VBDA Monthly Cash Flow

City of Virginia Beach Development Authority

May 12, 2020



Operating Account Summary: Feb - Apr 2020

Beginning Cash

Ending Cash

\$4,700,110

- Significant Cash Receipts
 - ✓ \$16,554 from Westin for conference center 2019 profit sharing
 - ✓ \$18,314 of Industrial Revenue Bond fees
 - ✓ \$40,000 one time IRU fee for new conduit user (Level 3)

Significant Cash Disbursements

- ✓ \$12,843 to Kimley Horn for Corporate Landing engineering fees
- ✓ \$42,500 to Globalinx for conduit management fees, lease commission and fees
- ✓ \$2,149 to Signs of Success for multi-court signage at Rudee Loop
- \checkmark \$40,000 return of option deposit to Globalinx for terminated agreement
- ✓ \$130,027 of Corporate Landing infrastructure expenses for:
 - ✓ \$2,000 to Soscia & Company for Corporate Landing appraisal services
 - ✓ \$126,290 to MCG for final billing of conduit construction
 - ✓ \$1,737 to Kimley Horn for stormwater planning

Incentive Account Summary: Feb - Apr 2020

Beginning Cash

\$5,005,900

- Significant Cash Receipts
 - ✓ \$2,762 of monthly interest income
- Significant Cash Disbursements
 - ✓ \$195,106 of Part A Incentive Program award payments to:
 - ✓ Haulotte (\$8,571) for workforce expansion
 - ✓ Global Technical Systems (\$186,535) for capital investment
 - ✓ \$13,571 of Part D engineering fees
 - ✓ \$10,000 Vibe Matching Grant payment to 510 Holding LLC
 - ✓ \$55,968 of Dome Site related expenses
 - ✓ \$99,760 of Bio Initiative funding for:
 - ✓ \$29,956.50 to Olympia Bendix Two for Bio Accelerator March May rent
 - ✓ \$2,000 to Soscia & Company for Bio Park appraisal services
 - ✓ \$66,084.82 to Facility Logix for Bio Accelerator Sep Mar consultant services
 - ✓ \$1,720 to Kimley Horn for Bio Park phase I engineering fees

Ending Cash

\$4,634,257

Incentive Account Summary: April 2020

Ending Cash held by VBDA	\$4,634,257
PLUS: EDIP and other Receivables	\$8,923,757
LESS: Payables and Commitments	\$11,024,024
Ending Available Funding	\$2,533,990*

*pending Part E commitment is not accounted for in this figure

Series 2020 **Public Facility Revenue** and **Public Facility Refunding Revenue Bond Sale**



May 12, 2020

Alice M. Kelly, Director of Finance

Status of Municipal Market

- The municipal bond market has been improving as transactions that have been on hold are slowing pricing.
- It is still necessary to issue long-term debt to finance previously approved projects currently under construction or near completion (e.g. Princess Anne Middle School, the Sports Center, 19th Street and City Hall Building)

On April 28, 2020 City Council approved a Resolution for the Plan of Financing the 2020A & 2020B Pubic Facility Revenue Bonds



Status of Municipal Market

- Virginia Beach's Public Facility Revenue Bonds will be scheduled to sell on June 3 depending on market conditions
 - The City will continue to target this sale date as market participants expect tax-exempt market will stabilize.
 - Offering document will include disclosure of actions taken to combat the coronavirus and any preliminary impacts of COVID-19
 - Continuous monitoring of the market



Series 2020 Public Facility Revenue Bond Sale

- Series 2020A new money: Proceeds of \$186.7* million (par and premium), par not to exceed \$200 million
 - New money proceeds to finance various capital projects previously authorized by City Council though the Capital Improvement Program
- Series 2020B refunding: Proceeds of \$37.6* million (par and premium), par not to exceed \$40.0 million
 - Refunding proceeds to be used to refund selected maturities of Series 2010B and 2010C Public Facility Revenue Bonds



Series 2020 Public Facility Revenue Bond Sale

Tentative Bond Sale Schedule

- Rating Agency Calls Week of May 11
- ✓ Receive Ratings on or near May 27
- Post Preliminary Official Statement & Notice of Sale - after ratings are received - by May 27
- Sale Date June 3 depending on market conditions
- Closing on or about June 17



Series 2020 Public Facility Revenue Bond Sale

- Issued through the Virginia Beach Development Authority as a conduit issuer for the City
- Twelfth series of Bonds issued under the Agreement of Trust
 - Eleventh Supplemental Agreement of trust
 - Prior PFRBs financed such projects as the Convention Center, Sandler Center, Town Center Garages, Aquarium Parking and various other City and Schools capital projects

 Debt Service governed by a Support Agreement that provides for the City to make payments on behalf of the Authority
 Tenth Supplemental Support Agreement



Capital Projects to be Financed - \$186.7 Million*

City Projects	Amount (in thousands \$)	
City Buildings		
CITY HALL REPLACEMENT	\$	47,403
POLICE FOURTH PRECINCT-REPLACEMENT	\$	3,475
LIBRARY ENHANCEMENTS	\$	2,817
LYNNHAVEN MARINA BULKHEAD REPLACEMENT	\$	1,422
VARIOUS BUILDINGS HVAC REHABILITATION	\$	1,416
Total City Buildings	\$	56,533
Economic and Tourism Development		
VIRGINIA BEACH SPORTS CENTER	\$	58,000
19TH STREET INFRASTRUCTURE IMPROVEMENTS	\$	14,146
CENTRAL BEACH/CONVENTION DISTRICT PARKING	\$	10,141
VA BEACH BIO INFRASTRUCTURE	\$	1,302
Total Economic and Tourism Development	\$	83,590
Roadways		
BUCCANEER ROAD BULKHEAD REPLACEMENT	\$	2,300
PACIFIC AVENUE IMPROVEMENTS	\$	2,135
PRINCESS ANNE ROAD-INTERSECTION IMPROVEMENT	\$	1,611
GREENWICH RD/CLEVELAND ST CROSSOVER	\$	81
Total Roadways	\$	6,127
Total City Projects	\$	146,249





*Par Amount plus premium projected to be \$186.7 million.

Capital Projects to be Financed - \$186.7 Million*

School Projects	Amount (in thousands \$)	
School Buildings		
PRINCESS ANNE MS REPLACEMENT	\$	23,832
JOHN B DEY ES MODERNIZATION	\$	7,727
ENERGY PERFORMANCE CONTRACTS	\$	7,000
THOROUGHGOOD ES REPLACEMENT	\$	1,890
Total Schools	\$	40,449
Total School Projects	\$	40,449
Total Public Facility Revenue Bond Issue	\$	186,698



John B. Dey Elementary School





*Par Amount plus premium projected to be \$186.7 million.



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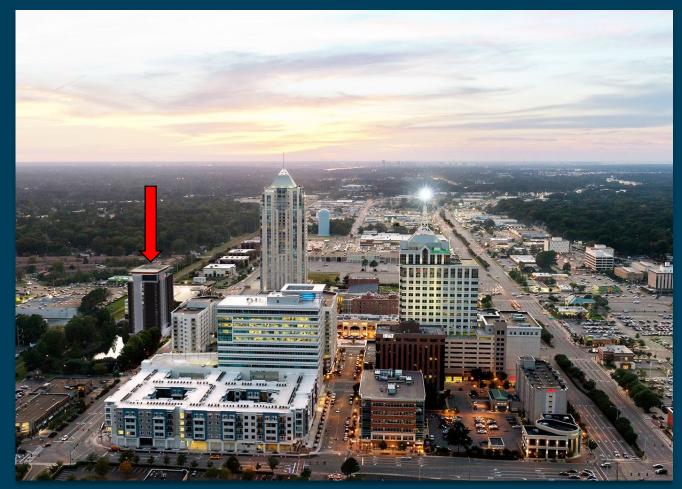
Virginia Beach Development Authority Open Session May 12, 2020

DISCLOSURES

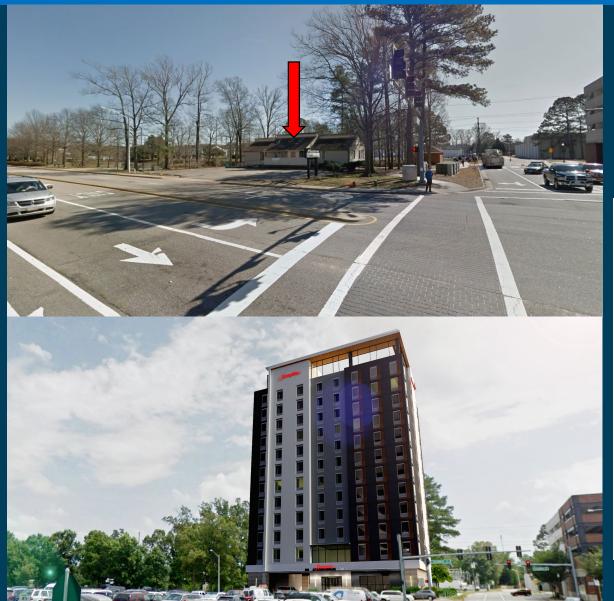
- Applicant's Name: Stokes Properties, L.L.C.
- Accountant: Wall, Einhorn & Chernitzer, P.C.
- Architect/Landscape Architect/ Land Planner: Ann P. Stokes Landscape Architects
- Engineers/Surveyors/Agents: MSA, P.C.
- Financing: Towne Bank (being considered)
- Legal Services: Stokes Law Group/Sykes Bourdon

PROJECT DESCRIPTION

- Construction of a 14-story, 120 room hotel at 4571 Columbus Street
- Amenities: Hotel gym, breakfast area, Terrace
- Hampton Inn by Hilton agreement completed and approved by Hilton
- Enhancement and expansion of Town Center skyline



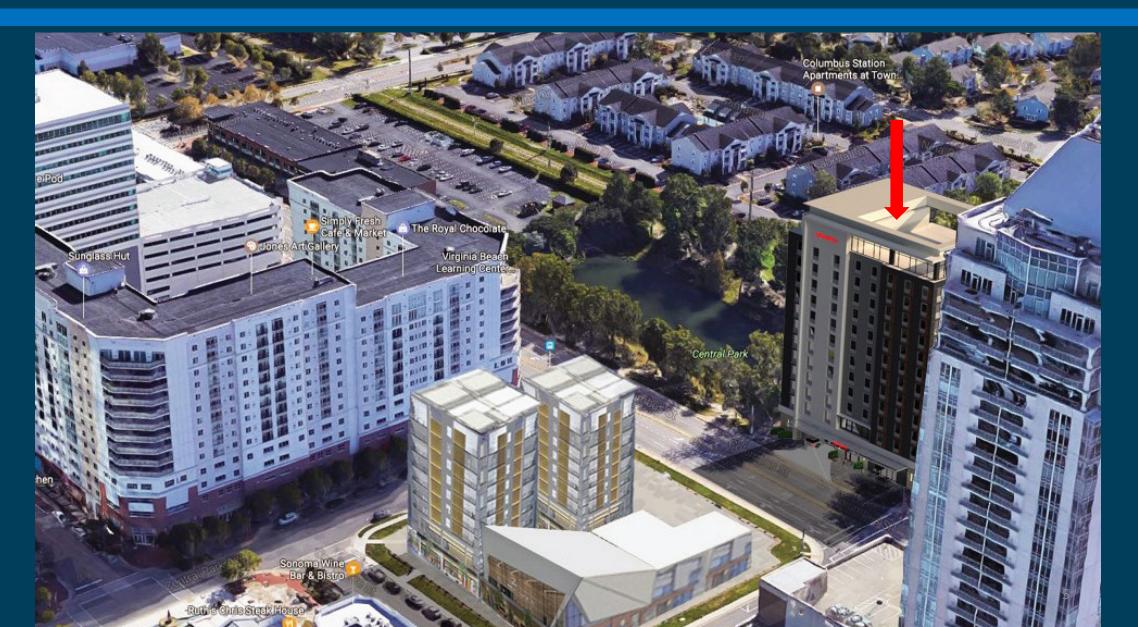
PROJECT LOCATION



The proposed Hotel replaces a small, one-story, suburban style office with a modern, urban hotel.



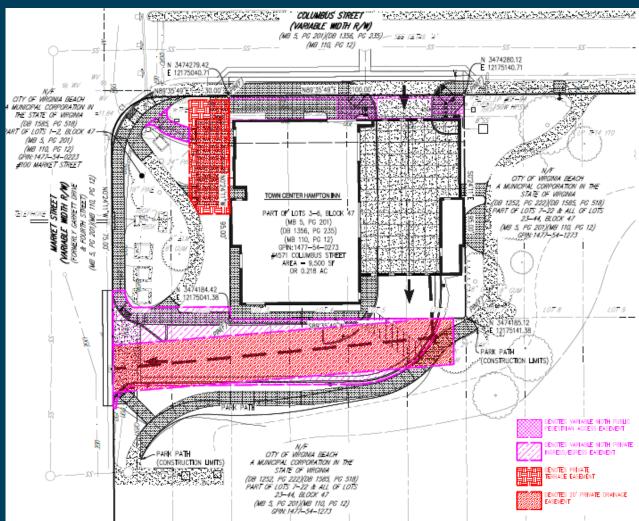
PROJECT LOCATION



CITY STAFF SITE PLAN COMMENTS

To enhance/activate the southwest corner of Columbus/Market St (City property) and a better traffic flow, City staff are requesting developer to :

- Adopt a traffic configuration requiring an <u>Access</u> <u>Easement</u> from the City and relocation of a park path
- Install a terrace, for use by hotel guests, and redesign the southwest corner of hotel to activate the corner of Columbus and Market St-<u>Terrace</u> <u>Easement</u> and <u>Drainage Easement</u>
- Enhance landscaping and install a park bench and related improvements- <u>Encroachment Agreement</u>
- Relocate a waterline located outside of the Utility Easement (20 ft utility easement dedicated to City) and Utilities will vacate 10 ft of the Utility easement-<u>Utility Easement</u>



PROJECT FISCAL IMPACT & TIMELINE

- Hampton by Hilton agreement completed and approved by Hilton
- Design and Management selection by Shamin Hotels
- Site Plan: pending City approval of parking and easements
- Subdivision plat: Awaiting recordation once site plan is approved
- Building plans: Building layout design completed and approved by Hilton. Construction drawings completed promptly after site plan approval

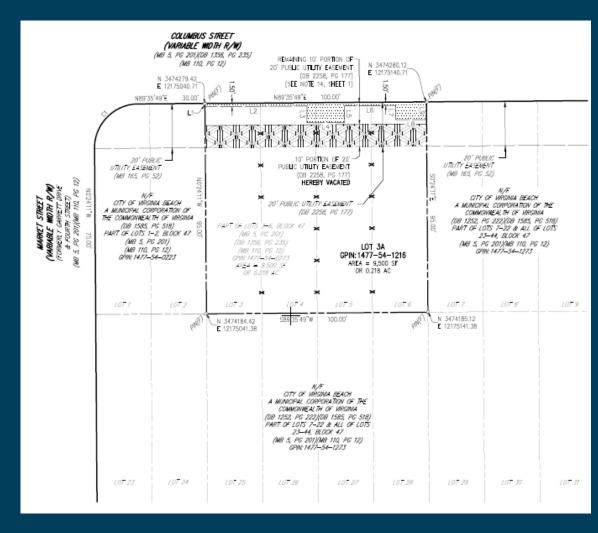
Total private investment: \$19M

Total Revenues over 25 years: \$30M

- Contribution to SSD : \$2,763,926
- TIF : \$6,157,413

Development Agreement

- Parking/Special Services District (SSD):
 - Developer consents to the addition of the site to SSD
 - VBDA approves use of Town Center parking to satisfy parking requirements for the hotel (Parking consultant confirmed adequate available surplus capacity)
- Deed of Easements: City agrees to grant the following easements/encroachment:
 - <u>Access easement</u> traffic ingress/egress and relocation of park path
 - <u>Terrace easement-</u> Redesign of southwest corner- and <u>drainage easement</u>
 - <u>Encroachment Agreement</u>- pedestrian trail, sidewalk improvements, park bench, landscaping and related improvements
- Relocation of City waterline by developer and vacation of unused easement by Dept of Utilities-<u>Utility easement</u>



- Approve use of Town Center parking for hotel use per developer's request
- Move forward with Development Agreement addressing the encroachments, easements and Special District Services inclusion

Innovation Park - YNOT

Virginia Beach Development Authority May 12, 2020

DISCLOSURES

Real Estate Broker – The Katsias Company Legal Services: Troutman Sanders, LLP Accounting – KPMG Financing-Towne Bank Architects – Pennoni Group **Construction Contractors – YNOT Build**

PROJECT SUMMARY

- Purchase 6 Acre parcel located within the Innovation Park
 - Property will be used to construct approx. 45K sq. ft office space
 - Approx. 10K sq. ft will house YNOT corporate headquarters
 - ✓ Will bring in approx. 35K additional office space to Princess Anne Commons
 - \checkmark Will serve as the anchor building for Innovation Park

PROJECT SUMMARY MODIFICATION

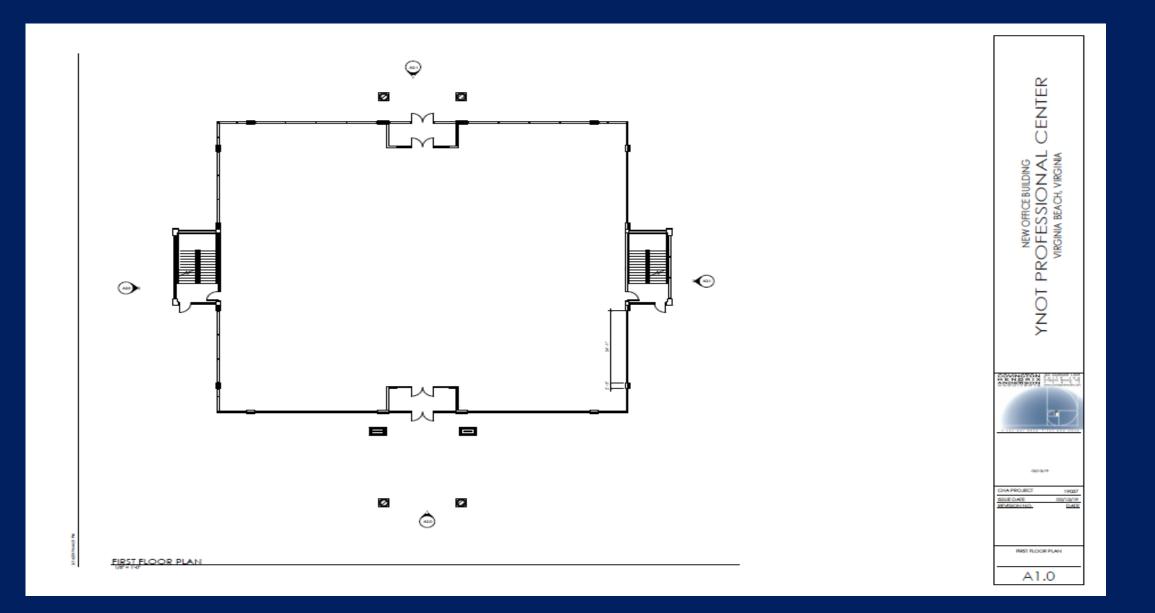
- Purchase 14.4 Acre parcel located within the Innovation Park
 - Property will be used to construct approx. 135K sq. ft office space
 - Approx. 10K sq. ft will house YNOT corporate headquarters
 - Will bring in approx. 125K additional office space to Princess Anne Commons
 - Will serve as the anchor building for Innovation Park

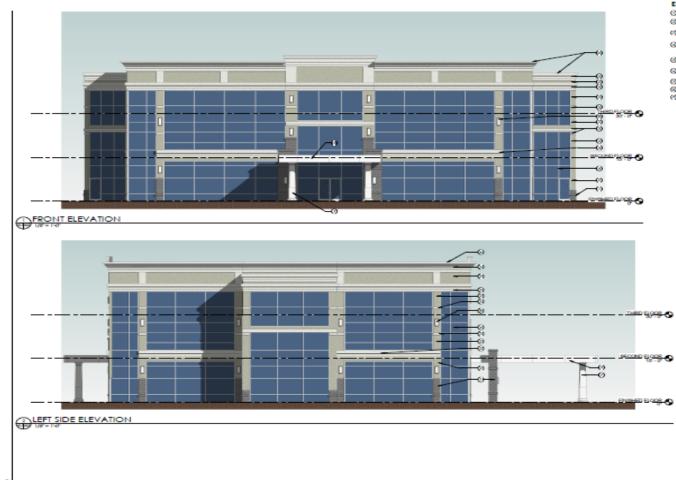








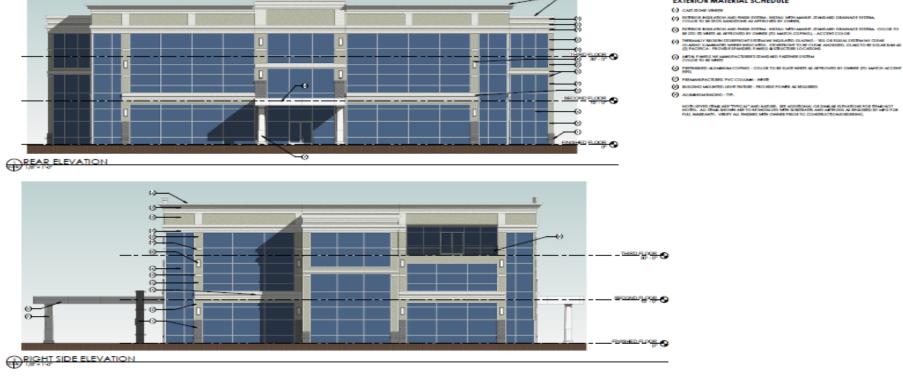




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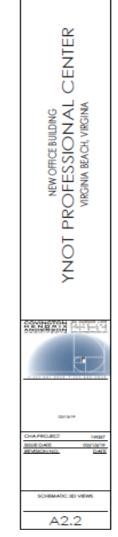
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3D View 1





RECOMMENDATION

APPROVE SALE OF 6 ACRES (PARCEL 149-417-65450-000)

✓ BASED ON CAPITAL INVESTMENT OF \$1,800,000 (\$300,000 PER ACRE)

MODIFICATION

APPROVE SALE OF 14.4 ACRES (PARCEL 149-417-65450-000)

✓ APPRAISAL VALUED THE INNOVATION PARK ACREAGE
 @ \$125,000

✓ BASED ON CAPITAL INVESTMENT OF \$1,800,000

RECOMMENDATION

✓ APPROVE SALE OF 14.4 ACRES (PARCEL 149-417-65450-000)

✓ BASED ON CAPITAL INVESTMENT OF \$1,800,000





"Bridging the gap between engineering and tactical communities"

City of Virginia Beach Development Authority May 12, 2020 | Open Session EDIP Application

Valkyrie Enterprises, Inc.

- Provides engineering and related technical services & training to various U.S. Government, Department of Defense agencies, and commercial and international customers.
- Established in 2007 | Employee-Owned company in 2019
- 7 locations in VA, WA, CA, WI | Total Employees 586
- Award winning company
- Key Personnel:
 - Gary Lisota, President and CEO
 - David Streett, Sr. Vice President of Operations
 - Kathleen Daniels, Assistant Vice President, Human Resources & Admin.
 - Dave Walls, CFO
 - Property Owner: Guardian Lane West, LLC (William & Vivian Thumel)





Disclosures

APPLICANT -

- Banking: TowneBank and Union Bank
- Accounting: Wall, Einhorn & Chemitzer
- Construction/Engineers: Mark Gavish, Beach Design Group
- Legal Services: Reaves Coley
- Real Estate: Divaris Real Estate OWNER –
- Banking: TowneBank
- Accounting: Desroches & Co.
- Construction: RGI General Contractors
- Legal Services: Wolcott Rivers
- Real Estate: Colliers International

Company Overview

- Valkyrie Enterprises, Inc. provides expert technical services & support - system engineering, engineering design, in-service engineering, technical services, training, maintenance planning and assessment areas.
- Customer Base: U.S. Fleet Forces Command, Norfolk Naval Shipyard, Naval Network Warfare Command, Navy Cyber Forces, Board of Inspection and Survey and many others





Location





Existing: 4460 Corporation Lane



New: 2877 Guardian Lane



Project Summary

- **Valkyrie** is currently located at 4460 Corporation Ln. (Pembroke) where they occupy 35,000 sq. ft.. They plan to accommodate their anticipated growth at 2877 Guardian Ln. leasing 66,000 sq. ft.
- \$100,000 EDIP awarded (2015) and satisfied (November 2018)
- 202 current employees in Va. Beach with 100 FTE jobs created within the next 36 months. Jobs include: Project Management, Engineering Designers, Technical Writers, Trainers and related occupations. Average salary of new jobs is \$86,000 per year.

Investment:

- Real Estate (Improvements)
- Furniture, Fixtures & Equipment

\$600,000 \$75,000



Recommendation

EDIP "Part A" award \$125,000
Based on creation of 100 FTE jobs @ avg. of \$75,000+ per job

Target Industry Sectors:



> Corporate Headquarters
> Scientific and Technical Services
> Defense





Questions?













ACA International, LLC

VIRGINIA BEACH DEVELOPMENT AUTHORITY EDIP Modification Recommendation May 12, 2020





- Chief Executive Officer: Joel Ogren
- Accounting: H&R Block Commercial Tax Services
- Architect: Highland Associates
- Engineers: Highland Associates
- Financing: Diode Ventures
- Legal Services: Squire, Patton & Boggs



- **Principal:** Linda T. Chappell
- Accounting: DeRoches & Company
- Real Estate: Venture Realty
- Engineers/Surveyors: MSA
- Legal Services: Inman & Strickler, PC

ABOUT THE COMPANY



- Assured Communications Advisors International, LLC (ACA International LLC) is an international telecommunications networking consultancy firm. They provide strategy, project planning, development, operations and oversight of telecom based critical infrastructure. Located in Vint Hill, VA.
- Launched in 2015, ACA International LLC is currently developing two similar projects, one South of Seattle Washington, and the other in Northern Sweden.
- Current clients are based in USA, Europe, Australia, Latin America, Middle East and Asia
- They have experience on the assured communications network for the U.S. presidential helicopter, Verizon's FiOs and Global Networks, Inc. networks, as a few examples.
- The Virginia Beach digital port will be located on the Taylor Farms property at the intersection of Dam Neck Road and Harpers Road. It is comprised of a cable landing station and an IBX/colocation data center that together provide highly reliable and available connectivity at the global continental edge. New submarine cables enable access to and from Europe, LATAM, Africa and onward connectivity to Asia and the Middle East.

Corporate Landing Business Park Site Location: Site Size: 10.2 acres Sale Price: \$200,000 per acre Total Sale Price: \$2,040,000.00 Data Center Building: 130,000 sf Type of Facility: Office Headquarters, Tier III Data Center, **Cable Landing Station** 30 (with average wage of \$59,000) New FTE: Anticipated Completion: 4th Quarter of 2019



Site Location:

Site Size: Sale Price: Total Sale Price: Data Center Building: Type of Facility:

New FTE: Anticipated Completion: Taylor Farms (Intersection of Dam Neck and Harpers Roads) ~22.1 acres \$100,000 per acre \$2,210,000 130,000 sf Office Headquarters, Tier III Data Center/IBX, Cable Landing Station 30 (with average wage of \$59,000) 1st Quarter of 2022

LOCATION



N

4000 ft

New ACA Intl LLC CLS Location

22.1 Acres

Google Earth

© 2020 Google

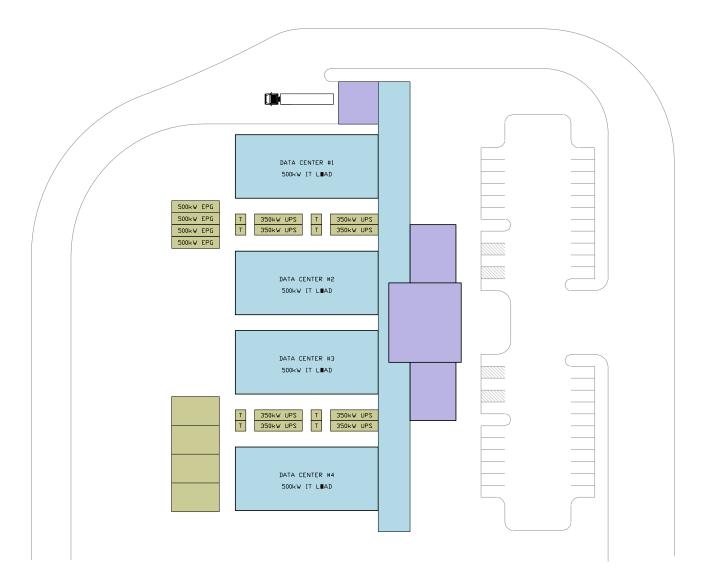
Dam Neck Rd.

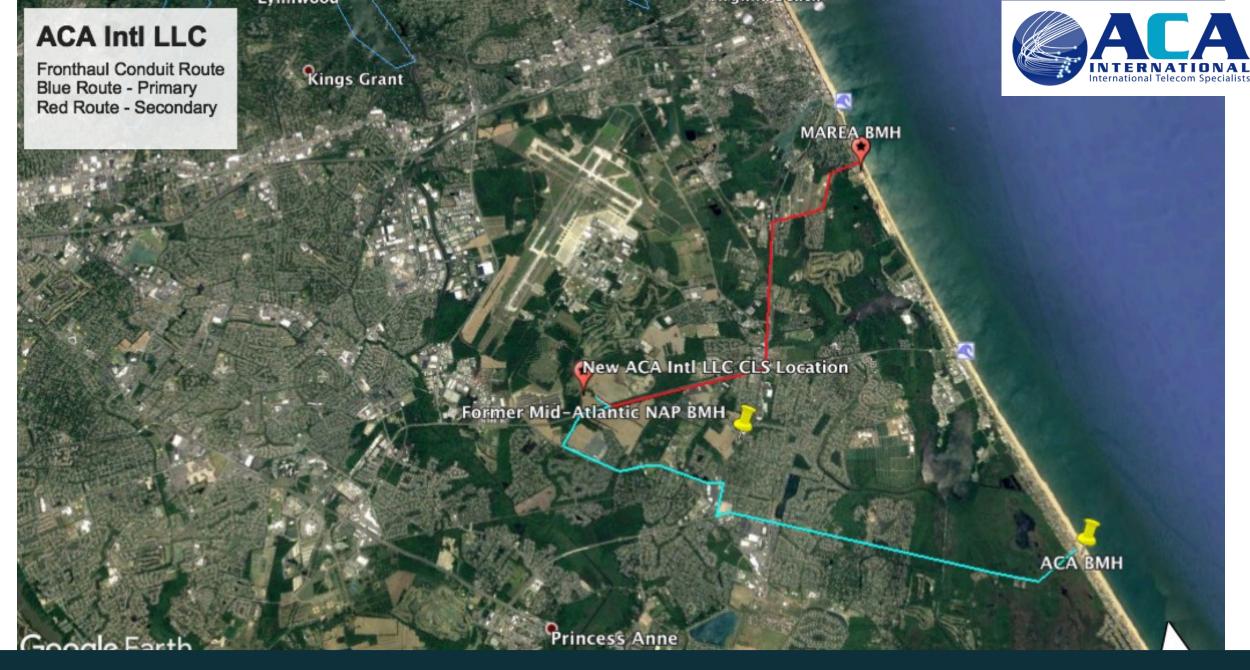




CONCEPTUAL SITE PLAN







CONDUITS ROUTE FROM SANDBRIDGE

Capital Investment	Amount
Construction	\$46,800,000
Real Estate	\$2,800,000
Personal Property	\$1,000,000
Computer Property	\$1,500,000
Total:	\$52,100,000

RECOMMENDATION – Approved April 17, 2018

- ACA International could be eligible for a grant in the amount of \$500,000 under Part "A" of the EDIP policy. This would meet the following EDIP criteria under Part "A":
 - ✓ Criteria "B": \$1.00 of EDIP funds yields \$25.00 or more in new capital investment
- Funds will be used for: on-site utility improvements, employee training, and site preparation
- Target industry sectors:
 - ✓ Data Centers
 - ✓ Headquarters

CURRENTLY PLANNED - CAPITAL INVESTMENT



Capital Investment	Amount
Construction – Phase 1	\$24,700,000
Construction – Phase 2	\$32,500,000
Real Estate	\$2,100,000
Personal Property	\$1,000,000
Computer Property	\$1,500,000
Total:	\$61,800,000



- ACA International was awarded a grant, on 4/17/18 in the amount of \$500,000 under Part "A" of the EDIP policy. This would meet the following EDIP criteria under Part "A": Criteria "B": \$1.00 of EDIP funds yields \$25.00 or more in new capital investment. Expires on 4/17/21
- Funds will be used for: on-site utility improvements, employee training, and site preparation
- Target industry sectors:
 - IT/Data Centers
 - Headquarters

MODIFICATION REQUESTED:

- Change location to Taylor Farms (corner of Dam Neck and Harpers Rd.)
- Extend grant performance date to end on 7/31/22



Questions?

