

A RESOLUTION 1) AMENDING THE TERMS OF THE SALE
OF PROPERTY LOCATED AT 2656 LISHELLE PLACE AND
2) AUTHORIZING EXECUTION OF A LEASE AND OPTION
AGREEMENT WITH VIDARR, INC.

WHEREAS, on January 7, 2025, the City Council of the City of Virginia Beach (“City”) adopted an ordinance authorizing the transfer of property located at 2656 Lishelle Place (GPIN: 1496-54-4149), (the “Property”) to the City of Virginia Beach Development Authority (“Authority”);

WHEREAS, City and Authority staff have negotiated terms for the sale of the Property to ViDARR, INC, a New Hampshire corporation, or related entity (the “Purchaser”);

WHEREAS, the Purchaser intends to expand its business into the Commonwealth of Virginia at the Property with a use that is consistent with the APZ-1 Use and Restriction Plan;

WHEREAS, on February 11, 2025, the Authority adopted a Resolution (the “Authority Resolution”) authorizing, among other things, the sale of the Property to the Purchaser;

WHEREAS, the Authority and the Purchaser entered into a Purchase Agreement dated May 15, 2025 (the “Purchase Agreement”);

WHEREAS, the Authority Resolution and Purchase Agreement contained certain terms and conditions, including a deadline for the Purchaser to close and acquire the Property of no later than September 17, 2025;

WHEREAS, the Purchaser has requested an extension of time to close and acquire the Property until pending personal civil legal matters are resolved;

WHEREAS, in the interim, the Purchase requests that it be allowed to lease the Property with lease payments being credited to the sale price for up to two (2) years on the terms and conditions set forth in the Summary of Terms, attached hereto as Exhibit A; and

WHEREAS, the Authority is of the opinion that amending the terms of the Authority Resolution and authorizing a Lease and Option Agreement would produce the results anticipated by the Authority Resolution and would be consistent with the goals of the Authority and the City of Virginia Beach.

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

1. The Chair or the Vice Chair, subject to approval by the City Council of the City of Virginia Beach, is hereby authorized to execute and deliver a Lease and Option Agreement between the Authority and ViDARR, INC, or an affiliated entity, for the Property, on the terms and

conditions outlined on Exhibit B, attached hereto and made a part hereof, and such other terms, conditions or modification as may be acceptable to the Chair or Vice Chair and in a form deemed satisfactory by the City Attorney.

3. That except as the modification contained herein, all other terms and conditions of the Authority Resolution will remain unchanged and in full force and affect.

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Adopted this _____ day of _____, 20____, 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

(Summary of Terms for Lease and Option)

LESSOR: City of Virginia Beach Development Authority (the “Authority”)

LESSEE: ViDarr, Inc., a New Hampshire corporation, or related entity.

PREMISES: 2656 Lishelle Place, Virginia Beach, VA 23452 (GPIN: 1496-54-4149)

TERM: Two (2) Years

RENT: Twelve Thousand and 00/100 Dollars (\$12,000.00) per month

USE: The Lessee shall use the Premises for office, warehouse, distribution and light manufacturing, and for no other purposes without Lessor’s prior written consent.

OPTION: Grant of Option. Authority grants to Lessee the sole and exclusive option to acquire the Premises, together with any and all improvements thereon, all rights, ways and appurtenances thereunto belonging, Lessee shall have two (2) years from the Commencement Date to exercise its option to acquire the Premises (the “Option Period”).

Option Consideration. If Lessee exercises the Option and acquires the Premises, all Rent paid pursuant to the Lease and Option shall be credited against the Purchase Price. If Lessee does not timely exercise the Option or otherwise fails to acquire the Premises as set forth in the Purchase Agreement, the Authority will retain all Rent paid.

Exercise of Option. The exercise of the Option by the Lessee shall occur by written notice to the Authority, pursuant to the terms set forth in the Lease and Option. If the Lessee does not exercise the Option by the end of the Option Period, the Option shall be deemed null, void, and of no effect, unless the parties have otherwise agreed in writing to extend the Option Period.

INSURANCE: Lessee shall maintain general liability insurance with minimum limits of \$1,000,000, and name the Lessor as additional insured.

UTILITIES: Lessee shall pay all charges made against the Premises for all utilities serving the Premises during the Term.

TAXES: Lessee shall pay all real property taxes (if any), assessments, impositions, and any other claims or charges accruing on and after the Commencement Date, including personal property taxes and leasehold taxes pursuant to Virginia Code Section 58.1-3203, or any successor statute.

SPECIAL TERMS: Authority to return Premises to the City if closing on Option does not occur within two years of date of Lease.

RESOLUTION APPROVING MODIFICATIONS
TO THE TERMS RELATING TO THE ACQUISITION
OF STRUCTURED PUBLIC PARKING AT
35TH STREET FROM SUBURBAN CAPITAL, INC.

WHEREAS, providing additional public parking to the Virginia Beach Oceanfront has been a long-term priority of the City Council of the City of Virginia Beach (the “City Council”) and the City of Virginia Beach Development Authority (the “Authority”);

WHEREAS, towards that end, City Council established Capital Project #100059, “Resort Parking District” (PG100059);

WHEREAS, Suburban Capital Inc. (the “Developer”) or an affiliated entity is developing a Hyatt Place Hotel at 3601 Atlantic Avenue (the “Hotel”) on the site of the former Belvedere Hotel;

WHEREAS, to satisfy the parking requirement for the Hotel, the Developer intended to construct a parking facility (the “Project”) containing approximately one hundred forty (140) private parking spaces on the existing surface parking lot at 205 35th Street;

WHEREAS, on behalf of the City of Virginia Beach (the “City”) and the Authority, the City Manager and City staff have engaged in negotiations with representatives of the Developer to expand the Project to include two hundred (200) public parking spaces (the “200 Spaces”);

WHEREAS, on December 14, 2021, by Ordinance ORD-3682K (the “2021 Ordinance”), City Council authorized the provision of \$7,000,000 from Capital Project #100059 to the Authority for the purchase of 200 parking spaces in the proposed Garage, so long as the terms and conditions of the acquisition were in accordance with the summary of terms (“Original Summary of Terms”) attached to the 2021 Ordinance;

WHEREAS, Since the approval of the 2021 Ordinance, the Developer and the City have continued to refine plans for the Project to reflect changing market and financial conditions;

WHEREAS, City staff and the Developer have drafted a revised Summary of Terms reflecting the final terms for the Project (the “Amended Summary of Terms”);

WHEREAS, under the Amended Summary of Terms, the Developer will contribute the land as its share of the Project costs, while retaining responsibility for design and construction;

WHEREAS, a blacklined comparison showing all the changes from the Original Summary of Terms to the Amended Summary of Terms is attached hereto as Exhibit A, along with a clean copy of the Amended Summary of Terms, attached hereto as Exhibit B;

WHEREAS, City Council will consider approval of the Amended Summary of Terms on August 19, 2025 and therefore this action by the Authority is contingent on approval by City Council; and

WHEREAS, the Authority is of the opinion that additional public parking at the oceanfront on the terms and conditions set forth in Amended Summary of Terms is in furtherance of the public interest.

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

1. The Authority hereby accepts the provision of an additional \$6,350,000 of existing appropriated funds within Capital Project #100059 from the City for the Authority's costs associated with the Project. Should any such funds not be required for the Project, the Authority agrees to return such funds to the City.

2. The Chair or Vice Chair are hereby authorized execute such documents as are necessary to reflect an agreement with the Developer for construction of the Project and operation of the Garage, as set forth on the Amended Summary of Terms, attached hereto as Exhibit B and made a part hereof, and such other terms, conditions and modifications as may be acceptable to the Chair or Vice Chair and the Director of Economic Development, and in a form deemed satisfactory by the City Attorney.

Adopted this ____ day of _____, 20____, 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

AMENDED SUMMARY OF TERMS (COMPARE TO ORIGINAL SUMMARY OF TERMS) (35th Street Parking Garage)

1. Scope of Proposed Project

- Developer: Suburban Capital, Inc. (or an affiliated entity)
- Public Entity: ~~the~~The City of Virginia Beach Development Authority (“Authority”)
- Developer acquired property located at 205 35th Street in 2017 for \$3,500,000.
- Developer to construct a six-level, ~~354~~348+/- space parking structure at 205 35th Street (block between Atlantic and Pacific Avenues)
- Garage to support a new 140-room Hyatt Place at 3601 Atlantic Avenue
- Garage to consist of ~~154~~148 privately owned spaces for hotel guests and employees (140 spaces are required under OR zoning) and 200 publicly owned spaces
- Garage to be a two-unit condominium with one unit (200 spaces) owned by Authority and the other (~~154~~148 spaces) will be privately owned
- Cross access easement to be established allowing open parking throughout the garage-
- ~~Two~~Option for two additional condominium units on the first floor with the Authority owning an approximately 2,200 ~~square feet~~sq. ft. unit to be conditioned and lit (the “Parking Office Unit”) and the Developer retaining the other of approximately ~~[] square feet~~4,600 sq. ft. to initially be a cold dark shell until a user is identified-

2. Developer Obligations

- Developer would construct the entire project (hotel and garage)
- Developer to contribute land for Garage (\$3,500,000)
- Estimated private investment: \$ ~~_____~~ million ~~\$17,000,000~~ for hotel and \$ ~~_____~~ \$3,500,000 land value for garage

3. Authority Obligations

- Pay actual costs up to \$~~33,800~~12,350,000 (\$35,488.50 per ~~parking~~-space (\$6,760,000 total if 200 spaces))
- Pay up to \$1,000,000 for undergrounding of utilities and carry costs associated with construction loan
 - ~~\$23,900 per space for design and construction~~
 - ~~\$9,900 per space for share of land cost~~
- Authority to make monthly payments of actual costs during development
- Operate entire garage as part of parking system
- The cost of the Parking Office Unit is included in the ~~\$33,800~~ per space cost-

4. **Garage Operations**

- Spaces would not ~~delineated~~delineate between private and public (open to all)
- Technology used to insure adequate parking for the hotel's private use at all times
- Operations and maintenance (O & M) split proportionately based on ownership (~~56-City~~ 57% / Developer 43% +/-) plus a \$75 per space annual contribution for capital maintenance and reserve. ~~Private O&M costs capped at \$_____.~~
- Garage managed to standard of other public Oceanfront garages and managed to budget based on above private cap.

EXHIBIT B

AMENDED SUMMARY OF TERMS (35th Street Parking Garage)

1. Scope of Proposed Project

- Developer: Suburban Capital, Inc. (or an affiliated entity)
- Public Entity: The City of Virginia Beach Development Authority (“Authority”)
- Developer acquired property located at 205 35th Street in 2017 for \$3,500,000.
- Developer to construct a six-level, 348+/- space parking structure at 205 35th Street (block between Atlantic and Pacific Avenues)
- Garage to support a new 140-room Hyatt Place at 3601 Atlantic Avenue
- Garage to consist of 148 privately owned spaces for hotel guests and employees (140 spaces are required under OR zoning) and 200 publicly owned spaces
- Garage to be a two-unit condominium with one unit (200 spaces) owned by Authority and the other (148 spaces) will be privately owned
- Cross access easement to be established allowing open parking throughout the garage
- Option for two additional condominium units on the first floor with the Authority owning an approximately 2,200 sq. ft. unit to be conditioned and lit (the “Parking Office Unit”) and the Developer retaining the other of approximately 4,600 sq. ft. to initially be a cold dark shell until a user is identified

2. Developer Obligations

- Developer would construct the entire project (hotel and garage)
- Developer to contribute land for Garage (\$3,500,000)
- Estimated private investment: \$17,000,000 for hotel and \$3,500,000 land value for garage

3. Authority Obligations

- Pay actual costs up to \$12,350,000 (\$35,488.50 per space)
- Pay up to \$1,000,000 for undergrounding of utilities and carry costs associated with construction loan
- Authority to make monthly payments of actual costs during development
- Operate entire garage as part of parking system
- The cost of the Parking Office Unit is included in the per space cost

4. Garage Operations

- Spaces would not delineate between private and public (open to all)
- Technology used to insure adequate parking for the hotel’s private use at all times
- Operations and maintenance (O & M) split proportionately based on ownership (City 57% / Developer 43% +/-) plus a \$75 per space annual contribution for capital maintenance and reserve
- Garage managed to standard of other public Oceanfront garages and managed to budget based on above private cap