

**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, November 17th, 2022 at the Henrico EDA offices at 4300 East Parham Road, Henrico, VA 23228.

DIRECTORS PRESENT

Susan Custer, Chair
Eddie S. Whitlock, Vice Chair
Dennis J. Berman, Treasurer
Philip C. Strother, Secretary
Sam Bagley
S. Floyd Mays, Jr.
Linda Melton
Travis Pearson
Frank Thornton

DIRECTORS ABSENT

None

DIRECTORS PARTICIPATING ELECTRONICALLY

None

OTHERS PRESENT

Ryan Murphy, Deputy County Attorney
Anthony J. Romanello, Executive Director, Henrico EDA
Dennis Bickmeier, Executive Director, Henrico SEA
Andrew Newby, County Attorney
Sheila Minor, Henrico County Director of Finance
Cari Tretina, Chief of Staff for Henrico County
Michael Hallmark, GreenCity Principal
Jonathan Spiers, Richmond BizSense
T.W. Bruno, Bond Counsel, McGuireWoods
Brian McCann, President and CEO, Faison School
Lisa Dwelle, Associate Head of School, Steward School
Steven Gow, Director, The Mintz & Gow Group of Truist Wealth
Bernice Murff, Business Development Officer, The Mintz & Gow Group of Truist Wealth
Ebonie Atkins, Managing Director
Andrew Larsen, Managing Director
Twyla Powell, Managing Director
Kayla Coleman, Business Representative
Ashley Kubat, Office Administrator

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

ANNOUNCEMENT REGARDING ELECTRONIC PARTICIPATION

Ms. Custer announced that none of the Directors would be participating remotely and continued to the next agenda item.

APPROVAL OF MINUTES

Ms. Custer asked if there were any corrections or additions to the October 20th, 2022 regular meeting minutes. Hearing none, with a motion by Mr. Whitlock, seconded by Mr. Pearson, the October 20th, 2022 regular meeting minutes were approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA APPROVING CERTAIN MODIFICATIONS TO THE TERMS OF ITS EDUCATIONAL FACILITIES REVENUE BOND (THE FAISON CENTER FOR AUTISM) SERIES 2017

Mr. Bruno informed the Board that the new agreement will remain substantially similar to the original bond issued in 2017, only changing to adapt to the decision to remove the LIBOR rate in 2023. He explained that the resolution would authorize the Chair to sign a Consolidated Amendment and a Second Allonge and Amendment to amend the Bond Purchase and Loan Agreement and the bond to change the interest rate mechanics and any other necessary changes. Ms. Custer asked if there were any questions. Hearing none, on a motion by Mr. Mays, seconded by Mr. Whitlock, the resolution was approved with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA APPROVING CERTAIN MODIFICATIONS TO THE TERMS OF ITS REVENUE REFUNDING NOTE (THE STEWARD SCHOOL) SERIES 2010

Mr. Bruno echoed his earlier statement about the modifications on the Faison School bond amendments, stating that the same reasoning and modifications were in place for the Steward School bond series as well. Ms. Custer asked if there were any questions. Hearing none, on a motion by Mr. Bagley, seconded by Mr. Whitlock, the resolution was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

GREEN CITY

Mr. Newby stated that there were three Green City items for consideration: an Amended and Restated Purchase and Sale Agreement, a Development Agreement, and a Petition for Creation of a Community Development Authority. Mr. Newby provided some historical context on the project for the Board. The EDA approved a memorandum of understanding with the County in January of 2021. Under the MOU, the County agreed to convey the Best Products property to the EDA, upon the EDA’s negotiation of the Purchase and Sale agreement with Green City Partners LLC. The EDA completed the Purchase and Sale agreement with Green City Partners in June of 2021, and the property was rezoned pursuant to a Master Plan and Provisional Use Permit in October of 2021.

The existing Purchase and Sale Agreement lists a closing date of April 12 and October 12, 2023 with a provision for a one-year extension, which will be changed to February 23, 2023 in the Amended and Restated Purchase and Sale Agreement. The other change will be to the payment schedule. The first PSA has a two-phase payment schedule, with approximately \$5 million for the first payment and \$1.2 million for the second. The Amended and Restated PSA will provide for payments of \$500,000 at closing, \$500,000 on the first anniversary, and \$5,221,400 on the second anniversary.

The Development Agreement between the EDA, the County, and Green City Partners requires development in conformance with the Master Plan. The Agreement contains a repurchase option in the event of a default that runs with the land and binds subsequent purchasers. It will require cooperation on the creation of the Community Development Authority and the financing of the arena, and it also requires a sustainability plan and the hiring of a sustainability director.

The final item, the Petition for the Creation of the CDA, would include the Best Products property but the CDA could be expanded to include different properties later. The CDA is meant to finance public infrastructure projects, which will include a large portion of the arena. The

CDA will issue bonds to finance projects in the district, which would be repaid using the revenue generated within the district.

Mr. Pearson asked if the CDA will be structured similarly to the EDA. Mr. Newby answered that there will be an oversight committee of five people who are appointed by the Board of Supervisors. The CDA will not have a dedicated staff since the CDA is a financing mechanism, but the CDA board will contract with auditors, lawyers, and other professionals with expertise in CDA financing. Mr. Strother questioned if the CDA will have an Executive Director. Mr. Newby answered that the CDA will not have an Executive Director. Mr. Berman asked if the CDA's oversight committee will report to the Henrico Board of Supervisors. Mr. Newby responded that the oversight committee works in the best interest of the community and does not report to the Board of Supervisors.

Mr. Strother questioned the reasoning behind having the County government involved in private enterprise decisions in the management of the arena. Mr. Hallmark responded that the arena is privately operated but is aligned with the County on programs of special interest to the public. Ms. Custer asked what the consequences of the project not closing on time would be. Mr. Newby replied that the agreement includes provisions for termination or extension. Mr. Mays asked whether there would be interest earned on the money being delayed by two years. Ms. Tretina responded that profit on the project was not the end goal for the County, but rather, the benefit to the community. Thus, the County Manager and Board of Supervisors decided to keep the purchase price flat in order to facilitate build out of the Green City project.

Mr. Hallmark displayed new project renderings, explaining that the idea behind the project is to attract the portion of the corporate market that is invested in Environmental, Social, and Governance issues, such as companies with climate pledges. These types of projects are not available in Henrico County and are not readily available in other locations either, and GreenCity is scheduled to be the largest living commercial building within the United States. A living building is one that generates its own power, uses only the water that falls on the building, and processes its own waste. There are only 167 such buildings worldwide.

Mr. Hallmark stated that the project is able to happen because of the head start that the Best Products building provides. The roofline provides a large advantage for the living building challenge. Mr. Hallmark noted many organizations have already expressed interest in locating to Green City – though nothing is yet public. Mr. Strother questioned the viability of the model. Mr. Hallmark responded that while not everyone is interested in the project, those that are, are extremely interested. Mr. Thornton asked if small and disadvantaged businesses can participate in a project such as GreenCity. Mr. Hallmark replied that working with those types of businesses will be included in the project and stated that they are currently working on a workforce training program.

On a motion by Mr. Pearson, seconded by Mr. Berman, the Amended and Restated Purchase and Sale Agreement was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

On a motion by Mr. Mays, seconded by Mr. Whitlock, the Development Agreement was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

On a motion by Mr. Pearson, seconded by Mr. Thornton, the Petition for the Creation of the Community Development Authority was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

TRUIST ADVISORY SERVICES REVIEW

Mr. Romanello introduced Mr. Gow and Ms. Murff with Truist Advisory Services to provide an update on the EDA’s investments. Mr. Gow stated that a portfolio of treasury bills has been created due to the impressive yield from the recent rise in interest rates. Mr. Gow drew the Board’s attention to the executive summary on the handout, summarizing how the EDA cash balances are positioned. The goal for the EDA is to maximize yields while also anticipating future liquidity needs and to do so in compliance with Virginia law and the EDA’s Investment Policy. The current value of the portfolio is \$25 million, which is mostly composed of Treasury =bills. The T-bills are purchased at a discount and as they approach maturity, they accrue to 100 cents on the dollar. At maturity, the EDA will receive \$524,000 in earnings on its investments.

Mr. Gow outlined the ladder structure, stating that the nearest maturity is January, while the longest is August of 2023. The average life of the portfolio is under half of a year. Ms. Custer questioned what the plan for the future is. Mr. Gow stated that at each maturity, a discussion will be had with the EDA to see what the current needs are and what is going on in the market before purchasing another investment. Mr. Strother asked if the \$25 million is new money or if it is a reinvestment. Mr. Romanello replied that it is both – the EDA had \$13 million prior to the sale of sites 11 and 12, which makes of the remainder of the balance.

Mr. Bagley asked what the consequences of withdrawing money from a T-bill before the maturity date would be. Mr. Gow responded that T-bills are traded based on interest rates at the time, and that there could potentially be a penalty if interest rates rise. Mr. Mays questioned how long the wait is for a withdrawal. Mr. Gow stated that the EDA would be able to access their money the next day after maturity.

Ms. Murff highlighted the fact that the ladder structure of the T-bills is designed to have money coming available with frequency in order to prevent a situation where the EDA would need to withdraw early from a T-bill. Mr. Gow stated that the EDA purchases T-bills backed by the US Treasury, and that while the policy does allow for some flexibility in other investments, those also come with additional risks. For instance, the EDA could purchase corporate or agency bonds, which have a slightly higher yield, but they also carry additional risk. Ms. Custer asked for questions. Hearing none, she continued to the next agenda item.

FY22 AUDIT

Mr. Romanello informed the Board that the FY22 audit has been completed, finishing with a year-end balance of \$13 million and an unmodified opinion with no audit findings.. The EDA's financial position has never been stronger, and even doubled the cash balances last month. Mr. Romanello recommended the audit for approval. On a motion by Mr. Pearson, seconded by Mr. Thornton, the FY22 audit was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting "aye."

RESOLUTION – SIGNATORY AUTHORITY – INCENTIVE AGREEMENT – ALLIANZ

Ms. Coleman explained that Allianz is a global leader in specialty insurance for travel, events, tuition, etc., and that every year, they protect the financial investment of 100 million customers. Allianz Partner's US Headquarters is in Innsbrook, and they would like to eventually phase out work from home to get their employees back into the office.

Ms. Coleman said that the EDA had received intelligence about Allianz planning to relocate in May of 2022, motivated by the desire to reduce their office footprint and incentivize an in-person office presence with premier activities. In June of 2022, the EDA conducted real estate research to provide Allianz with alternative locations for consideration. In August of 2022, Allianz strongly considered leasing office space in two locations in the City of Richmond along with two Henrico locations. Throughout this, the EDA worked collaboratively with Allianz' landlord to stay informed on their lease negotiations, which gave birth to the Retention Incentive draft framework.

In September of 2022, the EDA staff presented the Major Employer Retention Incentive draft framework to the EDA Board of Directors. A letter of support to outline that framework was then given to Allianz. That following October, Allianz' consultant engaged the EDA to request a draft of the Major Employer Retention Incentive Agreement, and in November, a draft agreement was sent to and accepted by their counsel.

Ms. Coleman stated that over a three-year period beginning January 1st, 2023, Allianz must do the following:

- Retain 252 jobs
- Certify that the 252 retained jobs report to their Henrico HQ
- Retain an average annual salary of \$111,299

Ms. Coleman said that if they do so, the EDA will provide a \$75,600 grant each year, not to exceed a cumulative total of \$226,800. That figure was decided by taking the average figure

paid by the state of Virginia per job in similar projects, \$900, and multiplying by 252, the number of retained jobs. Mr. Pearson asked about the demographics of the Allianz employees. Ms. Coleman answered that they are actively trying to recruit younger employees, which is one reason why they have prioritized an enhanced office environment.

Mr. Bagley questioned what would stop Allianz from coming back to the EDA in three years with the same request. Mr. Romanello answered that nothing would stop them, but that the EDA hopes that they will be happy with the extensive renovations. Mr. Mays asked if the improvements would raise the real estate tax. Mr. Romanello responded that since most of the improvements are being done on the interior of the building and not causing any exterior expansion, there likely would not be any substantial increase in real estate taxes. Ms. Coleman pointed out that if Allianz chooses to relocate before the end date of the agreement, they will be responsible for paying any money they have received to that point back to the EDA.

Mr. Romanello thanked Ms. Coleman and Ms. Atkins for the work they did on the project and congratulated them on their first retention victory. On a motion by Mr. Mays, seconded by Ms. Melton, the Allianz incentive agreement was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting “aye.”

RESOLUTION – SIGNATORY AUTHORITY – THIRD AMENDMENT TO PURCHASE AGREEMENT – 7500 STAPLES MILL ROAD

Mr. Romanello informed the Board that the Third Amendment to the Purchase Agreement for 7500 Staples Mill Road would extend the Purchaser’s due diligence deadline to the end of the next calendar year. The developer requested more time to address neighborhood concerns regarding the project. Mr. Romanello recommended the resolution for approval. On a motion by Mr. Mays, seconded by Mr. Thornton, the Third Amendment to the Purchase Agreement was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Thornton, and Whitlock all voting “aye.” Mr. Strother abstained from the vote.

Mr. Romanello asked the Board to consider adding approval of the St. Gertrude’s property acquisition to the agenda, following the announcement by Mr. Vithoukas at the State of the County event. On a motion by Mr. Pearson, seconded by Ms. Melton, the item was added to the agenda by consent, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Thornton, and Whitlock all voting “aye.” Mr. Romanello explained that the property had been appraised and Benedictine Schools of Richmond, Inc. had agreed to sell the property for \$4.5 million, with a closing date in February of 2023. Mr. Romanello stated that once the property had been purchased by the EDA, the EDA would work out a usage agreement with the Henrico Sports and Entertainment Authority (HSEA) allowing HSEA to use and maintain the property.

Mr. Bagley asked about the features of the property. Mr. Romanello responded that the facility has a 2,400 square foot field house, a softball field, six tennis courts, one grass rectangular field, and one rectangular turf field. The property is about 16 acres, and the appraiser stated that the facility would cost over \$5 million to build today. Mr. Bagley asked what the plan for the property is. Ms. Romanello answered that HSEA and the County would use it initially, but the long-term plan is for the property to become part of the Green City project. Mr. Whitlock notified the Board that he would be abstaining from the vote due to his involvement with Benedictine. On a motion by Mr. Strother, seconded by Mr. Thornton, the purchase of the St. Gertrude's property was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, and Thornton, all voting "aye."

COMMITTEE REPORTS

Finance: No report.

Personnel: Mr. Whitlock stated that the Personnel Committee delivered the results of the Executive Director Evaluation to Mr. Romanello and completed the evaluation process for 2021.

Marketing: Mr. Bagley reported that the EDA had a busy month for marketing. Items of note include the NAP Summit, the ThermoFisher ribbon cutting, the tour of the Facebook facility, the development of the one-pager report, and the launch of the semiconductor page on the website.

Strategic Planning: No report.

TEAM EDA MONTHLY REPORT

Mr. Romanello highlighted the NAP Summit, the Lighthouse Labs meeting, and the State of the County as key events and stated that the EDA has around 60 active projects that exceed \$7 billion. Mr. Romanello informed the Board that the EDA is working with the Governor's office on a strategy for investment towards making sites business ready. Since the Tech Park was created in 1996, the Commonwealth of Virginia has received \$60 million from the land sales in the park. The EDA's proposal would create a subfund to VEDP's Business Ready Sites fund allowing the EDA to use proceeds from land sales in the park to invest further into the Life Sciences Biome project, many projects North of the Tech Park, and explore additional advance manufacturing and data center opportunities.

Mr. Strother asked if the proposal would apply to all counties in Virginia. Mr. Romanello responded that currently, there isn't another County in the same position as Henrico, so in that regard, it would only apply to Henrico. However, the language does not limit the amendment to Henrico specifically, so if any locality finds themselves in this situation in the future, they will also be able to benefit. Mr. Murphy clarified that theoretically, under the proposal, each locality could have a subfund of their own in the Business Ready Sites fund.

Mr. Romanello announced that he would be presenting at the Board of Supervisors retreat on December 2nd and 3rd on the Hotel/Motel Task Force on Williamsburg Road and the future of Economic Development in Henrico. The emphasis will be on thanking the Board of Supervisors for providing the EDA with an effective toolkit for the work it does, highlighting the EDA's target sectors, and looking at the future in terms of people, place, and opportunities.

Mr. Romanello touted the success of the NAP summit, stating that over 200 people attended from six different continents. Vint Cerf provided the keynote speech, and the DE-CIX exchange was officially opened with their ribbon-cutting ceremony. Virginia's Secretary of Administration Lyn McDermid attended and gave a heartfelt speech on her career in technology and tied it back to how important this work is to the future of Virginia. The event allowed the EDA to plant many seeds and to further place Henrico on the map.

OLD/NEW BUSINESS

Ms. Custer asked if there was any old business. Hearing none, she asked if there was any new business. Hearing none, she proceeded to the next agenda item.

CLOSED SESSION

Ms. Custer moved that the Board go into a closed meeting for a briefing of the members of the Board of Directors concerning:

- (1) pursuant to Virginia Code section 2.2-3711(A)(7) and (A)(8), consultation with legal counsel and briefings by staff pertaining to probable litigation relating to a personnel matter where such consultation and briefing in an open meeting would adversely affect the negotiating or litigating posture of the Economic Development Authority, and
- (2) pursuant to Virginia Code section 2.2-3711(A)(3) and (A)(5), the disposition of publicly held real property, including the potential terms of sale and the prospective purchaser's intended use of, and investment in, the property, to a business interested in locating its facilities in Henrico County where discussion in an open meeting would adversely affect

the bargaining position or negotiating strategy of the Economic Development Authority and where no previous announcement has been made of the business' interest in locating its facilities in the County.

With a second by Mr. Whitlock, and with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voting "aye," the Board entered closed session.

When the closed session discussion was completed, Ms. Custer moved that the Board exit the closed session and return to open session. Mr. Pearson seconded the motion, and Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voted "aye." Then, after returning to open session, Ms. Custer read the following Certificate for Closed Meeting into the record:

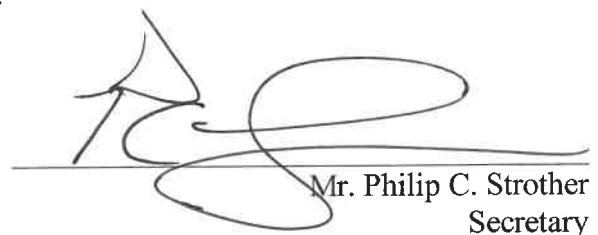
WHEREAS, the Economic Development Authority of Henrico County, Virginia, has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

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 in accordance with the Certificate for Closed Meeting. Mr. Pearson seconded the motion, and Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Mays, Pearson, Strother, Thornton, and Whitlock all voted "aye."

There being no further business, the meeting adjourned at 8:25 p.m.



Mr. Philip C. Strother
Secretary