

ALBEMARLE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY MINUTES

September 21, 2021

4:00 PM

Electronic Meeting

Directors Present: Kat Imhoff, Don Long, Stephen McNaughton, Stuart Munson, George Ray, David Shreve

Staff Present: Jim Bowling, EDA Counsel; Doug Walker, Deputy County Executive; Roger Johnson, Economic Development Director; Jennifer Schmack, Economic Development Project Manager; J.T. Newberry, Economic Development Coordinator; Ashley Perry, Economic Development Management Analyst; Richard DeLoria, Senior Assistant County Attorney; Diantha McKeel, Board of Supervisors Liaison to the EDA, Jack Jouett District

1. **Establish Quorum and Call to Order**

Mr. Long convened the meeting at 4:00 p.m. read the following statement:

Notwithstanding any provision in the EDA Bylaws to the contrary, as permitted under Virginia Code §2.2-3708.2(A)(3), Albemarle County's Continuity of Government Ordinance and declaration of a local state of emergency, and the EDA Resolution of April 21, 2020, we are holding this meeting by real time electronic means with no Authority member physically present at a single, central location. This is because the pandemic's catastrophic nature makes it impracticable or unsafe to assemble in a single location. All Authority members are participating electronically. All Authority members will identify themselves and state their general physical location by electronic means during the roll call which we will hold next.

This meeting is being recorded and will be uploaded to the County's website.

The public has real time audio-visual access to this meeting over Zoom and real time audio access over telephone, both as provided in the lawfully posted meeting notice. The public is also invited to offer live comment during the meeting's Public Comment period. Comments are limited to three minutes and must be germane to matters on today's agenda.

Mr. DeLoria provided the roll call and confirmed a quorum.

2. **Matters from the Public**

Ms. Schmack confirmed no speakers signed up or raised their hand to speak.

3. **Approval of Minutes**

Mr. Long requested clarification on Page 6 regarding a RIF Grant reference that was confirmed correct by Mr. Johnson who suggested the acronym be spelled out fully to "Regional Innovation Fund" to avoid confusion.

Ms. Imhoff had two corrections on Page 9 “Projects in Scottsdale” be corrected to “Projects in Scottsville” and “EDO” be corrected to “EDA.”

The minutes for August 17, were reviewed. Mr. Ray motioned to approve the minutes, which was seconded by Ms. Imhoff.

MOTION: The motion passed unanimously.

4. **Financial Report**

Mr. Shreve presented the financial report for the period ending August 31, 2021.

Mr. Long asked for any questions on the report and found that there were none.

5. **New Business**

a. Discussion: Building Reuse Grant - Mr. Long invited Mr. Newberry to lead the discussion. Mr. Newberry thanked Chair Long and explained the item is not for any action by the EDA this evening, but a potential tool to discuss before the joint meeting of the EDA and Board of Supervisors in October. He reminded the Authority of the last joint meeting with the Board of Supervisors in June 2019. He said the policies and tools adopted at that meeting related to state grants have served the EDO’s goals very well (e.g. the Commonwealth Development Opportunity Fund (COF), the Virginia Jobs Investment Program (VJIP), Agriculture and Forestry Industries Development Fund (AFID) Grants and the ENABLE Grant).

Mr. Newberry explained the Building Reuse Grant had been successful and widespread in North Carolina, according to EDO Director Roger Johnson, and wanted to determine if there were any non-starters from the Authority.

For context, Mr. Newberry reported that the success of the Business Retention and Expansion (BRE) program under the leadership of Jennifer Schmack continues to generate County companies seeking new and/or additional space. He explained these expanding companies have significant difficulty finding space to grow affordably causing some to relocate outside of the County. (i.e., CoConstruct and Babylon Farms.)

He noted four companies to be discussed in closed session this evening “Poma”, “Cardinal”, “Gadget” and “Packet” dealt with this exact issue. In addition, four other companies working with the EDO are currently experiencing this problem.

Mr. Newberry explained that a Business Reuse Grant serves to help primary businesses (which earn more than half their income from outside the region) find affordable space. He stated if these businesses want to occupy a space that has been vacant for at least six months, the Building Reuse Grant provides a rebate up to 50% of capital expenditures to improve a space, after a lease is signed. This rebate does not apply to furniture, fixtures, and equipment that could be taken with a business if they left the site.

Mr. Newberry reinforced there is significant policy support for a program like this in the Comprehensive Plan, Project ENABLE and the Climate Action Plan . If this tool moves forward, it would be funded through existing budget resources and managed by EDO staff. Currently, there is no established stream of revenue to fund economic development services, so further discussion of budget resources may be required. Mr. Newberry offered an illustrative example with a hypothetical scenario to clarify the process and reinforced that only permanent fixture improvements would qualify for reimbursement.

Mr. Newberry asked the EDA for any non-starters, questions, or comments regarding the program.

Mr. McNaughton asked for clarification on the price point of \$17/sq.ft. listed in the example for space. Mr. Newberry responded noting that price was the average for industrial space needing significant work in Albemarle County as opposed to surrounding areas.

Mr. Johnson added that Class A Office Space has been running \$30-\$32/sq.ft. and the CODE Building in Charlottesville is asking \$40/sq.ft. to which Mr. Shreve asked if those figures represented the mean or median prices. Mr. Johnson clarified those figures as benchmarks for that class of office space. He added the further you move from downtown the lower the cost becomes for Class A Office Space.

Mr. Shreve stated his observation on a phenomenon in commercial real estate in areas of high vacancy where lease rates are not softening due to the inability to borrow against certain types of business or historical lease values. He asked if it would be possible to institute a requirement of eligibility that requires the prevailing lease rate be no higher than a median of that class of property. He is concerned about using the term 'Fair Market Value' and leaving things open to a lot of negotiating space.

Mr. Shreve said, "If we're offering a significant grant that is truly an incentive, perhaps we can use this (Business Reuse Grant) to make the market, not just react to it." He doesn't want to encourage increased rents and lease rates that would hamper development in the community in the future.

Mr. Johnson responded with conceptual understanding of Mr. Shreve's concerned adding that it might be difficult to compare properties with such a wide variety of factors to consider. Both agreed the idea was worth exploring and Mr. Johnson stated that the EDO would bring more feedback to the Authority to consider before the joint meeting with the Board of Supervisors in October.

Mr. Shreve added his support of the concept of reusing existing property as a key role for the County to be playing.

Mr. Long supported the discussion with further comment and questioned if there were also ways to get spaces into the desired condition first to encourage reuse or redevelopment of existing property with the work is done in advance.

Mr. Johnson and Mr. Newberry reviewed the six-month vacancy requirement for an unoccupied property for grant eligibility that would support Mr. Long's concern and allow owners to improve sites prior to tenant engagement. It would require a primary business occupy the space or the agreement would be forfeited, and the County would not reimburse them for expenses.

Mr. Long asked for any questions or comments on the discussion and support was offered by Directors Imhoff and Munson.

b. Director's Report

Mr. Johnson reported the Business Retention and Expansion Program (BRE) has been reinstated and that last month alone, Ms. Schmack excelled by visiting 9 businesses, doubling the target of monthly business visits.

Mr. Johnson informed the EDA that Albemarle County was shortlisted for a significant and complex economic development project. He noted that staff ensured the project was consistent with the Comprehensive Plan and that it did not conflict with County goals or strategic plans. He went on to state that this exciting project requires collaboration amongst the Virginia Economic Development Partnership, UVA, Dominion Power, Albemarle County Service Authority, Charlottesville Gas, VDOT, the County Executive's office, Board of Supervisors and EDO staff. He went on to explain that the EDA team and many of the partner agencies mentioned, spent the latter part of August and early September focused on ensuring the County can accommodate this significant project. He said the team presented the County's best site to the company in Richmond recently and they expect to know more in November.

Mr. Johnson deferred to Mr. Newberry to discuss Kimley Horn.

Mr. Newberry stated that a long-standing goal of Economic Development has been to determine our existing inventory of commercial and industrial land. This inventory would provide a baseline for setting goals and directing policy to maximize the County's site readiness efforts.

Mr. Newberry continued, stating the County hasn't had a sufficient land inventory of commercial industrial space or land in many years, so they're actively working with Kimley Horn as they support updates in the Comprehensive Plan.

Mr. Newberry explained that first, Kimley Horn will focus on these economic development goals. Analysis will include a simple inventory of that commercial and industrial land and ranking of its quality along economic development parameters. Mr. Newberry hopes to have more information to share for the EDA and Board of Supervisors.

Mr. Johnson concluded the Director's Report and offered to entertain any questions.

- Director Imhoff asked if there was the intention in the land inventory scope to capture places that are underutilized like Fashion Square Mall, Albemarle Square, and similar properties. Mr.

Newberry suggested that he was confident that the report would identify those spaces that are ripe for redevelopment.

- Supervisor McKeel offered her thanks and pleasure that focus is returning to planned inventory.

c. Closed Session--Mr. Long read the following Closed Meeting Motion:

I move that the Albemarle County Economic Development Authority go into a closed meeting as authorized by the Virginia Freedom of Information Act, section 2.2-3711(A) of the Code of Virginia under:

- *Subsection 5 and 6 to discuss and consider:*

The expansion of four existing Albemarle County businesses (Projects Packet, Poma, Cardinal & Gadget) where no previous announcement has been made of their interest in expanding their facilities in Albemarle County; and where the investment of public finds to support such expansion involves bargaining and, if made public initially, would adversely affect the financial interest of the EDA and Albemarle County; and

- *Subsection 7 and 8 to discuss and consider:*

Consultation with legal counsel and briefings by staff members pertaining to probable litigation in one matter involving breached contract, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority and require the provision of legal advice.

Mr. Munson seconded the motion.

MOTION: The motion passed unanimously

Closed Meeting Certification – Following the closed meeting, Mr. Long read the following Closed Meeting Certification:

I move that the EDA certify by recorded vote that to the best of each Director's knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the Closed Meeting were heard, discussed, or considered in the Closed Meeting.

MOTION: The motion passed unanimously by rollcall vote.

Mr. Long read the following Motion to Accept Installment Notes:

I move the EDA to accept Installment Notes from Ewes Guys, LLC, in satisfaction of amounts due under the Governor's AFID Fund Performance Agreement date July 2015 and the Economic Opportunity Fund Performance Agreement dated July 2015, materially and substantively the same as the attached drafts, and to authorize the Chair to sign such Installment Notes, each requiring \$225 payments to

every other month (\$450 total) starting and being due in February 2022 and ending with final payments due in April and June 2025, if not prepaid in advance without penalty, and both notes providing an interest-free grace period through 2022 with interest of 4% per year being added thereafter. The Chair's authorization is contingent upon the County Attorney approving the Installment Notes as to form.

Mr. Munson seconded, and no further discussion was required.

MOTION: The motion passed unanimously by rollcall vote.

6. **Unfinished Business**

Mr. Newberry shared the following planned agenda items, in addition to the Building Reuse Grant for the upcoming Board of Supervisors/EDA Joint Meeting scheduled October 19, 2021 at 4:00 pm.

- Update on Project ENABLE Goals
- Creating a sustainable revenue stream for EDA through property ownership
- Potential New Economic Development Tools/Policies
- Update Memorandum of Understanding

Mr. Long expected there would be a closed meeting expected in the joint meeting, which was confirmed by Mr. Newberry.

Ms. Imhoff asked for further clarification on the Memorandum of Understanding update and what that entailed. Mr. Johnson explained it entailed the EDA's notification of the Board of Supervisors before making substantive actions.

7. **Other Matters**

Mr. Long welcomed Ashley Perry to the Economic Development team.

8. **Adjournment**

There being no further business, Mr. Long adjourned the meeting.

Teste: _____
Donald Long, Chairman

Approved: _____
David Shreve, Secretary-Treasurer