RESOLUTION TO AMEND THE ATTAINABLE WORKFORCE HOUSING PERFORMANCE GRANT PROGRAM AND TO AUTHORIZE CERTAIN ACTIONS IN FURTHERANCE THEREOF

WHEREAS, in 2022, the Virginia General Assembly amended the Industrial Development and Revenue Bond Act allowing development authorities, in conjunction with their local governing bodies, the power to make grants associated with the construction of affordable housing;

WHEREAS, affordable housing is a priority of City Council, and on April 1, 2025, by Resolution RES-04343, City Council adopted the Attainable Workforce Housing Performance Grant Program Policy (the "AWHP");

WHEREAS, in 2026, the Virginia General Assembly added § 15.2-958.4:1 to the Virginia Code, which adds certain definitions and process requirements for making affordable housing grants (the "2026 Amendment");

WHEREAS, the AWHP incentivizes the construction of new affordable rental housing units in the City of Virginia Beach by partially offsetting the costs associated with development and encouraging reinvestment in such projects over time;

WHEREAS, after review and evaluation of the 2026 Amendment and the AWHP, staff recommends certain amendments to the AWHP to (i) conform with the 2026 Amendment and (ii) better define and clarify the guidelines, as set forth on the draft amended AWHP, attached hereto as Exhibit A; and

WHEREAS, on July 7, 2026, City Council adopted an Ordinance amending the AWHP and requested that the Authority adopt a similar Resolution adopting the AWHP, a draft of which is attached hereto as Exhibit A.

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

That the Authority hereby approves and adopts the amended AWHP, a draft of which is attached hereto as Exhibit A, and incorporation herein.

Adopted this 14th day of July, 2026, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

APPROVED AS TO CONTENT:

Signed by Emily Archer
Economic Development

By: Signed by David Weiner
Secretary / Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY:

Signed by Alexander Stiles
City Attorney

# Exhibit A

# Attainable Workforce Housing Performance Grant Program Policy

## Purpose of Program

The purpose of the City of Virginia Beach Attainable Workforce Housing Performance (AWHP) Grant is to provide an incentive for applicants to construct, own, and operate new affordable multi-family rental housing units in the City of Virginia Beach.

"Affordable housing" means, as a guideline, housing that is affordable to households with incomes at or below the area median income, provided that the occupant pays no more than 30% of their gross income for gross housing costs, including utilities.

Affordable housing units are those units that will be rented and affordable to households with an annual income at or below 80% of the Area Median Income (AMI), adjusted for household size, as established by the United States Department of Housing and Urban Development (HUD) for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area for the applicable year of the grant period.

## Background

To combat the affordable housing shortage, to further economic development, and specifically to incentivize the development of affordable housing across the Commonwealth, the General Assembly passed HB 1194 during the 2022 Session, and it became effective on July 1, 2022. HB1194 amended Ch. 49, Title 15.2 of the Code of Virginia, known as the "Industrial Development and Revenue Bond Act," to allow local Development Authorities, in conjunction with their local governing bodies, the power to make grants associated with the construction of affordable housing.

## Eligible Projects

- Projects must be new construction.
- Projects must either 1) have all necessary re-zoning or Conditional Use Permit approvals or 2) have had a request for a re-zoning or Conditional Use Permit heard by the Planning

Commission and scheduled for a City Council meeting. Any approval by City Council of a AWHP grant is not valid unless and until any necessary re-zoning or Conditional Use Permit for the project is approved by City Council.

- Projects must be developed by a for-profit entity.
- Only new multi-family affordable rental housing units that have not started construction as of ~~a to-be-determined date are eligible for the AWHP Grant.~~the date the project is first presented to City Council in closed session are eligible for the AWHP Grant. Multi-family rental housing is defined as 5 or more separate living units that (a) are under common ownership and financing, and (b) are offered for rent. Living units may be either in a single building, multiple contiguous buildings, or on contiguous parcels of land.
- Attainable Workforce Housing Performance Grant applicants must have a demonstrable gap in project financing, as evidenced by their development and operating pro forma.
- Eligible projects may be fully affordable or mixed-income, and may also be mixed-use (i.e., with commercial and residential components).
- Projects that involve the demolition of existing rental housing units only to build a minimum 20% additional affordable housing units.

## Ineligible Projects

- ~~The following projects are not eligible:~~
- Projects that involve only the purchase and/or rehabilitation of existing housing units.
- Projects that have already started construction as of ~~a to-be-determined date~~the date the project is first presented to City Council in closed session.
- Projects that do not have a demonstrable gap in project financing as evidenced by their development and operating pro forma.
- Developments that are produced by a non-profit entity that is already exempt from paying real estate taxes.

## Grant Award

**Duration and Timing:**
The Attainable Workforce Housing Performance Grant is for 15 years. The grant period may be extended another 15-~~-~~year period for a total grant period of 30 years if the recipient complies with the capital reinvestment terms set forth below.

The Attainable Workforce Housing Performance Grant period commences on ~~July~~January 1st of the first real estate tax year following the applicant's completion of the project's construction, as evidenced by receipt of a temporary or permanent Certificate of Occupancy and ends on the last day of the 15th real estate tax year following the grant commencement date, or the 30th tax year, if the grant period is extended.

**Amount and Payment:**
The amount of the performance grant is capped at 100% of the amount of incremental new real estate taxes to be levied and collected for improvements on the Project Site~~.~~ as determined by the City's Real Estate Assessor, with an agreed upon not-to-exceed amount to be determined and to cover the 30-year period. The size and scope of the development will impact the annual grant estimate, with a baseline assumption of 3% annual increase in property value over the life of the agreement. Each annual grant award will be determined by actual assessment growth; however, the amount not to exceed shall be based upon the previously noted assumption and documented upon execution of the grant agreement. This amount may be adjusted to reflect the percentage of residential square footage to the total gross square footage of the structure(s) and the percentage of the number of affordable rental housing units to the number of total residential rental units.

A Grant amount of two (2) times the Performance Grant Percentage, up to 100% of the incremental value, is available to a qualified property when twenty percent (20%) or more of the residential units are affordable at or below 50% of the Area Median Income. The amounts subject to this increase are not subject to the amount of incremental new real estate taxes.

The Attainable Workforce Housing Performance Grant is payable by the City of Virginia Beach Development Authority ("VBDA") upon proof of full and timely payment of the property's real estate tax levy for the applicable payment period and proof of compliance with all requirements of the grant agreement. The VBDA's obligations would be funded via and subject to a corresponding appropriation by the Virginia Beach City Council.

## Terms/Conditions for Award

The recipient of an Attainable Workforce Housing Performance Grant will be required to sign a grant agreement outlining the terms and ~~condition of the award~~conditions of the award. The grant agreement must be signed within 30 days after approval of an award by City Council.

Recipients of an award must:

1. Adhere to the project construction timeline based on the effective date of the grant agreement by submitting a plan of development within 9 months, commencing project construction within 18 months, and completing construction within 3 years~~.~~;
2. Strive for a goal of 50% small, woman, and minority (SWaM) business participation during the construction phase of development. The recipient is required to submit to the City's SWaM Office a report detailing all expenditures with minority business enterprises and emerging small businesses~~.~~;
3. Provide detailed updates and verifications to the City of the applicant's progress regarding the completion of the project construction and, following Project construction, of recipient's continued control, maintenance, and operation of the Project throughout the 15-30 year grant period~~.~~;

4. Restrict occupancy and rents of the Project throughout the 15-30 year grant period according to the schedule that will be outlined in the Grant Agreement~~.~~ and standards promulgated by Virginia Housing and sections 42 and 142 of the Internal Revenue Code. The maximum income and rent limits are the Multifamily Tax Subsidy Program (MTSP) and Housing and Economic Recovery Act of 2008 (HERA) Special Rent Limits and the HUD Multifamily Tax Subsidy Program (MTSP) Income Limits for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro Fair Market Rent (FMR) Area. Owners must include the cost of all resident-paid utilities, excluding phone, cable, and internet, in the gross rent charged to residents. Owners may use the utility allowances published by the City of Virginia Beach Department of Housing or may utilize an alternative utility allowance option approved by Virginia Housing or, if not a Virginia Housing financed project, submitted to and approved by DHNP based on Virginia Housing's Utility Allowance Options and Procedures. Ongoing compliance monitoring and approvals by Virginia Housing provided to the City will serve as evidence of the recipient's compliance with the occupancy and rent restrictions. Projects that are not subject to compliance monitoring by Virginia Housing must provide an annual report in the form and format provided by the City evidencing compliance with rent and occupancy restrictions and will be subject to site inspections and file audit by the City or its subcontractors; and
5. Notify the VBDA and City of any material change in the ~~project's financing structure~~project occurring after an award is made.

For projects with a 30-year performance period, the Project Owner will be required to make ~~an agreed upon~~a reinvestment of $10,000/affordable unit in ~~capital improvements to the Project~~Capital Improvements to ensure the ongoing upkeep and livability of all the affordable rental units prior to the 15th year of service. "Capital Improvements" are defined as expenses for systems and structures, which include the replacement and repair of HVAC, electrical, roofing, plumbing, windows, doors, elevators, and appliances. Expenses for systems and structures not listed will be approved at the discretion of the City.

Any restructure in the project's financing or change in the Attainable Workforce Housing Performance Grant Agreement after an award is approved may constitute a material change in the approved application. The VBDA and the City of Virginia Beach understand the fluidity in the current housing market and intend for this program to be as flexible as possible. However, a material or substantial change in the project's financing structure may negate the approved grant award and the submission of a new application may be needed. If a new application is required, it must follow the same approval process as all performance grant applications. There is no guarantee that an Attainable Workforce Housing Performance Grant will be approved.

## Award Process

1. The Project Owner completes an application to include its project in the Attainable Workforce Housing Performance Grant Program. All completed applications to be

submitted to Director of Housing and Neighborhood Preservation or their designee. After receipt of the application, ~~[Housing/ED/special group designated for this purpose]~~City staff reviews internally to determine if project could qualify and to assess if additional information is needed from Project Owner. Staff could meet with Project Owner to discuss project to determine if project is eligible as a participant in the program.

2. If the project is eligible for inclusion in the program, the City Manager will brief City Council in closed session and, if directed to proceed, request the appointment of grant liaisons. Subsequently, the VBDA will be briefed in closed session on the project.
3. If not previously completed, the City will complete a study of the economic, fiscal and social impacts of the project.
4. A term sheet may be developed, in concert with the City Attorney, and presented to the City Council and VBDA for concurrence.
5. The project manager will undertake stakeholder and community input appropriate for the size and scope of the proposed project.
6. A grant agreement, setting forth all the terms and conditions of the proposed Attainable Workforce Housing Performance Grant is developed between the VBDA and the Project Owner. The grant agreement will require, among other things, that prior to payment of any funds awarded, the property subject to the grant be encumbered with recorded restrictive covenants requiring the property be used for affordable housing to the extent set forth in the grant agreement for a period not to exceed 30 years.
7. On completion, the grant agreement will be presented to City Council and the VBDA for approval. Along with the grant agreement, a support agreement wherein the City agrees, subject to appropriation, to provide sufficient funds to the VBDA to meet its obligations under the grant agreement.

**RESOLUTION OF THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A MAXIMUM STATED PRINCIPAL AMOUNT OF $7,000,000 FOR THE BENEFIT OF VICTORIA PLACE, L.P.**

**WHEREAS**, the City of Virginia Beach Development Authority (the "Authority"), is empowered by the Virginia Acts of Assembly of 1964, Chapter 643, as amended (the "Act"), to issue its revenue bonds to make loans for the purpose, among others, of financing the Plan of Finance (as hereinafter defined) and to benefit thereby the safety, health, welfare and prosperity of the inhabitants of municipalities of the Commonwealth of Virginia (the "Commonwealth") whose housing authorities have not been activated pursuant to the Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended (the "Virginia Code"); and

**WHEREAS**, Victoria Place, L.P., a Virginia limited liability partnership (the "Borrower"), has requested the Authority to agree to issue its revenue bonds under the Act in an aggregate maximum principal amount of $7,000,000 (the "Bonds"), the proceeds of which will be used to finance or refinance a portion of (a) the cost of acquiring, constructing, renovating, rehabilitating and equipping an existing affordable, senior-designated multifamily residential rental housing project consisting of one four-story building of approximately 141,400 total square feet of floor area containing approximately 122 units known as Victoria Place Apartments (the "Project") on approximately 3.07 acres of land located at 4629 Shore Drive in the City of Virginia Beach, Virginia (the "City") and expected to be owned and used by the Borrower or a party related to the Borrower, (b) the funding of reserve funds as permitted by applicable law and (c) the costs incurred in connection with the issuance of the Bonds (collectively, the "Plan of Finance") as permitted under the Act; and

**WHEREAS**, the Project shall be established and maintained as a "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "U.S. Code"); and

**WHEREAS**, preliminary plans for the Plan of Finance have been described to the Authority and a public hearing (the "Public Hearing") has been held on July 14, 2026 with respect to the Plan of Finance and the Bonds in accordance with Section 147(f) of the U.S. Code and Section 15.2-4906 of the Virginia Code; and

**WHEREAS**, no Commissioner of the Authority is an officer or employee of the City, each Commissioner has, before entering upon his or her duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Virginia Code, and at the time of their appointments and at all times thereafter, including the date hereof, all of the Commissioners of the Authority have satisfied the residency requirements of the Act; and

**WHEREAS**, no Commissioner of the Authority has any personal interest or business interest in the Borrower or the proposed Bonds or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Virginia Code in connection with this resolution or any other official action of the Authority in connection therewith.

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

1. The foregoing recitals are approved by the Authority and are incorporated in, and deemed a part of, this resolution.

2. It is hereby found and determined that the Plan of Finance will promote the commerce, safety, health, welfare, convenience or prosperity of the Commonwealth, the City and their citizens and will further the public purposes of the Act by assisting in providing housing to low and moderate income persons in the City.

3. To induce the Borrower to undertake the Plan of Finance and maintain the Project as a "qualified residential rental project" within the meaning of Section 142(d) of the U.S. Code, the Authority hereby agrees, subject to approvals required by applicable law, to assist the Borrower in financing the Plan of Finance by undertaking the issuance of (and hereby declares its official intent to issue) its multifamily housing revenue bonds therefor in an aggregate maximum principal stated amount of $7,000,000 upon the terms and conditions to be mutually agreed upon between the Authority and the Borrower. The Bonds shall be issued in form and pursuant to terms to be set by the Authority. The Bonds may be issued in one or more series at one time or from time to time, and the Bonds of any such series may be either taxable or tax-exempt for purposes of federal income taxation.

4. It having been represented to the Authority that it is necessary to proceed immediately with the Plan of Finance, and the planning therefor, the Authority hereby agrees that the Borrower may proceed with the Plan of Finance and take such other steps as it may deem appropriate in connection with the Plan of Finance, provided, however, that nothing in this resolution shall be deemed to authorize the Borrower to obligate the Authority without the Authority's consent in each instance to the payment of any moneys or the performance of any acts in connection with the Plan of Finance. This resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the U.S. Code. Based upon the representations of the Borrower, the Authority reasonably expects that certain costs of the Project may be reimbursed with the proceeds of the Bonds.

5. At the request of the Borrower, the Authority hereby designates McGuireWoods LLP, Tysons, Virginia, to serve as bond counsel ("Bond Counsel") and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds.

6. The Authority hereby agrees, if requested, to accept the recommendation of the Borrower with respect to the appointment of a placement agent or underwriter for the sale of the Bonds pursuant to the terms to be mutually agreed upon.

7. The Borrower agrees to indemnify and save harmless the Authority, its officers, commissioners, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the issuance and sale of the Bonds.

8. All costs and expenses in connection with the financing and the Plan of Finance, including the fees and expenses of the Authority (including, without limitation, any application fee and/or origination fee), Bond Counsel, counsel for the Authority and any placement agent or underwriter for the sale of the Bonds shall be paid from the proceeds of the Bonds (but only to the extent permitted by applicable law) or by the Borrower. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

9. The Bonds shall be limited obligations of the Authority. Neither the commissioners, officers, agents or employees of the Authority, past, present and future, nor any person executing the Bonds, shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds will not constitute a debt or pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the Authority and the City, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the City, will be pledged to the payment of the Bonds.

10. The Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims all liability to the Borrower and all other persons or entities for any damages, direct or consequential, resulting from the issuance of the Bonds or failure of the Authority to issue the Bonds for any reason. Any obligation of the Authority to exercise its powers in the City to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements and the Authority shall not be liable and hereby disclaims all liability to the Borrower for any damages, direct or consequential, resulting from the Authority's failure to issue Bonds for the Plan of Finance for any reason, including but not limited to, the failure of the City Council of the City (the "City Council") to approve the issuance of the Bonds.

11. The Authority recommends that the City Council approve the issuance of the Bonds, in one or more series at one time or from time to time, in an aggregate maximum stated principal amount of $7,000,000 for the purpose of undertaking the Plan of Finance as required by Section 147(f) of the U.S. Code.

12. Each of the Chair, Vice Chair, Secretary or Assistant Secretary of the Authority is authorized and directed to deliver to the City Council (1) a reasonably detailed summary of the comments, if any, expressed at the Public Hearing, (2) a fiscal impact statement concerning the Plan of Finance and (3) a copy of this resolution.

13. Each of the Chair, Vice Chair, Secretary or Assistant Secretary of the Authority, or the designee of any of them, is hereby authorized to request an allocation or allocations of the State Ceiling (as defined in Section 15.2-5000 of the Virginia Code) in accordance with the applicable provisions of the Virginia Code and any regulations or executive orders issued thereunder. All costs incurred by the Authority, if any, in connection with such proceeding shall be paid for by the Borrower.

14. All other acts of the officers of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the Plan of Finance are hereby ratified, approved and confirmed.

15. No Bonds may be issued pursuant to this resolution until such time as (a) the issuance of the Bonds has been approved by the City Council, (b) the Bonds have received an allocation or allocations of the State Ceiling in accordance with the applicable provisions of the Virginia Code and any regulations or executive orders issued thereunder, and (c) the final terms and details of the Bonds have been approved by subsequent resolution of the Authority.

16. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds or the creditworthiness of the Plan of Finance or of the Borrower.

17. This resolution shall take effect immediately upon its adoption.

## CERTIFICATE

The undersigned Secretary of the City of Virginia Beach Development Authority hereby certifies that the foregoing is a true, correct, and complete copy of a resolution adopted by a majority of the Authority's commissioners present and voting at a meeting duly called and held on July 14, 2026, in accordance with law, and that such resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

**WITNESS** my hand and the seal of the Authority this 14th day of July, 2026.

**CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY**

By: Signed by David Weiner

Secretary

[SEAL]

APPROVED AS TO CONTENT:

Signed by Emily Archer
Economic Development

APPROVED AS TO LEGAL SUFFICIENCY:

Signed by Alexander Stiles
City Attorney

# EXHIBIT A

## Victoria Place, L.P.

| | | |
|---|---|---|
| **Victoria Place GP, L.L.C.** | | **0.01%** |
| Ronald C. Ripley | 33.33% | |
| F. Andrew Heatwole | 33.33% | |
| F. Scott Ripley | 33.33% | |
| | 100.00% | |
| **VP ONE, L.L.C.** | | **99.99%** |
| Ronald C. Ripley | 25.00% | |
| F. Scott Ripley | 28.33% | |
| F. Andrew Heatole | 27.34% | |
| Douglas J. Ripley | 8.33% | |
| Matthew S. Ripley | 5.00% | |
| Daniel B. Heatwole | 2.00% | |
| James F.N. McCune | 2.00% | |
| The Victoria Katherine Power McCune Trust | 2.00% | |
| | 100.00% | |
| **Total** | | **100.00%** |

A RESOLUTION APPROVING THE PROVISION
OF $16,000 IN ECONOMIC DEVELOPMENT
INVESTMENT PROGRAM FUNDS TO
KLETZ ENTERPRISES, LLC

WHEREAS, the City of Virginia Beach Development Authority (the "Authority") was created pursuant to Chapter 643 of the Acts of Assembly of 1964, as amended (the "Act");

WHEREAS, one of the primary purposes of the Act is to enable development authorities "to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth....";

WHEREAS, pursuant to §6 of the Act, the Authority has the power, *inter alia*, "to sell, exchange, donate and convey any or all of its facilities or other properties whether realty or personalty whenever the Authority shall find any such action to be in furtherance of the purposes for which the Authority was organized";

WHEREAS, pursuant to §7 of the Act, "the Authority may foster and stimulate the development of industry in the area within its jurisdiction... [and] may accept, and expend for the purposes stated above, money from any public or private source....";

WHEREAS, pursuant to §10 of the Act, the City of Virginia Beach (the "City") "is authorized and empowered to make appropriations and to provide funds for the operation of the Authority and to further its purposes";

WHEREAS, the economic development goals and objectives of the City include achieving a higher ratio of nonresidential to residential real estate assessments, investing in land and infrastructure to benefit future economic growth, and maximizing the return of economic development efforts through the development and implementation of programs and strategies that facilitate new business investment and encourage retention and expansion activities, thereby improving the overall quality of life in the City;

WHEREAS, the City established the Economic Development Investment Program ("EDIP") as part of its overall effort to enhance the City's ability to accomplish these goals and objectives;

WHEREAS, pursuant to the authority and empowerment set forth in §10 of the Act, City Council authorized the transfer of funds in the EDIP account to the Authority and the provision of future EDIP appropriations to the Authority to enable the Authority to more effectively continue its efforts to foster and stimulate economic development by inducing businesses to locate or remain in the City;

WHEREAS, the Department of Economic Development (the "Department"), acting on behalf of the Authority, has induced Kletz Enterprises, LLC, a Virginia limited liability company (the "Recipient"), to relocate its headquarters to 2649 Production Road, Virginia Beach, Virginia 23454 (the "Property");

WHEREAS, the inducement includes an agreement to recommend the award to Recipient of $16,000 in EDIP funds to underwrite a portion of costs associated with the relocation of Recipient's headquarters to the Property;

WHEREAS, Recipient has represented in its application and the Director of Economic Development (the "Director"), upon review of the application submitted by Recipient, has determined and has advised the Authority it will meet at least one of the following performance criteria (the "Performance Criteria") within thirty-six (36) months after the date of this Resolution.

(a) Tax Revenues: The net amount of direct tax revenues returned to the City as a result of the Recipient's operation will exceed the amount of EDIP Funds provided in thirty-six (36) months; and/or

(b) Capital Investment: For every One Dollar ($1.00) of EDIP funds received, Recipient shall make a new capital investment of at least $25.00.

WHEREAS, the Director of Economic Development, upon review of the application submitted by Recipient, has determined and has advised the Authority that one or more of the following criteria has been met:

(i) the net amount of direct tax revenues returned to the City as a result of Recipient's expanded operation will exceed the amount of EDIP funds provided in thirty-six (36) months, and/or

(ii) for every one dollar ($1.00) in EDIP funds provided, Recipient will spend at least twenty-five and 00/100 dollars ($25.00) in new capital investment.

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

1. That the Authority hereby finds:

(a) that the provision of $16,000 in EDIP funds to Kletz Enterprises, LLC, a Virginia limited liability (the "Recipient") will primarily serve the valid public purpose of fostering and stimulating economic development in the City; and

(b) that the provision of the EDIP funds is in furtherance of the purposes for which the Authority was created; and

(c) that it is unlikely the Recipient would expand its operation within the City without the stimulus of the EDIP award.

2. That the Authority hereby further finds that, based on the direct benefits to the City of Virginia Beach and its citizens resulting from the capital investment and employment opportunities to be generated by the Recipient as a result of its proposed expansion of its operation

in Virginia Beach, the provision of $16,000 in EDIP funds to the Recipient will only incidentally enure to the benefit of private interests.

3. That as of the date of this Resolution, the Recipient has not yet commenced construction of the proposed improvements or filled any of the new job positions being incentivized, if applicable, by this EDIP award.

4. That based on these findings, the Authority hereby approves the provision of $16,000 in EDIP funds to the Recipient to underwrite a portion of the costs associated with the expansion and relocation of the Recipient's operation in Virginia Beach.

5. That disbursement of EDIP Funds by the Authority shall be at the discretion of the Director of the Department of Economic Development of the City of Virginia Beach or his designee (the "Director"), who shall be authorized to require appropriate verification as to qualifying expenditures.

6. That disbursement of EDIP funds to the Recipient shall be on a pro-rata reimbursement basis upon presentation of original receipts for qualifying expenditures to the Director. At the sole discretion of the Director, disbursement may not be prior to the completion of the Employment Opportunity Performance Criteria, if applicable. Disbursement of EDIP funds shall be from time to time, but not more frequently than once per month, until fully expended.

7. That as a condition of receiving EDIP funds related to the employment opportunities incentivized by this award, if applicable, once a new full-time job is filled, it must be maintained without interruption for thirty-six (36) months from the date of this Resolution (the "Performance Period") or the funds advanced for that job may be subject to recapture as set forth in Section 8, below.

8. The Director may require the Recipient to enter into a Recapture Agreement approved by the Director to allow for the recapture of funds for any job incentivized that is subsequently terminated or eliminated by the Recipient, if applicable. Such Recapture Agreement shall provide for the repayment by the Recipient of that portion of EDIP funds so disbursed prorated for the percentage of the Performance Criteria satisfied prior to the expiration of the Performance Period, and shall contain certain other provision as may be determined or required by the Director. Should an individual job be vacant but Recipient is actively seeking a replacement employee, EDIP funds advanced for that position shall not be subject to recapture.

9. As a further condition of receiving the EDIP Funds, the Recipient shall conduct operations in the building at the Property (or such other locations in the City of Virginia Beach as may be agreed to by the Authority) for a minimum of five (5) years from the time of this award. Even if the requirement of paragraph 1 is met, for each year less than five that the Recipient conducts operations at the Property (or other agreed to location) upon written request from the Authority, the Recipient shall pay to the Authority, as EDIP recapture and not as a penalty, one-fifth (1/5) of the amount of the EDIP Funds provided. Such amount shall be paid within fifteen (15) business days after receipt of request from the Authority, and if not paid by such date, the amount due will bear interest at the rate of ten percent (10%) per annum from such date until paid,

and such interest shall be payable by the Recipient in addition to the amount due as calculated above.

10. The Authority may terminate this award and decline to pay any unpaid funds if the recipient has not requested the full $16,000 within thirty-six (36) months of the date of this Resolution.

Adopted this 14th day of July, 2026, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: Signed by David Weiner
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:

Signed by Emily Archer
Economic Development

APPROVED AS TO LEGAL
SUFFICIENCY:

Signed by Alexander Stiles
City Attorney