

Joint CLC, Trustees and SCC Meeting Minutes
March 11, 2015

Following the welcome of meeting participants by CLC Chair Doug Knapp, the following presentation and discussion occurred after an opening prayer was offered by Chris Everly:

- Ralph Rowley provided an opening context for the presentation by describing the potential oceanfront projects that may impact the church including: (1) the development of the arena; (2) development of the dome site; and (3) redevelopment of retail ventures near the Church. Ralph recently had contact with the Peterson Group who are planning to present their proposal for the dome redevelopment in a month. They have agreed to discuss their plans with the Church prior to making their proposals known publicly. At this point, we don't know how their proposals might impact the Church but given their connection with the Methodist Conference, we are hoping that they may want to assist us in some way as we move forward with our facilities planning.
- Oral Lambert, Chair of Trustees, introduced Bruce Berlin who is the Senior Vice President of Ellis-Gibson. Mr. Berlin provided an overview of their proposal to purchase the Church's 18th Street property including the parking area,, Domino's Pizza and Potters House. The details of the proposal include:
 1. Ellis-Gibson proposes to build a parking deck on the property between 17th and 18th Streets. The deck would be a multilevel deck with 8 levels approximately 80 feet in height.
 2. In addition to the Church's property, the developers would also purchase the parking lot owned by the Patels who have already signed a letter of interest.
 3. The final piece of property which would be used for the deck is the night club on the corner of 17th and Pacific which is currently owned by Doug Ellis and Tom Broyles.
 4. The developers have been in discussion with city officials regarding the proposed parking deck. Currently it is envisioned that once the deck is built, it would be sold to the City of Virginia Beach or leased to the City by the developers. Ultimate approval of the project would require approval by the Planning Commission and the City Council.
 5. The project proposes that the Domino's Pizza would be rebuilt to 1,500 sq ft and 4,480 sq ft first floor space would be devoted to retail on Pacific Avenue and 17th Street.
 6. Public parking access to the deck would be from 17th Street.

7. The Church would hold fee simple ownership of the land and the parking on the first floor of the deck which would be expanded to contain 68 spaces with the total parking deck capacity of 793 spaces. The church currently has 48 parking spaces in this parking lot. The height of the first floor deck would be about 18 ft.
8. The area owned by the church would be 22,133 sq ft; our current foot print including Domino's and Potters House is approximately 25,000 sq ft.
9. Additionally the Church would have access to the area under the deck ramp (approximately 4,000 sq ft) for storage. The parking area that will be owned by the church can be constructed in such a way that future uses of the space could be converted to offices, classrooms, etc depending upon Church needs.
10. The proposal requires the Church to sell the property (parking area, Domino's and Potters House) to Ellis-Gibson Development. Ellis-Gibson would retain the air rights over the parking area as well as own the Domino's and Potters House properties. The parking area would be re-subdivided (using church property and Patel property) and then re-conveyed back to the Church. We would retain sole ownership of the first floor parking level fee simple. Ellis-Gibson would assume the note the Church currently holds for Domino's and take ownership of Domino's and the proposed retail space fronting on Pacific Avenue and 17 Street. The City of Virginia Beach would own the parking deck levels 2-8.
11. Contingent upon City approval as the future owner of the deck, the Church would receive between \$ 2.7 and \$ 3 million for the sale of the air rights and the Potters House and Domino's properties.
12. The proposed timeline is:
 - ❖ June 2015: negotiations with VBUMC are finalized (would require a church conference and district approval)
 - ❖ August 2015: negotiations between Ellis-Gibson and City are finalized
 - ❖ October 2015: Planning Commission approves
 - ❖ November 2015: City Council approves
 - ❖ June 2016: architectural and construction plans approved
 - ❖ October 2016: construction begins

❖ April 2017: parking deck opens

- Following the presentation, Mr. Berlin responded to the following questions:
 - a) Would we be able to close before construction so that the Church could have the proceeds from the sale for our building program? Answer: we could not close before construction but could work on an agreement where funding could be made available before closing.
 - b) Who is responsible for parking deck maintenance and security. Answer: the first floor parking area that will be owned by the church would be the responsibility of the church while decks 2-8 would be the responsibility of the City. In the event of structural repairs, those would be the responsibility of the City since the supports would not be on Church property. Elevators would be the responsibility of the City as well.
 - c) Would there be an opportunity for the Church to impose retail restrictions? Answer: Ellis-Gibson would be open to a discussion about this issue.
 - d) Would there need to be consideration of additional fire exits needed should the church modify how our space is used in the future. Answer: it would be important for the church to consider future uses so that the architectural plans would comply with the building code including fire exits.
 - e) What are the constraints that might limit how the Church uses the space in the future? Answer: future uses would need to comply with building code and zoning.
 - f) What is the location of trash receptacles? Answer: on the first floor they are currently located on the northwest and southeast corners of the building adjacent to the two elevators that will service the upper decks.

At the conclusion of questions, Mr. Berlin left the meeting and Doug asked for an overall reaction to the presentation. Harry Davis noted that selling air rights is a common development transaction and has been done successfully across the area for a number of years. It was also commented that if the proposal were accepted, the Second Century Committee would need to develop a plan for a new location for outreach ministries since the Potters House facility would be sold as part of the overall transaction. Earl Slattum commented that if we sold the property, we could build a parking garage on the 19th Street lot which would give us parking independence which has been a goal for some time.

In summarizing discussion, Doug commented that this iteration of the Ellis-Gibson proposal addresses the concerns expressed at the Town Hall meetings as long as a suitable location for outreach ministries can be identified. The question we need to consider in our analysis of the proposal is twofold. First, does the proposal allow us to further our programs and ministries? Second, does the proposed compensation seem appropriate?

Doug then emphasized that we were not authorized to make decisions about the sale of the property as that would require a church conference and endorsement from the District. However we needed to know whether there is support to continue the discussions with Ellis-Gibson and exploration of further negotiations. Asking whether the group felt that God was leading us in that direction, Doug asked for a show of hands. While several persons indicated that they did not support ongoing discussions, the vast majority of participants indicated support for continued explorations. Doug thanked participants for their consideration and adjourned the meeting following a closing prayer offered by Ralph.