

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

DIRECTORS PRESENT

Susan W. Custer, Chair
Eddie S. Whitlock, Vice Chair
Dennis J. Berman, Treasurer
Philip C. Strother, Secretary
Sam Bagley
Linda Melton
Travis Pearson
Suresh Soundararajan

DIRECTORS ABSENT

Floyd Mays
Frank Thornton

DIRECTORS PARTICIPATING ELECTRONICALLY

None

OTHERS PRESENT

Tatiane Pena, Executive Director, Capital Region SBDC
Christina Gunter, Director of Strategic Partnerships, Lighthouse Labs
Art Espey, Managing Director, Lighthouse Labs
Margaret Upshur, CEO, Mobius Materials
Alton Coston, Community Engagement Specialist, Team Excel
Ryan Murphy, Deputy County Attorney
Anthony Romanello, Executive Director
Andrew Larsen, Managing Director
Ebonie Atkins, Managing Director
Twyla Powell, Managing Director
Ashley Kubat, Office Administrator

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

AUTHORIZATION OF ELECTRONIC PARTICIPATION

Ms. Custer announced that Mr. Mays is unable to physically attend the meeting in person because he is out of town for a conference in Baltimore, Maryland. Mr. Mays wishes to participate from the conference. Ms. Custer stated that the Board has made arrangements for Mr. Mays to be heard by all persons at this location, and a quorum is present at this location. Ms. Custer moved that the Board approve the electronic participation in the meeting by Mr. Mays. Mr. Strother seconded the motion, with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting, “aye.”

After his electronic participation was approved, Mr. Mays was unable to join the meeting due to connectivity issues.

APPROVAL OF MINUTES

Ms. Custer asked if there were any corrections or additions to the minutes for the September 21st, 2023 regular meeting. Hearing none, with a motion by Mr. Strother, the minutes were approved, with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting, “aye.”

SMALL BUSINESS DEVELOPMENT COUNCIL UPDATE

The Board moved to the Small Business Development Council update in order to accommodate the visiting guests. Mr. Romanello introduced Ms. Pena as the Executive Director of the Capital Region Small Business Development Council (SBDC), a partner organization which acts as one of the Authority’s “force multipliers.” The SBDC provides professional business advising, training, and business resources to help grow and strengthen the small businesses of the Greater Richmond Region.

Ms. Pena provided year-to-date data for the SBDC, stating that the final 2023 numbers would come out in February of 2024. The data demonstrated that start-up businesses are still heavy in Henrico compared to the region, which has seen an overall slowdown. The SBDC was able to assist around 200 clients from Henrico alone, accounting for over 800 hours of counseling time.

Ms. Pena stated that the SBDC plans to switch to a project-based advising style, where all clients will begin with a one-hour session to determine their track. Once the correct path has been determined, clients will then attend five additional counseling sessions that are more

tailored to their needs. Additional sessions are available if needed. The SBDC plans to expand their programming further in 2024 and explore new marketing strategies.

Mr. Romanello explained that the SBDC breaks their funding request down so that each locality has an equitable contribution. This is calculated by considering the locality's number of small businesses and the locality's percentage of the region. Henrico contains 12,796 small businesses and accounts for 30.69% of the region, therefore the SBDC's funding request for 2024 is \$61,380. On a motion by Mr. Pearson, seconded by Mr. Whitlock, the funding request was approved, with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting, "aye."

LIGHTHOUSE LABS UPDATE

Mr. Romanello introduced Ms. Gunter and Mr. Espey with Lighthouse Labs. Mr. Espey stated that he brought along two founders, Ms. Upshur and Mr. Coston, to speak about how Lighthouse Labs has affected their career paths. Mr. Espey stated that Lighthouse Labs is a nationally recognized startup accelerator with a mission of investing in the lives of their founders. They accelerate high-tech, high-growth, early-stage startups with a focus on Virginia-based and healthcare companies. Two cohorts of approximately eight startups each year receive \$20,000 in non-equity investment, connection to mentors, investors, and partners, startup education, space at 1717 East Cary Street, and access to their robust alumni network.

Mr. Espey said that over the course of 11 years, Lighthouse Labs has accelerated 119 companies and had 15 cohorts, raised over \$2 million in funding and \$132 million in capital, and created over 1,600 jobs, and he highlighted that 82% of their companies are still active, with 66% of the companies headquartered in Virginia. Mr. Espey thanked the Authority for being a partner of Lighthouse Labs, stating that the financial support and participation in events such as Demo Day and other programming is invaluable.

Ms. Gunter introduced Mr. Coston to speak about his experience with Lighthouse Labs and where he is today. Mr. Coston stated that he is a recent graduate of William and Mary and went to high school at Henrico High School. Mr. Coston currently serves as the Community Engagement Specialist with Team Excel, which applies fantasy sport principles to student education.

Mr. Coston informed the Board that as a high school student, he knew he wanted to go to college, but did not have the funds to do so. He became involved with Team Excel, who, through tracking his grades and encouraging school attendance, assisted him in receiving a full scholarship to William and Mary. Mr. Coston stated that Team Excel fosters a sense of belonging in the community and increases self-efficacy, helping students become more engaged in their education. Team Excel was a program that went through the Lighthouse Lab's accelerator, winning the \$20,000 award.

Ms. Gunter introduced Ms. Upshur, who began Mobius Materials after working in Silicon Valley. Ms. Upshur noticed that unused, excess components from electronics manufacturing were creating around \$15 billion worth of product going to waste each year. Ms. Upshur founded her company as a marketplace to list those surplus materials, accompanied by a quality control and authentication guarantee. During the pandemic, Ms. Upshur moved back to Virginia from California and found Lighthouse Labs, who provided her with a grant and introductions to investors. Ms. Upshur credits the pro-business climate in Henrico as one of the reasons her business has succeeded.

FY23 AUDIT

Mr. Romanello informed the Board that the Finance Committee had met with Brown Edwards earlier in the day to receive a detailed briefing on the FY23 audit. While the EDA earned an unmodified “clean” opinion, Brown Edwards noted a finding concerning the accounting of the complex land sale transactions was not wholly consistent with the generally accepted accounting principles.

Mr. Romanello said that the EDA has worked closely with Brown Edwards and Harris, Hardy, and Johnstone, the third-party accounting firm, to update the procedures to ensure transactions are correctly accounted for moving forward. Mr. Pearson asked if the finding triggered a restatement. Mr. Romanello answered that a restatement was not required.

Mr. Romanello noted a \$10.9 million increase in fund balance from FY22, citing the sale of Sites 11 and 12 at White Oak Technology Park and positive results of operations as reasons. The EDA has a net pension asset and no debt. Mr. Romanello stated that the EDA would also be pursuing the Government Finance Officer’s Association award for the first time in the Authority’s history. Mr. Romanello stated that the Finance Committee recommends the FY23 audit for approval.

Ms. Custer highlighted a sentence from the audit memo, remarking that the EDA’s financial position is stronger than any time in history. Mr. Strother asked about the size of the Henrico EDA’s fund balance in comparison to the EDAs in the state. Mr. Romanello answered that the EDA’s balance sheet most likely places Henrico high on the list. Owning the White Oak Technology Park has provided substantial revenue for the Henrico EDA. On a motion by Mr. Bagley, seconded by Mr. Soundararajan, the FY23 audit was approved, with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting, “aye.”

TRENDS AND DISRUPTORS iRFP

Mr. Romanello explained that the EDA is in the process of updating the 2020 strategic plan. To begin this process, the EDA hosted an employee retreat with Liz Povar to discuss the “big questions” posed to Henrico for the future. The EDA then issued an iRFP in conjunction with the Henrico Purchasing division to find a consultant to create a “trends and disruptors” analysis. The EDA will use the information uncovered in this analysis to move forward with the full strategic redo in 2025.

Mr. Romanello stated that the EDA had three responses to the iRFP, from Chrisman Consulting, Creative Economic Development Consulting, and Southeastern Institute of Research (SIR). The EDA conducted interviews with all three respondents. The EDA felt that SIR’s proposal was the strongest. SIR’s proposal includes the following core information: current state of Henrico’s economy with top industries and occupations of today; Henrico’s emerging economy, with top industries and occupations of tomorrow; future trends and disruptors; and evolution of and future practices in economic development. SIR promises to provide actionable recommendations and provide the deliverable in a high-impact, shareable content form.

SIR began in 1964 and is one of the longest-tenured and most experienced independent research-based strategic consultancies in the country. They consist of a team of 25 researchers, strategists, and marketing advisors with expertise in workforce development, healthcare, economic development, higher education, local and state government, and DE&I. SIR’s CEO, John Martin, is a national expert on economic development and is also a founder and current President of RVA757 Connects. SIR has worked with VEDA, GRP, City of Richmond, Henrico County, Chesterfield County, Hanover County, Richmond International Airport, Virginia Tourism, and VCU, among others.

Mr. Romanello said that SIR’s cost for the project came in at \$30,000. Chrisman’s also came in at \$30,000. Creative’s proposal was the highest at \$52,790, but they revised it and came down to \$34,835. Mr. Romanello recommended SIR’s proposal for approval.

Mr. Soundararajan questioned the sources of the data for the project. Mr. Romanello answered that the EDA will provide some, and the remainder will be from either JobsEQ or from SIR’s own data. Mr. Berman asked if Ady Advantage bid on the project. Mr. Romanello answered that Ms. Ady has since retired but works for Chrisman as a consultant. On a motion by Mr. Pearson, seconded by Mr. Whitlock, the proposal from SIR was approved, with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting, “aye.”

COMMITTEE REPORTS

Personnel: Mr. Berman stated that the Executive Director evaluation has been completed, and the committee now needs to schedule a meeting to deliver it to Mr. Romanello.

Finance: Ms. Melton's report was covered under the FY23 audit review.

Strategic Planning: Mr. Bagley's report was covered under the Trends and Disruptors iRFP section.

Marketing: Mr. Pearson stated that the EDA has been focused on revamping the Annual Report by incorporating the Henrico Success Brochure and the Quality of Life report so they function as one report. The EDA has also updated the PUMP marketing assets, the YouTube banner, and the "How to Start Your Business" artwork. The EDA has pushed out social media content for holidays such as National Butterfly Day, National Candy Corn Day, and National Pasta Day. The EDA also created videos for office space, digital infrastructure, and Halloween.

Nominating: Nothing to report.

TEAM REPORT

Mr. Larsen talked to the Board about the Merritt Properties project, located in Park Central adjacent to GreenCity. The property has recently been rezoned to M-1C and the Merritt project brings an investment of \$31 million and potential for over 100 new jobs. Merritt Properties plans to build two buildings for a total of 141,600 square feet. The EDA has seen a strong demand for this type of flex building.

Mr. Romanello told the Board that the EDA will be participating in the GO VA Region 4 Talent Pathways Initiative, a partnership between the Reynolds and Brightpoint Community College, the Community College Workforce Alliance, ChamberRVA, RVA Tech, and Alliance for Building Better Medicines. The workforce study will concern pharmaceutical manufacturing and information technology workforce needs and hopes to create a competitive advantage in the IT and life sciences fields. \$40,000 of the \$250,000 grant will come from GRP localities, with \$9,500 coming from Henrico.

Mr. Romanello reviewed a calculation change to the announcement numbers for FY23 and FY24, stating that as QTS continues to build out White Oak Technology Park, the EDA can now announce their progress. The EDA initially reported \$187,600,000 in investment and 2,129,700 square feet for FY23. With the revision, the EDA now claims \$1,333,600,000 in investment and 2,879,700 in total square footage for FY23. For FY24, the initial report stated

\$6,458,000 in investment and 28,100 in square feet. Those numbers will now reflect \$747,458,000 in investment and 1,419,700 in total square footage. Mr. Romanello displayed some recent photographs of the QTS construction at White Oak Technology Park.

Mr. Romanello reported that the Office Task Force continues to meet regularly and has brought in the Henrico Finance division to answer questions. The Task Force team continues to hear that employers want employees back in the office full time. There has been a lot of subleasing and rental rates have not increased, which has caused a struggle with keeping up with the desired amenities. The costs of construction and interest rates are up, so many owners are waiting on beginning to update their space. The next meeting is scheduled for the end of November.

Mr. Romanello asked Ms. Atkins to talk about the “soft landing” program that she and Mr. Larsen have been working on. Ms. Atkins stated that the EDA has been working on a collaborative effort to design a program in which international companies who are looking to locate in the United States can access discounted physical office space and resources to help start a business. Ms. Atkins said that the EDA has also been discussing an incubator concept where office space could be provided for startups. There is potential for these ideas to form together as a singular program.

Mr. Larsen specified that the incubator concept is different from Lighthouse Labs because they do not offer any physical space. This would allow the EDA to further partner with Lighthouse Labs on projects and encourage businesses who begin in Henrico to stay. Ms. Custer asked if the EDA would own the space or sublet it. Mr. Larsen replied that the details regarding the office space are still being developed. Mr. Berman asked for clarification on the difference between the EDA’s program and concepts such as Gather. Ms. Atkins clarified that the EDA would provide space alongside mentorship, community, and resources, rather than just anyone being able to use the space. Mr. Larsen added the EDA’s office space would also not cost as much as Gather’s space.

Mr. Romanello provided an update on the 6061 Elko Tract Road property, stating that a special legislative session would no longer be needed. The Governor’s office has intervened and brought on Robert Ward as a real estate advisor. The EDA met with Mr. Ward and reviewed all of the state-owned property in the county. Mr. Ward advised that the 6061 Elko Tract Road property could be sold to the EDA directly.

Mr. Romanello informed the Board that the IAA company who owned the Richmond Dragway property had been bought out by a Canadian company. Mr. Romanello stated that he would further update the Board when additional information is obtained.

Mr. Romanello reminded the Board that the December Board meeting will be held at Cooper’s Hawk in Short Pump on December 14th, 2023 at 6:00 p.m. The Nominating Committee will meet prior to the dinner at 5:00 p.m.

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 moved to the next agenda item.

CLOSED SESSION

Ms. Custer moved that the Board go into closed meeting for a briefing of the members of the Board of Directors and discussion concerning: 1) pursuant to Virginia Code Section 2.2-3711(A)(3), the acquisition of real property for a public purpose, including the proposed terms of purchase and intended uses of the property, where discussion in an open meeting would adversely affect the bargaining position, or negotiating strategy of the EDA, and 2) pursuant to Virginia Code Section 2.2-3711(A)(3), the disposition of publicly held real property, including proposed terms of sale, conditions to closing, and matters of due diligence, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the EDA.

With a second by Mr. Whitlock, and with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother 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. Whitlock seconded the motion, and with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting “aye,” the Board returned to open session. Then, after returning to open session, Ms. Custer read the following Certificate of 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 of Closed Meeting. Ms. Melton seconded the motion. With Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting "aye," the Board certified the closed meeting.

Ms. Custer moved that the Board entertain a motion to authorize the Executive Director to execute a purchase and sale agreement with Farag Steve LLC in accordance with the terms of the letter of intent presented to the Board at this meeting and in a form approved by Authority Counsel. Mr. Whitlock seconded the motion, and with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting "aye," the motion was approved.

Ms. Custer moved that the Board entertain a motion to authorize the Executive Director to execute one or more amendments to the Purchase and Sale Agreement with the prospect known as "Home Run" to allow the prospect additional time to complete its due diligence and to resolve title matters, all in a form approved by Authority Counsel. Mr. Soundararajan seconded the motion, and with Ms. Custer, Ms. Melton, and Messrs. Bagley, Berman, Pearson, Soundararajan, Strother and Whitlock all voting "aye," the motion was approved.

There being no further business, the meeting adjourned at 7:54 p.m.


on behalf of → Mr. Philip C. Strother
as asst. Secretary
secretary to
the board