

CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY

Audit Executive Summary

October 13, 2026

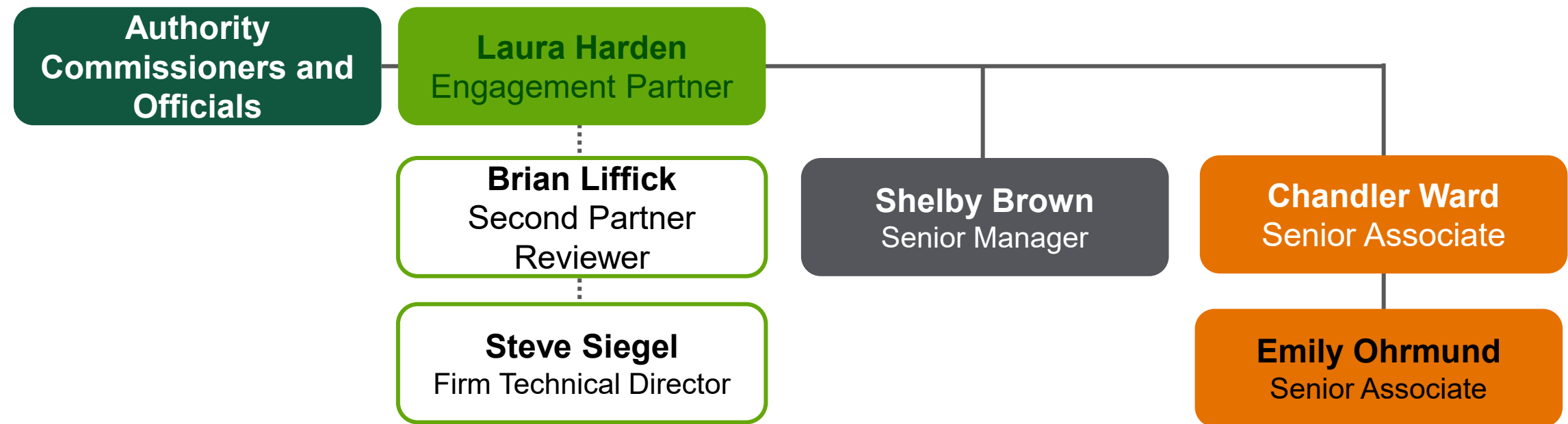
Agenda

- ▶ Client Service Team
- ▶ Results of the Audit
- ▶ Internal Control Communication
- ▶ Corrected and Uncorrected Misstatements
- ▶ Qualitative Aspects of Accounting Practices
- ▶ Independence Considerations
- ▶ Other Required Communications
- ▶ Other Matters

This information is intended solely for the use of the Authority Commissioners and Officials of the City of Virginia Beach Development Authority and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Client Service Team



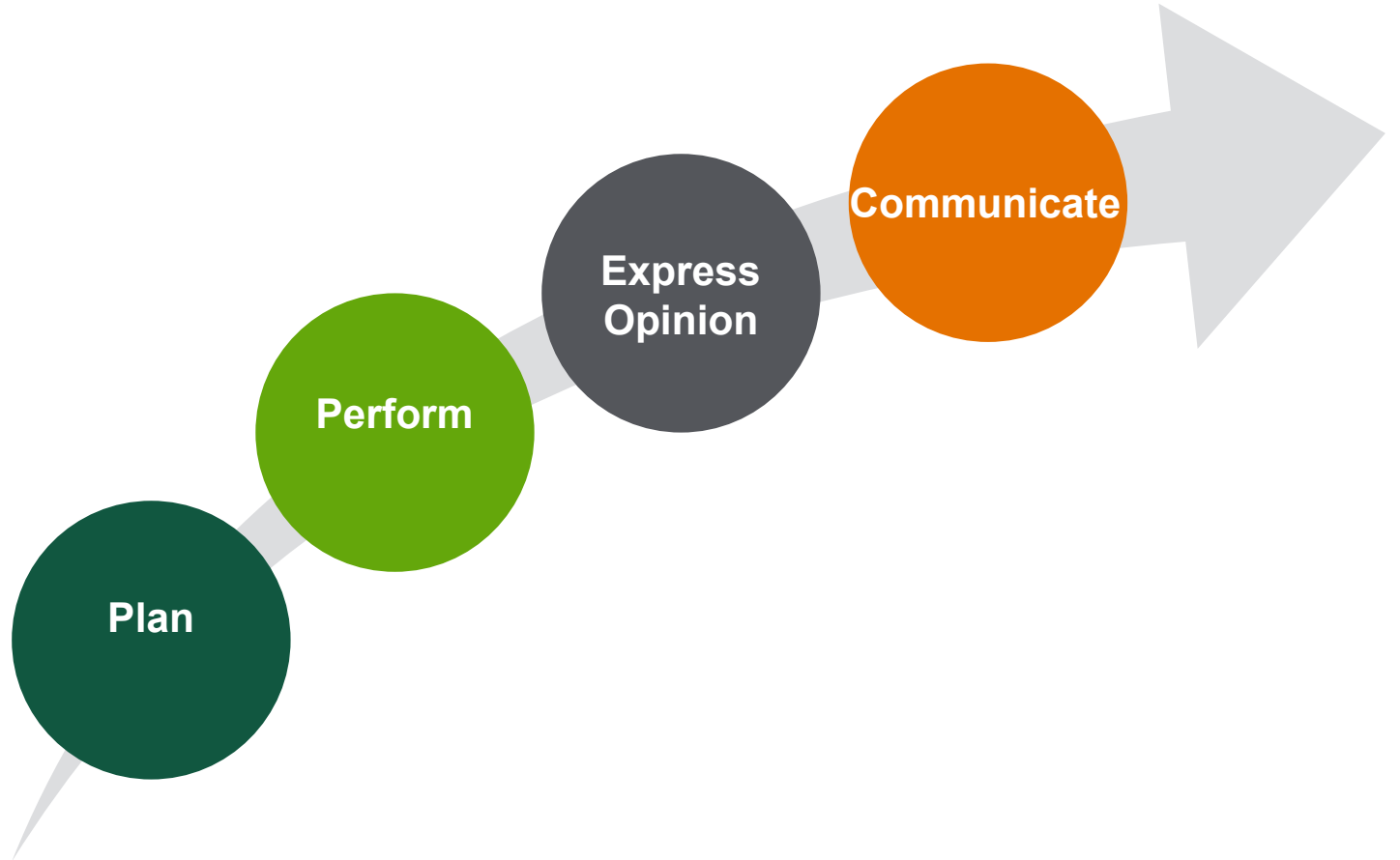
Results of the Audit

We have audited the financial statements of the City of Virginia Beach Development Authority (the “Authority”), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2026, and we have issued our report thereon dated October 9, 2026.

We issued an unmodified opinion on the financial statements.

We identified no instances of noncompliance required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Authorities, Boards, and Commissions*.

We identified no material weaknesses in internal control over financial reporting.



Internal Control Communication

In planning and performing our audit, we considered internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

► None noted.

Uncorrected Misstatements

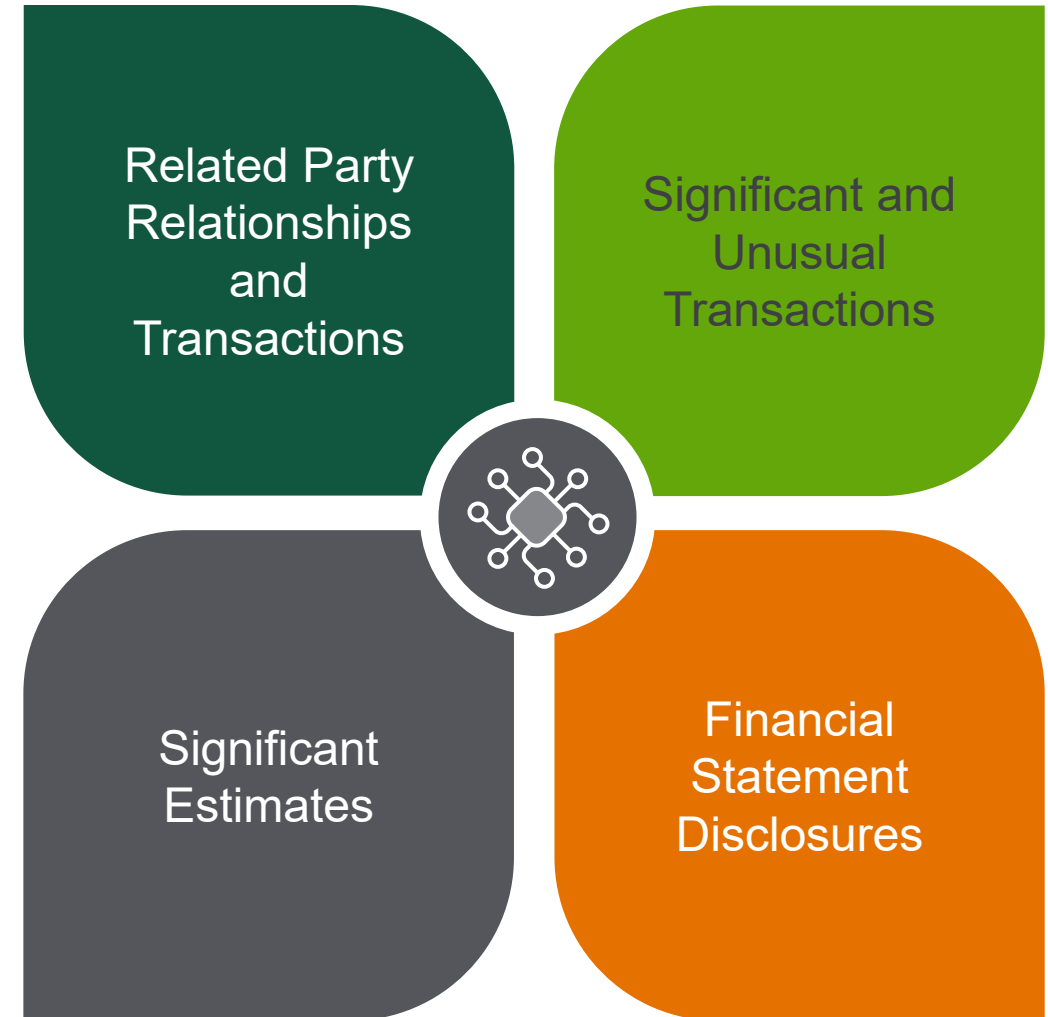
► None noted.



Qualitative Aspects of Accounting Practices 1

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority's are described in Note 1 to the financial statements.

During fiscal year 2026 the Authority implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, Statement No. 104 *Disclosure of Certain Capital Assets* and Statement No. 105 *Subsequent Events*. Implementation of these pronouncements did not have a material impact on the financial statements. For additional information on the implementation see Note 1 of the financial statements.

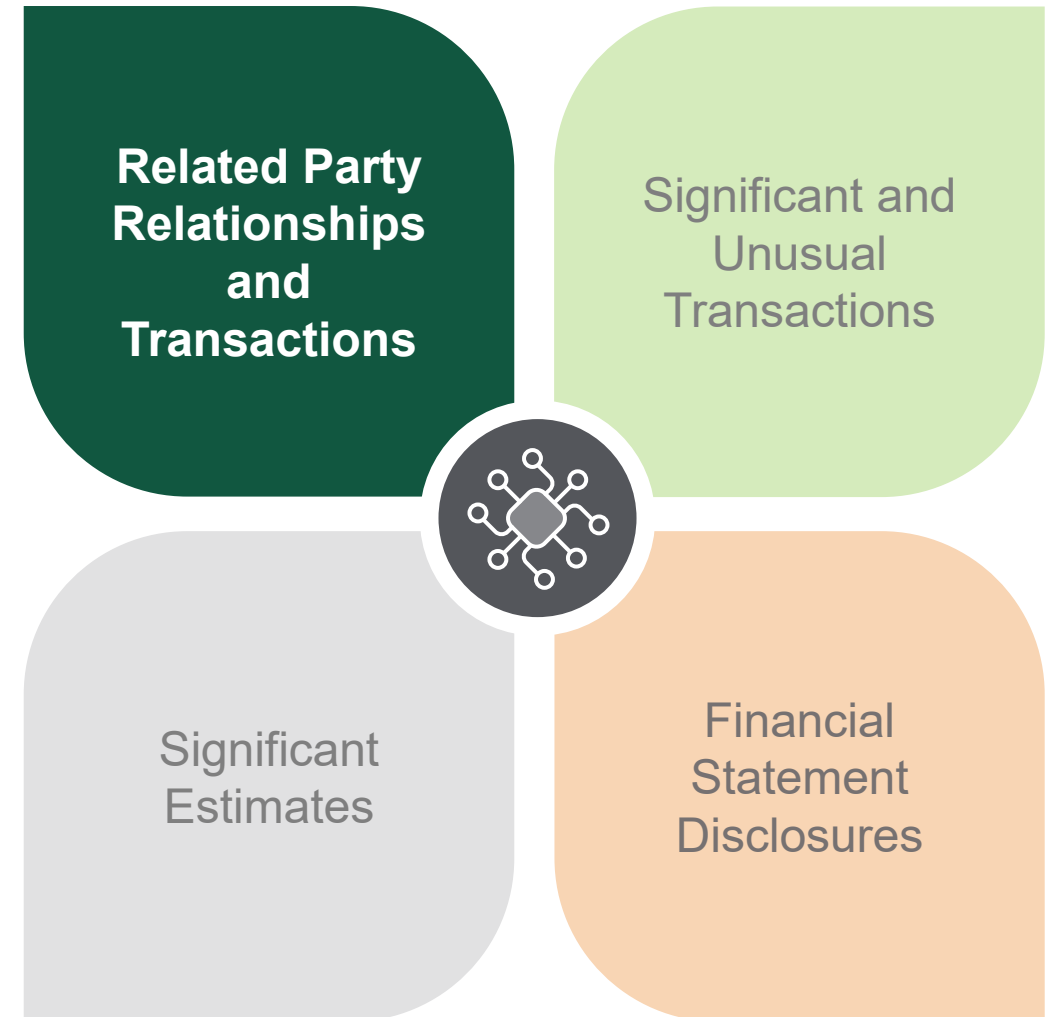


Qualitative Aspects of Accounting Practices 2

As part of our audit, we evaluated the Authority's identification of, accounting for, and disclosure of the Authority's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

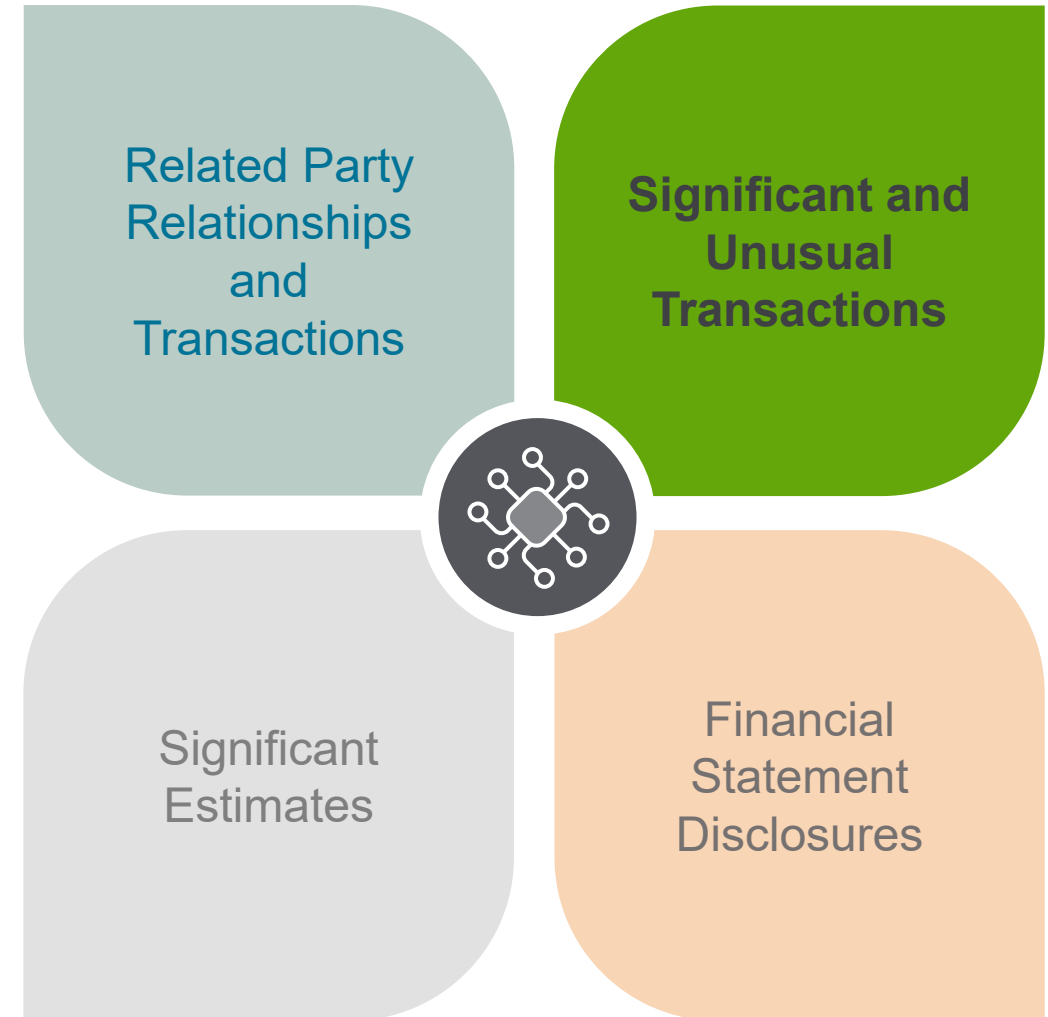
- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the Authority's policies or procedures or for which exceptions to the Authority's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions; and
- Difficulties in identifying the party that ultimately controls the Authority.



Qualitative Aspects of Accounting Practices 3

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

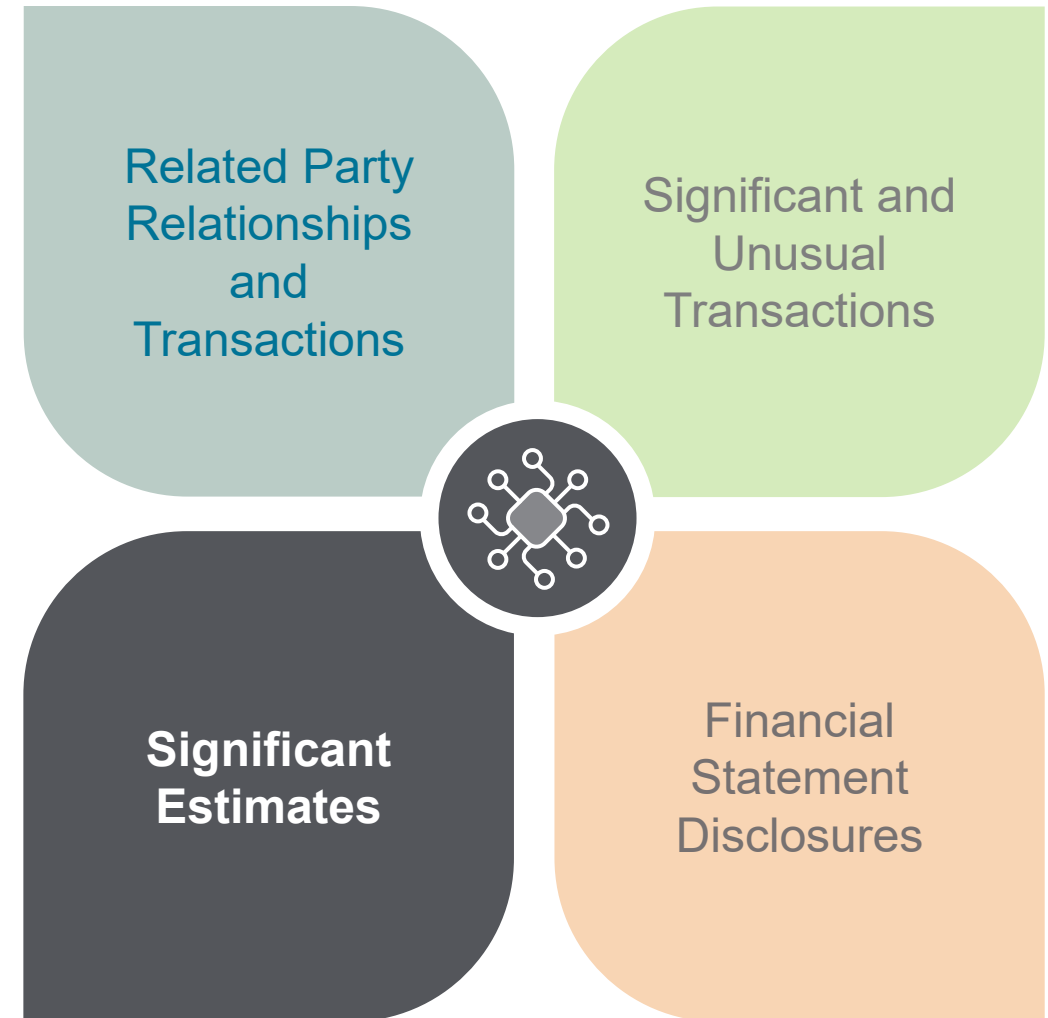
For purposes of this presentation, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size, or nature. We noted no significant unusual transactions during our audit.



Qualitative Aspects of Accounting Practices 4

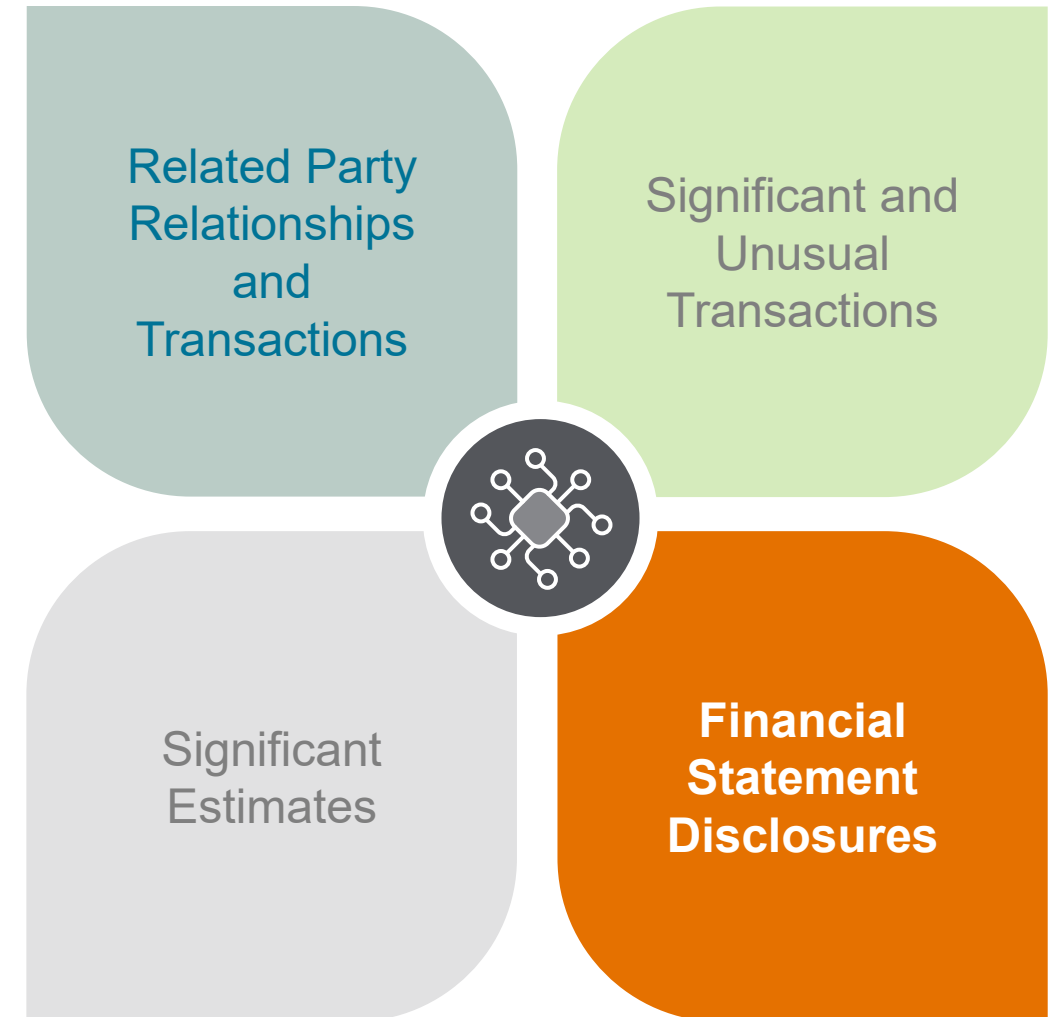
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the land and building inventory is based on the acquisition cost plus improvements, but not in excess of net realizable value. We evaluated the key factors and assumptions used to develop the land held for resale in determining it is reasonable in relation to the financial statements taken as a whole.



Qualitative Aspects of Accounting Practices 5

The financial statement disclosures are neutral, consistent, and clear.



Independence Considerations

Nonattest Services

- ▶ Our firm did not perform any nonattest services for the Authority.
- ▶ For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.



Independence Conclusion

- ▶ We are not aware of any other circumstances or relationships that create threats to auditor independence.
- ▶ We are independent of the Authority and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.



Other Required Communications

Difficulties Encountered

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

Includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Auditor Consultations

We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2026.



Other Required Communications Cont.

Management Consultations

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. To our knowledge, there were no such consultations with other accountants.

Other Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Fraud and Illegal Acts

As of the date of our report, no fraud, illegal acts, or violations of laws and regulations noted.

Going Concern

No events or conditions noted that indicate substantial doubt about the Authority’s ability to continue as a going concern.



Other Matters

Required Supplementary Information

We applied certain limited procedures to the required supplementary information (“RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



Other Information

The Authority’s audited financial statements are included in its annual report. We do not have an obligation to perform any procedures to corroborate the other information contained in the annual report. However, we read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with that appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with that appearing in the financial statements.



Questions

Contacts

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Audit Partner

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An aerial photograph of Virginia Beach at sunset. The sky is a mix of orange, yellow, and blue. In the center, a tall, modern building with a pointed top is illuminated. To its right, another building with a bright light on its roof is visible. The city extends to the horizon with various buildings and parking lots. A large blue rectangular overlay covers the lower-left portion of the image, containing white text.

Monthly Cash Flow – September 2026

City of Virginia Beach Development Authority

October 13th, 2026

Operating Account Summary: September 2026

Beginning Cash September 1, 2026 **\$ 8,680,077**

- ✓ \$ 775,558 Land Sale Corporate Landing Business Park – Parcel 6C-A-2
– Yankee Doodle, LLC (DBA Zero Point USA)
- ✓ \$ 80,419 Industrial Revenue Bond Admin Fee. Bond #472 Issued
August 2018 – Westminster Canterbury
- ✓ \$ 10,550 Interest income – September 2026
- ✓ \$ 2,025 International Incubator Rent September 11, 2026 -
March 10, 2027 – ValTech Group

Total Cash Receipts During September **\$ 868,552**

- ✓ (\$ 10,000) Progress Billing #2 for FY2026 Annual Audit – Cherry Bekaert
- ✓ (\$ 15,522) Monthly Conduit Management Charges for July 15
– August 15, 2026 - Globalinx

Total Cash Disbursements During September **(\$ 30,310)**

Ending Cash – September 30, 2026 **\$ 9,518,319**

Cont. Operating Account Summary: September 2026

VBDA Amounts Paid and Reimbursed by City of VB – September 2026

✓ (\$ 234,728)	Atlantic Park Garage Barrier Cable Wrapping – for services through July 31, 2026 – Structurflex, LLC
✓ <u>(\$ 218,804)</u>	Pre-development Costs Incurred in Connection with the 19th Street Garage Project - Draw Request #2 – The Runnymede Corporation
(\$ 453,532)	Total Reimbursable VBDA Expenses for September
<u>\$ 453,532</u>	Amount Reimbursed by the City of Virginia Beach on 9/28/2026
\$ -	Change in VBDA Operating Cash related to CIP transactions

Capital Maintenance: September 30, 2026

Human Services Building	\$ 2,252,270
✓ Monthly Lease – October 2026	\$ 47,910
✓ Human Services Elevator Modernization project - HBA Architecture	(\$ 3,470)
Encumbered Funds as of 9/30/2026	<u>\$ 811,901</u>
Funds Available for Future Human Services Building Expenses	\$ 1,436,899

The Dome by Rutter Mills	\$ 163,978
✓ No activity during September 2026	

Capital Maintenance: September 30, 2026 (Continued)

VB National Golf Course	\$ 960,716
✓ August Monthly Revenue Share Agreement	\$ 26,179
✓ Monthly Furniture Rental – Cort Furniture	(\$ 1,822)
Encumbered funds as of 9/30/2026	<u>\$ 96,545</u>
Funds available for future VBNGC expenses	\$ 846,761

Incentive and Initiative: September 30, 2026

Façade Improvement Grant **\$ 73,600**

- ✓ Installation of Illuminated Sign – Eco Lux Hair and Nail Spa (\$ 2,509)

Atlantic Avenue – Façade Improvement Grant **\$ 197,337**

- ✓ Installation of Exterior Light Cannons – Hilton Virginia Beach Oceanfront (\$ 25,000)
- ✓ Installation of Security Lighting and New Sign Face on Monument Sign – Trifecta Group (\$ 17,055)

EDIP Grant Summary Reporting: September 2026

EDIP Payments during September 2026

- ✓ No reimbursements during September 2026

Ending EDIP appropriations 9/30/2026 **\$ 11,802,820**

Grants Awarded or Closed during August

- ✓ Awarded at 9/8/2026 meeting award based on \$775K in Capital Investment and the creation of 7 jobs – SACRA, LLC **\$ 42,000**

EDIP Part A – Encumbered as of 9/30/2026 **\$ 5,066,450**

- ✓ No EDIP Part B activity during September 2026

EDIP Part B – Encumbered as of 9/30/2026 **\$ 812,269**

EDIP Grant Funds Available as of 9/30/2026 **\$ 5,924,101**



Mavromatis EDIP Request

City of Virginia Beach Development Authority
October 13, 2026 | Open Session

Ihsane Mouak

Business Retention, Expansion & Workforce

Disclosures (Applicant)

- Applicant: Jack Mavomatis DDS
- Financing: Southern Bank- Darian Fisher
- Architect: VIA Design Architects- Scott Campbell President
- Legal Services: Robert L Gutterman, Esq.
- Real Estate Broker: R.I. King Broker
- Accounting: Jacobson Brotman PC- David Brotman, CPA

EDIP Overview

- The Economic Development Investment Program (the “EDIP”) is the primary tool of the VBDA to influence a company, within our target industries, decision to locate, remain, or expand in Virginia Beach
- Per the policy, grant funds are not disbursed until the awardee has demonstrated:
 - A. Capital Investment with proof of payment and/or
 - B. Jobs Created or Retained after 1 year, via Virginia Employment Commission reports
 - Tier 1 – Approx. \$69,000 average annual salary
 - Tier 2 – Approx. \$98,000 average annual salary

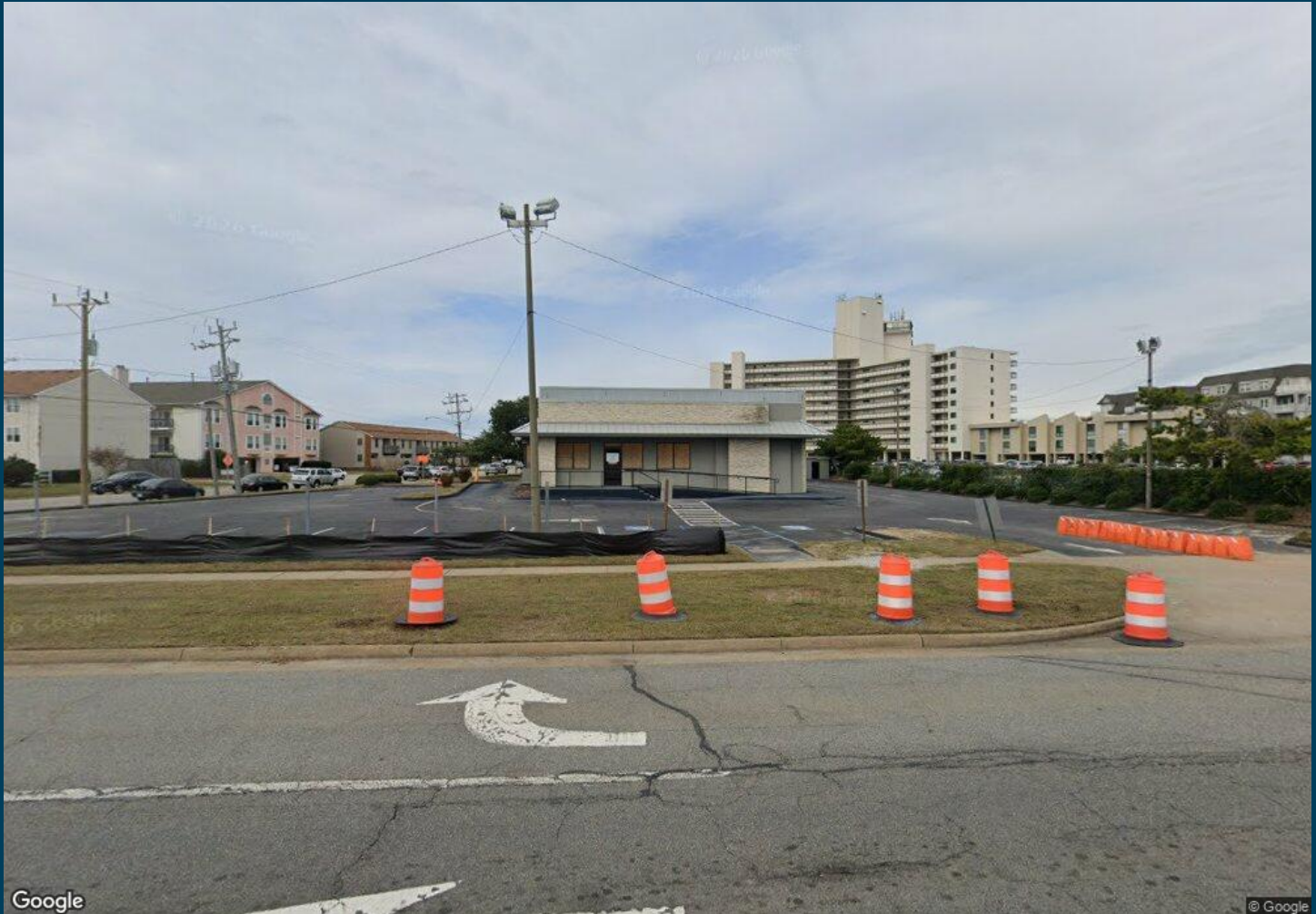
About the Company

- A family dentistry office in practice in Virginia Beach for 42 years
- Dr. Jack Mavromatis is joined by his two sons, Carter and Corey, in his dental practice
- Existing dental office at 2248 Sunstates Ct

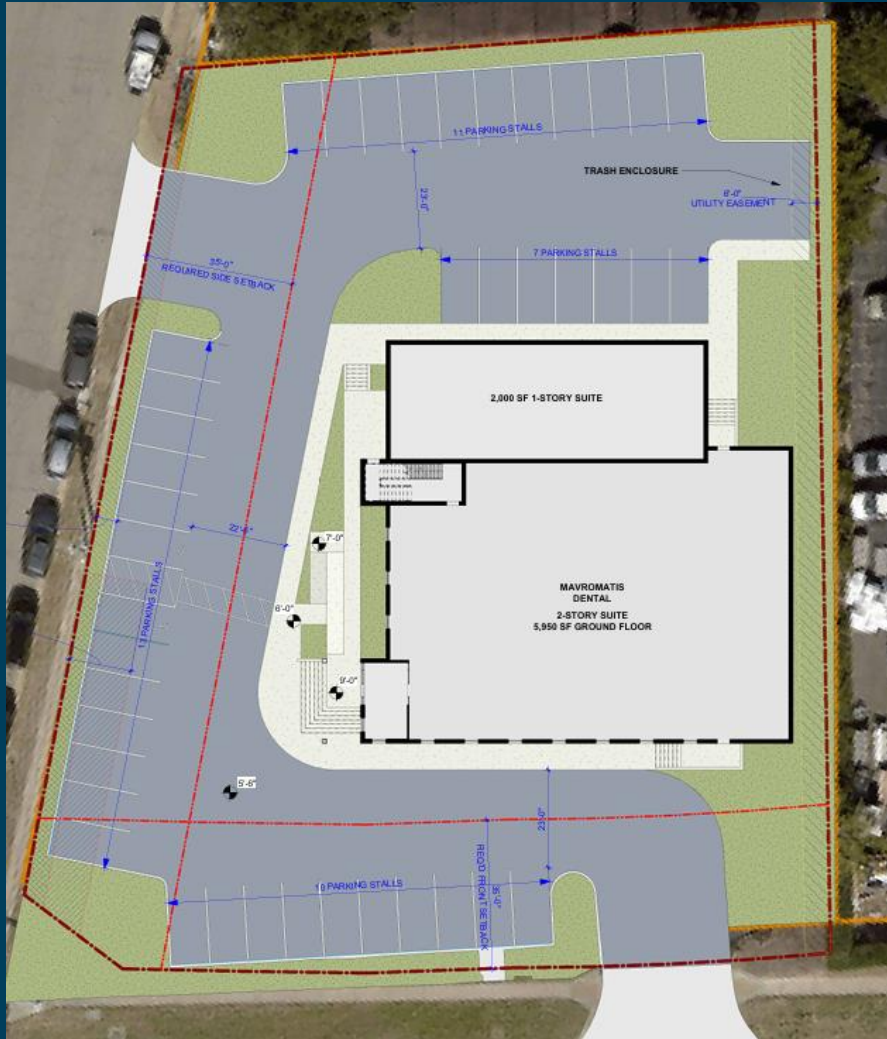


Project Location

- An existing McDonalds at 2876 Shore Drive, vacant for over two years
- A 4,377-sf building on a 0.81 acres lot



Project Overview



- Develop a new 2-story office for family dentist office
- The new development will house a 2-story primary dental office suite for Mavromatis dental with primary function on the 1st floor and staff office/break/storage space on the 2nd floor
- A secondary 2,000 sf tenant space is anticipated to be developed as part of the project and will be leased to a healthcare professional

Economic Impact

CAPITAL INVESTMENT	AMOUNT
Real Estate	\$2,300,000
Building Construction	\$2,400,000
Machinery & Tools	\$10,000
FF&E	\$1,280,000
Total Investment:	\$5,990,000
Qualifying Capital Investment	\$3,690,000

Jobs	Amount
Retained FTEs	11
New FTEs	6
Total FTEs	17
AVERAGE ANNUAL SALARY (Exclusive of Benefits)	\$102,333

4 jobs at Tier 2

Recommendation

- Award \$159,600 to Mavromatis pursuant to EDIP- Part A
 - ✓ \$147,600 for capital investment
 - ✓ \$12,000 for job creation (4 jobs @ Tier 2)
- Target Industry Sector: Professional Services

An aerial photograph of Virginia Beach at sunset. The sky is a mix of orange, yellow, and blue. In the center, a tall, modern building with a pointed top (the Westin) stands out. To its right, another building with a bright light on its roof is visible. The city is spread out with various buildings, parking lots, and green spaces. A large blue rectangle is overlaid on the left side of the image.

Questions?

Atlantic Park Parking Garage On-Premises Business Signage

Christopher S. Boynton, Deputy City Attorney

Amanda C. Jarratt, Deputy City Manager

Virginia Beach Development Authority – October 13, 2026

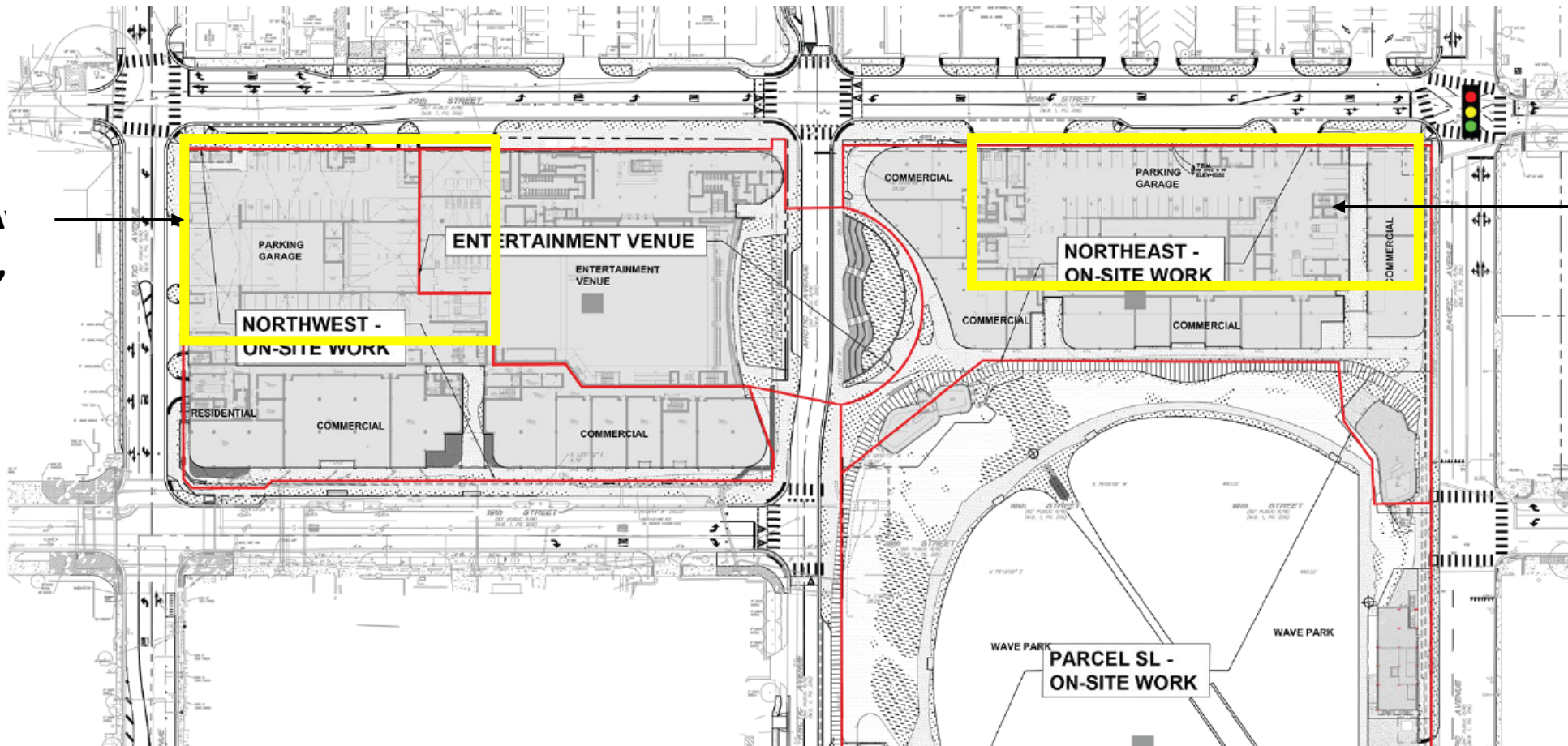


CITY OF
**VIRGINIA
BEACH**

The Baltic and 20th Garages at Atlantic Park

- Owned by VBDA, operated and managed by the City of Virginia Beach Parking Management

Baltic A
Garage,
1,075
Spaces



20th St
Garage,
400
Spaces

Garage Façade Sign Requests

- On-premises signage for Atlantic Park retail tenants
- Amount of signage proposed (under 600 SF) is within what zoning can approve administratively
- Requesting approval of a modification of the condo documents to grant a signage easement

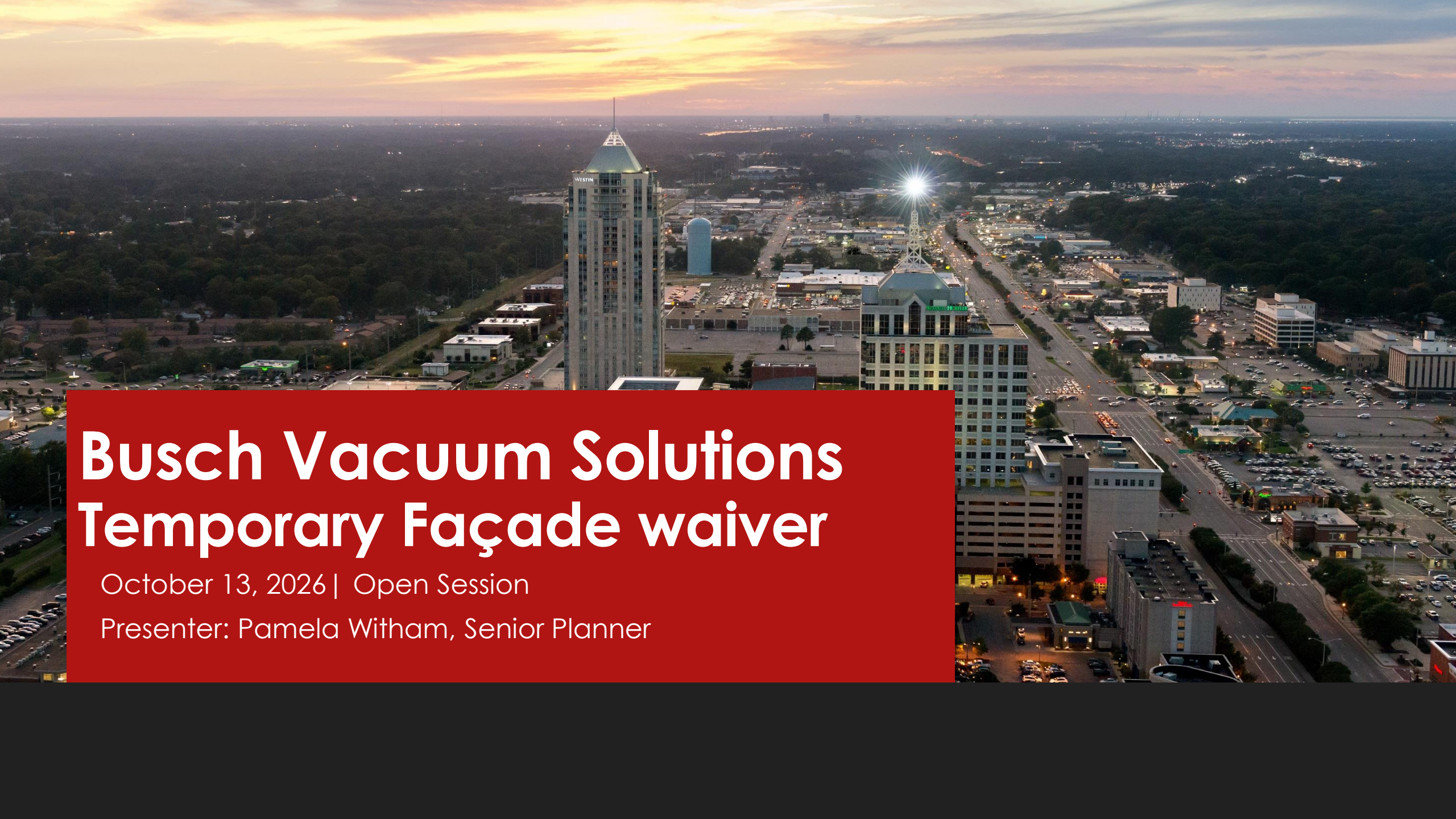


Signage Rendering 20th and Pacific

Background

- VBDA/City have Development Agreement with Venture Waves, LLC to develop Atlantic Park Phase I
- Rationale for Development Agreement included recruiting new-to-market, high-end retail tenants
 - On-premises retail tenants reportedly struggling to meet projections
 - Retailers may be impacted by lack of vehicular access/visibility on Arctic Ave. due to seasonal street closure
- Signage request is limited to on-premises businesses
 - Analogous to listing retail tenants within a strip mall on a single sign
 - Parking garages share condominium structures with the retail space and other uses
 - Requires technical change to condo documents to allow/expand signage use (easement)
 - On-premises limitation means Developer cannot monetize easement by selling advertising to/for off-premises businesses
- VBDA/City granted similar condo easement for 31st Street development
 - No compensation requested/received by VBDA/City

Questions & Discussion

An aerial photograph of a city at sunset. The sky is a mix of orange, yellow, and blue. In the center, a tall, modern skyscraper with a pointed top is prominent. To its right, another building with a distinctive white lattice tower on its roof is visible. The city is filled with various buildings, parking lots, and green spaces. A large red rectangular overlay covers the lower-left portion of the image, containing white text.

Busch Vacuum Solutions Temporary Façade waiver

October 13, 2026 | Open Session

Presenter: Pamela Witham, Senior Planner

Disclosures

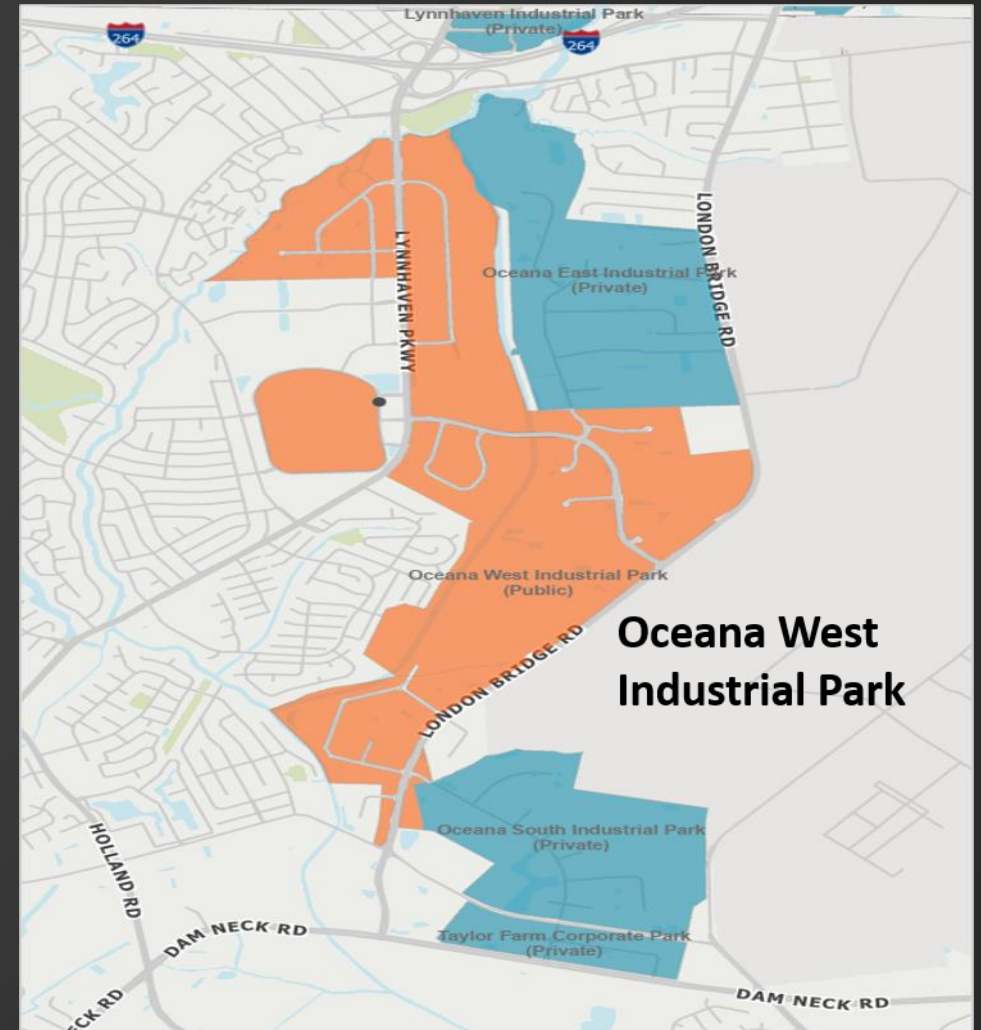
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- Owner/Developer: Busch Virginia Property, LLC
- Engineering & Architect: Kimley Horn
- Accounting: ForBis Accounting

Background

3

- The VBDA adopted the restrictive covenants for the Oceana West Industrial Park in 1985.
- The covenants require plans relating to the building design, landscaping, fences, and alterations be subject to VBDA approval.
- In 2024, the VBDA voted to remove the section of the covenants restricting signage to align with the City of Virginia Beach's zoning sign ordinance.
- Busch Vacuum Solutions was also approved for a waiver from the OWIP sign regulations in 2024.



Location In Oceana West Business Park

4



Request for Waiver

5

- A structural engineer report noted a significant outward displacement of the buildings brick veneer façade.
- The outward displacement has been documented to be 6 to 8 inches creating a safety concern as the brick veneer is no longer attached to the wall framing.
- While Busch leadership is discussing expansion/demolition options, they would like to alleviate security risks with the structural deficiencies.
- Current OWIP criteria does not allow for use of metal siding.



Proposed Elevations

6



Elevations

7

Busch Vacuums Renderings

VIEW FROM PARKING LOT | EXISTING

Kimley»Horn

AUGUST 2026



The existing building materials are a mix of brick façade, metal siding and metal coping/flushing.

Busch Vacuums Renderings

VIEW FROM PARKING LOT | PROPOSED

Kimley»Horn

AUGUST 2026



The proposed temporary façade would be metal siding and metal coping/flushing to match that of the metal siding that exists on the building today in color and jointing.

Recommendation

8

- Recommend Approval of Waiver Request
- Construction to begin as soon as permit is obtained
- Funding for the permanent expansion/demolition expected within 5-10 years

An aerial photograph of Virginia Beach at sunset. The sky is a mix of orange, yellow, and blue. In the foreground, a large red rectangle covers the lower-left portion of the image. The city skyline is visible, including the Westin hotel tower and the Virginia Beach Convention Center. A bright light source, likely the sun, is visible in the distance, creating a lens flare effect. The city is surrounded by greenery and parking lots filled with cars.

Questions?



GLOBALINX Construction Design

October 13, 2026 | Open Session

Presenter: Pamela Witham, Senior Planner

Disclosures

- Applicant: Globalinx Data Centers LLC
- Applicant Representative: Greg Twitt, President
- Officers: Greg Twitt, President and Diane Twitt
- Accounting: Forvis Mazars
- Architect: John Covington
- Contractor: Fuller Construction
- Engineer: Doug Will, MSA
- Legal Services: Kaufman and Canoles

Location In Corporate Landing Business Park

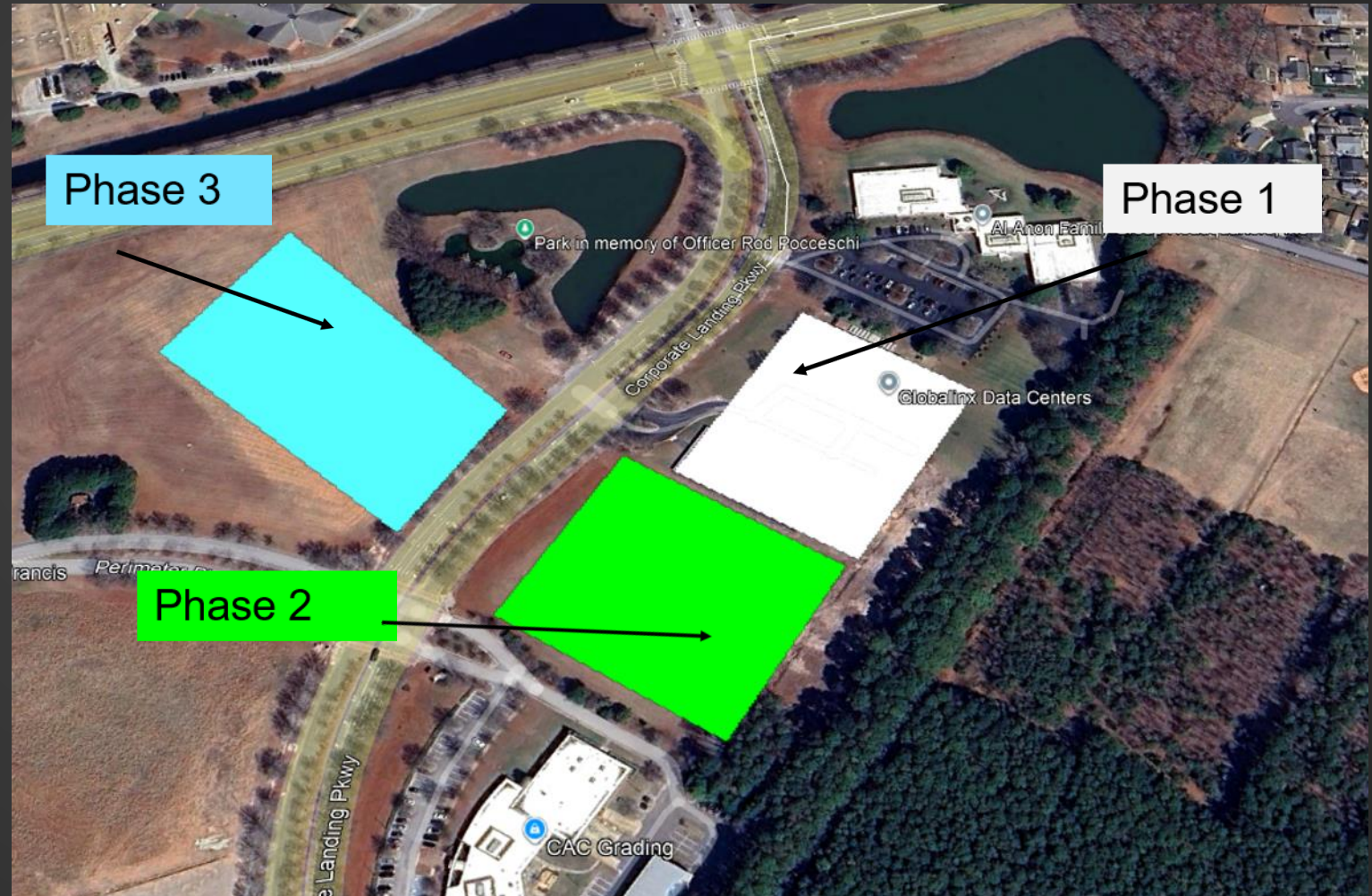
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History

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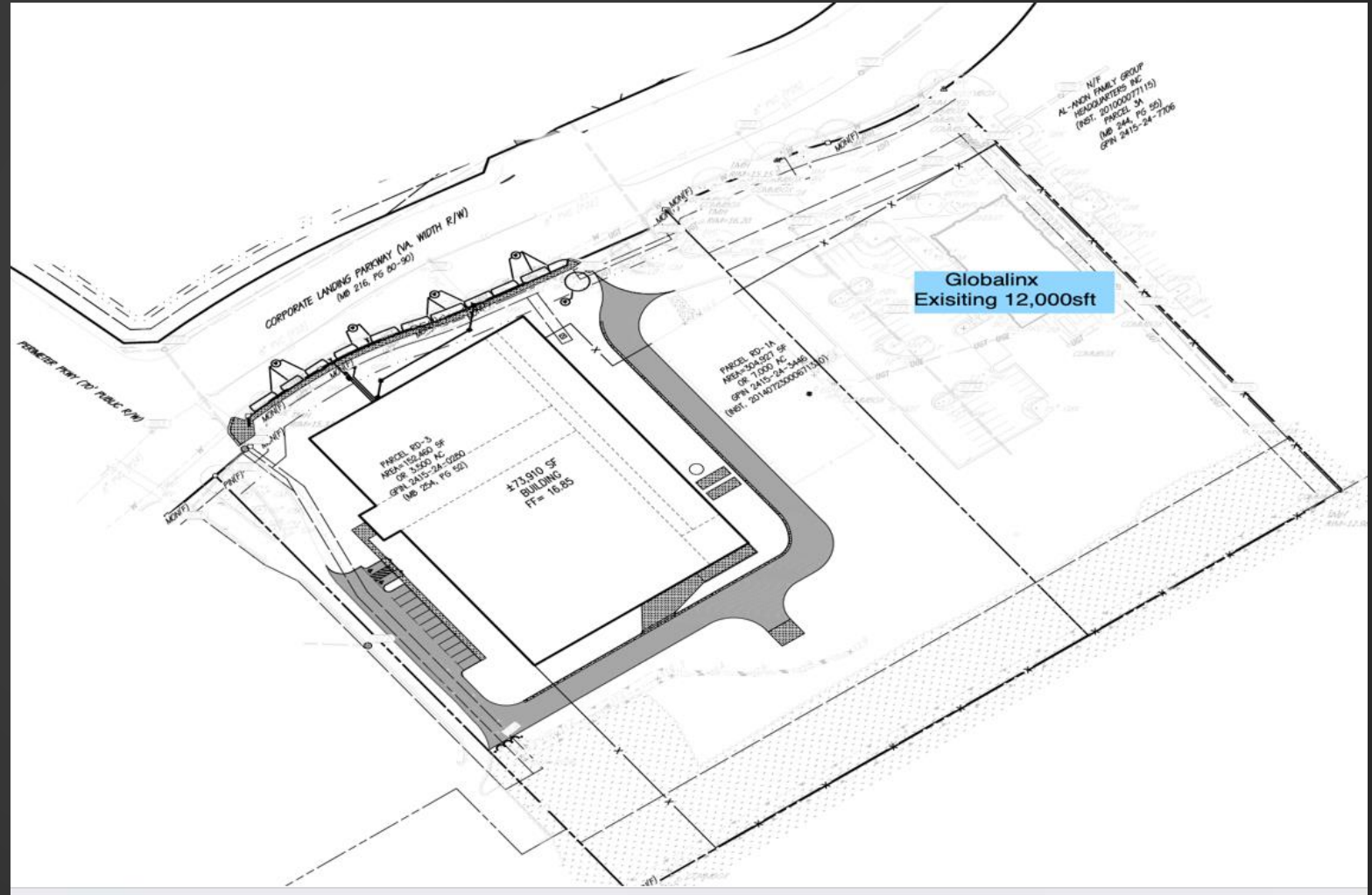
- Globalinx hosts offshore subsea coaxial cables that have active domestic and international carriers
- Phase I building is 12,000 SF
- VBDA approved an EDIP request in May 2026 and the land sale for the Phase III expansion at the August 2026 meeting.
- Phase II is in the second submittal phase with the City of Virginia Beach.



Construction Design

5

- Zoned I-1
- 73,910 SF building footprint
- 14 Parking spaces
- Proposed Use: Subsea Cable Landing Station
- Construction Materials to include concrete and glass
- Not seeking a variance or waiver from the design guidelines.



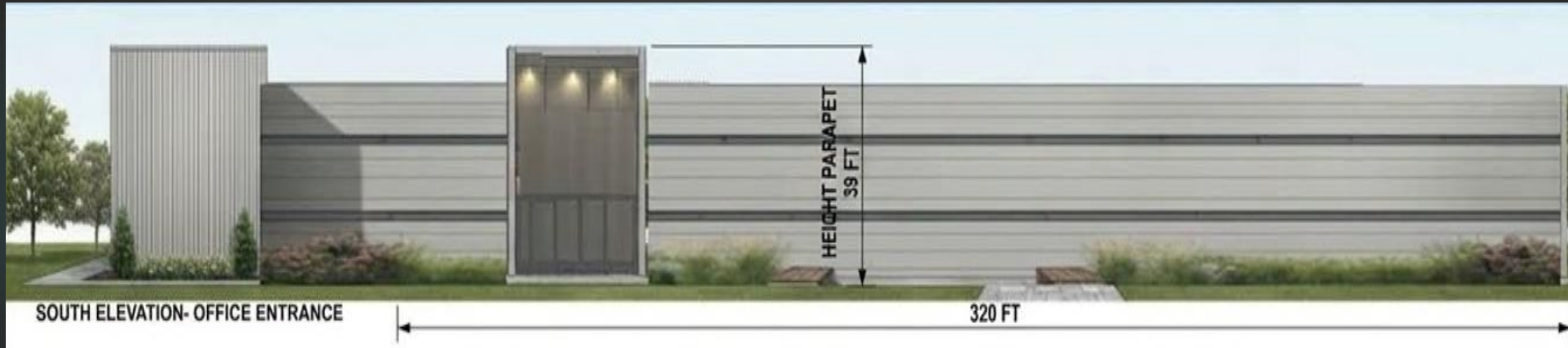
Elevations

6



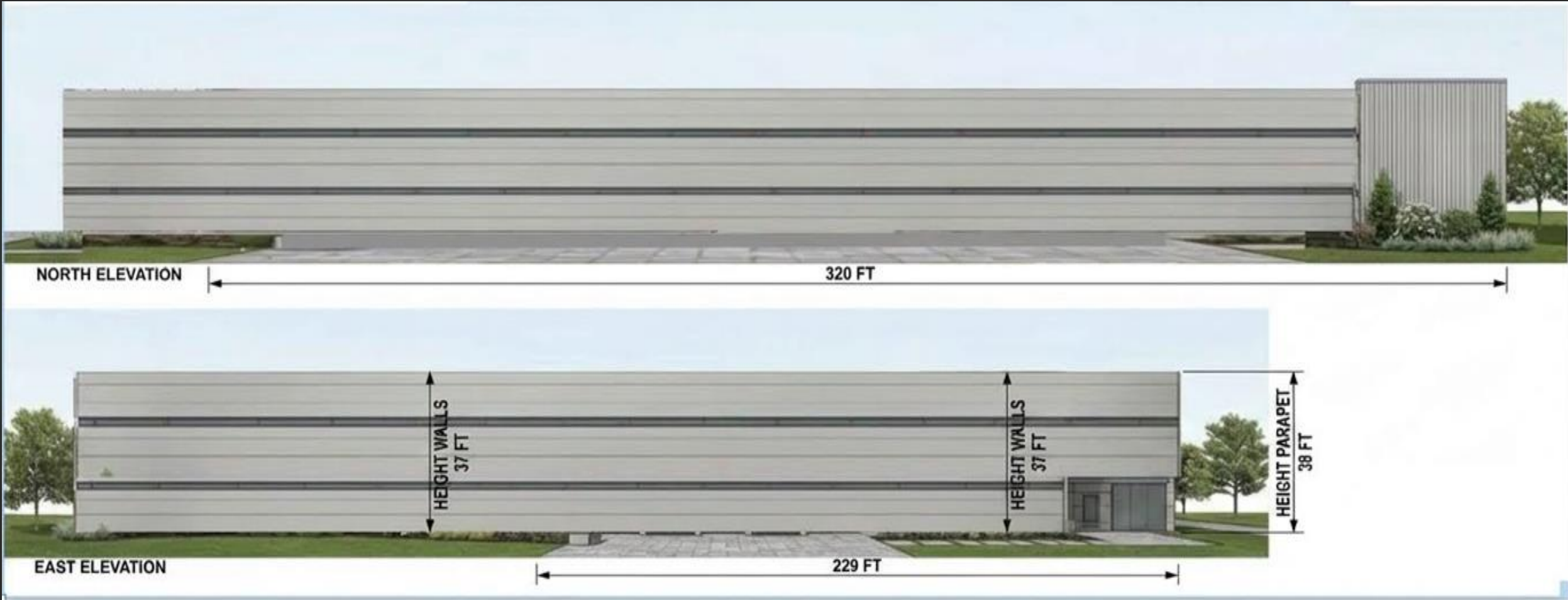
Elevations continued

7



Side & Rear Elevations

8



These portions will not be visible from the Right of Way

Recommendation

9

- Meets Corporate Landing Design Criteria
- Construction to begin in Q1 of 2027.
- Recommend Approval.

An aerial photograph of Virginia Beach at sunset. The sky is a mix of orange, yellow, and blue. In the foreground, a large red rectangle covers the lower-left portion of the image. The city skyline is visible, including the Westin hotel tower and the Virginia Beach Convention Center. A bright light source, likely the sun, is visible in the distance, creating a lens flare effect. The city is surrounded by greenery and parking lots filled with cars.

Questions?