

ALBEMARLE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY MINUTES

November 16, 2021

4:00 PM

Electronic Meeting

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

Staff Present: Doug Walker, Deputy County Executive; Roger Johnson, Economic Development Director; J.T. Newberry, Economic Development Business Development Manager; 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**

Mr. Newberry confirmed no speakers signed up or raised their hand to speak.

3. **Approval of Minutes**

The minutes for September 21, 2021, were reviewed. Mr. Munson motioned to approve the minutes, which was seconded by Ms. Imhoff.

MOTION: The motion passed unanimously.

4. **New Business**

a. Director's Report

Mr. Johnson greeted the EDA and named the following items to be addressed in his report:

- Industrial Revenue Bond Fees
- Tourism
- EDO Staff Vacancy

- Bonumose Announcement Video
- Prospective EDA Member

Mr. Johnson shared a visual aid illustrating Bond Fee structures in the City Charlottesville, Henrico County, Loudoun County, Orange County, Spotsylvania County and Stafford County to determine the annual fee and application fee for Albemarle County's Industrial Revenue Bond Fee Structure.

He stated that County staff proposes an application fee of \$1,500 - based off the benchmarking illustrated in the list of application fees (City of Charlottesville \$1,000-\$10,000; Henrico County \$500, Loudon County \$2,500, Orange County \$500, Spotsylvania County \$5000 and Stafford County \$1,000).

Moving on to annual fee structure, Mr. Johnson pointed out it was difficult to find a consistent way to determine an annual fee due to the range of factors involved. He stated that the fees range from \$750 per \$1,000,000 issued all the way up to 1/8th of 1% of outstanding balance.

Mr. Johnson explained amounts of annual revenue each locality would receive -based on their annual fee structure- using a hypothetical example of a private entity issued a \$30 million bond. (The City of Charlottesville \$7,500; Henrico County \$15,000; Loudoun County \$22,500; Orange County \$18,750; Spotsylvania County \$165,000 and Stafford County \$18,750).

He said that staff looked at Henrico, Loudon, and Stafford Counties in particular, because of the similarities between their economic development strategies and Project ENABLE. Those fee structures are consistent with their economic development strategic plan and goals, which include community development and project enablers to improve quality of life.

Therefore, Mr. Johnson concluded that staff found the \$500/million issued as the most understandable calculus combined with the fee structure from Loudon County. The combined strategies result in \$750/million issued and a greater return to the EDA in terms of financial monies without barriers to future use of these bonds.

Mr. Johnson paused to entertain any questions about staff's recommendations.

Mr. Ray asked Mr. Johnson to clarify a fee increase for the City of Charlottesville as the total amount of funds are utilized.

To address his question, Mr. Johnson requested that Mr. Newberry display the email from the City of Charlottesville with the information that illustrated as the amount of bonds finance increase, their fees change. Mr. Shreve agreed that there was some bad wording that caused some confusion.

Mr. Shreve asked Mr. Johnson what the average bond interest rate/bonus that we offer for bonds that pass through the EDA. Mr. Johnson stated that he would calculate that and bring it back for consideration.

Mr. Johnson added that one of the benefits is not just the interest rate, which is going to be lower than your standard financing, but also the taxes.

Mr. Shreve requested a visual with an interest rate equivalent and a single number to focus on. He pointed out that none of the fees, except for Spotsylvania, would seriously change that dynamic for any potential borrowers, which is something he thinks should be considered.

Mr. Johnson assured Mr. Shreve that the fees were considered so as not to be a barrier and that these fees are usually less than the legal fees to pay the bond counsel.

Mr. Long added his concern that if fees are too high that entities, specifically non-profits, will go to a different locality, especially if they don't have to be locally placed.

Mr. Long asked- considering the upcoming bond issuance- was EDO staff recommending we adopt the fee structure proposed.

Mr. Johnson confirmed that staff is recommending that a resolution be made.

Mr. Long added that he did not have an issue of making the \$1,500 application fee higher if the service staff time required exceeds that amount to which Mr. Johnson replied that he felt it was adequate and would not serve as a barrier to public good.

Mr. Shreve suggested that the application fee shouldn't be considered in terms of a perfect user fee and that it should be nominal.

Mr. Ray commented that the amount should be enough to build a nest egg to help other people.

Mr. Long voiced his support and asked if the numbers could be revisited if they are deemed inaccurate so that the EDA could have something in place.

Mr. Shreve asked Mr. Long if he saw any disharmony with the rate structure in relation to a nonprofit organization shopping around - or would this be a negligible factor. Mr. Long responded that in his experience, he thinks it would be negligible.

Mr. Ray moved that the EDA adopt the resolution amending article four of the Rules and Procedures.

Motion Seconded by David Shreve.

MOTION: The motion passed unanimously

Mr. DeLoria confirmed that Mr. McNaughton was unable to be reached for vote and confirmed Mr. Shreve's location as Albemarle County as he was not in attendance for roll call earlier in the meeting.

Mr. Johnson reminded the EDA of the CACVB's new marketing campaign "Tourism: Historic Vines, New Roots" that focuses on wineries as the County's leading attractor in addition to history. He highlighted trends in the economy during the fall season, spanning from September 26th through November using a graphic.

The graphic showed the occupancy rate in Albemarle County is 74%, which is usually below what we normally find. However, the average daily rate is \$168 per room, which is significantly higher than historical averages.

He explained that combined, those two numbers create a RevPar (Revenue Per Room) -a standard metrics that is used in the industry- of \$125.36/per room.

He reinforced that the tourism sector in the community is off to a very strong start, exceeding previous 2019 levels and many indicators show 2021 numbers overall are approaching 2019 pre-pandemic numbers. He continued that tourism is coming back with a vengeance as the average daily rate of \$168.28/per night average is 25% greater than the second closest district in the Commonwealth.

Mr. Johnson explained that some of that increase is affected by labor shortages and pay increases in this industry. He said, CACVB reports it is a general conversation that they have with hoteliers on a regular basis. Compensation is increasing so much so, that in many cases the pay is over \$15 an hour which provides tourism and hospitality industry staff with a livable wage, which has not happened in some time.

Mr. Johnson paused for questions or comments about the tourism sector.

Ms. Imhoff suggested the EDA invite Susan Payne, Chair of Virginia Tourism Corporations, to speak at a future meeting. She said she thinks it would be interesting to hear about how the industry is changing and how the area has strong play here with the vineyards and events, etc.

Mr. Johnson replied that the VTC is offering several grants to support building new programs or events that can encourage tourism. Additionally, there are American Rescue Plan funds that will come in directly to the City and the County, and that the EDO is working with the CACVB to create a plan that spend those funds appropriately. He added that staff will bring more information back for discussion.

Mr. Shreve asked if anyone collects information on the buyers of the hotel rooms because he is wondering about price elasticity.

Mr. Johnson replied that some information is captured, and some data is trackable but not necessarily if the hotel room is booked directly through the independent businesses. He continued that he asked the same question to CACVB about the elasticity of the ADR, and it was forecasted that \$168.28 will not be sustainable long term. It is speculated that the increase is a combination of Virginia Football, fall foliage and people's desire to get out of the house.

Mr. Shreve added that he suspected as much but wondered whether data is collected on simple categories such as commercial buyers versus people in town on business.

Mr. Johnson confirmed that the data doesn't have that level of granularity but the CACVB is contemplating a new product which tracks the movement of people once they come into our community so that the flow of money spent can be taken into account.

Mr. Johnson acknowledged the departure of Jennifer Schmack, former Economic Development Project Manager which left the EDO with a vacant position. He reported that staff had and the County Executive Office was in support of a reevaluation of all positions within the EDO. He then offered congratulations and asked Mr. Newberry to announce his new title, to which he replied, "Business Development Manager."

Mr. Johnson then explained that the vacancy would allow for new position, Senior Development Manager to be established.

Mr. Johnson informed the EDA about the Bonumose Announcement Video released by the County's Office of Community and Public Engagement that would be available for Directors to view after the meeting via email.

Mr. Johnson announced that John Mottola, COO of Perrone Robotics, was appointed as White Hall District EDA Director. He informed the EDA that Mr. Mottola must first go to a swearing in ceremony and then will attend the meeting that follows.

Mr. Johnson concluded the Director's Report and entertained questions.

Mr. Long asked if a job listing had been posted to fill the vacant position to which Mr. Johnson replied that staff plans to in the coming weeks.

Mr. Johnson concluded the Director's Report and deferred to Mr. Shreve for the Financial Report.

b. Financial Report

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

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

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

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 by rollcall vote after Mr. DeLoria noted that Director Long did not participate in the discussion on Project Cavalier. Mr. McNaughton was no longer available to vote.

5. **Other Matters**

Mr. Long opened discussion for the possibility of moving the next EDA meeting from December 21st to December 14th and the decision was made to hold the next meeting on Tuesday, December 14, 2021.

6. **Adjournment**

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

DocuSigned by:
Donald D. Long
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Teste: _____

Donald Long, Chairman

Approved: _____

Roger D. Johnson, Assistant Secretary