THE CASE AGAINST THE PRINCESS ANNE LANDING TRANSACTION

A consolidated reference of documented concerns regarding the proposed sale of the Virginia Beach National Golf Course property to Dragas Associates, Inc.

Prepared July 31, 2026 for the August 11, 2026 City Council vote. Revised August 10, 2026 (AICUZ study lineage corrected; F-35C EIS added; process capstone with November 2026 election context added; federal suit posture corrected to the July 17, 2026 order; recorded instruments added: Commonwealth lien, federal easement EI-11534, 1997 ground lease; pending PI motion items added; rezoning-capture item added; July 14 transcript verified: non-disclosure confirmed, exclusivity contradiction calibrated against executed NDA body, FOIA pre-commitment and equal-access items added, Stiles confirmed as speaker; v4: vertical integration, no financing contingency, pre-Settlement reimbursables, March 2026 farm lease, Section 11(g), CIP 100282 funding source, Term Sheet Section 8(e) to-grant language, lease-disclosure claim corrected; Aug 11: Ordinance R-2 sponsor list added, ten of eleven members' affordable-housing-gap acknowledgment item added; footnote added on the July-to-August "preservation" to "reconfiguration and continuation" WHEREAS clause change).

How to read this document. Each item states a concern and cites its source. Items are drawn from the City's own documents wherever possible: the draft Term Sheet, the Council agenda item, the RFP, the executed Non-Disclosure Agreement, the City's FOIA production, the City's payment records, and the City's published pay plans. Items that rest on estimates, assumptions, or matters still requiring verification are marked in brackets. This is a reference compilation with a point of view; every factual claim is checkable against the cited original, and readers are encouraged to check.

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1. The Money

The City nets zero dollars from the sale. The entire $17,940,000 purchase price is deposited into an escrow account and spent on the renovation of the golf course the buyer will then own. No portion reaches the general fund.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 3(a) and 5(b)

Public money stacks to roughly $19.9 million on top of the recycled purchase price. $1.82 million in Authority funds, a $4.3 million Public Infrastructure Cap, a $3.6 million Project Cap for course overruns, and a Performance Grant of up to $10.2 million, itself adjusted upward by inflation.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 5(a), 7(a), 7(b)(i), 10(a); City Council Agenda Item, public hearing July 7, 2026

The caps are not caps. Section 7(b)(ii) states the Developer pays all costs above the two caps. Section 10(a) then opens with the words Notwithstanding any other provision of this Agreement and reimburses the Developer for exactly those costs through the Performance Grant.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 7(b)(ii) and 10(a)

The Performance Grant is funded by the new homebuyers themselves. The grant is funded by annual appropriations equal to the incremental real estate taxes paid at the property. Because the pre-sale baseline is defined as zero, the increment equals one hundred percent of the property's real estate taxes. The 659 households pay property taxes from day one; those taxes are contractually routed to reimburse the Developer's overruns, up to $10.2 million plus inflation, before reaching the general fund, while the City provides police, fire, and school services to the new neighborhood throughout. The $10.2 million equals roughly the first three years of the projected $3.4 million in annual new taxes.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 10(a)(i) and (ii)

A 10 percent related-entity fee rides on every reimbursable dollar, including reimbursed overruns. Dragas Management Corporation, a related entity to the Developer, serves as general contractor, and all Developer reimbursable costs include its 10 percent fee. Cost overruns reimbursed through the Performance Grant therefore carry a built-in margin for the Developer's own company. The application's Disclosure Statement, signed June 10, 2026, further lists Dragas Mortgage Company as financing provider and Dragas Companies Realty as real estate broker: the general contractor's fee, the purchasers' mortgages, and the sales commissions may all flow through the Developer's affiliated entities.

Source: Draft Term Sheet, Sections 4(b) and 5(d); Dragas Associates, Inc. Disclosure Statement (signed June 10, 2026), with attached affiliated business entities list

[NEW, Aug. 10 v4] No financing contingency, and pre-Settlement costs are reimbursable after Settlement. Section 3(a) sells the Property for $17,940,000 with no financing contingency; the City requires no demonstration of the Developer's ability to fund the Project. Section 5(c) makes hard and soft costs incurred prior to Settlement eligible for reimbursement after Settlement by corresponding Draw Request. Spending can begin, and reimbursement rights can accrue, before the transaction is final.

Source: Draft Term Sheet, Sections 3(a) and 5(c)

The City surrenders a profitable and growing asset. VB National returned record amounts to the City in its final two years: $697,840 in 2024 and $729,942 in 2025, including $319,448 and $358,724 respectively in rent and profit sharing over and above taxes. Total returned since 2007: $6,596,371. At 2025 levels, a decade of surrendered payments is about $5.9 million.

Source: City summary of VBN rent and tax payments, 2007 to 2025

This is not a failing golf course; it is a failed landlord. Under the management agreement, the operator handles maintenance under $5,000 and the VBDA is responsible for capital maintenance above it, funded by the operator's dedicated capital reserve payments. Operators paid $2,216,058 into that reserve since 2007. The Term Sheet says the VBDA currently holds $750,000. The City Auditor identified $7.7 million in unmet needs. The deterioration cited as the reason to sell reflects the Authority's failure to perform funded maintenance, not a lack of golfers or revenue. Where the reserve money went remains unanswered.

Source: City Council Agenda Item, public hearing July 7, 2026; Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 5(a); City summary of VBN rent and tax payments, 2007 to 2025.

The Tourism Investment Program alternative was never publicly analyzed. TIP, funded by hotel, meals, and admissions taxes, built the $68 million Sports Center, paid $6.1 million more in 2024 to buy out its failed operator, and funds a sports facilities capital project exceeding $25 million including the Virginia Beach Sportsplex. VB National needs $7.7 million, one ninth of the Sports Center alone, and unlike the Sports Center it produces net revenue. No analysis of a TIP-funded renovation that keeps land, course, and revenue in public hands appears in the public record.

Source: WAVY (Feb. 2023, Mar. 2024, Nov. 2024); 13News Now (2024); City Council Agenda Item, public hearing July 7, 2026

The land price is roughly $51,000 per acre, and the furniture goes free. Approximately $17.94 million for approximately 350 acres in the appreciating Courthouse corridor, with all furniture, fixtures, and equipment conveyed to the Developer at no cost.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 1 and 3(d)

The $18.4 million in Additional Private Investment is unitemized, unsecured, and unbonded. The Term Sheet lists categories (clubhouse upgrades, cottages, putting course, grand entrance, equipment) with no dollar breakdown, no financing commitment, and no security, yet the same figure inflates the price the City must pay to ever repurchase the course through the Investment Recovery Amount formula.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 2(a) and 9(b)(ii)

The 99-year repurchase option is weaker than advertised. It triggers only after public golf stops for more than 24 months, requires the City to pay the greater of fair market value or the Investment Recovery Amount, is exercisable only if the City commits to operate an 18-hole course or agreed facility itself within two years, and excludes the residential and daycare land entirely.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 9

Nothing binds Dragas to stay. The Term Sheet contains no assignment restriction and no anti-flip provision. After closing, the renovated course and the entitled residential land, improved substantially with public money, could be resold to any buyer. Settlement timing itself rests on approvals judged necessary or desirable in the Developer's sole and absolute opinion, and the City covenants not to take any action that would impair, encumber, or diminish the Developer's interest.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 3(b) and 3(c)

The deal unwinds a state-funded conservation purchase. The Farm Property was acquired with Commonwealth Oceana and ITA conformity grant funds specifically to prevent development encroachment; selling it for this project requires repaying an estimated $178,000 to the Commonwealth, funded per Ordinance paragraph 4 from previously appropriated funds within Capital Project 100282, Oceana & ITA Conformity and Acquisition II. The base-protection capital project itself pays the penalty for reversing the protection it purchased.

Source: City Council Agenda Item, public hearing July 7, 2026

[NEW, Aug. 10] The recorded lien on the farm parcels is capped at $3,920,120. The agenda item says $178,000. The recorded Reimbursement Agreement and Memorandum of Lien, made November 15, 2011 and recorded January 18, 2012 in the Clerk's Office of the Circuit Court of Virginia Beach, covers GPINs including 1494-03-5237 and 1494-13-7202, two of the four parcels the deal conveys. It recites that the City acquired the property by deed dated August 16, 2011 (Instrument No. 20110823000866970) for a purchase price of

$7,840,240.00, that the Commonwealth reimbursed fifty percent of that price under the Military Strategic Response Fund Agreement, and that upon any conveyance or disposition the City shall pay the Commonwealth the lesser of fifty percent of the sales price or fifty percent of the Purchase Price, with the lien capped at fifty percent of the Purchase Price, $3,920,120. The July 7 agenda item disclosed an estimated $178,000 repayment. No public document reconciles the recorded lien's terms with that figure, and no release of the lien appears in the public record. [If the City identifies a recorded release or amendment, this item should be updated.]

Source: Reimbursement Agreement and Memorandum of Lien, recorded Jan. 18, 2012, Clerk of the Circuit Court of Virginia Beach (as filed as an exhibit to ECF No. 19-2, Case No. 2:26-cv-00738, E.D. Va.); deed Instrument No. 20110823000866970; City Council Agenda Item, public hearing July 7, 2026 ($178,000 figure)

[NEW, Aug. 10] Two of the four parcels carry a recorded perpetual federal easement that prohibits residential use, and the golf course sits under a recorded 40-year ground lease to the VBDA through 2037. Grant of Easement EI-11534, recorded September 21, 2012, conveys to the United States of America a perpetual restrictive easement over 516.16 acres near NAS Oceana and NALF Fentress, expressly including GPINs 1494-03-5237 (Parcel A, 42.857 acres) and 1494-13-7202 (Parcel B, 27.000 acres). Its residential clause reads, verbatim: The Property may not be used for residential use, including but not limited to nursing homes and temporary accommodations such as cabins, trailers, RVs, tents, etc. The easement freezes permitted uses to the September 25, 2007 version of the CZO Section 1804 compatibility table (attached to the instrument, with every residential category marked N), imposes FAA Part 77 height limits and lighting controls, conditions any stormwater impoundment on prior written federal approval, requires ninety days certified-mail notice before any new use or construction, and requires its terms to be incorporated in any instrument divesting any interest in the land, including the deed this transaction contemplates. The Term Sheet separately concedes that stormwater design requirements drive the entire course redesign, placing a federal approval checkpoint directly on that redesign. Separately, the recorded Memorandum of Ground Lease for the TPC Golf Course (Deed Book 3799, page 626) confirms the City leased the course to the VBDA effective October 8, 1997 for a term of forty years ending October 7, 2037. The housing parcel (1494-52-3434) lies outside the easement; the easement does not by itself bar the residential program, but it burdens two of the four parcels being sold and the redesign of the course across them.

Source: Grant of Easement EI-11534, recorded Sept. 21, 2012, Clerk of the Circuit Court of Virginia Beach, easement reference N40085-12-RP-00041 (as filed as an exhibit to ECF No. 19-2, Case No. 2:26-cv-00738, E.D. Va.); Memorandum of Ground Lease, Deed Book 3799 at 626; Navy REPI encroachment-partnering program per Navy NewsStand release NNS090612-08, June 12, 2009 (https://www.globalsecurity.org/military/library/news/2009/06/mil-090612-nns07.htm); Draft Term Sheet, Section 2(a)(i) (stormwater drives redesign)

2. The Process

An 18-month confidential head start. City staff first met privately with Dragas and her attorney on April 22, 2024. The public RFP issued October 12, 2025. In between, a confidential document pipeline delivered leases, stormwater studies, facility assessments, five years of financials, wetlands and drainage records, with documents shared with Dragas ahead of the full VBDA board.

Source: City FOIA production, April to October 2024 (April 19-23 and May 29, 2024 emails; August 27, 2024 Document List)

An exclusivity NDA, signed without a Council vote, walling off the City's own oversight bodies. The City Manager signed the agreement August 7, 2024. Its execution clause names it an Exclusivity and Mutual Non-Disclosure Agreement; a Senior City Attorney transmitted the signed copy under the subject line VB/Dragas Non-Compete; and Section 2(c) commits the

City to withhold the information from any member of any appointed committee or commission of the City, excluding the VBDA and the TA/ITA Citizens Advisory Committee by definition. The Manager's charter authority to sign it remains unconfirmed.

Source: Executed NDA, Aug. 7, 2024; City FOIA production, April to October 2024 [FOIA F022004-071726 pending on signing authority]

The developable footprint was defined in private the day after the NDA. On August 8, 2024, staff mapped the yellow area outside the ITA overlay, about 42 acres, the portion of the property where residential development is possible.

Source: City FOIA production, April to October 2024 (Aug. 8, 2024 email)

The parcel shuffle: five, then two, then four. The NDA's Exhibit A mapped five parcels in August 2024. The public RFP offered two. The negotiated deal conveys four, including roughly 110 acres of adjacent farm parcels no competitor could bid on. Of nine RFP respondents, only Dragas's proposal referenced adjacent City property beyond the RFP scope. Eight competitors priced a two-parcel offering; the party who helped define the footprint in private negotiated a four-parcel deal.

Source: NDA Exhibit A; RFP #ED-25-04; Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 1; review of respondent proposals via public document library

Three Council members took the developer's pitch in private, structured to stay outside the open-meeting law. In September 2024, Dragas texted three Council members directly about an exciting proposal. Meetings were arranged in groups of no more than two, below Virginia FOIA's three-member public-meeting threshold; the Mayor's own reply cited the legal limit on how many members can gather at once. No violation of law, and no public in the room.

Source: City FOIA production, April to October 2024 (Sept. 23-27, 2024 text messages); Va. Code 2.2-3701, 2.2-3710

Council never reviewed all nine proposals. Asked directly at a District 2 town hall before roughly 25 witnesses whether Council had reviewed all nine proposals submitted for the property, City Attorney Mark Stiles said no.

Source: First-person witnessed exchange, District 2 town hall, July 2026

The committee with jurisdiction was excluded, then overridden twice. The TA/ITA Citizens Advisory Committee, whose charter covers this land, was never consulted before the deal and formally recommended denial twice, on January 7 and July 6, 2026. The vote proceeds regardless. By contrast, a 10.6-acre Historic Kempsville parcel received Citizens Advisory Committee input before its RFP even issued.

Source: CAC letters of Jan. 7 and Jul. 6, 2026; July 14, 2026 Council agenda (Historic Kempsville item)

[NEW, Aug. 10 v4] During the exclusive negotiations, the City signed a new lease on the very land being sold. Section 8(f)(iv) lists, among agreements requiring termination or modification, a Lease Agreement dated March 26, 2026 between the City and Land of Promise Farms Partnership, partial termination contemplated. Four months before the vote, and roughly 23 months into the confidential process, the City created a new leasehold encumbrance on the farm property that the transaction must now partially unwind.

Source: Draft Term Sheet, Section 8(f)(iv)

The required public hearing exists only because the first one was defective. The June 28, 2026 legal notice misstated the acreage, forcing re-advertisement and moving the vote from July 14 to August 11 to satisfy Va. Code 15.2-1800.

Source: Virginian-Pilot legal notices; Va. Code 15.2-1800, 15.2-1813

Footnote: the re-advertised ordinance also quietly changed its own framing. The July 6/30/2026 version's closing WHEREAS clause cited "ensuring the preservation of the golf course." Both current August versions, R-1 and R-2, replace that with "ensuring the reconfiguration and continuation of the golf course." Not previously tracked in the July-to-

August comparison; not a change with a fiscal or legal effect, but the City's own drafting quietly conceding that "preservation" was never the accurate word for what this ordinance does.

After the vote, Council is largely out of the loop by design, and the nine-vote safeguard has a staff-controlled trigger. Re-authorization by a nine-vote supermajority is required only if a change to the transaction is material. Whether any change is material will be determined by the City Manager upon consultation with the City Attorney and in their sole reasonable discretion. The ordinance pre-authorizes the City Manager to execute the binding Purchase and Development Agreement with such other terms, conditions or modifications as may be acceptable to the City Manager. The charter-level supermajority protection therefore operates only when the same offices that conducted the confidential process, signed the exclusivity NDA without a Council vote, and structured the transaction decide it should. Section 11(g) adds that even the transaction's own sequence of steps is approximate and the parties may mutually agree to rearrange, modify, or reorder such steps. That is the whole safeguard, and it is in their hands, not Council's.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), page 2; Ordinance, paragraphs 2 and 3; City Council Agenda Item, public hearing July 7, 2026 (nine-vote requirement)

The City becomes the rezoning applicant's contract partner before its own review begins. Council is asked to authorize the sale before the Planning Commission has heard the required conditional rezoning. The Term Sheet then obligates the Developer to obtain rezoning with the City's cooperation as a contract partner, with the parties attempting to obtain all approvals by June 30, 2027. The City will be contractually aligned with the applicant in the very land use review it is supposed to judge impartially. The rezoning is prejudged by contract before the first public hearing on it.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 8(d) and 8(e)

[NEW, Aug. 10] The rezoning capture, in full: four structural defects and one legal question. First, the 2027 rezoning vote is held hostage: the transaction's survival is tied to the rezoning through the Plan of Development's milestones and termination rights, so a future Council denying the rezoning would be unwinding a closed transaction after conveyance, after the interim revenue transfer, and after public funds are committed. The contingency is publicly confirmed: the July 14 staff presentation told Council the sale is contingent on a successful rezoning and that if Council voted to sell, Dragas would not own it the next day, with a year of due diligence to follow. [Confirm the exact termination trigger language in the final Purchase and Development Agreement when published.] Second, the staff evaluation is structurally compromised: the Planning staff who will write the recommendation report to the City Manager, whose office is contractually committed to cooperation with the applicant, holds the sole-discretion materiality trigger, and is an individual defendant in the pending federal case. Third, the contract speaks with two voices at once: Section 3(c)'s covenant against impairing the Developer's interest ends with a savings clause, nothing shall prevent the City from taking actions in its municipal capacity as required or authorized by law, while Section 8(e) separately commits the parties to deadlines for City, with Developer's timely cooperation as applicant, to grant, all permits, approvals, and other authorizations for all elements of the Project. One sentence preserves discretion; another schedules the City's yes as a deliverable. Which sentence controls is precisely the kind of question a court resolves. Fourth, at the time of the rezoning the City will likely still hold title, making it simultaneously landowner, contract partner of the applicant, staff evaluator, and legislative judge. Fifth, and stated as a question rather than a conclusion: Virginia law has long held that a locality may not contract away its police power, and whether Sections 8(d)-(e) and the termination structure amount to impermissible contract zoning is a question of law that Council should require the City Attorney to answer on the record before voting, and that a court may ultimately answer regardless. [Full legal analysis reserved for counsel; this item states the structural facts and poses the question.]

Source: Draft Term Sheet, Sections 3(c), 8(d), 8(e), and Plan of Development provisions; Ordinance, paragraphs 2 and 3 (pre-authorization); ECF No. 1 (Duhaney as individual defendant); general doctrine per Virginia police-power jurisprudence [legal analysis routed to counsel]

The public roads and utilities will be sole-sourced, not competitively bid. The Term Sheet states the parties anticipate a sole source determination under the Virginia Public Procurement Act for the design and construction of the Public Infrastructure Improvements, the turn lanes, road widening, utility relocations, sidewalks, and sewer extensions the public is paying up to $4.3 million for. That public work flows through the Developer's related-entity general contractor with its 10 percent fee, subject only to best efforts to solicit three bids on material components.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 4(d), 5(d), 6, and 7(a)

The City's golf revenue ends before the sale even closes, and then the course closes. Upon Council approval of the Term Sheet, an interim management agreement allows the Developer to operate the course and retain all revenues generated there before Settlement, agreeing to reinvest an equal amount in operations. The City's rent, profit sharing, and reserve stream, $729,942 in 2025, stops at that point, not at closing. The course then closes to public play for an expected 15 to 18 months, up to 24.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 2(a)(v) and 8(e); City summary of VBN rent and tax payments, 2007 to 2025

The public has never seen a final document. The only published Term Sheet bears a DRAFT watermark and an unexecuted date line reading June blank 2026, confirmed unchanged in the actual August 11, 2026 Council packet. Reports that vote commitments were secured before the required hearing remain unverified hearsay.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), confirmed against the City of Virginia Beach August 11, 2026 Formal Session Agenda packet [vote-count reports remain hearsay, unverified]

Count the strings, then judge the label. The City Attorney has characterized this transaction as a straight land sale. A straight land sale conveys property, collects the price, and ends at closing. This transaction includes: an escrow account the City administers to disburse the buyer's own purchase price back into her construction project through monthly draw requests; $1.82 million in Authority funds added to that escrow; up to $4.3 million in infrastructure reimbursement and $3.6 million in overrun reimbursement; a Performance Grant capturing the property's real estate taxes for annual Council appropriations to the Developer for years, up to $10.2 million plus inflation; a 99-year repurchase option enforcing a public golf covenant; a City right to enter and maintain the property during closures; a contractual obligation to cooperate as the Developer's contract partner in rezoning; an anticipated sole-source determination for public infrastructure built by the Developer's related entity; jointly funded subdivision of the City's own land; and a mutual Plan of Development with milestones, termination rights, and a staff-controlled mechanism for deciding what changes ever return to Council. No legal conclusion is offered here. The features are listed from the document itself; readers can judge for themselves whether straight land sale describes them.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 1(g), 3, 5, 6, 7, 8, 9, and 10; City Attorney characterization per public statements, July 2026

[NEW, Aug. 10] Taken together, the pattern is what appearance-of-impropriety standards exist to describe, and Virginia law leaves the remedy to Council and the voters. Under Virginia's Conflict of Interests Act (Va. Code 2.2-3100 et seq.), appearance of impropriety is not a freestanding violation for elected officials; the Act runs on a disclosure-and-disqualification model triggered by defined personal interests, and no specific statutory violation is alleged here. But Council's authority is delegated and bounded by the City Charter, which also provides Council its own investigatory powers. An 18-month confidential head start; an exclusivity NDA signed without a Council vote that walled off the City's own advisory committee; private developer briefings structured to stay below the open-meeting threshold; a parcel scope that grew only for the party inside the tent; and a materiality trigger controlled by the same offices that ran the confidential process. Each step, standing alone, may be lawful. The remedy Virginia law provides for the pattern is political accountability, and it arrives on schedule: six of the eleven members of this Council, in Districts 2, 4, 6, 8, 9, and 10, stand for election on November 3, 2026, five of them in contested races, less than three months after this vote.

Source: Va. Code 2.2-3100 et seq. (disclosure and disqualification model); Virginia Beach City Charter Sections 3.05, 3.06, 3.09, 3.10; League of Women Voters of South Hampton Roads, Virginia Beach 10-1 voting system explainer (https://southhamptonroadsva.lwv.org/vab10_1); Ballotpedia, Virginia Beach, Virginia 2026 general elections (https://ballotpedia.org/Virginia_Beach,_Virginia); items and sources above

[NEW, Aug. 10; VERIFIED Aug. 10 v2] The recorded encumbrances appear nowhere in the deal's public documents, and nowhere in the July 14 presentation either. Neither the published Draft Term Sheet nor the July 7 Council Agenda Item discloses the recorded federal easement EI-11534, the recorded Commonwealth lien's actual terms, or the 1997 ground lease's 2037 expiration; the agenda item's only related disclosure is the estimated $178,000 Commonwealth repayment. This has now been verified against the full transcript of the July 14, 2026 Council meeting: no portion of the staff presentation, the legal presentation, or the public comment mentions the lien, the easement, the ground lease, the year 2037, or any repayment figure. City Attorney Stiles's presentation instead characterized the transaction as arising from unsolicited proposals built on publicly available information, stating that any party interested in acquiring the golf course could have sought and obtained the exact same information that was provided to the Dragas company. It also defended the NDA as containing FOIA carveouts and as not preventing disclosure of otherwise public information; neither defense addresses Section 2(c)'s exclusion of the City's own appointed committees, which is not a FOIA provision. [Speaker identity confirmed against the meeting video, Aug. 10.]

Source: Transcript of Virginia Beach City Council meeting, July 14, 2026 (full text reviewed Aug. 10, 2026); video at https://www.youtube.com/watch?v=l20Jr8Cu-bo (legal presentation at approx. 1:44:08 to 1:48:21); Draft Term Sheet and City Council Agenda Item, July 7, 2026; Executed NDA, Aug. 7, 2024, Section 2(c)

[VERIFIED Aug. 10 v3] Council was told exclusivity was refused. The signed document says Exclusivity three ways, and the City behaved exclusively. On July 14, City Attorney Stiles told Council: the Dragas company also requested negotiation exclusivity, but the city did not agree to that request. The executed August 7, 2024 agreement's body contains no operative clause granting exclusive negotiating rights, so the statement has a textual basis. But the execution clause the parties actually signed reads: executed this Exclusivity and Mutual Non-Disclosure Agreement. The document's own embedded file path, printed on its pages, names the source file Exclusivity Non-Disclosure Agreement 7-01-2024.docx. The Senior City Attorney's transmittal email was captioned VB/Dragas Non-Compete. And the signature page bears the stamp Approved as to Legal Sufficiency, City Attorney's Office: the same office whose principal told Council exclusivity was refused approved a document that calls itself an Exclusivity Agreement in the clause above the signatures. Whatever the operative text says, the conduct was exclusive: one party received the City's confidential document pipeline for seventeen months before any competitor knew a process existed. [Speaker identity confirmed against the meeting video, Aug. 10.]

Source: Executed Mutual Non-Disclosure Agreement, Aug. 7, 2024 (execution clause, p. 4; embedded file path, pp. 4-5; legal sufficiency stamp, p. 4); Transcript of July 14, 2026 Council meeting; City FOIA production (transmittal email; document pipeline, April to October 2024)

[NEW, Aug. 10 v3] The equal access claim fails twice: the City promised in writing to fight disclosure, and no respondent was told the file existed. Stiles told Council on July 14 that any party interested in acquiring the golf course could have sought and obtained the exact same information that was provided to the Dragas company. Two documented facts stand against that. First, the executed NDA's Sections 2(a) and 2(b) commit the City, in advance, to exclude Dragas-related Confidential Information from disclosure under the Virginia Freedom of Information Act pursuant to a promise of confidentiality, and to seek other FOIA exclusions where the proprietary exclusion does not apply. The City signed a promise to resist the very disclosure its attorney later described as freely available. Second, a party can only request what it knows exists: nothing in RFP #ED-25-04 disclosed to the nine respondents that a complete due-diligence file, including leases, the VHB stormwater study, five years of financials, wetlands and drainage records, and the pre-release audit, had been assembled and delivered to one party fourteen months earlier. Equal right to ask is not equal knowledge of what to ask for.

Source: Executed Mutual Non-Disclosure Agreement, Aug. 7, 2024, Sections 2(a) and 2(b); Transcript of July 14, 2026 Council meeting; RFP #ED-25-04; City FOIA production (Aug. 27, 2024 Document List)

[NEW, Aug. 10 v2] Dragas told Council the plan adds 16.5 acres of new lakes. The recorded easement requires federal approval for stormwater impoundments. At the July 14 hearing, a Dragas Companies vice president told Council the proposal includes 16 and a half acres of new lakes that will address storm water. Grant of Easement EI-11534 prohibits bird-attracting features including ponds on the easement land except as expressly allowed, and conditions any stormwater impoundment on the prior written approval of the United States. No public document identifies where the new lakes would sit relative to Parcels A and B, and no public document states that federal approval has been sought or granted. The question is locational and answerable: where are the 16.5 acres of new lakes, and do any sit on the easement land?

Source: Transcript of July 14, 2026 Council meeting (Dragas Companies public comment); Grant of Easement EI-11534, recorded Sept. 21, 2012 (pond and stormwater impoundment clauses)

The August packet quietly deleted its own history. The July version of the ordinance materials contained background language, including the unsolicited proposals framing. The August 11 packet removed background paragraphs and changed the acreage. A cleaned-up record is still a record: the July version is preserved, and the differences are documented. The deleted framing was not incidental: the July 14 staff presentation told Council the RFP followed mounting capital expenditures and unsolicited interest from two different parties, and the legal presentation repeated the unsolicited characterization. The words spoken in July were edited out of the packet in August.

Source: Comparison of July 7 and August 11, 2026 Council packets [side-by-side comparison in campaign files]; Transcript of July 14, 2026 Council meeting

3. The Lawsuit and Individual Defendants

Two of the eleven votes belong to individual defendants, and the vote lands while a federal preliminary injunction motion about this transaction awaits a hearing. Mayor Dyer and Vice Mayor Wilson are sued individually in the pending federal action arising from this transaction, based on their personal participation in the confidential negotiations. City Manager Duhaney and City Attorney Stiles, the two offices the ordinance entrusts with the sole-discretion materiality trigger, are individual defendants as well. Virginia's Conflict of Interests Act does not require recusal, because contingent litigation exposure is not a defined personal interest; the Act's disclosure model remains available to any member who wishes to state the matter on the record. The pending Motion for Preliminary Injunction does not ask the Court to stop the August 11 vote; by its own terms its relief operates on the property and the instruments of transfer whenever a vote may occur. Council may therefore vote and still convey nothing while the motion is heard. Any urgency to close ahead of the Court's ruling belongs to the transaction's proponents, not to the public.

Source: Class Action Complaint, ECF No. 1, paragraphs 21 to 25; Order of July 17, 2026, ECF No. 10; Motion for Preliminary Injunction, ECF No. 19 (Aug. 7, 2026), Case No. 2:26-cv-00738 (E.D. Va.); Va. Code 2.2-3101, 2.2-3112

The federal suit is live; the TRO failed only because the vote moved, and a preliminary injunction motion now awaits a hearing. The Class Action Complaint, filed July 13, 2026, pleads nineteen counts, including Clean Water Act, civil rights, and Bald and Golden Eagle Protection Act claims, against the City, the VBDA, Dragas, and, individually, Mayor Dyer, Vice Mayor Wilson, City Manager Duhaney, and City Attorney Stiles. On July 17, 2026, Senior Judge Rebecca Beach Smith denied the TRO application WITHOUT PREJUDICE and found the motion to expedite moot, on one ground only: the July 14 vote date the motion targeted had passed when the City postponed the vote to cure its defective hearing notice. The order reached no merits. Summonses issued to all seven named Defendants on July 20, 2026, and service is being completed. On August 7, 2026, Plaintiffs filed a Motion for Preliminary Injunction under Rule 65(a) against the City, the VBDA, the City Manager in his official capacity, and Dragas, with a 30-page memorandum and exhibits, requesting a hearing at the Court's earliest convenience; Defendants oppose. The motion does not seek to enjoin the August 11 vote itself. Its requested relief operates on the property and the instruments of transfer whenever a vote may occur: it asks the Court to freeze execution, delivery, or recording of any conveyance of the five GPINs plus an adjacent parcel, freeze the 1997 Ground Lease and the management agreement, bar land disturbance including within 660 feet of either bald eagle nest absent a survey and federal permit, and halt further land-disturbing development in the Southern Rivers Watershed pending Clean Water Act compliance.

Source: Order of July 17, 2026, ECF No. 10; Summonses, ECF No. 12 (July 20, 2026); Motion for Preliminary Injunction, ECF No. 19, Memorandum ECF No. 19-1, and exhibits ECF No. 19-2 (filed Aug. 7, 2026), Case No. 2:26-cv-00738-RBS-DEM (E.D. Va., Norfolk Div.)

4. Planning and the Comprehensive Plan

The housing conflicts with four of the six core goals of the City's own Comprehensive Plan. The CAC's July 6, 2026 denial letter found the added density conflicts with four of the six stated goals of Imagine VB 2040.

Source: TA/ITA CAC letter, July 6, 2026

It directly collides with the pending ITA and Vicinity Master Plan Update. The relocation of golf holes 2 and 3 required by the Dragas plan needs land the Master Plan Update designates for other use. The CAC recommended denial of both proposals for this structural conflict. Two City initiatives that contradict each other are advancing simultaneously.

Source: TA/ITA CAC letter, July 6, 2026

The density is an order of magnitude out of scale for the location. Approximately 659 units on roughly 42 to 52 developable acres is about 13 to 16 units per acre, against the Transition Area design guideline of one dwelling per acre south of the Green Line and the ITA overlay standard of one dwelling per 15 developable acres inside the ITA, on land at the edge of the corridor the City and Commonwealth spent years and public money protecting from residential encroachment after BRAC 2005.

Source: City Comprehensive Plan, Princess Anne Commons and Transition Area chapter; CZO Section 1806; RFP #ED-25-04 zoning section

5. AICUZ and Jet Noise

Three of the four parcels sit inside the ITA in 65 to 75 dB DNL noise zones. Precision overlays run against the City's own GIS services confirm GPINs 1494-34-4919, 1494-13-7202, and 1494-03-5237 inside the ITA boundary in 65-70 or 70-75 DNL zones; only the roughly 48-acre housing parcel, 1494-52-3434, falls outside the ITA, at the edge of the 65 DNL contour.
Source: City of Virginia Beach ArcGIS services (Planning MapServer/26; AICUZ MapServer/0), queried July 2026

[REVISED, Aug. 10] The noise contours are two decades old and trace to Hornet-era studies, not today's operations and not tomorrow's aircraft. The adopted contours trace to the 1997 Aircraft Noise Study prepared for the F/A-18 realignment at NAS Oceana and the 2003 noise study prepared for the Environmental Impact Statement for the Introduction of F/A-18 E/F (Super Hornet) Aircraft to the East Coast, with contours approved by the Chief of Naval Operations in 1999 and adopted by the City through the 2005 Hampton Roads Joint Land Use Study and Article 18 of the City Zoning Ordinance (December 20, 2005). They have not been redrawn in over two decades. Homes permitted at the edge of the 2003-era lines could sit inside louder redrawn contours, and by then the encroachment is permanent and becomes political pressure against the base itself.
Source: Navy AICUZ study lineage documentation, Naval Station Norfolk Chambers Field AICUZ Study (cnrma.cnic.navy.mil); City of Virginia Beach AICUZ program page (https://planning.virginiabeach.gov/zoning/air-installation-compatible-use-zone-aicuz)

[NEW, Aug. 10] The redraw is no longer hypothetical: a federal EIS on basing 70 F-35Cs at Oceana is underway right now, at the City's own invitation. In December 2025 the Navy opened an Environmental Impact Statement evaluating the transition of seven F/A-18E/F squadrons to F-35C Lightning II Joint Strike Fighter squadrons at either NAS Oceana or NAS Lemoore, homebasing 70 aircraft over roughly a ten-year period, with facility work potentially starting as early as 2028. That EIS will produce new noise modeling for Oceana. City Council itself adopted a resolution on July 2, 2024 supporting the basing of F-35s at Oceana. The same Council that formally invited louder next-generation aircraft to the base is asked to approve 659 homes at the edge of noise lines drawn from 2003-era modeling while the federal process that will redraw those lines is actively underway.
Source: Navy F-35C East Coast homebasing EIS coverage, December 2025: WTKR (https://www.wtkr.com/news/in-the-community/virginia-beach/navy-seeks-community-input-on-basing-f-35-jets-at-oceana), WAVY (https://www.wavy.com/news/military/navy/nas-oceana-may-finally-get-f-35cs-and-could-switch-out-fa-18s/), 13News Now (https://www.13newsnow.com/article/news/national/military-news/navy-seeks-public-input-on-environmental-review-for-f-35c-transition-at-nas-oceana/291-ccad5295-c8b1-429b-85bc-51085d4bb8af); Office of Rep. Jen Kiggans (https://kiggans.house.gov/posts/kiggans-leads-resolution-to-secure-f-35c-basing-at-nas-oceana); Virginia Beach City Council resolution of support, July 2, 2024

The Navy's compliance letter narrows, rather than resolves, the concern. NAS Oceana's Planning Liaison confirmed in writing: no portion of the site is in any Accident Potential Zone; the Navy relies entirely on the City's AICUZ overlay and CZO Article 18 and has never requested project-specific impact studies; and on that basis the proposal is CZO-compliant. Navy compliance therefore means compliance with the existing overlay. The age of that overlay is the concern.
Source: Correspondence from John Lauterbach, Planning Liaison, NAS Oceana and Dam Neck Annex, July 2026

6. Environment and Stormwater

The City's own advisory committee found the soils and drainage unsuitable for the density proposed. The CAC's July 6, 2026 letter cites ITA soil and drainage suitability concerns among its grounds for denial.
Source: TA/ITA CAC letter, July 6, 2026

The Term Sheet concedes stormwater governs the entire redesign. The Course Redesign will be driven by stormwater design requirements, and includes all stormwater facilities necessary to serve the Property and Project. The course's lakes and drainage easements serve surrounding areas; redesigning them affects the neighbors.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 2(a)(i)

The key stormwater study sits behind the NDA. A VHB stormwater study was among the documents delivered to Dragas under the NDA. Whether it is a City-commissioned public infrastructure study or Dragas-specific work product, and who engaged and paid VHB, is unestablished.

Source: City FOIA production, April to October 2024 (Aug. 27, 2024 Document List, VHB stormwater study) [Provenance unverified; records follow-up identified]

7. The Housing Promise

The affordability commitment is best efforts only. The Developer shall use best efforts to target two of four product types to households earning under 120 percent of AMI. No binding sale price, no deed restriction, no buyer income qualification, no stated remedy if prices come in higher, and, per the items above, not even a commitment that Dragas remains the owner.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 2(d)

The people the housing is named for cannot buy it, at hire or at five years. At the City fiscal model's $374,600 value for the two targeted product types, a starting Virginia Beach police officer, firefighter, or teacher would need 62 to 67 percent of gross pay for housing; at five years of service, 54 to 61 percent. A five-year officer married to a five-year firefighter, $136,532 combined, misses the standard 28 percent lending test at 5 percent down by $54 a year. A family at the very top of the targeted band, $129,240, fails every financing scenario tested.

Source: City fiscal model; City Salary Structure eff. 7/9/2026; VBCPS step scale SY 2026-27; VBPD published figures; Freddie Mac PMMS 7/30/2026 (6.66%) [Step-advancement and cost assumptions documented in the companion affordability handouts]

FHA makes it worse; VA helps only veterans, and only barely; neither works without approvals nobody has promised. FHA's mortgage insurance raises the required income to $137,459, above conventional 5 percent down. A zero-down VA loan lowers it to $134,445, enough for the officer-firefighter couple only if one is a veteran. Both FHA and VA condominium lending require the project itself to hold FHA or VA approval, which new construction lacks by default and which nothing in the Term Sheet commits the Developer to obtain.

Source: Companion affordability analysis (assumptions stated therein); Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026)

All 659 units are condominiums with undisclosed fees, in formats that make the targets harder. Condominium fees for a community with clubhouse, pool, and fitness center are not disclosed and are excluded from every affordability representation. The one- to three-bedroom formats of the targeted product types attract one- and two-person households, whose HUD household-size-adjusted AMI ceilings are lower than the advertised four-person figure.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Section 2(d); HUD income-limit methodology [Household-size ceilings derived from standard HUD factors; verify against published FY2026 table]

[NEW, Aug. 10] The City has had its own binding definition of affordable, and its own delivery machinery, since 2007. The deal uses neither, and the City's own zoning bars its workforce housing program from most of this land. Zoning Ordinance Article 21 (Workforce Housing, Ord. No. 2997, adopted August 28, 2007) defines affordable at Section

2102(a): no more than approximately thirty percent of gross household income spent on direct housing costs, which for buyers include mortgage principal, interest, taxes, homeowner's insurance, mortgage insurance where applicable, and mandatory HOA and condominium fees. Under the City's own definition, the $374,600 unit's full monthly cost at 5 percent down, principal and interest of $2,286.92, property tax of $302.80, insurance and private mortgage insurance of approximately $297, and an estimated $300 condominium fee, totals $3,187 per month. At 100 percent AMI, the area median, the budget is $2,692.50, and the unit fails by $494.50 per month, 35.5 percent of income rather than 30 percent; at 80 percent AMI, the bottom of the City's typical affordable-housing eligibility band, it fails by over $1,000 per month. At 120 percent AMI ($129,240), the actual ceiling of the Term Sheet's own targeting language in Section 2(d), the budget is $3,231, and the unit narrowly clears the test, by $44 per month. The unit therefore meets the City's own affordability definition only within a band of roughly two percentage points, approximately 118 to 120 percent AMI, at the very top edge of the range the deal claims to serve; every household the deal's own targeting language describes as eligible below that fails. City Code Chapter 16, Article VIII (Section 16-42 et seq.) supplies the delivery machinery the Term Sheet omits entirely: buyer income certification at 80 to 120 percent of AMI, discounted sales prices, city mortgage buy-downs evidenced by promissory note, an equity sharing agreement returning appreciation to the City, and resale controls. The Term Sheet instead uses the word attainable, which appears nowhere in the zoning ordinance's definitions and carries none of that machinery. And Section 2103 prohibits the Workforce Housing Overlay District, the City's only codified affordable housing zoning tool, on any property in a noise zone of 65-70 dB DNL or greater: three of the four parcels sit in 65-75 DNL zones, so the City's own program could not lawfully operate on most of this land. [Article 21 verified against the ordinance text; Chapter 16 details verified against a verbatim code excerpt; confirm section numbers against the official Municode text before quoting them at the podium.]

Source: City Zoning Ordinance, Article 21, Sections 2100-2106 (Ord. No. 2997, 8-28-07; text at https://www.zoneomics.com/code/virginia-beach-VA/chapter_20; official version at library.municode.com, Virginia Beach, Appendix A); City Code Chapter 16, Article VIII, Sections 16-42 et seq. (verbatim excerpt at https://www.cityhealth.org/city/virginia-beach/); FY2026 HUD AMI chart, City of Virginia Beach Housing and Neighborhood Preservation (https://s3.us-east-1.amazonaws.com/virginia-beach-departments-docs/housing/Initiatives/Housing-Matters/Housing-Matters-HUD-Income-Chart.pdf); Virginia Beach FY2026 real estate tax rate $0.97 per $100 (https://assessor.virginiabeach.gov/tax-rates); Freddie Mac PMMS 7/30/2026

[NEW, Aug. 10-11] Ten of eleven Council members already recognized this gap in writing. Their own fix supplies no content. Ordinance R-2, the August 6, 2026 alternate ordinance published alongside R-1 for the August 11 vote, is sponsored by Mayor Robert M. Dyer, Vice Mayor Rosemary A. Wilson, and Councilmembers Rouse, Schulman, Berlucchi, Cummings, Hutcheson, Remick, Ross-Hammond, and Jackson-Green. R-2 adds a new Paragraph 5: the City Manager is not authorized to finalize the sale unless Developer, prior to Planning Commission and City Council consideration of any rezoning, has committed to the percentage of affordable housing units that will be constructed. Ten members sponsoring that condition on the same day they are asked to approve the sale is Council's own acknowledgment that the affordability commitment above, best efforts, under 120 percent AMI, does not itself satisfy the City's Section 2102(a) definition. R-2's own text, however, repeats the gap it was written to close: it states no income level, no price, no minimum unit count, and no enforcement mechanism, leaving the City Manager, the same officer who under Paragraph 3 of both R-1 and R-2 already holds sole discretion over what counts as a non-material change, to decide unilaterally whether whatever Dragas offers satisfies Paragraph 5.

Source: Alternate Ordinance R-2, CA17166, dated 8/6/2026, City of Virginia Beach August 11, 2026 Formal Session Agenda packet, p. 45 (sponsor list) and pp. 45-47 (ordinance text); compare Ordinance R-1, CA17166, dated 8/3/2026, same packet (no Paragraph 5)

The marketing borrows credibility the commitment does not match. The project's public materials cite the developer's Spence Crossing record at 100 percent of AMI while the actual Princess Anne Landing commitment is the materially looser 120 percent ceiling.

Source: renewvbnational.com residential materials, captured July 2026

The circle closes on the buyers themselves. The Performance Grant is funded by the property taxes of these same purchasers, routed to the Developer's overruns before the general fund, in a project that advertises a daycare pad site its own price-targeted neighbors cannot afford to use, using childcare costs no lending ratio even counts.

Source: Draft Term Sheet, Princess Anne Landing, Exhibit A to the ordinance (public hearing July 7, 2026), Sections 2(e) and 10(a)

Every factual claim above is checkable against the cited original; readers are encouraged to check.