

ECONOMIC DEVELOPMENT AUTHORITY

HENRICO COUNTY, VIRGINIA

To wit:

A regular meeting of the Board of Directors of the Economic Development Authority of Henrico County, Virginia, was held at 6:30 p.m. on Thursday, June 16th, 2022, at the Henrico EDA offices at 4300 East Parham Road, Henrico, VA 23228.

DIRECTORS PRESENT

Susan Custer, Chairman
Eddie S. Whitlock, Vice Chair
Philip C. Strother, Secretary
Samuel Bagley
Lauren Bifulco
S. Floyd Mays, Jr.
Linda Melton
Travis Pearson
Frank Thornton

DIRECTORS ABSENT

None

DIRECTORS PARTICIPATING ELECTRONICALLY

Dennis J. Berman, Treasurer

OTHERS PRESENT

Ryan Murphy, Deputy County Attorney
Anthony J. Romanello, Executive Director
Ebonie Atkins, Managing Director
Andrew Larsen, Managing Director
Twyla Powell, Managing Director
Krista Rodgers, Marketing and Communications Manager
Ashley Kubat, Office Administrator
Leah Butler, Citizen

The Chair called the meeting to order at 6:30 p.m.

AUTHORIZATION OF ELECTRONIC PARTICIPATION

Ms. Custer informed the Board that Mr. Berman is unable to physically attend the meeting in person due to a temporary medical condition. Mr. Berman wishes to participate remotely from Richmond, Virginia. Ms. Custer moved that the Board approve the electronic participation of Mr. Berman. Mr. Pearson seconded the motion, and Ms. Bifulco, Ms. Custer, Ms. Melton, and Messrs. Bagley, Mays, Pearson, Strother, Thornton, and Whitlock all voted “aye,” approving Mr. Berman’s remote participation.

APPROVAL OF MINUTES

Ms. Custer asked if there were any corrections or additions to the minutes. Hearing none, with a motion by Mr. Strother, seconded by Ms. Melton, the minutes for the May 19th meeting were approved, with Ms. Bifulco, Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

INTERGLOBIX UPDATE

Mr. Romanello introduced Ms. Rodgers and Mr. Larsen. Mr. Romanello stated that Ms. Rodgers had joined the EDA team as the new Marketing and Communications Manager, in the role formerly held by Ms. Miller. Mr. Larsen has joined as a Managing Director and is filling one of the two positions created when Toney Hall retired. Mr. Romanello congratulated Mr. Murphy on his promotion to Deputy County Attorney, and then introduced Mr. Nagpal.

Mr. Nagpal thanked the Board for their continued partnership with InterGlobix and expressed his pleasure to represent Henrico’s internet infrastructure globally. Mr. Nagpal explained that each day, 2.5 quintillion bytes of data are created. In 2018, there were 22 billion

connected devices. It is estimated that by 2030, there will be 50 billion connected devices. Data consumption growth by those devices is also growing rapidly, which is increasing the need for hyperscale data centers and new subsea cables. By 2023, the data industry will be worth \$174 billion.

The internet infrastructure is the foundation of the digital economy. Digital transformation will affect every industry, with medicine, agriculture, and manufacturing as the most impacted. Digital infrastructure is now considered the fourth utility, and every business is now a digital business. The combined value of the digital transformation to both society and industry could be greater than \$100 trillion over the next ten years.

Data centers are central to the internet infrastructure. They consume nearly 3% of the world's electricity but have worked to become carbon neutral or carbon negative. Data Centers in the European Union have pledged to become carbon neutral by 2030. Dominion Energy has pledged to become net zero by 2050 and has invested in large offshore and solar projects.

Subsea cables are also vital to the internet infrastructure, with about 97% of all data being transmitted through them. 2016 – 2020 saw the development of 107 new cables and \$13.8 billion in created value. It is estimated that an additional \$8 billion will be generated between 2021 – 2023. Google's Dunant cable connects France to Henrico, Virginia. The Marea cable, used by Microsoft, Facebook, and Telxius connects Henrico to Bilbao, Spain. The Telxius network POP enables the trans-Atlantic subsea loop. This connectivity allows Henrico to act as the digital gateway between the U.S., Europe, South America, Africa, and Asia.

The DE-CIX Richmond internet exchange is a major milestone in the evolution of Henrico's internet infrastructure, allowing Henrico to become part of the largest neutral ecosystem in the world, and the largest data center neutral ecosystem in North America. Richmond was the 27th interconnection platform in DE-CIX's global expansion journey. Now, Henrico is connected to 23 countries on four different continents and is the largest carrier and data center neutral interconnection ecosystem in North America.

InterGlobix has helped put Henrico on the global internet map by establishing Henrico's internet infrastructure brand. InterGlobix has aided in positioning Henrico and the White Oak Technology Park in the digital infrastructure industry as the go-to destination for data centers with robust digital infrastructure encompassing data centers, subsea cables, internet exchange, terrestrial fiber, fiber conduit system, and excellent public-private sector partnerships. InterGlobix has helped the Henrico EDA host five webinars on Henrico's internet infrastructure and has facilitated meetings with data center site selection teams, including CyrusOne, Aligned, STACK Infrastructure, NTT (RagingWire), Compass Data Centers, Digital Realty, and CoreSite.

InterGlobix has reviewed, refined, and redesigned a Henrico internet infrastructure presentation, as well as fact sheets for distribution to data center site selectors and brokers. Feedback was provided for the new EDA website and video. InterGlobix spearheaded the deployment of DE-CIX Richmond, co-founded the QTS NAP and the Internet Ecosystem Innovation Committee (IEIC). They are also engaged in ongoing discussions on development with Tindall Construction and GreenCity.

Mr. Nagpal emphasized that the NAP is valuable because it is carrier neutral, scalable, has a densely connectible ecosystem, has a partnership approach, and facilitates strong relationships with other subsea partners. InterGlobix and the EDA are planning an IEIC/NAP Summit for November 8, 2022 which will feature 400 attendees, 30 speakers, and five panels. The father of the internet, Vint Cerf, will be in attendance. . The summit will be held on at the Short Pump Hilton and will define Henrico as the blueprint for internet ecosystem development. The summit will also feature cross-industry coverage, including healthcare, banking, education, media, financial, and automotive.

Mr. Nagpal asked if there were any questions. Mr. Strother asked the depth of the subsea cables. Mr. Nagpal answered that they are on the ocean bed, which has varying depth, but typically they are miles down. Mr. Bagley questioned the implications of someone cutting the cables. Mr. Nagpal replied that the cables are protected internationally and are likewise protected by their deep location. Mr. Nagpal conceded that there is an element of vulnerability, but the widespread implications of cutting a cable would be a deterrent.

Mr. Pearson inquired about net neutrality protection. Mr. Nagpal answered that both content providers and distributors work together to embrace net neutrality, and the government is involved as well. There are ongoing discussions on the prevention of unfair advantages. Mr. Pearson asked if block chain has any value with the internet infrastructure. Mr. Nagpal stated that block chain is an up-and-coming technology that is something to watch and has the potential for a greater impact later.

Mr. Romanello informed the Board that the last NAP summit was held three years ago in Sandston. The EDA booked the Hilton for the event to put the best foot forward for the high caliber guest list. Mr. Romanello anticipates that the EDA will have private partnerships to help with the expense but asked the Board to authorize the EDA to spend approximately \$38,000 for the event with the possibility of financial contributions from some partners to help offset the cost. Ms. Custer responded that there were no objections.

FY23 WORKPLAN

Mr. Strother informed the Board that the Strategic Planning Committee met prior to the regular meeting at 5:00 p.m. The staff and Mr. Romanello reviewed the plan for the committee, and the workplan was unanimously approved. With the full approval of the committee, Mr. Strother moved that the Board also approve the FY23 Workplan. Mr. Pearson seconded it, with Ms. Bifulco, Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

BUSINESS TAX UPDATES

Mr. Romanello displayed the Henrico data center tax revenues from 2017 – 2022. Data center tax revenue totaled \$1,977,613 in 2017 and is now up to \$10,319,827. Mr. Romanello noted that there is much new construction happening, so the numbers are expected to rise. Another chart demonstrated the impact of lowering taxes on private investment.

In 2015, Henrico lowered the machinery and tools tax rate from \$1.00 to \$.30. There has been an 84% increase from prior to the rate change to the present. Henrico lowered the Business Personal Property tax rate in 2017, which has resulted in a \$4,140% increase since before the rate change. The BPOL exemption increased from \$100,000 to \$200,000 in 2019, to \$400,000 in 2020, and to \$500,000 in 2021, resulting in a 30% increase. Even without a change to the non-data center tax rate, revenue still increased 111%.

Henrico also recently reduced the R&D tax rate to \$.90, a reduction of 74%. This is expected to also increase private investment significantly. Ms. Custer asked if there were any questions. Hearing none, she moved to the next agenda item.

INDUSTRIAL SITES INVENTORY

Mr. Romanello announced that the EDA has been working to assess what land is left in the White Oak Technology Park after the recent sale. There is not enough land remaining to accommodate large-scale projects, so the EDA has contracted Timmons to identify a maximum building footprint for each industrially zoned site in the County. The Timmons analysis demonstrates the potential for data centers, distribution, and manufacturing, and has been shared with the County Manager and Director of Planning.

Mr. Strother asked if the next step involves the acquisition of private land or rezoning of current parcels. Mr. Romanello replied that the plan is still in development and private partners are consistently bringing forward zoning actions which help to add land to the inventory. Ms. Custer asked if there were any additional questions. Hearing none, she moved to the next agenda item.

COMMITTEE REPORTS

Strategic Planning: Mr. Strother provided his update during the FY23 workplan agenda item.

Personnel: No report.

Finance: Ms. Melton stated that the fiscal year ends June 30th, 2022, and that the EDA's yearly audit will begin in July.

Marketing: Ms. Rodgers informed the Board that she is working on connecting the dots in the EDA's marketing strategy through native and print advertising, regular virtual interactive content, message strategy, video branding, and reporting and measuring success. The native and print advertising milestones in May included the International Economic Development Week campaign, the print ad in *Area Development*, and the health and life sciences site page. Upcoming milestones include the Czech translation of EDA promotional materials, *Area Development* digital ads, the Gold Shovel award, the Governor's announcement of Project Get Smart, and the content package.

The EDA created a video wrap-up in May for the final day of International Development Week and will feature the animation for the Gold Shovel award in June. The EDA published a SWaM-focused print ad in May and mapped out the strategy for the upcoming messaging for June – September. Other May milestones included a ½ page SWaM ad, *Henrico Now/BR* template refresh, a marketing review presentation, and the real estate tax refresh. For June, there will be a Henrico Circle event, new strategies for Pride Month, Juneteenth messaging and graphic, and *Property Now*.

Video branding in May included time to plan for Q2 and Q3 video branding, and will feature A Day in Henrico in June, with a diversity and inclusion focus. The focus on reporting and measuring success has been on engagement, in-house creative, and strategically connecting the dots.

TEAM EDA MONTHLY REPORT

Mr. Romanello displayed the organizational chart for the EDA staff, happily announcing that the EDA was now fully staffed. Renee Hileson will be introduced to the Board in July. Mr. Romanello informed the Board that the Team Report metrics included an upcoming, still confidential announcement for Project Get Smart, and Power Systems, Inc., a company that was located in the city but relocated to Henrico.

Mr. Romanello outlined the Biome at Richmond test-fit for site #1 at White Oak Technology Park, prepared by BioRealty, Inc. Phase One of three has been competed and is focused on lab space for pharmaceutical processing. The proposed plan includes a shell building

with higher capability HVAC systems, water, sewer, and electricity. The EDA plans to enter Phase Two by the end of June, which will provide more cost information. Mr. Romanello also announced that the EDA is also undergoing a study with a private partner on office space conversion to lab space.

Ms. Custer asked if there were any questions. Hearing none, she moved to the next agenda item.

OLD/NEW BUSINESS

Ms. Custer asked if anyone had any old business. Hearing none, she asked if anyone had any new business. Hearing none, Ms. Custer introduced Ms. Butler, who is a realtor and interested in Henrico updates. Ms. Butler thanked the Board for allowing her to join and stated that she is very impressed with Henrico's activity.

CLOSED SESSION

Ms. Custer moved that the Board go into a closed meeting pursuant to Virginia Code section 2.2-3711(A)(5) for a briefing of the members of the Board of Directors and discussion concerning two prospective businesses interested in locating their facilities in Henrico County where no previous announcement has been made of the business' interest. With a second by Ms. Bifulco, and with Ms. Bifulco, Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting "aye," the Board entered closed session.

After the matter had been discussed, Ms. Custer moved that the Board exit the closed meeting and return to open session. Mr. Pearson provided a second, and Ms. Bifulco, Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voted "aye." Then, Ms. Custer read the following Certificate for Closed Meeting into the record:

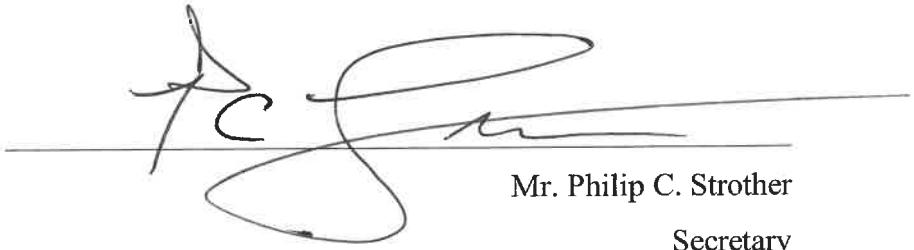
WHEREAS, the Economic Development Authority of Henrico County, Virginia, has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED that the Board certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Board.

Ms. Custer moved that the Board certify the closed meeting. Mr. Pearson seconded the motion, and Ms. Bifulco, Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voted "aye."

There being no further business, the meeting adjourned at 8:14 p.m.

A handwritten signature in black ink, appearing to read "JC Strother", is written over a horizontal line. The signature is fluid and cursive, with "JC" on the left and "Strother" on the right.

Mr. Philip C. Strother
Secretary