW OF FINANCIAL POSITION

2. Krista Edoff of Cherry Bekaert reported on the Fiscal Year 2015 Audit Report. All records have been maintained in accordance with governmental accounting standards and laws of regulation. This audit has been performed independent of the Virginia Beach Development Authority, is unmodified, and in compliance with applicable laws and regulations. There were no difficulties, management disagreements, or proposed audit adjustments. No material weaknesses regarding internal control, misstatements, or deficiencies were identified. Internal controls are clean with no unusual or material transactions recognized. Several audit adjustments were proposed, not of any material nature, which management chose to record. Ms. Edoff expressed her appreciation to Sean Murphy and Don Barnett for their assistance during the audit. The Authority members were provided a copy of the report to take with them.

3. Approved request of $15,000 for Homearama Sponsorship. Jean McCullough, Senior Vice President for Homearama/Home Shows, oversees exploring the housing industry’s economic impact. A different business model is utilized this year; there are 11 homes distributed throughout Virginia Beach. She noted Richmond and Raleigh have always utilized this business model, while other cities are also abandoning the single site business model. Condominiums and townhomes are featured this year due to the relevance to the buying public, and overall prices range from $200,000 to high end custom homes. A free app is available that provides everything pertaining to each house, in addition to a Geo locator. A $10 ticket is good for all 3 weekends for multiple visits. Ms. McCullough’s PowerPoint presentation is hereby incorporated into these minutes.

4. Sean Murphy reviewed the Authority’s financial statements for the month of August.

   Monthly Cash Flows – Operating Account
   The beginning operating cash on hand for the month was $5,125,340 cash receipts for the month were $77,515, and cash disbursements for the month were $138,274 for a net decrease in cash of $60,759. The end of month cash balance in the operating account was $5,064,581.
   
   ➢ Received $5,897 in IRB fees from two bondholders. Schedule of bond recipients is incorporated into the minutes;
   ➢ Received September and October’s monthly rent from Priority in the amount of $44,694 which has been remitted to the City Treasurer’s Office.
   ➢ Received $1,148 in interest income on savings and CDs.
   ➢ Received $21,673 from Virginia Beach National for operations and capital maintenance rent. Capital maintenance portion will be retained by the Authority, and the Operations portion has been remitted to the City Treasurer’s Office.
Disbursed $28,558 to Kimley-Horn for July and August engineering fees for services provided in Corporate Landing.
Disbursed $39,114 to Otto Creative Marketing for services provided on the Authority’s annual report (printing, proofreading, photo usage fees, inserts, and presentation).
Disbursed $4,103 to Kimley-Horn for engineering fees for Green Flash roadway. Funding came from Corporate Park infrastructure.

The spreadsheet itemizing the individual transactions is hereby incorporated into these minutes.

Monthly Cash Flows – EDIP Account
Mr. Murphy reviewed the Reconciliation of Cash to EDIP Status Report. Received reimbursement from APZ-1 funds in the amount of $75,000 for Elite Motors award payout.
Disbursed $36,085 as follows:
o $22,168.74 for July and August engineering services for six projects;
o $10,800 for appraisals for two projects;
o $2,500 for Bonney Road site regarding;
o $616.36 for NE Historic Kempsville RFI advertising.

BRIEFINGS

5. APZ-1 Funding Update
   This briefing will be given at the November 17, 2015 meeting.

6. Doug Smith, Deputy City Manager, presented the newly developed Regional Export Acceleration Program (REAP). This program is an evolution of the economic gardening program, on a much larger scale.

Mr. Smith covered the following:

Program Description: Identify companies well-positioned for growth in exports nationally and/or internationally themselves, or through relationships with a supply chain, industry cluster or other influencing forces.

Program Run Dates: November 2015 – June 2016

Impacted Businesses: 200

Financial Commitment: $25,000 from VBDA matched with ReinventHR funds

Main Benefits: Stakeholder Engagement; Information; Learning; Branding; Ease of Execution

Key Partners and Roles:
   ODU; Core Value Software; NIST/MEP/Genedge; HRCF (ReinventHR)
Program Steps: (10 primary)
Identify businesses; Personalize program; Work with companies Value & Growth Focused; Collaborate to implement; Train ED staff; Initial seminars to identify companies for “Assess” phase; Deeper “Assess” target companies; Analyze company results and match with support resource; Track and monitor results; Present recommendations to City officials.

REAP Program Focus:
Newport News, Norfolk, Virginia Beach
Identify Viable Exporters for ‘Export Acceleration Program’
Identify Locale-Constratined (e.g. Retail) for ‘Value Improvement Program’ (VIP)

REAP Program Phases:
VA Beach Program Funnel:
Identify (400); Introduce & Connect (200); Assess (100); Engage (?)
Program Participants:
Companies; Universities, City, Experts, Vendors

Mr. Smith requested $25,000 seed money from the Authority to assist in activating this endeavor.

MOTION: Stephen McNulty
SECOND: Shewling Moy
APPROVED: 10-0

INDUSTRIAL PARKS

7. Approved Fortis Solutions Group parking lot addition, Parcel 93B, Area 3, OWCP. Fortis is located at the corner of London Bridge Road and International Parkway at the former Labels Unlimited site. This will alleviate the company’s current conflict with its loading dock. Warren Harris noted the Authority oversees changes in OWCP, and this does not negatively impact the company’s compliance of all restrictive covenants. Staff recommended approval. Rob Hudome’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Robert L. Nicholson
SECOND: Michael H. Levinson
APPROVED: 10-0

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM

APZ-1 (Part C)

8. Approved a resolution granting $30,000.00 in Economic Development Investment Program, Part C, funds to Trident Security and Holdings, LLC d.b.a. 215 Gear. Navy approval is pending and no issues are anticipated to attain approval. This is a compatible business use under one of the Navy’s most restrictive easement areas. Mrs. Chapleau noted a prior EDIP was approved June 2011; however, negotiations with the building
owner fell thru due to the bank taking it back. Michelle Chapleau’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Shewling Moy
SECOND: Stephen McNulty
APPROVED: 10-0

9. Approved a resolution granting $80,000.00 in Economic Development Investment Program, Part C, funds to Back Bay Brewing. Josh Canada, one of the four majority owners, was in attendance. The funds will help offset some of the development costs such as BMP and the plants to comply with wetlands, and installation of a new fire hydrant. The company is in the position to open immediately. There are no Navy easements, and zoning approval has been given. Michelle Chapleau’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Linwood O. Branch
SECOND: Charles Salle’
APPROVED: 7-0-3
Bryan Cuffee and Steve McNulty abstained due to their relationship with TowneBank.

10. Approved a resolution granting $20,000.00 in Economic Development Investment Program, Part C, funds to Stock Design & Machine. Robert Stock, President, was in attendance. The business carries no debt and is paying in cash. The company recently secured two significant customers, bringing jobs back to the US from overseas. Purchased two units in an existing building located at 2500 Squadron Court. The Navy owns air rights, approval has been given, and this is a compatible business use under one of the Navy’s most restrictive easement areas. Awaiting Zoning Office approval letter. Michelle Chapleau’s PowerPoint presentation is hereby incorporated into these minutes.

MOTION: Robert L. Nicholson
SECOND: Shewling Moy
APPROVED: 10-0

PART A

11. Approved a modified resolution, Economic Development Investment Program, Zero Point. When the Authority approved the original resolution at its May 19th meeting the company was under contract to purchase a site. Since the May meeting, the adjacent property owner identified another site that suits the company better. This resolution has been amended to reflect the new property address. The project and conditions remain the same. Alex Stiles noted the award will be bifurcated based on jobs once the facility is built.

MOTION: Michael H. Levinson
SECOND: Linwood O. Branch
APPROVED: 10-0
12. **VBDA Priorities**
   a. **VBDA Members Activity Update.**
   b. **VBDA Liaison Assignments.**

Regarding the APZ program, Charlie Salle’ noted there are a minimum number of parcels to be acquired, and the committee will be focusing on selling acquired properties where allowed.

13. **Director’s Report**

   - David Bernd, the new authority member, is the current CEO of Sentara.
   - Jerry Stewart and Steve Harrison attended the IEDC Annual meeting in Alaska, where the department won the following awards:
     - The Virginia Beach Development Authority’s Annual Report was awarded a Gold for the second year;
     - The Launch Virginia Beach campaign, which is the paid advertisement, print publications, and web campaign was awarded a Silver;
     - The Virginia Beach Community Profile was awarded a Silver for general purpose brochures; and,
     - The yesvirginiabeach iPad app was awarded a Silver for new media.

Mr. Harrison noted the city won four of the ten for the state of Virginia.

- The SWaM forum was attended by mostly utility companies, approximately 130 representatives. Michael Levinson attended.
- Cyber security held its second roundtable, with 60-65 attendees. The guest speaker was the Senior Director of National Security and Emergency Preparedness from Washington, DC chamber. Made official announcement of the launch of Cyber Protection Resources of Coastal Virginia, a non-profit group that will pull together businesses, universities and governments to assist in the region becoming the first cyber hardened region in the country. The next step is the symposium early spring.
- Substantial changes have been discussed regarding HREDa. In terms of officers and leadership, the public sector could possibly lead. Major changes to the funding model.
- The annual VBDA Holiday Reception will be held at the Westin on December 3rd.
- Scott Hall wanted the Authority to be aware that this month’s Global Trade Magazine recognized Virginia Beach as one of the top communities in global trade, and how they describe us is as a 3.6 billion of goods sent out of the region was a record 1 billion (40%) increase over previous years. The increase in part due to area small businesses getting serious about exporting does figure into the one year bump, miles of beautiful beaches, including a viable boardwalk, acres of parks, great schools, and inclusion on numerous best places to live lists figure to attract the talent to keep those numbers up.

**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:
1. **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). (Oceanfront/Corporate Landing)

2. **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)(30). (Town Center)

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

   Peter Mueller left the meeting during Closed Session.

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: Michael Levinson  
   APPROVED: 9-0

There being no further business, the meeting was adjourned.

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Dorothy L. Wood, Chair

Doug Smith introduced Julie Hill, hired earlier this year as the Media and Communications Group Administrator, and gave a brief background of her profile.

Warren Harris noted a briefing will be given to City Council on the Bio initiative. Staff will be recommending they consider conveying property within the Princess Anne Commons corridor to the Authority to establish a Bio Park.