

A RESOLUTION APPROVING THE ASSIGNMENT
OF AUTHORITY'S INTEREST IN THE LEASE OF
COMMERCIAL OFFICE SPACE LOCATED AT
CONVERGENCE CENTER TWO TO LIFENET HEALTH

WHEREAS, Olympia Bendix Two, LLC ("Olympia") is the owner of a commercial office building located at 277 Bendix Road, Virginia Beach, Virginia 23452 (the "Property");

WHEREAS, on August 20, 2019, the City of Virginia Beach Development Authority (the "Authority") approved the leasing of approximately 5,706 square feet of space at the Property and known as Suite 550 (the "Premises") from Olympia for small manufacturing, biologics, medical and research laboratory activities;

WHEREAS, the Authority's lease of the Premises was evidenced by a Deed of Lease executed on August 20, 2019, as amended by First Amendment to Lease dated August 13, 2024 (collectively, the "Lease");

WHEREAS, the Authority has negotiated for LifeNet Health ("LifeNet") to expand its operations in Virginia Beach by assuming the Lease on the terms and conditions set forth in a Second Amendment and Assignment and Assumption of Lease (the "Assignment");

WHEREAS, Olympia, the Authority and LifeNet have negotiated and agreed on the terms, conditions, obligations and responsibilities of each party in connection with the Assignment, a summary of which is set forth in the Summary of Terms attached hereto as Exhibit A and incorporated herein;

WHEREAS, as set forth on Exhibit A, to incentivize the Assignment and LifeNet's expansion in Virginia Beach and assumption of the Authority's obligations as tenant under the Lease, the Authority has agreed to provide LifeNet a grant to offset LifeNet's rental obligations in the total amount of Two Hundred Fifty Thousand Dollars (\$250,000) (the "Rent Offset Incentive");

WHEREAS, the Rent Offset Incentive is to be paid monthly, in arrears as shown on Exhibit A; and

WHEREAS, the Authority is of the opinion that (i) the Rent Offset Incentive is necessary to incentivize LifeNet's expansion in Virginia Beach and assumption of the Lease, and (ii) that the Assignment is in the best interests of the Authority as it will further promote the expansion of the bio-medical industry in Virginia Beach and in the Commonwealth of Virginia.


NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

1. The Authority hereby approves the proposed terms and conditions of the Assignment of the Lease, as set forth in the Summary of Terms, attached hereto as Exhibit A and made a part hereof.

2. The Chair or Vice Chair of the Authority is authorized to execute such documents as a necessary to evidence the Assignment and the Rent Offset Incentive, so long as the terms are consistent with the terms and conditions as set forth in the Summary of Terms, and are acceptable to the Director of the Department of Economic Development and in a form deemed satisfactory by the City Attorney.

Adopted by this 8th day of October, 2024, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: 
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:


Economic Development

APPROVED AS TO LEGAL
SUFFICIENCY:



City Attorney

EXHIBIT A

Assignment Summary of Terms

- Landlord:** Olympia Bendix Two, LLC (“Olympia”)
- Premises:** Approx. 5,706 sq. ft. of commercial space located on the fifth floor of 277 Bendix Road, Virginia Beach, Virginia 23452, and designated as Suite 550 (Portion of GPIN: 1477-71-2953)
- Current Tenant:** City of Virginia Beach Development Authority (the “Authority”)
- Current Lease:** Between Olympia and Authority and executed August 20, 2019, as amended by First Amendment to Lease dated August 13, 2024.
- Assignee:** LifeNet Health, a Virginia nonstock corporation (“LifeNet”)
- Assignment Effective Date:** November 1, 2024
- Term:** Commencing November 1, 2024, five (5) years with one optional five-year renewal.
- Expansion Rights:** LifeNet to have option to expand leased area into additional available space on fifth floor of Premises.
- Authority Release:** As of the Assignment Effective Date, the Authority shall be released from all further obligations to Olympia for the Premises. The Authority will pay October rent and will transfer its rights in and to the existing security deposit to LifeNet.
- Existing Lab and Office Equipment and Fixtures:** Authority to transfer ownership of all equipment and fixtures in the Premises to LifeNet as of the Assignment Effective Date
- Rent Offset Incentive:** Authority shall pay \$250,000, as a reimbursement, to LifeNet to offset LifeNet’s rental obligations during the Term. The \$250,000 will come from the Authority’s existing funds budgeted for its biomedical initiative.

The first \$170,000 of the Rent Offset Incentive shall be paid in arrears as LifeNet pays its monthly rent for the Premises. The final \$80,000 shall be conditioned on (i) LifeNet continuing to pay its monthly rent for the Premises, and (ii) within thirty-six (36) months of the date of this Resolution, LifeNet making a Capital Investment in the Premises of at least \$1,350,000 and creating at least twenty-six (26) New Jobs at the Premises with an average annual salary of at least \$69,638.40, excluding benefits. "Capital Investment" and "New Job" shall have the meanings as set forth in the Authority's Economic Development Investment Program Policy and Procedure dated as of September 17, 2024 (the "EDIP Policy"). As contemplated by the EDIP Policy, if LifeNet partially meets the employment and investment goals above (and continues to pay rent for the Premises), it may receive partial payment of the final \$80,000.

Rent: \$11,575.93 per month for the first year of the Term, with an annual increase of 3% each year beginning the second year of the Term

Additional

Rent: Assignee will pay a prorated portion of operating costs and property taxes in excess of the "2024 Base Year". Assignee's prorated portion of operating costs shall not increase by more than 3% per year on a cumulative basis, excluding only Landlord's insurance costs, utility costs and expenses and increases to operating costs occasioned by changes to any applicable law.