



Statement to City Council
Convention Center Headquarters Hotel
December 13, 2011

At Virginia Beach Vision, our position on PPVs has been the following: **City Council should continue to identify public-private ventures where studies show that joint participation will enhance the economic prosperity of the City, broaden its tax base, and serve the interests of the citizens at large.**

Ever since we received information on the proposed project for the Convention Center Hotel, we have included this project in the issues we have discussed within our Resort Task Force. This goes back to 2007 and has been ongoing ever since.

The recent announcement of a negotiated agreement for a PPV to develop a headquarters hotel was therefore no surprise to us, but we have initiated our own studies and deliberations within our task force to ascertain if this project meets our criteria for support.

Five of our members serve as well on the Finance sub-committee that is reviewing this project on your behalf, and the staff has been responsive to our requests for presentations, information, and answers to questions. That process continues.

We have scrutinized past PPVs in the same way, and as a result, we have supported the development of Town Center, the

construction of the Sandler Center, the TIF at Lynnhaven, the sand replenishment at Sandbridge, and the development of the Convention Center itself. We believe the performance of each of these projects has been positive, enhancing the stature and quality of our city.

Our detailed review of this proposed project is not yet complete, but I will comment now in preliminary form in order to provide some balance and perspective.

The city's proposal, if confirmed by the facts, appears to be essentially financed by taxes paid by the visitors that will be attracted by the Convention Center. Further, the staff's assertion that we have lost significant business for lack of a headquarters hotel is verified by the records and by the comments from customers. If its projections hold up to further scrutiny, the pro forma appears to support the view that this project does in fact pay for itself.

The resort industry suffered before when past City Councils ignored its contributions to the city's prosperity, and the cost to rebuild aged infrastructure was enormous. However, subsequent private investment, and the attraction of millions more visitors who pay taxes to us, validate the necessity for investment to sustain the financial dividend provided to the city by the resort industry.

Clearly, if our Task Force comes to the conclusion that a rational and reasonable person would conclude that this project meets the objectives set forth by City Council, and does in fact..."
enhance the economic prosperity of the City, broaden its tax

base, and serve the interests of the citizens at large...” then I expect that Vision will endorse this project and confirm what the bond rating agencies have said in the past.

That is, Standard and Poor’s noted in the city’s last debt issuance that it re-affirmed the AAA rating based upon the strong local economy, our resilience through economic cycles, our comprehensive economic development strategy, and our professional and seasoned management team, and noted as well that our tax base is large and extremely stable and diverse. The other agencies had similar comments.

These positive comments do not come to cities that fail to plan or capitalize on their natural assets. Council’s intentional policy of setting aggressive economic development goals has produced a city that provides a low cost of living with high quality services. For Virginia Beach to compete successfully for jobs, economic investment and tourism dollars, we must continue to invest wisely. To do otherwise will not maintain the status quo but will ensure such opportunities will go elsewhere.