

**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, February 16th, 2023, at the Henrico EDA offices at 4300 East Parham Road, Henrico, VA 23228.

DIRECTORS PRESENT

Susan Custer, Chair
Dennis J. Berman, Treasurer
Philip C. Strother, Secretary
Sam Bagley
Linda Melton
Suresh Soundararajan
Frank Thornton

DIRECTORS ABSENT

Eddie S. Whitlock, Vice Chair
S. Floyd Mays, Jr.
Travis Pearson

DIRECTORS PARTICIPATING ELECTRONICALLY

None

OTHERS PRESENT

Bentley Chan, Director, Henrico Public Utilities
Christopher Lloyd, Senior Vice President, McGuireWoods Consulting
Michael Schnurman, Assistant to the County Manager, Intergovernmental Relations
Ryan Murphy, Deputy County Attorney
Anthony J. Romanello, Executive Director, Henrico EDA
Ebonie Atkins, Managing Director
Andrew Larsen, Managing Director
Wendy Miller, Manager of Placemaking
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 January 19th, 2023 regular meeting minutes. Hearing none, with a motion by Mr. Bagley, seconded by Mr. Thornton, the minutes for the January 19th, 2023 regular meeting were approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voting “aye.”

LEGISLATIVE UPDATE BY CHRIS LLOYD

Mr. Romanello introduced Mr. Lloyd and Mr. Schnurman to provide an update on the 2023 General Assembly session. Mr. Lloyd explained that the 2023 session is only 45 days and has a number of items left to be resolved in the budget process. One of the issues being addressed is the domestic out-migration that Virginia has suffered over the past ten years, totaling over 132,000 residents lost. When Virginians leave, they are largely moving to Florida, Texas, North Carolina, South Carolina, Tennessee, and Georgia.

Mr. Lloyd explained that the current Governor believes that this trend is due to competing states lowering their tax rates while Virginia's have remained unchanged. For individuals, the Governor is proposing increasing the standard deduction from \$8,000 for a single person and \$16,000 for those who are married to \$9,000 and \$18,000 respectively. The top marginal individual income tax rate would be reduced from 5.75% to 5.5% beginning in 2024. For businesses, the proposal includes increasing the state income tax deduction for interest expense from 30% to 50%, allowing small businesses to implement the Qualified Business Income deduction in order to reduce taxable income, and reducing the corporate income tax rate from 6% to 5% beginning in 2023. The Governor believes that implementing these changes to make Virginia more competitive will adequately incentivize individuals and businesses to remain in or move to the state.

Another issue where Virginia is trailing other states is the availability of greenfield manufacturing sites. The lack of project-ready sites and buildings has cost Virginia over 52,000 jobs and over \$120 billion in capital investment since 2016. The Governor plans to remedy this issue by dedicating \$50 million to the Virginia Business Ready Sites Program, for a total of \$200

million over a period of three years, and up to \$450 million for the Site Acquisition Program. The special sub-fund that the EDA has been working on for White Oak Technology Park falls under the Virginia Business Ready Sites Program.

Mr. Lloyd informed the Board that there have been a number of bills this year that demonstrate the local opposition to data centers, including a bill to restrict the ability to build data centers near historic sites, which is problematic due to the sheer number of historic sites located in Virginia. There are also bills which place additional requirements on data center sites such as requiring energy studies, underground transmission lines, and stormwater management regulations. The active, growing group of constituents who are opposed to data centers could prove problematic for the EDA's future endeavors.

Mr. Lloyd explained that another issue that is detrimental to economic growth in Virginia is workforce development. Workforce development programs in Virginia are spread through many different agencies and lack consistency and efficiency. There is an effort to bring them together under the new Secretary of Labor so that a new talent pipeline can be developed, including \$24.5 million to the GO Virginia Talent Pathways, \$5 million for VTOP internships, and \$20 million for HIRE Virginia and VCCS funding.

With the passing of HB 1413, IDAs and EDAs are given the legal authority to be more involved with facilitating affordable housing projects, which will build on budget proposals to enhance the Virginia Housing Fund. Other legislation seeks to remove barriers to multi-family housing and allow accessory dwelling units. The House is retaining the budget proposal to provide \$10 million to augment planning and inspection efforts at the local level to speed project development and delivery.

Miscellaneous bills of interest to the EDA include SB 1036, which restricts the ability of VEDP, VIPA, and Virginia Tourism to be exempt from the Virginia Public Procurement Act. HB 1776 and SB 1420 will make the business park electrical infrastructure pilot program permanent, which allows utilities to construct power lines to industrial sites and then recapture the cost as a part of the rate base. Lastly, Mr. Lloyd briefly explained the Morgan case out of Hanover County, which gives residents standing based on perceived versus actual harm, and what the implications of that case could mean for Henrico in the future.

Mr. Thornton asked how property tax is affected in states that do not have an income tax requirement, and if there had been any analysis done on the issue. Mr. Lloyd answered that anecdotally, it appears that in states without income tax, the property tax is usually double or triple what it is in states with income tax. Ms. Custer asked about the chances of the White Oak Technology Park budget amendment passing. Mr. Schnurman answered that if the Governor approves a budget, the chances of it passing are high. The worst-case scenario is that it might get pushed to next year, at which time the EDA would need to evaluate if it is still relevant to its needs.

**RESOLUTION – SIGNATORY AUTHORITY – ACQUISITION OF 53.9 ACRES –
PURCHASE AND SALE AGREEMENT / RESOLUTION – SIGNATORY AUTHORITY –
2.7 ACRES OF PORTUGEE ROAD PROPERTY – MEMORANDUM OF AGREEMENT**

Mr. Romanello explained that the EDA wishes to acquire 53.9 acres of property along Portugee Road in Varina to assist the County Department of Public Utilities construct a water pump station for White Oak Technology Park. The parcel of primary interest to the EDA and Public Utilities is located within a larger tract. The owner was willing to sell the parcel only if the entire tract was purchased. The EDA was able to negotiate the purchase price to \$900,000 and the County will pay the EDA \$340,000 for a 2.7-acre parcel within the larger tract to be used for the water pump station. The net cost to the EDA would be \$560,000.

Mr. Romanello stated that the property is zoned for office space but that the County would most likely not pursue an industrial option due to the nearby housing. He suggested that it might be well suited to a small data center and explained that acquiring the property will unlock existing and future development in White Oak Technology Park. Mr. Romanello recommended the resolution for approval and introduced Mr. Chan for questions.

Ms. Custer asked for clarification on whether the EDA is spending \$500,000 for immediate needs of the Tech Park. Mr. Romanello replied that the water pump station will fulfill both current and future needs. Mr. Chan added that a current owner in White Oak needs more delivery pressure than the utility can currently provide. The pump station project is estimated to cost \$12 million and will be part of a 10-year county-wide public utilities improvement plan aiming to make the area more viable currently and in the future. Ms. Custer asked if analysis had been done on alternate locations for the pump station. Mr. Chan answered that the County Department of Public Utilities has conducted a thorough review and determined that this location is the best location for the water pump station, and added that the project is more complex than just the water station itself.

Ms. Custer questioned if the EDA would be able to sell the residential portion of the land. Mr. Romanello answered that the property is actually entirely zoned for office, and that the existing house on the property would be demolished. On a motion by Mr. Bagley, seconded by Mr. Thornton, the resolution to acquire 53.9 acres along Portugee Road was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voting “aye.” On a motion by Mr. Bagley, seconded by Ms. Melton, the Memorandum of Agreement regarding the 2.7 acres along Portugee Road was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voting “aye.”

**RESOLUTION – CONVEYANCE OF 16.081 ACRES – SPORTS & ENTERTAINMENT
AUTHORITY OF HENRICO COUNTY, VIRGINIA**

Mr. Romanello informed the Board that the EDA intends to close on the St. Gertrude's property on the outskirts of GreenCity in the following week. The property is a total of 16 acres and will be conveyed to the Sports and Entertainment Authority so that they will be the owner of record. The purchase price is \$4.5 million and the County will be providing half to the EDA in March and the remaining half in the following fiscal year. The proposed resolution will give the EDA counsel, Mr. Romanello, and Board Chair authority to execute the documents pertaining to the sale of the property. On a motion by Mr. Strother, seconded by Mr. Berman, the resolution was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voting "aye."

RESOLUTION – SIGNATORY AUTHORITY – CLOSING DOCUMENTS – FORMER BEST PRODUCTS PROPERTY

Mr. Murphy stated that the resolution authorizing Mr. Romanello to sign the Amended Purchase and Sale Agreement but did not authorize signature to a deed or other closing documents. The proposed resolution will authorize Mr. Romanello to sign all the necessary closing documents, except the deed which would be signed by the Chair. On a motion by Mr. Bagley, seconded by Mr. Thornton, the resolution was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voting "aye."

RESOLUTION – SIGNATORY AUTHORITY – ECONOMIC DEVELOPMENT AGREEMENT – VIRGINIA CENTER COMMONS

Mr. Romanello explained that the proposed resolution is associated with the redevelopment of Virginia Center Commons and the development of water and sewer improvements that will enhance the property and its environs. The proposed EDA agreement would reimburse the developer for expenses up to \$1.045 million associated with the development of water and sewer improvements up to \$1.045 million. The grant would be payable after the water and sewer improvements are accepted by the County. Following discussion and a request for flexibility on the final figure in the agreement by Mr. Chan, on a motion by Mr. Berman, seconded by Mr. Thornton, the resolution was amended to authorize the Executive Director to sign amendments to the proposed agreement increasing the amount reimbursable to an amount not to exceed \$1.35 million. On a motion by Mr. Berman, seconded by Mr. Thornton, the resolution, as amended, was approved, with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voting "aye."

COMMITTEE REPORTS

Finance: Ms. Melton stated that the laddered t-bills are maturing almost every month through the summer and that the EDA will continue to work with Truist Advisory Services to look for the best financial opportunities.

Personnel: Nothing to report.

Strategic Planning: Nothing to report.

Marketing: Mr. Romanello informed the Board that the marketing report would be emailed to them.

TEAM EDA MONTHLY REPORT

Mr. Romanello stated that the EDA continues to optimistically work in earnest with one semiconductor project and will come back to the Board with updates as they are available. He introduced Ms. Atkins to present on CDA, a recent small expansion project. Ms. Atkins explained that CDA is a labeling company that produces labels for products such as wine and shampoo bottles. They recently celebrated their ten-year anniversary, having been in the County since 2012. They came to the EDA when their lease was expiring and the EDA helped locate them in a new space with 10,000 square feet. The company was able to add three new jobs.

Mr. Romanello introduced Ms. Miller to present an update on the EDA's placemaking efforts. Ms. Miller informed the Board that the Williamsburg Road area improvements were included in the 2019 strategic plan update, and that the EDA has made a commitment to the Board of Supervisors to research ways to improve the hotels around the airport area. Ms. Miller and Mr. Romanello both serve on the hotel/motel task force, a County group that meets once a month. The EDA has met with commercial brokers to inquire about some of the properties.

Ms. Miller stated that the EDA has been examining ways to improve the Westwood area, around where TopGolf is located, potentially by adding additional transportation methods such as sidewalks, bike paths, and additional parking. There are numerous apartment buildings being built in that area currently and the need for that infrastructure will grow. Mr. Strother asked if the Westwood area is still as popular as it was a few years ago. Ms. Miller replied that it is, especially considering the new Kinsale apartments that feature seven-story buildings with 253 units. The Ukrops site was recently sold, and the area as a whole has a lot of activity.

Ms. Miller explained that Kinsale has purchased part of the Anthem building. The building is a potential candidate for lab space and features ample parking. Mr. Romanello

clarified that the Ukrops site is their bakery and the area will be developed around it since the family is committed to keeping the jobs in Henrico. Ms. Miller stated that the EDA had commissioned a potential plan for the tax building in Westwood in order to better understand how the site could be developed. The Governor's office is also conducting their own analysis of office space around the state. The EDA's goal is to empower the private sector to develop the area.

Ms. Miller stated ASM Global announced earlier in the week that they would be managing the arena for GreenCity and that their CDA had been formed. Highwoods has completed a conceptual drawing of the North end of Innsbrook, featuring 65,000 square feet of retail, 650 multifamily units, and a 150-room hotel. Markel-Eagle has also completed the conceptual drawing of Avenlea in the North Gayton area, just West of Short Pump Town Center. The plan features townhomes, condos, and carriage homes, along with mixed use areas and a potential office headquarters building.

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, first, pursuant to Virginia Code sections 2.2-3711(A)(3) and (A)(5), for a briefing of the members of the Board of Directors and discussion concerning 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; and second, pursuant to Virginia Code section 2.2-3711(A)(5), for a briefing of the members of the Board of Directors and discussion concerning the potential expansion of an existing business in Henrico County, including competing locales and the potential investment and job creation by the business, where no previous announcement has been made of the business' interest in expanding its facilities in the County.

With a second by Mr. Strother, and with Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton 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. Berman seconded the motion, and Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton 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 applied, and only (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 of Closed Meeting. Mr. Thornton seconded the motion, and Ms. Melton, Ms. Custer, and Messrs. Bagley, Berman, Soundararajan, Strother, and Thornton all voted "aye."

There being no further business, the meeting adjourned at 7:53 p.m.


Assistant Secretary to the
Board, on behalf of
me. Philip Strother

Mr. Philip C. Strother
Secretary