

**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, August 15th, 2024 at the Henrico EDA offices at 4300 East Parham Road, Henrico, VA 23228.

DIRECTORS PRESENT

Edward S. Whitlock, III, Chair
Dennis J. Berman, Vice Chair
Sam Bagley, Secretary
Robert W. Brown, Jr.
S. Floyd Mays, Jr.
Travis Pearson
Suresh Soundararajan

DIRECTORS ABSENT

Philip C. Strother, Treasurer
Susan W. Custer

DIRECTORS PARTICIPATING ELECTRONICALLY

Tyee D. Mallory

OTHERS PRESENT

Ryan Murphy, Deputy County Attorney
Anthony Romanello, Executive Director
Andrew Larsen, Managing Director
Wendy Miller, Managing Director
Ebonie Atkins, Managing Director
Jason Smith, Business Manager
Ashley Kubat, Director of Administration

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

AUTHORIZATION OF ELECTRONIC PARTICIPATION

Mr. Whitlock announced that Tyee Mallory is unable to attend the meeting in person due to a family member's medical condition that requires her to provide care for such family member. Ms. Mallory wishes to participate remotely from her residence in Henrico, Virginia. The Board has arranged for Ms. Mallory to be heard by all persons at the central meeting location, and a quorum is present at the central meeting location. Mr. Whitlock moved that the Board approve Ms. Mallory's electronic participation in the meeting. With a second by Mr. Mays, the electronic participation was approved, with Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting "aye."

APPROVAL OF MINUTES

Mr. Whitlock asked if there were any corrections or additions to the minutes for the July 18th, 2024 regular meeting. Hearing none, on a motion by Mr. Mays and seconded by Mr. Pearson, the July 18th, 2024 regular meeting minutes were approved, with Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting "aye."

EDA SWAM BUSINESS EFFORTS

Mr. Romanello introduced Mr. Smith, who was recently hired by the EDA as a Business Manager. Mr. Smith is a seasoned economic developer with experience at the state, regional, and local level. Mr. Romanello introduced Ms. Atkins to provide an update on the EDA's SWaM business efforts.

Ms. Atkins stated that the Small Business Boost program that the EDA created in partnership with the *Henrico Citizen* was successfully launched. The program was created from a desire to assist with some of the challenges that small businesses face in gaining marketing exposure with limited resources. Through an open application process, businesses were selected to receive complimentary three-month advertising packages with the *Henrico Citizen*, which has a monthly audience of over 65,000 monthly website visitors and 40,000 email and social media subscribers. The program had over 50 applicants and 20 were selected as program participants. Each magisterial district was represented with three to six participants.

Ms. Atkins discussed the Pop-Up Mentoring Program, also known as PUMP. This program was created so that aspiring entrepreneurs and business owners who might lack the support or knowledge to advance their ideas or businesses have a resource to turn to for help, in partnership with SCORE, the country's largest association of volunteer business mentors. The

program meets monthly and serves as a conduit for Henrico's prospective and established businesses to connect with SCORE's volunteer business experts. The SCORE mentors offer personalized technical assistance focused on business and marketing plans, customer exploration, and business development strategies.

Lastly, Ms. Atkins reviewed the Small Business Town Hall event, hosted on May 9th, 2024. The Town Hall event was hosted alongside InUnison, a membership-based small business advocacy organization, at the Hermitage ACE Center. The interactive event was led by the Henrico County Manager, John Vithoulkas, and was tailored specifically for Henrico-based local businesses. Seasoned entrepreneurs and those just started out were able to share their thoughts on operating in Henrico and learned how the EDA and InUnison are able to support them.

Mr. Whitlock expressed his gratitude for the efforts and asked how many businesses utilize the PUMP mentoring. Ms. Atkins replied that the turnout has been strong due to the partnership with the Henrico libraries, and there are usually between three and five businesses each session, at minimum. Mr. Berman stated that he had shared the EDA's efforts with Capital One to inspire them to create similar initiatives.

OFFICE UPDATE

Mr. Romanello informed the Board that the EDA has been working on creating a set of recommendations to take to the Board of Supervisors to incentivize reimagining office space in the County. Since 2015, the office vacancy rate has increased by 12.5%, while rent has increased by 10% and the CPI has increased by 32%. Largely driven by remote and hybrid work trends, office building vacancies have continued to rise. Up from 19.5% in Q1 2024, Moody's 2024 Q2 data indicates a 20.1% office vacancy rate, which is the highest since tracking began in 1979.

To address the issue, Henrico has increased the BPOL threshold to \$1 million. The EDA is launching the Global Business Gateway and an Office Reimagining grant, along with the existing retention incentive and the fintech mailer campaign from earlier in 2024. The Henrico Office Task Force, which was convened in July of 2023, brought together local stakeholders and collaborated on creative solutions.

Mr. Romanello explained that the EDA would provide office reimagining grants up to \$25,000 for companies who meet certain criteria. The grants would allow the company to procure architectural and design services for improvements to their buildings. The qualification criteria is currently under development. Mr. Romanello requested that the Board authorize \$200,000 for the office conceptual design work, which would provide up to eight grants. On a motion by Mr. Pearson, seconded by Mr. Bagley, the funding was approved, with Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting "aye."

The recommendations for the Board of Supervisors' consideration include expanding the technology zone boundaries, enhancing the commercial tax rehabilitation credit, and creating an office renovation incentive. The enhanced commercial rehabilitation tax credit would reduce the minimum building age from 26 years to 20 years, and 15 years for those in the Technology and Enterprise Zones. The exemption period would be extended from seven years to fifteen, and the building must be 60,000 square feet or larger and converted to commercial. Lastly, the minimum assessment increase would be reduced from 40% to 30%.

The proposed office renovation incentive program would be for CoStar four-star properties only and require a \$250,000 minimum investment. The EDA would reimburse up to 50% of the actual costs, up to \$500,000, after the work has been completed. The funding for the program would be subject to the Board of Supervisors' appropriation of funding. Mr. Soundararajan asked if the proposed recommendations are consistent with what surrounding counties are doing. Mr. Romanello replied that Hanover and Chesterfield do not have a significant amount of office space, but Richmond City does have an aggressive Technology Zone program. Mr. Romanello stated that outside of that, he is not aware of any locality who has a package as extensive as the one the EDA is proposing.

PROJECT HALF SINK LEASE AGREEMENT

Mr. Romanello announced that the EDA had successfully purchased The Crossings Golf Course and recommended the lease for approval. The ground lease is for a 20-year period with five-year extensions. Proslnc will be responsible for closing the existing course, as well as for covering all expenses relating to maintenance, operations, and upgrades to the course. The lease will have a three-year performance period and require that the course be updated to and operated as a first-class, tournament grade course.

The lease requires that the Henrico County Public Schools golf teams have access and permits personal property conveyed with the golf course to be sold with the proceeds reinvested in the course. Overall, ten percent of the profits (except for profits derived from ABC-related sales) will go directly into the golf course capital fund. The EDA will be responsible for the purchase of the land and pursuing the rezoning of a portion of the property for residential use. In the event of a sale of a portion of the property for residential use, proceeds from such sale would go toward golf course capital improvements and maintenance. On a motion by Mr. Mays, seconded by Mr. Soundararajan, the lease for Project Half Sink was approved, with Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting "aye."

COMMITTEE REPORTS

Marketing: Nothing to report.

Finance: Mr. Romanello stated that the finance update will be given in the Team Report section due to Mr. Strother's absence.

Strategic Planning: Mr. Romanello informed the Board that the iRFP for a consultant to assist with the development of the EDA 2030 strategic plan closed on August 9th, 2024, and returned with two submissions. EDA staff and the Strategic Planning Committee will conduct interviews with the two responding firms, SIR and Chrisman Consulting, in August or September. The interviews and proposals will be scored against a rubric provided by Henrico Purchasing to determine the most qualified and suitable bid. The winning selection will then be brought to the full Board for final approval.

Nominating: Nothing to report.

Personnel: Nothing to report.

TEAM REPORT

Mr. Romanello showed a video of the FY24 EDA highlights, including the Small Business Boost Program, the announcements and expansions, and the EDA's 55th anniversary. Mr. Romanello also announced that the EDA has won four IEDC 2024 Excellence in Economic Development Awards. The 2024 Look Book won Silver in the "Print Brochure" category, and the Pop-up Mentoring Program won Silver in the "Innovative Economic Development" category. The "Regency Mall Makes a Splash" project won Gold in the "Real Estate Development and Reuse" category, and the "Diving into a Great Partnership at Regency Mall" won Gold in the "Public Private Partnership" category. Both Regency projects were nominated for the Best in Show award, which is the highest accolade given by IEDC. Winners will be announced at the IEDC annual conference in Denver, Colorado in September.

Mr. Romanello went through the EDA's list of upcoming announcements, including Half Sink, Henrico Global Business Gateway, Homerun, Center, Edge, New Harvest, and Neptune. Mr. Romanello stated that the FY24 audit wrapped up the on-site work on July 26th, 2024, and pointed out that the EDA's fund balance had increased by \$6.2 million from FY23 to FY24. The audit returned with no findings and Brown Edwards will present the final report to the Board at the November meeting.

Mr. Romanello reviewed the White Oak Technology Park updated average bulk appraisal, which increased to \$124,000 per acre in 2024. The average bulk appraisal in 2023 was \$57,500 per acre. The increase is due to the significant land sales in the Park in recent years. Mr. Romanello displayed a recent picture of the park and highlighted the recent construction.

Mr. Romanello announced that Sharon Anderson-Grooms would be joining the EDA team as the new Business Specialist. Ms. Anderson-Grooms most recently worked as the Capital Access Manager at the Metropolitan Business League and has experience with small businesses and community development. Ms. Anderson-Grooms will begin with the EDA on September 3rd, 2024.

Mr. Romanello reminded the Board that the required COIA training must be completed by August 31st, 2024. Mr. Romanello also invited the Board to the KSB groundbreaking event on September 5th, 2024. KSB has recently expanded their warehouse and will also be earning a legacy plaque from the EDA. Mr. Romanello congratulated Ms. Kubat on her recent completion of her certificate program at Cornell.

OLD/NEW BUSINESS

Mr. Whitlock asked if there was any old business. Hearing none, Mr. Whitlock asked if there was any new business. Hearing none, Mr. Whitlock continued to the next agenda item.

CLOSED SESSION

Mr. Whitlock moved that the Board go into a closed session pursuant to Virginia Code Section 2.2-3711(A)(3) & (A)(5) for a briefing of the Board members and discussion concerning the disposition of publicly held real property to a prospective business interested in locating its facilities in the County, including the terms of sale, status of negotiations, and the proposed development, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the EDA and no announcement has been made of the business's interest in locating its facilities in the County. With a second by Mr. Pearson, and with Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting "aye," the Board entered closed session.

When the closed session discussion was completed, Mr. Whitlock moved that the Board exit the closed session and return to open session. Mr. Pearson seconded the motion, and with Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting “aye,” the Board returned to open session. Then, after returning to open session, Mr. Whitlock 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

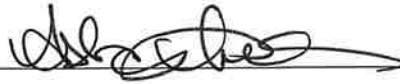
WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law.

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.

Mr. Whitlock moved that the Board certify the closed meeting in accordance with the Certificate of Closed Meeting. Mr. Bagley seconded the motion. With Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting “aye,” the Board certified the closed meeting.

Mr. Mays moved that the Board approve the resolution authorizing the Executive Director to execute the First Amendment to Purchase and Sale of White Oak Technology Park Site 2. Mr. Bagley seconded the motion. With Ms. Mallory and Messrs. Bagley, Berman, Brown, Mays, Pearson, Soundararajan, and Whitlock all voting “aye,” the resolution was approved.

There being no further business, the meeting adjourned at 7:35 p.m.



Armin Kubat on behalf of Sam Bagley
assistant secretary
to the Board Secretary