

Economic Development Authority

History

Industrial development authorities (“IDAs”), now often called *economic* development authorities, are a relatively new invention. The General Assembly of Virginia authorized their creation by local governing bodies when it enacted the Industrial Development and Revenue Bond Act (the “Act”) in 1966. Although IDAs (like counties) are political subdivisions of the Commonwealth of Virginia, they are limited in what powers and authority they may exercise.

The Board of Supervisors of Henrico County (the “Board”) created its IDA, which it initially named the “Industrial Development Authority of the County of Henrico, Virginia” (the “Authority”), in November of 1968. The Board specifically created the Authority to finance the construction of a new clothing manufacturing plant for Friedman Marks, Inc. located off South Laburnum Road in the Varina Magisterial District. Because of the need to create the Authority quickly in order to issue bonds for the benefit of Friedman Marks, the Board adopted an emergency ordinance on November 13, 1968, and, after advertising the ordinance as required by law, re-adopted it on December 11, 1968 creating the Authority with a seven-member board of directors.

The Tuckahoe, Brookland, and Fairfield Magisterial Districts each had one director, and the Varina Magisterial District had the remaining four. J. T. “Jack” Ferguson, one of the Authority’s original directors, recalled recently that the Board of Supervisors allocated the majority of the directors to the Varina District because the first project financed was located in Varina. The initial board of directors consisted of Mr. Howard W. Pogue, Jr. from the Tuckahoe District, Mr. T. Dix Sutton from the Brookland District, Mr. Robert A. Ladd, III from the Fairfield District, and Dr. David R. Suyes, Jr. and Messrs. J. T. Ferguson, Mr. Grayson F. Holt, and Mr. Leonard E. Starr from the Varina District. The board of directors elected Mr. Holt as its first chairman.

Because it initially met only quarterly, changed to semi-annually in 1973, and then to annually in 1974, and because its activities consisted solely of issuing bonds, the Authority had no staff for the first 15 years. The secretary to the County’s Director of Finance took the minutes of each Authority meeting, physically kept the Authority’s minute book and other records, and typed whatever correspondence the Authority might require. The County Attorney, Mr. J. Mercer White, Jr., who had no assistants or deputies at the time, provided the legal representation for the Authority initially. William G. Broadbuss, the County’s first full-time County Attorney, provided legal representation to the authority from 1973 through 1981, when he was named Chief Deputy Attorney General for the Commonwealth of Virginia. The County Attorney’s Office continues to represent the Authority.

The New York law firm of Wood, Dawson, King, Love and Sabatine, which served as bond counsel to the County on its general obligation and revenue bond issues, also served as bond counsel to the Authority for its first several bond issues.

From the beginning, Henrico County Manager Mr. E. A. Beck, attended all Authority meetings and took a hands-on approach to bringing bond seekers before the Authority. In 1977, Mr. Beck retired as County Manager but continued working with the Authority as a Special Consultant until 1993. The Authority did not have its own staff until 1982, when the number and size of bond financings increased, and when the Board of Supervisors and the board of directors of the Authority recognized the increasing importance of economic development to the County's financial well-being. The first two staff members consisted of a full-time secretary and an administrator assigned to do economic development work.

By resolution adopted February 22, 1984, Agenda item No. 103-84, the Board of Supervisors designated the Authority "as the official Economical Development Organization for the County of Henrico" ... and "authorized [the Authority] to act on behalf of the Board [of Supervisors] to establish an economic development program for the County." The resolution also directed the County administration "to provide reasonable staff support to the [Authority] for this purpose as ascertained by the Board of Supervisors." Shortly thereafter, the board of directors of the Authority hired its first Executive Director, Mr. Frederick T. Agostino, who served from September, 1985 until his retirement in December, 2008. Since 1985, the Authority's staff has increased from three to the present complement consisting of Mr. Gary R. McLaren, Executive Director; Mr. Leonard C. Cake, Administrative Director; Mr. B. Anthony Hall, Director of Marketing; Ms. Sara E. Matthews, Marketing Representative, Ms. Joyce A. Whitten, Administrative Assistant; Ms. Diane B. Blankenship, Office Assistant; and Ms. Rita F. Bostic, Research Coordinator.

For its first 15 years or so, the Authority met in County offices. As the Authority hired its own staff, however, and as the importance of the Authority's role increased, the Authority established its own offices separate from those of the County. The Authority first leased space in Courthouse Commons, a small office development on Parham Road in sight of the Henrico Government Center, then moved to the Villa Park office complex near the intersection of Parham Road and U.S. Route 1. Ultimately, the Authority determined it would be best served by having its own building. Thus, in 2001, the Authority constructed and moved into a new 10,400 square foot brick office building on land owned by the County at 4100 East Parham Road, across the street from the County's Government Center. The Authority financed the construction and equipping of its building by issuing a bond to SunTrust Bank and securing the payment of that bond by a pledge of the Authority's annual fees received from businesses and other entities for whom it had issued bonds.

Based on enabling Authority requested by the Board of Supervisors and enacted into law by the 1999 General Assembly, the Board of Supervisors adopted on July 13, 1999 an ordinance changing the name of the Authority to the "Economic Development Authority of Henrico County, Virginia" effective August 1, 1999. The name change was requested by the Authority's board of directors who were concerned that the "smokestack" image conjured up by the inclusion of the term "industrial" in the

Authority's name did not accurately reflect the Authority's role in Henrico County's economic development efforts.

The following year, the General Assembly amended the Act to permit the Board of Supervisors to increase the number of directors of the Authority from seven to 10. By ordinance adopted November 14, 2000, the Board of Supervisors increased the number of directors from seven to 10 and appointed one new director. By ordinances adopted January 9, 2001 and November 12, 2002, the Board of Supervisors appointed the ninth and tenth directors to the Authority, consisting of two directors from each of the County's five magisterial districts.

Since its inception in 1968, the Authority has issued bonds on approximately 220 occasions for the benefit of numerous businesses and nonprofit entities, located in Henrico County as well as in other localities within the Commonwealth of Virginia. Most of the earlier bond issues financed manufacturing facilities as well as warehouses and offices. Later, the Authority issued bonds to finance corporate headquarters, office buildings, pollution control facilities, and an increasing number of facilities for non-profits including hospitals and private schools. In recent years, due to changes in federal and state law, the Authority has financed mostly facilities for non-profits and manufacturers. On several occasions, the Authority has even issued bonds for the benefit of the County and, as noted above, for itself. The fees generated from those bonds issued – \$500 per \$1 million of bonds issued – have provided the major source of income (other than that provided by the County itself) for the Authority. The Authority's role in the economic development of Henrico County, however, has not been limited simply to issuing bonds.

In 1996, in a transaction involving the Commonwealth of Virginia, the Authority, Henrico County, and a partnership made up of Motorola and Siemens, the Authority took title to the 2,272 acre Elko Tract in eastern Henrico County. Per an agreement with the Commonwealth, the Authority, with the assistance of the County, took title to and developed the Elko Tract as the White Oak Technology Park (the "Park"). In a related transaction, White Oak Semiconductor, the name given to the partnership between Motorola and Siemens, constructed a major chip manufacturing plant within the Park. The White Oak Semiconductor plant was a major employer and tax generator in the County until changing economic conditions resulted in its closing in 2010. Quality Technology Services (QTS) subsequently purchased the vacant manufacturing facility and has developed it into a major data storage facility. In addition, in the last 15 years, several other major commercial entities have located facilities within the Park.

Beginning in 2000, the Authority, along with the County, played a significant role in a transaction that provided incentives (through the equivalent of tax increment financing) to the developers of the Short Pump Town Center, a regional open-air shopping mall located in the far western part of the County. Short Pump Town Center has been extremely successful and a major generator of tax revenues for the County. The Authority played a similar role several years later with the development of the Shops at White Oak Village near the intersection of Interstate 64 and East Laburnum Avenue.