CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY
June 18, 2024, MINUTES

The City of Virginia Beach Development Authority ("VBDA" or "Authority") held its regular meeting on Tuesday, June 18, 2024, 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 each item presented and discussed at this meeting can be viewed on the Economic Development website at the following link – https://www.yesvirginiabeach.com/vbda

MEMBERS PRESENT: Lisa M. Murphy, Chair
W. Taylor Franklin, Vice-Chair
Guenter H. Weissenseel, Secretary
William Brunke, Treasurer
William Brown, Assistant Secretary
Eric Keplinger, Commissioner
Penny Morgan, Commissioner
Michael J. Standing, Commissioner
Linda Garris-Bright, Commissioner
David Weiner, Commissioner

MEMBERS ABSENT: Ronnie L. Parker, Commissioner

CITY COUNCIL: Council Member Worth Remick

CITY COUNCIL ABSENT: Vice Mayor Rosemary Wilson
Council Member Michael Berlucchi

ADVISORS PRESENT: Amanda Jarratt, Deputy City Manager
Laura Chalk, Deputy Director, Economic Development
Kathy M. Warren, Director, Planning & Community Development
Alexander W. Stiles, Senior City Attorney
Emily L. Archer, Project Development Administrator
Hank Morrison, Comprehensive Planning Administrator
Charles J. Bauman, III, Business Development Coordinator
Kayla Dotson, Administrative Technician
Madison Eichholz, Development Liaison Planner
Roosevelt Grandberry, TownCenter Planning Coordinator
Jadon Gayle, Business Development Representative II
Blake Huffman, VBDA Senior Accountant
Vicki Kelley, Administrative Specialist I
Matt Mader, Senior Land Development Engineer
Howie McEntee, Accountant II
Tecora McIntyre-Catlett, Executive Assistant II
Rachael Miller, Planner I
Ishane Mouak, Business Development Coordinator
Samantha Renaud, Executive Assistant I
Annagid Walker, Account Clerk III

Pamela D. Witham, Project Development Planner III

REPORTED BY: Laura Chalk

RECORDED BY: Kayla B. Dotson

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

OPEN FLOOR
No public speakers.

REGULAR MEETING

MEETING MINUTES

1. Approval of Meeting Minutes, May 21, 2024

   MOTION: Taylor Franklin
   SECOND: Penny Morgan
   APPROVED: 10-0-0

FINANCIALS

2. Review of Financial Statements for May 2024 presented by Blake Huffman.

Operating Account Summary: May 2024	
Beginning Cash – May 1, 2024	**$4,781,110**
Add: Corporate Landing Land Sales	**$4,175,908**
Add: Innovation Park Land Sales	**$1,398,917**
Adjusted Beginning Cash May 1, 2024	**$10,355,935**

Cash Receipts Detail

- Grand Total of Cash Receipts
  - $ 20,765 Interest Income
  - $ 8,772 Conduit Management Fees – Level 3 Communications
  - $ 725 International Incubator rent – Kappa Global Incorporated

Cash Disbursements Detail

- Grand Total of Significant Cash Disbursements
  - $ 55,480 Atlantic Park Construction and support services through Apr. 30th – MBP
  - $ 14,632 Monthly recurring charge conduit management for Globalinx
  - $ 30,504 Corporate Landing Strategy and Support Expense - VHB
  - $ 14,510 Legal Services for Atlantic Park – Davis Commercial Law Group

Ending Cash – May 31, 2024 **$10,270,071**

- Payments Reimbursed by City of VB – May
  - $ 1,746,346 Atlantic Park -Venture Waves Draw #15– Entertainment Venue
  - $ 1,415,486 Atlantic Park -Venture Waves Draw #15 – Offsite Infrastructure (City Asset)

$ 349,288 Innovation Park – Architectural Graphics – Offsite Infrastructure Draw #7 Reimbursable from GO VA Grant Funds
$ 1,801,410 Innovation Park – Architectural Graphics – Offsite Infrastructure Draw #7 – Reimbursable from City Project
$ 3,485 Innovation Park – VHB – Geotechnical Testing Services
$ 15,346 Corporate Landing – VHB – Pond C Final Design

Capital Maintenance: May 2024

- Amphitheater - $615,959
- Human Services Building - $3,186,976
  $ 47,911 Monthly Lease – June
  $ (12,918) HBA Architecture - Reroofing and Cooling Tower Replacement
- VB National Golf Course - $273,193
  $ 21,578 Revenue Agreement
  $ (18,156) HBA Architecture – Facility Assessment -Investigation and reporting

Incentive & Initiative Account Summary: May 2024

Beginning Cash – May 1, 2024	**$1,304,234**

Cash Receipts Detail

- No Significant Receipts

Cash Disbursements Detail - $15,423

- Grand Total of Significant Cash Disbursements -
  $ 11,826 Olympia Bendix Two (Bio Accelerator Monthly Lease Payment)
  $ 8,000 Koch Development - FIG Award – Paint exterior and remove & Install new architectural shingles
  $ 3,582 Pinnacle Group Engineering – FIG Award – Replace 12 Windows and rotted wood exterior
  $ 1,425 Get Nail'd- FIG Award – New Signage & Install

Ending Cash – May 31, 2024	**$1,267,582**
Beginning VBDA EDIP Grant Balance	**$4,770,544**
Interest Less Finance Charge	**$ 16**
EDIP Grant Funds Available as of May 2024	**$4,770,560**

Construction in Progress**

- Atlantic Park – Entertainment Venue - $20,825,345 (Paid to date)
  $ 1,746,346 Venture Waves Draw #15
- Atlantic Park – Parking - $13,480,789 (Paid to date via CDA)

No Discussion

3. Request approval of the VBDA Fiscal Year 2024-2025 Annual Budget Presented by Blake Huffman

Presentation: Virginia Beach Development Authority Senior Accountant Blake Huffman, reviewed the VBDA Fiscal year 2025 proposed budget.

Full Presentation located at minute 4:36 of the meeting video.

Discussion: Chair Lisa Murphy asked if Option Fee payments were included in the 2024 revenue numbers. Mr. Huffman responded that the Option Fees were included in the Sale of Land section of the presentation. Chair Murphy asked if the proposed budget should be voted on at the current meeting, Mr. Huffman encouraged the VBDA to vote on the operating budget, as fiscal year 2025 begins July 1, 2024.

MOTION: William Brunke
SECOND: Michael Standing
APPROVED: 10-0-0

COMPREHENSIVE PLAN UPDATE

4. City of Virginia Beach Comprehensive Plan Update Presented by Comprehensive Planning Administrator, Hank Morrison

Presentation: Comprehensive Planning Administrator Hank Morrison shared information on the current state of the Virginia Beach 2040 Comprehensive Plan. Mr. Morrison shared that the Virginia Beach Planning Department is in the final stages of Phase 3 of the project. The first draft will be developed this upcoming summer with a completion date expected in August or September 2024. Mr. Morrison reviewed the themes and "Big Ideas" of the plan. The tentative adoption date is set for the end of 2024.

Full Presentation located at minute 12:03 of the meeting video.

Discussion: Treasurer William Brunke began the discussion by asking what the eastern boundary of the Transition Area was. Mr. Morrison said that the eastern boundary was determined by the Air Installation Compatible Use Zone (AICUZ) from Oceana Naval Base and the Fentress Auxiliary Landing Field. Vice Chair Taylor Franklin asked about the meaning of the line colors on the area map. Mr. Morrison noted that the Green Line marks where urban and suburban areas transition into rural areas, while the Blue Line is an indicator of where utility expansion would end. Mr. Franklin asked if this Blue Line reduces the amount of affordable housing development in other areas of the City. Mr. Morrison said the internal thought process is that additional affordable housing development would occur in the inland areas of the City, where there are more jobs and access to transportation. Chair Murphy asked to clarify that this plan for affordable housing in the inland areas would mean redevelopment, as many areas of inland Virginia Beach are already fully developed. Mr. Morrison confirmed that was a correct statement. If the Green Line is maintained, redevelopment of the inland areas would need to be addressed. Chair Murphy asked if any feedback was received from the military installations. Mr. Morrison stated that no feedback had been received but his team is keeping all Navy partners involved. Commissioner Brown asked if density credits from age-restricted housing would still be permitted in the Transition Area. Mr. Morrison answered that the current policy would not permit any density credits. Mr. Morrison noted that this is supported by the feedback received from members of the public. Chair Murphy supported Dr. Brown's point that any change in density credits in the new plan could potentially be poorly received by citizens, so feedback while in the drafting process is critical. Planning Director Kathy Warren joined Mr. Morrison at the podium to explain that these

types of comments are a valuable part of the Comprehensive Plan and that input from citizens from all parts of Virginia Beach is needed. Council Member Remick asked where light manufacturing land would go on the map. Mr. Morrison said that the consultant is looking into appropriate areas and will be further discussed later this summer. The locations would likely be in the Burton Station Strategic Growth Area.

ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (EDIP)

5. Request for approval of Modification of the EDIP policy to include Part F: Small Business Development Grant Presented by Economic Development Deputy Director Laura Chalk.

Presentation: Economic Development Deputy Director, Laura Chalk presented the updated information on the EDIP Part F on behalf of Business Development Coordinator Ihsane Mouak. EDIP Part F would be the final part of the updated EDIP policy to be presented to City Council. Other portions of the EDIP being modified were voted on by the Authority at February's meeting. EDIP Part F would focus on supporting underserved businesses such as women-owned, minority-owned, and veteran-owned micro businesses. The first round of grants would be up to $10,000 per applicant with an initial pool of $150,000. Mrs. Chalk detailed the updates from last month's presentation of this policy as requested by the Commissioners. Payment of high-interest loans and purchase of company vehicles were removed from the acceptable uses of the grant. Virginia Beach Economic Development staff also added the requirement for businesses awarded the grant to attend six business counseling sessions at The HIVE and added the possibility of additional points on the scoring matrix for companies that have been in business for over one year and/or submit a credit report with their application. The program will provide Grant guidelines, FAQ's and Pre-application workshops. This program is similar to several surrounding city's programs to support small and micro business development.

Full Presentation located at minute 27:06 of the meeting video.

Discussion: Chair Murphy highlighted the changes and benefits to the companies that submit a credit report and have been in business for a minimum of one year. Chair Murphy also requested that the six business classes are taken in the fiscal year of the grant award. Chair Murphy noted that the concern from Commissioners regarding this program is that tracking the benefit to the community is more difficult since it is not reflected in real estate taxes or income taxes. The positive impact will be on a smaller scale to help individual businesses and encouraged Commissioners to shift their perspective on this program to a view similar to the COVID relief program. Laura Chalk notes there are funds available for 15 awards in the first round of grants. The program was designed to be able to adapt and improve in later rounds if needed. Chair Murphy pointed out that the matrix is scored by members of the selection committee and then brought before the VBDA for final approval. Treasurer William Brunke said he was happy to see the repayment of loans removed from the acceptable uses of the grant. Mr. Brunke mentioned that these funds have been referred to as "remaining COVID funds" or "Unspent Part E" Mr. Brunke asked which specific COVID fund pool the funds were coming from, adding that he believed these funds needed to be spent within a specific time frame. VBDA Accountant Blake Huffman joined the conversation to say these funds were not from the Cares Act or any other COVID fund but from EDIP appropriations. Mr. Brunke stated that if that is the case the funds for EDIP Part F should not be referred to as "COVID funds" to prevent any misunderstanding regarding the source. He reiterated his concern from May's VBDA meeting of that the City of Virginia Beach Development Authority not be a funder of last resort for struggling businesses. He asked that the matrix have safeguards in place to prevent this grant from being misused. He specifically noted

misused. He specifically noted those grants related to working capital and marketing & advertising development of online presence. He stated that $10,000 would not go very far in developing an online presence, as he is aware of companies doing $10 million worth of business using third-party platforms that are available on a subscription basis which would cost far less than developing an in-house platform. He would personally prefer to see funds used for tangible and measurable items such as purchasing vehicles, lease holdings, and real estate acquisitions. Chair Murphy added a suggestion that businesses could have additional points given in the evaluation process if their goal for usage of the grant was physical expansion or leasehold improvements. Ms. Chalk shared with Mr. Brunke that his concerns were heard, and the Economic Development team had worked hard to develop a plan based on feedback from small businesses working with The Hive. Business Development Coordinator Ihsane Mouak and added that a large portion of the businesses at The HIVE consist of one or two employees whose online presence goal would be to develop a website to help increase sales and traffic. Commissioner Mike Standing asked if it was possible to have some sort of summary of success outcome from the business counseling sessions. Chair Murphy asked what Council's vision would be for this program. Council Member Remick shared that the goal is to promote entrepreneurship and pointed out that he appreciates that there is a selection committee involved. Mr. Brunke asked to clarify that the scoring matrix is outside of the policy itself but rather an administrative policy, and Senior City Attorney Alex Stiles confirmed this is correct. Mr. Stiles also stated that the VBDA's vote on this program would be subject to City Council's approval. Should Council have any changes it would come back before VBDA for verification. Mr. Brunke agreed to serve on as the VBDA representative on the selection committee.

With the acknowledgment of the requested changes and removal of any mention of COVID grants from the policy Chair Lisa Murphy entertained a motion to approve.

MOTION: William Brunke
SECOND: Taylor Franklin
APPROVED: 10-0-0

ADMINISTRATIVE INFORMATION

6. VBDA Priorities: *VBDA Members*

Discussion: Vice Chair Taylor Franklin requested that the VBDA draft a letter regarding suggestions on the Comprehensive Plan. The letter would highlight factors the VBDA feels are important. Vice Chair Franklin and Commissioner Mike Standing will coordinate with Planning Director Kathy Warren to draft a letter for VBDA approval at the next VBDA Meeting scheduled for July 9, 2024. Commissioners were asked to provide comments to Mr. Franklin and Mr. Standing regarding the plan as soon as possible.

7. VBDA Members: *L. Murphy*

Discussion:

- Chair Murphy reminded commissioners that the VBDA meeting will now be held on the second Tuesday of each month starting July 1, 2024.

- Chair Murphy shared that one of the VBDA's EDIP award recipients, Powertrain Industries, had expanded from a 10,000 sq. ft. facility to a 100,000 sq. ft. facility with an increase from 35 employees to 135 employees. At the ribbon cutting ceremony, the parent

company, Dorman, provided a shout-out to members of the Business Development team Letitia Lancaster and Charlie Bauman for their hard work assisting the company in their expansion efforts.

10. Directors Report: *C. Rigney*

Director Rigney was unexpectedly absent due to illness, and Economic Development Deputy Director Laura Chalk presented the Director's report on his behalf.

Discussion:

- Ms. Chalk shared photos of the completed demolition at 110 South Independence Blvd. Ms. Chalk also asked for Commissioners to complete a survey to share what they would like to cover in an upcoming retreat, including duration, possible tour sites, and topics of interest. The link would be shared via email from the VBDA clerk.

Chair Lisa Murphy moved to recess into a closed session.

RECESS TO CLOSED SESSION

The VBDA moved to recess into a closed session pursuant to the exemptions from open meeting allowed by Section 2.2-3711(A) of the Code of Virginia (1950), as amended, for the following purposes:

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). (District 9)

MOTION: Taylor Franklin
SECOND: Linda Garris-Bright
APPROVED: 10-0-0

RECONVENED INTO OPEN SESSION

CERTIFIED CLOSED SESSION

MOTION: Taylor Franklin
SECOND: Eric Keplinger
APPROVED: 10-0-0

Chair Lisa Murphy adjourned the meeting at 9:58 a.m.

Lisa M. Murphy, Chair