

MEMORANDUM OF UNDERSTANDING

Between:

Chesterfield County, Virginia

and

Chesterfield Economic Development Authority

Effective Date:

Table of Contents

Memorandum of Understanding.....	1
Recitals.....	1
1. Purpose and Scope.....	2
1.1. Purpose.....	2
1.2. Scope.....	2
2. Term of Agreement	3
2.1. Effective Date and Duration.	3
2.2. Annual Appropriation.	3
2.3. Multi-Year Planning.....	4
3. Roles and Responsibilities of the Parties	4
3.1. EDA’s Status and Powers.....	4
3.2. County Oversight.	5
3.3. Relationship.	5
3.4. Limitations on Staff Commitments and Representations.....	5
3.5. Bond Issuance Coordination	6
4. County Funding and Support to the EDA.....	7
4.1. Operating Expenses.....	7
4.2. Personnel Expenses	8
4.3. Lump Sum-Funded Project Expenses.	9
4.4. Expenses Not Covered by County.	11
4.5. Disbursement and Accounting Procedures	13
4.6. Use of Surplus Land Sale Proceeds in Lieu of Appropriation	14
5. Ownership and Use of Assets	14
5.1. Asset Ownership.....	15
5.2. Asset Use and Access.	17
5.3. Disposition of Assets.....	18
5.4. Reversion of Assets Upon Dissolution.....	18
6. Planning, Projects, and Performance	19

6.1. Annual Budget Development and Planning.....	19
6.2. Project Planning and Coordination.	19
6.3. Performance Metrics and Targets.	20
7. Reporting and Communication.....	20
7.1. Annual Budget and Work Plan Submission.	20
7.2. Regular Reports.	21
7.3. Public Transparency.	21
7.4. Public Communication.....	22
8. Audit, Financial Controls, and Compliance	22
8.1. Annual Independent Audit.	22
8.2. Books and Records; Internal Controls.....	23
8.3. Procurement and Expenditure Policies.....	23
8.4. Conflict of Interests and Ethics.....	25
8.5. Virginia Freedom of Information Act (FOIA) and Records	25
8.6. Legal Compliance.	26
8.7. Information Technology and Data Security	26
8.8. Insurance and Risk Management.....	27
8.9. Indemnification.....	27
9. Termination and Dispute Resolution	27
9.1. Termination	27
9.2. Dispute Resolution.....	27
10. Appendices and Reference Documents.	28
10.1. Appendix A: Powers of the EDA – Authorized by Statute vs. Modified by MOU	30

Memorandum of Understanding

Between Chesterfield County, Virginia (the “County”) and The Economic Development Authority of Chesterfield County, Virginia (the “EDA”)

Recitals

WHEREAS, the County is a political subdivision of the Commonwealth of Virginia, governed by the Chesterfield County Board of Supervisors; and

WHEREAS, the EDA is a separate political subdivision of the Commonwealth of Virginia, created by the Chesterfield County Board of Supervisors in 1968 pursuant to the Virginia Industrial Development and Revenue Bond Act (Va. Code § 15.2-4900 et seq.) (the “IDA Act”), and empowered to act for the purposes described therein; and

WHEREAS, the IDA Act grants the EDA broad authority to promote economic development and specifically empowers the EDA to accept contributions and other financial assistance from the County in furtherance of its purposes; and

WHEREAS, Virginia law (Va. Code §§ 15.2-950 and 15.2-953) authorizes the County to appropriate and donate public funds to industrial or economic development authorities for the purposes of promoting economic development and other lawful public purposes; and

WHEREAS, the EDA works in conjunction with the County’s Department of Economic Development, which is subject to all other county policies and practices similar as other county departments, to create jobs, expand the tax base, and diversify the local economy, and while the EDA generates some limited revenue from sources, the majority of its operating budget and all of its staffing are funded and provided directly by the County through appropriations approved by the Board of Supervisors or subsequent land sale transactions that were initially funded through local appropriations; and

WHEREAS, the County and the EDA desire to enter into a multi-year Memorandum of Understanding to formally define their respective responsibilities, including the mechanisms by which the County will fund and support the EDA’s operations, the limits on

such funding, the ownership and use of assets, reporting requirements for the EDA's activities, auditing requirements, and processes for conflict resolution and termination of agreement, all in accordance with applicable Virginia law governing economic development authorities, county governance, and the use of public funds;

NOW, THEREFORE, in consideration of the mutual promises and conditions herein, the County and the EDA (collectively, "the Parties") hereby agree as follows.

1. Purpose and Scope

1.1. Purpose.

The purpose of this Memorandum of Understanding (MOU) is to establish a framework between the County and the EDA. This MOU delineates how the County will provide financial and operational support to the EDA on an ongoing basis to enable the EDA to exercise its statutory powers and fulfill its economic development mission. It also sets forth the expectations for accountability and compliance with law.

1.2. Scope.

This MOU defines the working relationship between Chesterfield County and the Chesterfield Economic Development Authority (EDA), establishing expectations for collaboration, accountability, and the use of County-provided support.

It applies specifically to the use of County funds, personnel, and shared administrative services, as well as to projects or initiatives in which the County has a direct fiscal, operational, or policy interest. While the EDA retains all statutory powers granted under the Virginia Industrial Development and Revenue Bond Act (Va. Code § 15.2-4900 et seq.), this MOU outlines the processes, procedures, and fiscal controls applicable when those powers intersect with County resources or responsibilities.

Further clarification of this relationship, including areas where EDA powers are subject to modified operational practices, is provided throughout the MOU and summarized in Appendix A.

2. Term of Agreement

2.1. Effective Date and Duration.

This MOU shall become effective on the date it is fully executed by both Parties (the “Effective Date”) and shall remain in effect until terminated by mutual agreement or in accordance with Section 10 of this MOU. The Parties may amend or restate this MOU at any time by mutual written agreement, subject to any approvals required by law or County ordinance. The Parties agree to maintain a practice of regularly reviewing this MOU to ensure its continued alignment with County policies, economic development priorities, and applicable legal requirements.

The Parties shall conduct a formal review of this MOU at least once every five (5) years to evaluate its continued relevance, legal compliance, and alignment with organizational structure and strategic objectives.

2.2. Annual Appropriation.

The Parties acknowledge that any County funding commitments under this MOU are subject to annual appropriation by the Board of Supervisors. Nothing in this MOU shall be construed as committing the County to appropriate funds beyond each fiscal year’s budget or as impermissibly binding future Boards of Supervisors. The County’s obligations to fund under this MOU in any given fiscal year are conditioned upon the availability of funds and the inclusion of such funding in the County’s adopted budget. Each year, the County Administrator shall include in their proposed budget any recommended appropriations to fulfill its obligations under this MOU, but the ultimate decision to appropriate rests with the Board of Supervisors .

2.3. Multi-Year Planning.

Although this MOU does not create a multi-year financial obligation, the County may provide the EDA with non-binding multi-year funding projections for planning purposes, which are non-binding and for informational use only. The EDA shall use such projections to inform its internal planning and budgeting. Both Parties agree to work in good faith to ensure continuity of funding and operations, subject to performance, appropriations, and continued alignment of goals.

3. Roles and Responsibilities of the Parties

3.1. EDA's Status and Powers.

The EDA shall operate as an independent political subdivision and the economic development authority of the County, in accordance with the powers and limitations set forth in the IDA Act and other applicable Virginia laws. The EDA's Board of Directors (appointed by the County Board of Supervisors) is responsible for the EDA's affairs and ensuring its actions further the public purposes for which it was created. The EDA shall not incur obligations or engage in activities beyond the scope of its lawful authority. The EDA agrees to coordinate closely with the County on all significant initiatives, especially those involving the use of public funds or acquisition of assets, to ensure consistency with the County's economic development policies and budgetary frameworks. This MOU sets forth certain constraints on the full exercise of powers otherwise authorized under the IDA Act and other applicable Virginia laws. These constraints reflect the County's interest in ensuring fiscal stewardship, policy alignment, and operational consistency, as determined by the Board of Supervisors and its appointed EDA Board. The full range of statutory powers available to economic development authorities under Virginia law is found in the IDA Act (Va. Code § 15.2-4900 et seq.). Appendix A outlines those general powers and identifies the specific areas in which Chesterfield County's EDA operates under modified procedures or limitations, as further described throughout this MOU.

3.2. County Oversight.

The County, through its Board of Supervisors and County Administration, retains ultimate oversight over public resources and policy direction for economic development. The County's Board approves the creation and dissolution of the EDA and appoints EDA Board members pursuant to state law. By this MOU, the County does not assume control of the day-to-day operations of the EDA, but the EDA agrees to remain responsive to the Board of Supervisors' strategic guidance and to operate in a transparent manner with respect to the County. Certain actions of the EDA, such as the purchase or sale of real property, the issuance of bonds, or the extending of local incentives to private entities, may require or benefit from prior approval or concurrence by the Board of Supervisors; the EDA shall follow all such legal requirements and established County procedures in those matters. The Parties acknowledge the County's interest in ensuring public funds are used effectively and lawfully, and the EDA shall cooperate with any County requests for information or review related to its activities.

3.3. Relationship.

The EDA and the County's Department of Economic Development shall continue to work in conjunction to achieve the County's economic development goals. The Director of the County Department of Economic Development (or his/her designee) shall serve as a primary liaison to the EDA, attending EDA meetings and advising the EDA Board as appropriate. Conversely, the EDA's Chair (or designee) should maintain regular communication with the County Administrator (or designee) and the Chair of the Board of Supervisors regarding EDA initiatives, and all other Board members as applicable. Both Parties agree to maintain a collaborative relationship, characterized by open communication and mutual support, in service of the County's economic prosperity.

3.4. Limitations on Staff Commitments and Representations

The Parties acknowledge that while County staff from the Department of Economic Development provide critical operational support to the EDA, these employees act solely

under the authority of the County and are subject to County policies, supervision, and direction.

County staff supporting the EDA shall not make commitments, representations, or assurances to external parties — including businesses, developers, or other governmental entities — that:

- Legally bind the EDA or the County,
- Create financial obligations, incentives, or contractual arrangements, or
- Affect the operations, resources, or policies of other County departments or agencies, unless such commitments have been expressly approved in advance by the County Administrator (or designee) and, where applicable, through formal County action.

Both Parties agree that any proposed commitments, particularly those with cross-departmental implications (such as land use, utilities, transportation, or financial incentives), shall be reviewed and authorized through appropriate County governance processes before they are communicated externally. The EDA Board and the County Administrator shall ensure that staff supporting EDA activities understand and observe these boundaries. For potential prospects that arise, staff and Board members shall be briefed accordingly, and for significant prospects, closed sessions will be held to provide concurrence from the Board for what are the Board's directives and parameters to engage with prospect (e.g., performance grant terms and conditions).

3.5. Bond Issuance Coordination

The County may request that the EDA serve as a conduit issuer of bonds or other debt instruments to support public or private projects aligned with the County's economic development objectives. The EDA agrees to consider such requests in good faith and to carry out issuances in accordance with its statutory powers under the IDA Act (Va. Code § 15.2-4900 et seq.). Although housing bonds are a permissible issuance of the EDA, until

Board of Supervisors direction to be a conduit for such bonds, this EDA ability is not enabled.

Any such issuance shall require:

- A formal resolution by the EDA Board authorizing the financing;
- Coordination with the County Administrator, County Attorney, and Department of Budget and Management to ensure alignment with County policy and fiscal oversight;
- Execution of appropriate financing or performance agreements;
- Compliance with all applicable federal and state laws, including those governing tax-exempt and taxable bond issuance; and
- Board of Supervisors approval and public hearings, as required by state law.

Allowable uses of bond proceeds shall conform to the legal purposes permitted under the IDA Act and applicable federal law. All costs associated with the issuance—including legal, financial, and administrative expenses—shall be funded by the County, unless otherwise agreed.

The County and EDA will ensure transparency in the use of bond financing and will follow all required public notice or hearing procedures. Refunding opportunities requested by the County shall also be subject to the same processes.

4. County Funding and Support to the EDA

The County shall support the EDA through a combination of annual appropriations, personnel assignments, and oversight. This section outlines funding for operating and personnel expenses, the handling of project-related costs, limitations on County financial obligations, disbursement protocols, and the use of surplus property sale proceeds.

4.1. Operating Expenses.

The County shall fund the general operating expenses of the EDA to the extent that the EDA's own revenues (if any) are insufficient to cover approved operating costs.

As outlined above, the County shall provide funding for day-to-day administrative and operational needs through an annual lump-sum appropriation, effective July 1, 202X. This lump-sum will support core operating functions that are necessary to maintain the EDA's daily activities and continuity of service. These include, but are not limited to, office rent, utilities, janitorial services, office supplies, equipment leases (e.g., copiers), technology support, software subscriptions, communications services (e.g., phones, internet), postage, and other recurring general costs necessary for routine administration and office management.

The EDA shall submit an annual operating budget to the County for review prior to the start of the County's budgeting cycle (see Section 7.1). This budget must include all anticipated operating expenses and projected revenues, including County funding and any EDA-generated income. The County will evaluate this submission to determine the appropriate level of operating support to be included in its annual appropriation.

County operating support is intended to cover ordinary and necessary day-to-day expenses that are consistent with the approved EDA budget and not otherwise offset by EDA revenues. The EDA shall not incur expenses above the approved budget or initiate new recurring financial obligations without first consulting the County to confirm whether sufficient funding is available and approved. Any budget transfers shall conform to County Budget Policy with certain transfers requiring Board of Supervisor approval.

For the purposes of this MOU, County financial functions related to EDA support include, but are not limited to: coordinating the inclusion of EDA funding in the County's annual budget process; processing payments and reimbursements; maintaining financial records, ensuring compliance with applicable procurement and disbursement procedures; and managing any required reporting or reconciliation related to County-provided funds.

4.2. Personnel Expenses

The County shall continue to provide and fund the personnel necessary to support the EDA, primarily through staff assigned from the County's Department of Economic

Development. All such staff remain County employees, subject to County policies and compensation plans, and may include support from other County departments, as needed. The County retains full authority over personnel decisions, including compensation and benefits, and will consult the EDA if major changes to the staffing model are anticipated. EDA feedback on staff performance is welcomed as part of evaluation processes of staff.

Additionally, in accordance with Virginia law, the County shall fund any compensation and reimbursable expenses for EDA Board members as authorized by the Board of Supervisors and set forth in the EDA's bylaws. These expenses shall be disclosed in the EDA's annual budget and financial reports and are considered part of the County's personnel-related support through the annual budget appropriation process.

4.3. Lump Sum-Funded Project Expenses.

Project-related costs are outside the scope of the annual lump-sum appropriation and shall not be funded through it. Examples of such project-related costs include those incurred while attempting to attract or retain businesses, such as site development, incentive structuring, targeted recruitment campaigns, and related external engagements. These expenses are typically non-recurring and variable in scope, and shall be treated distinctly from routine operational expenses. The Greater Richmond Partnership may have certain roles in the recruitment of prospects and retention of existing businesses for which their roles are defined by a community contract that is managed by Economic Development.

All project costs should be proactively defined with conservative fiscal estimates not to understate projected expenditures or overstate projected project revenues. If the EDA anticipates that its own funds will be insufficient to cover 100% of a project's cost, it must submit a formal request for County funding prior to initiating the project or incurring any related expenditures. The EDA may not begin a project with partial internal funding and later request County support after those funds have been depleted.

Eligible project expenses include, but are not limited to:

- Land acquisition or option agreements with parcels that may ultimately be transferred to the County (e.g., for parks or schools). These agreements must be further coordinated to clarify the scope and timing of transfer. For option agreements, it should be noted which options will be exercised directly by the prospect without requiring the County to incur or re-imburse project-related expenses
- Site engineering, feasibility studies, and planning
- Business incentive packages
- Professional services for specific projects, including legal, financial, or other consulting services
- Infrastructure development (e.g., roads, utilities) will also require a review of respective County departments in formulating estimate and defining scope of service managed by EDA or County Departments, or transition scope and timing from EDA to County Department, or for roads to Virginia Department of Transportation.

All requests for project funding must be submitted to the County Administrator (or designee) for review and approval in advance. Each request shall include:

- A project budget detailing all anticipated costs
- A pro-forma financial analysis
- Return on investment (ROI) projections
- A narrative describing the project's economic development objectives and anticipated community or fiscal benefits

No reimbursement or payment shall be made for any project expense that was not pre-approved by the County. If approved, reimbursement will be processed in accordance with County policies and procedures.

Before initiating or committing to any project that may involve significant County resources or operations—including, but not limited to, increased demands on utility infrastructure,

transportation systems, zoning and land use, or potential tax incentives—the EDA shall coordinate in advance with the relevant County departments.

No representations, commitments, or assurances involving County services, funding, infrastructure capacity, or regulatory processes may be made by the EDA without prior consultation and agreement from the appropriate County staff. The County Administrator (or designee) may designate official points of contact to support this coordination.

This coordination is required to ensure alignment with County resources, fiscal priorities, and policy direction, and to avoid unintended impacts on operations or future budgets.

4.4. Expenses Not Covered by County.

In order to ensure proper use of public funds, the Parties agree that the County’s funding support has limits. The EDA shall not request, and the County is not obligated to provide, funding or reimbursement for any of the following categories of expenses.

- Unauthorized or Unapproved Expenses: Any expense that was not included in the EDA’s annual budget or otherwise pre-approved by the County through this MOU process will not be covered. If the EDA incurs an expense outside the scope of what has been agreed upon (e.g., a new initiative launched without County consultation that carries significant cost), the County may decline to fund that expense. The EDA would then be responsible for covering it from its own funds generated within the authority (e.g., lease income, interest income, timber fees), but not from property sales funded with County appropriations.
- EDA-Incurred Debt Obligations: The County will not cover the debt service or repayment of any loans, bonds, or other debt instruments issued or incurred by the EDA, except if the County has explicitly agreed to do so in a separate agreement (such as a moral obligation backing or appropriation pledge approved by the Board of Supervisors). By law, bonds issued by the EDA are payable from the EDA’s revenues and are not debts of the County unless the County separately guarantees them. Thus, any revenue bonds or loans the EDA undertakes on its own must be repaid

from EDA-controlled sources (e.g. lease payments from a private company) and not from the County's general fund, absent an explicit County agreement.

- Legal Judgments and Liabilities: If the EDA is subjected to a legal judgment, settlement, fine or penalty as a result of its independent actions or omissions (for instance, if the EDA is sued for breach of a contract that was not approved or known by the County, or fined for regulatory non-compliance), the County will not automatically assume responsibility for those costs. The EDA should maintain appropriate insurance (liability insurance, errors and omissions coverage, etc.) to protect against such risks that is annually reviewed by the County's Risk Management Department. The County may, on a case-by-case basis, decide to assist or cover such costs if it deems it in the public interest (especially if the liability arose while the EDA was acting at the County's direction), but this is discretionary. The legal counsel of the EDA shall represent the EDA in all legal judgments and liabilities, unless there is a transition of EDA Counsel to the County Attorney's Office.
- Extravagant or Unallowable Expenses: The County will not fund expenses that would violate County policies or generally accepted standards for public expenditures. This includes, for example, luxury accommodations, private car services when more economical options are available, personal travel unrelated to official duties, or entertainment expenditures that do not directly support a business recruitment or retention effort. The EDA shall adhere to the same standards the County itself follows for use of public monies. Similarly, any expense that would not be allowable under Virginia public procurement or public finance laws will not be paid by the County.
- Private Use or Political Activities: County funds cannot be used for any expense that is purely for private benefit or political purposes. The EDA shall not use County-provided funds for donations to private charities, sponsorship of events not related to economic development, or for lobbying or political contributions. This does not restrict the EDA from engaging in general business advocacy consistent with its

mission, but such activities should be done in coordination with the County and within legal limits.

The above list is not exhaustive but illustrates the intent that County funding be confined to legitimate, mission-related costs. If there is uncertainty about whether an expense is covered, the EDA should consult with the County in advance. By establishing this understanding, both Parties aim to prevent misunderstandings and ensure fiscal responsibility. Any expenses not covered by the County under this Section 4.4 would need to be paid out of the EDA's own independent funds as described above.

4.5. Disbursement and Accounting Procedures

The County may fulfill its funding obligations through a combination of direct appropriation to the EDA, direct payment of eligible expenses on the EDA's behalf, or a combination of both, as determined through the annual budget process. Appropriated funds may be disbursed in scheduled installments (e.g., quarterly) or on another agreed timeline in order to meet the appropriate cashflow needs of the EDA.

All County funds provided to the EDA shall be tracked and reported in accordance with Section 7 (Reporting) and Section 8 (Audit and Oversight) in this document. The EDA shall maintain complete records of all expenditures and provide documentation to ensure transparency and compliance with applicable policies.

Any unspent County-appropriated funds remaining at the end of a fiscal year shall remain in the EDA's reserve accounts but must be used exclusively for eligible public purposes consistent with this MOU. These funds may be carried forward into the following fiscal year but may not be repurposed for new or non-budgeted initiatives without prior consultation with the County. The EDA shall disclose all carryforward balances in its annual financial statements and include them in its subsequent budget submission. Annually these reserve balances will be reviewed with County Budget and Management Department to determine what, if any, adjustment to next year's appropriation may be warranted.

4.6. Use of Surplus Land Sale Proceeds in Lieu of Appropriation

In certain cases, the EDA may sell real property that was originally acquired using County appropriations after determining that the County has no need for the property for public facilities/uses. When such sales occur, the EDA shall first reserve sufficient proceeds to satisfy all outstanding obligations under any and all performance or incentive agreements entered into by the EDA. This includes, but is not limited to, future incentive payments tied to job creation, capital investment, or other performance benchmarks.

Once these reserves have been established, any net surplus proceeds may be used, with County approval, to support the EDA's operations and project-related costs. At the County's discretion, such surplus proceeds may be used in lieu of all or a portion of the County's annual lump-sum appropriation to the EDA for a given fiscal year.

The use of such surplus funds shall be coordinated during the County's annual budget development process and reflected in the EDA's approved budget. The County retains the authority to determine whether such funds may substitute for or supplement annual County appropriations in any given year.

All proceeds derived from such property sales must be held by the EDA in separate, clearly delineated accounts and shall not be commingled with other EDA revenues or County-provided funds. These funds must be tracked and reported independently, with full documentation provided to the County as part of the financial reporting and audit process described in Sections 7 and 8.

5. Ownership and Use of Assets

Assets acquired using public funds or for public purposes shall be clearly documented. Real property may be held by the EDA or County depending on strategic need. Assets will be used for economic development purposes and revert to the County upon dissolution of the EDA pursuant to Va. Code § 15.2-4914.

5.1. Asset Ownership.

The EDA and County acknowledge that assets may be acquired or developed during economic development projects. “Assets” in this context include real property (land and improvements), personal property (equipment), intangible property (such as studies and plans), and financial assets (cash, grants, proceeds from transactions). Title to assets will generally be held by whichever entity is most appropriate under law and for financing purposes.

Even when titled in the EDA’s name, land acquired with County funds is considered a public asset. The EDA shall not sell, encumber, or otherwise dispose of such property without prior coordination with the County Administrator (or designee). Significant transactions may require formal Board of Supervisors concurrence. In accordance with Section 4.6, net proceeds from such land sales may, upon County approval, be used in lieu of all or part of the County’s annual appropriation to the EDA, provided that sufficient funds have been reserved to meet all outstanding performance or incentive obligations.

Real Estate: The EDA often serves as the vehicle to acquire, hold, or dispose of real estate for economic development. Unless otherwise agreed, any real property purchased with EDA funds or in EDA’s name shall be owned by the EDA in its capacity as a political subdivision. The County may also transfer County-owned property to the EDA for development purposes pursuant to Va. Code § 15.2-1800 and the IDA Act. In such cases, the EDA holds title but usually for the benefit of the County’s economic development objectives. The EDA agrees that any real property it owns will be used, leased, lease to own, or sold in furtherance of economic development. The County may request the EDA return or transfer certain real properties back to the County when they are no longer needed for EDA purposes or if the County has another public use for them – the EDA Board will reasonably consider such requests in good faith, subject to any legal requirements.

Real Estate Acquisitions Involving Future Public Facilities: When the EDA acquires real estate where a portion of the land is planned for public facilities (e.g., libraries, parks), the land for said public facilities will be identified in advance and transferred to the County as

part of the real estate closing or at earliest practicable Board of Supervisors meeting following the closing unless other pending matters need to occur (e.g., rezoning).

Public Facilities on EDA Property: In the event a public facility is to be constructed on land owned by the EDA and transfer of the property to the County is not practicable prior to initiation of programming, design or construction of the facility, appropriate County departments shall be consulted prior to the EDA and/or its contractors making commitments regarding uses of the overall property, or the portion designated for the public facility, that will impact plans for the County facility in any way.

Personal Property and Equipment: Any personal property that the County provides for EDA use remains property of the County (unless explicitly gifted to the EDA). The EDA shall take reasonable care of any County property in its custody. If the EDA itself purchases any equipment or items with its funds or with County-provided funds specifically for EDA's use, those items will be recorded as EDA-owned property (though for insurance and inventory purposes, the County may include them as a component unit asset). In practice, the distinction should not hamper usage – the County and EDA will cooperate so that assets are used where they are needed. The EDA may be required to independently maintain and/or repair property and/or equipment not commonly utilized or supported by the County.

Financial Assets and Accounts: The EDA may maintain its own bank accounts and manage its funds independently. All monies appropriated by the County to the EDA that are not immediately expended shall be held in accounts that comply with applicable Virginia laws governing the investment and safeguarding of public funds. Any interest earned on County-appropriated funds shall remain EDA property but must be used solely for public economic development purposes.

Investment of such funds shall comply with Virginia law and follow best practices for managing public monies. The County's Accounting or Treasurer's Office may assist with investment oversight or execution, if agreed upon by both Parties. Unless otherwise

directed, investment earnings should be applied first to EDA operating needs before requesting new appropriations.

The EDA shall maintain clear records distinguishing County-provided funds from other sources of revenue and shall report fund balances and investment activity as part of its regular financial reporting to the County.

5.2. Asset Use and Access.

The County and EDA will coordinate on the use of significant assets.

For real properties held by the EDA, County officials (such as Economic Development staff or other county personnel) shall have reasonable access to those properties to inspect, plan, or show to prospects, since those sites are part of the County's economic development inventory. The EDA will not unreasonably withhold consent for the County to make use of EDA-owned sites for events or interim uses that promote development (for example, using an EDA-owned vacant parcel for a temporary training facility or public announcement event), provided such use does not impair the EDA's obligations or potential transactions.

If the EDA leases property to private tenants, the EDA is responsible for managing those leases (with assistance from County staff, as needed) and ensuring the property is used in accordance with the lease and development goals. The County should be kept informed of any long-term leases or property-use agreements the EDA enters. Appropriate County departments shall be consulted in advance of establishing leases with third parties if County resources are being committed, (e.g., facility and grounds maintenance, custodial services).

Assets purchased with public funds must be used for public or business purposes in serving the county (e.g., wetlands credits). The EDA shall not allow its property or funds to be used for personal use of any individual or for purposes outside its statutory mission.

5.3. Disposition of Assets.

When the EDA disposes of an asset (through sale, lease-to-own, transfer, etc.), it shall do so in a manner consistent with the IDA Act and in the best interest of the County's economic development goals. In determining sales price, the highest and best use value of the property will be considered as basis for negotiating and lowered when considerations need to be made to prospect (e.g., incentives, off-site infrastructure improvements). Significant dispositions, e.g., selling a large tract of land, should be communicated in advance to the County Administrator and the Board of Supervisors. If the County has contributed funds or land to the creation or improvement of an EDA asset—such as infrastructure on EDA-owned property or site acquisition funded through County appropriations—any proceeds from the sale or lease of that asset shall be managed in consultation with the County. The Parties agree that, unless otherwise required by law or separate agreement, such proceeds shall first be used to reimburse the County for its investment or to reserve funds for performance-based incentive obligations. Any net surplus may be used to support future economic development efforts or, with County approval, may be applied in lieu of all or a portion of the County's annual appropriation to the EDA, as part of the County's budget development process.

5.4. Reversion of Assets Upon Dissolution.

The Parties acknowledge that under Virginia law, if the EDA were ever dissolved, all funds and property of the EDA would transfer and vest in the County. This MOU operates in anticipation of a continuing partnership, but for completeness: in the event of EDA termination or termination of its existence, the County would assume ownership of all assets and liabilities as provided by law, and any assets transferred would be used to fulfill any obligations and thereafter be used for the welfare of the County's citizens. Nothing in this section is intended to signal any current plan to dissolve the EDA; it simply reaffirms the statutory provision (Va. Code § 15.2-4914) that protects the public interest in EDA assets.

6. Planning, Projects, and Performance

6.1. Annual Budget Development and Planning

Each year, the EDA shall develop and submit an annual operating budget and work plan to the County Administrator (or designee) and the Department of Budget and Management, in advance of the County's budget cycle. The submission shall include:

- A proposed operating budget, showing all anticipated revenues (including County appropriations and EDA-generated income) and planned expenditures;
- A narrative work plan detailing key projects, priorities, and initiatives planned for the upcoming fiscal year;
- Performance targets and metrics aligned with the County's strategic economic goals (see Section 6.3).

The County may provide a standard template to ensure submissions are compatible with County budget development requirements. Any modifications requested by the County Administrator or budget staff (e.g., changes in funding levels or programmatic emphasis) will be communicated promptly to allow the EDA to finalize its internal budget. The Board of Supervisors retains final authority over appropriations.

6.2. Project Planning and Coordination.

Project-based activities—such as land acquisition, site development, business recruitment campaigns, or incentive agreements—are distinct from routine operations and require additional planning and coordination.

Before initiating or committing to any project involving significant public resources or cross-departmental implications, the EDA shall:

- Coordinate with relevant County departments to assess feasibility, estimate costs, and identify operational impacts;

- Submit a formal request to the County Administrator (or designee) for review and approval if County funding is required;
- Provide project documentation, including scope, estimated cost, proposed funding sources, pro forma financials, return-on-investment analysis, and community or economic benefit narrative.

No project involving County funding shall proceed without prior County approval, and no representations shall be made to external parties regarding County contributions or services without such approval.

6.3. Performance Metrics and Targets.

As part of its annual planning process, the EDA shall establish performance metrics in coordination with the County. These metrics may include job creation, capital investment, incentive compliance, site development milestones, and other indicators of economic impact. Targets should reflect County priorities and anticipated project activity and will serve as guideposts rather than binding obligations.

The County and EDA view these metrics as a foundation for performance evaluation and continuous improvement. Adjustments to metrics may be proposed based on changing economic conditions or strategic focus.

7. Reporting and Communication

7.1. Annual Budget and Work Plan Submission.

The annual budget and work plan described in Section 6.1 shall be submitted by a date mutually agreed upon.

This submission enables County staff to assess alignment with County priorities and prepare recommendations for the Board of Supervisors during the budget adoption process.

7.2. Regular Reports.

To maintain transparency and support effective coordination, the EDA shall provide the following reports:

- Quarterly Activity Reports to the County Administrator (or designee), summarizing major projects, business attraction or retention activity, land development progress, incentive compliance, and any challenges or opportunities of note. These reports may align with quarterly strategic update meetings.
- Monthly Financial Statements provided by the EDA's Treasurer (or designee) to the County's Budget and Management Department, including revenues, expenditures, status of County appropriations, and EDA-controlled fund balances.
- Annual Report, presented to the Board of Supervisors at the close of each fiscal year, detailing the year's performance against targets, project accomplishments, incentive outcomes, and the EDA's audited year-end financial statements.
- Ad Hoc Reports, as necessary, when material developments arise (e.g., time-sensitive prospect activity, emerging financial issues, legal exposure, or significant public interest). The EDA shall also respond promptly to reasonable information requests from the County.

7.3. Public Transparency.

Both Parties are public bodies subject to the Virginia Freedom of Information Act (FOIA) and committed to transparency. The EDA will post or make available its meeting schedules, agendas, and minutes in accordance with FOIA requirements (as it already does for public meetings). Key documents such as the EDA's annual report, audit reports, and this MOU should be publicly accessible (for example, via the County's website). The County may include information about EDA activities in its own public communications (such as budget documents or annual reports), which the EDA will support by providing necessary data. In sum, the reporting framework in this Section is not only for internal accountability but also to ensure the citizens of Chesterfield County are informed about how economic development funds are being utilized and what results are being achieved.

7.4. Public Communication

Where appropriate, the EDA shall coordinate with the County's Constituent and Media Services Department to ensure that public information is accurate, timely, and consistent. This includes coordination on press releases, use of County logos or branding, and any communications issued through County-operated platforms. All such communications shall align with the County's broader public messaging strategy.

8. Audit, Financial Controls, and Compliance

The EDA will undergo an annual independent audit consistent with General Accepted Accounting Principles (GAAP) and governmental standards. County staff may assist with treasury, accounting, and compliance. The EDA will follow procurement standards aligned with the Virginia Public Procurement Act where County funds are used and will comply with FOIA, COIA, and other applicable laws.

8.1. Annual Independent Audit.

The EDA shall have its financial records audited annually in accordance with the standards applicable to governmental entities in Virginia. In practice, Chesterfield's EDA already prepares separate audited financial statements, and this practice shall continue. The County will provide funding necessary for the EDA to obtain this independent audit if the cost is not already covered in the EDA's budget. The results of the audit, including any findings or management letters, shall be reported to both the EDA Board and the County's Board of Supervisors. Copies of the audited financial statements will be furnished to the County's Accounting Department and be made available for public inspection as required by law.

If the audit results in any findings of material weaknesses or significant deficiencies in internal controls, the EDA will develop a corrective action plan in consultation with the County's Finance staff, and both Parties will work to implement remedies to ensure those issues are resolved before the next audit cycle.

8.2. Books and Records; Internal Controls.

The EDA shall maintain its financial books, records, and accounts in accordance with GAAP and Governmental Accounting Standards Board (GASB) standards, as applicable.

The County's Department of Accounting and Treasurer's Office may assist the EDA, upon mutual agreement, in certain financial functions such as accounting, payroll, accounts payable, cash management, and investment of EDA funds. If such services are provided, the County will ensure that EDA revenues are segregated from other County funds and that payments authorized by the EDA are processed in accordance with internal control standards.

These optional services are intended to strengthen financial integrity and allow the EDA to benefit from the County's established financial systems, while maintaining the EDA's independence in decision-making and expenditure approval.

The EDA shall follow prudent internal control practices, such as requiring dual signatures or approvals for large disbursements, having its Treasurer review financial reports regularly, and adhering to any financial policies adopted jointly with the County. All EDA financial transactions should be documented by appropriate contracts, invoices, or receipts. The County's Internal Audit department shall have the authority, with reasonable notice, to review EDA financial records and processes to ensure compliance with this MOU and with applicable standards.

Additionally, the EDA's Board members must handle funds in accordance with the Virginia Public Officers and Employees Bond Act (Va. Code § 2.2-1840 et seq.), if applicable – i.e., any EDA officer entrusted with funds may need to be bonded. The County can assist in arranging any necessary bond or insurance coverage.

8.3. Procurement and Expenditure Policies.

The EDA is subject to the Virginia Public Procurement Act (Va. Code § 2.2-4300 et seq., the "VPPA") and shall conduct all procurement activities in compliance with its provisions. For

any expenditure of County-provided funds, the EDA agrees to maintain procurement practices that reflect both the requirements and the intent of the VPPA. These include seeking competition where feasible and cost-effective (e.g., soliciting multiple quotes for services, issuing Requests for Proposals (RFPs), conducting competitive bidding for large contracts), utilizing existing County requirements and cooperative purchasing contracts (except for architectural/engineering, and construction contracts as outlined in the VPPA), and limiting sole-source procurements to situations where they are clearly justified and allowable under the VPPA. The County's Procurement Department may be consulted as a resource in applying these standards.

The County shall not be held responsible for any procurement activity conducted independently by the EDA. If the EDA chooses to use its own procurement process, it assumes full responsibility for compliance with applicable laws, policies, and documentation requirements.

If the EDA elects to utilize the County's procurement function, it must do so in full for the entire procurement activity. The County will not support partial or selective use of its procurement services (e.g., seeking quotes independently while requesting County assistance with contract execution). Once the EDA opts into a County-led procurement, the County shall manage the process in its entirety, following County procedures and timelines. The EDA must cooperate fully with all associated requirements and administrative protocols.

Additionally, any expenditure of County-appropriated funds must comply with all restrictions or conditions set by the Board of Supervisors. For example, if appropriations are designated for a specific purpose (e.g., infrastructure improvements at a particular site), the EDA shall ensure expenditures align with that purpose and maintain appropriate documentation.

Where the EDA administers or receives grant funds—whether from federal, state, or third-party sources—on the County's behalf or for County-supported projects, it shall adhere to

all applicable requirements of the County's grants policy and coordinate with the County in advance of submitting a grant application to ensure proper tracking, reporting, match documentation, and grant closeout procedures.

8.4. Conflict of Interests and Ethics.

The EDA and its Board members are subject to the Virginia State and Local Government Conflict of Interests Act (Va. Code § 2.2-3100 et seq.) and shall conduct their affairs in compliance with that Act. Board members must file their financial disclosure statements as required for EDA officials. No EDA Board member shall participate in any decision where they have a personal financial interest, as defined by law. The EDA will also adhere to the highest ethical standards in procurement and contracting, avoiding even the appearance of impropriety. The EDA Board should maintain and periodically update bylaws or policies addressing ethics, gift acceptance, and conflicts, in line with County policies.

8.5. Virginia Freedom of Information Act (FOIA) and Records

The EDA is a "public body" under the Virginia Freedom of Information Act (Va. Code § 2.2-3700), therefore, its records and meetings, as well as records in the possession of County staff who support the EDA, are subject to FOIA. The EDA shall keep all records of its transactions (financial and programmatic) in an orderly manner and shall make records available to the public upon request and in accordance with Virginia FOIA, unless determined that records being requested fall within allowable exceptions or exemptions per Virginia FOIA.

The County may receive FOIA requests that pertain to EDA activities, records, or communications. In such cases, the County and the EDA shall coordinate to ensure a timely and legally compliant response. The EDA shall designate a FOIA Officer or point of contact to assist the County and/or the County's FOIA officer, in fulfilling public records requests.

The County and EDA understand that staff supporting the EDA, i.e., Chesterfield County Economic Development Department staff, are County employees who are subject to

Virginia FOIA. The County and EDA also understand that there are legal exemptions and/or exceptions afforded appointed EDA members that may not apply to County staff per Virginia FOIA. Public records requests received by the County and pertaining specifically to County staff and/or records in the possession of county staff, will be administered and responded to by the County's FOIA officer or their designee.

8.6. Legal Compliance.

In addition to FOIA and COIA mentioned above, the EDA shall comply with all other applicable provisions of Virginia law relevant to its operations. This includes (but is not limited to) the IDA Act (Va. Code § 15.2-4900 et seq.) which governs its powers; statutes governing the use of public funds for private entities (such as the Virginia constitutional requirements for public purpose and statutes like Va. Code § 15.2-953 as referenced in the Recitals); and any bond issuance laws and regulations if the EDA issues bonds. The EDA will also abide by non-discrimination laws, environmental laws, and other general laws when carrying out projects. The County's legal staff (County Attorney) is available to assist or advise the EDA on questions of legal compliance, and it is expected that the EDA will seek such advice when in doubt.

8.7. Information Technology and Data Security

The EDA shall follow all applicable County information technology and cybersecurity policies and protocols when using County-provided equipment, networks, or software, and when managing County-funded systems. Confidential information shall be handled in a secure manner consistent with public body requirements and industry best practices. The Parties shall coordinate on continuity of operations and data recovery planning to ensure that essential EDA services and financial records can be maintained during emergencies. Requests for needs/services unique to EDA operations shall be coordinated with the County's Chief Information Office (CIO) on a case-by-case basis.

8.8. Insurance and Risk Management

The EDA shall maintain appropriate insurance coverage for its operations. If the EDA owns or manages real property, it shall ensure those assets are appropriately insured. The County may request documentation of such insurance upon reasonable notice.

The EDA and County shall promptly notify one another of any incidents, claims, or legal actions that may result in financial exposure or reputational risk, and will cooperate in managing such risks in the public interest.

8.9. Indemnification.

To the extent permitted by law, each Party agrees to indemnify and hold harmless the other Party, including its officials, employees, and agents, from and against any claims, liabilities, losses, or expenses (including attorney's fees) arising from its own negligent acts or omissions related to the performance of this MOU.

9. Termination and Dispute Resolution

9.1. Termination

This MOU may be terminated by mutual agreement of the Parties or by either Party upon ninety (90) days' written notice, provided that any outstanding financial obligations, agreements, or performance commitments in effect at the time of termination shall be honored to the extent permitted by law and available funding.

9.2. Dispute Resolution

If a disagreement arises under this MOU that cannot be resolved through staff-level discussions, the matter shall be escalated to the County Administrator and the EDA Chair for resolution. If the disagreement remains unresolved, the issue may be presented to the Board of Supervisors for final guidance. Both Parties agree to act in good faith to resolve disputes without disrupting ongoing economic development operations.

10. Appendices and Reference Documents.

The Parties may reference or rely on other documents—such as EDA bylaws, performance agreement templates, shared services protocols, County policies or branding guidance—to implement specific provisions of this MOU. These documents are not incorporated into the MOU but may serve as operational guidance. Any such references do not alter the terms of this MOU unless expressly adopted by amendment.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding by their duly authorized representatives.

Chair, Chesterfield County Board of Supervisors

County Administrator, Chesterfield County

Chair, Economic Development Authority

Director of Economic Development

10.1. Appendix A: Powers of the EDA – Authorized by Statute vs. Modified by MOU

This appendix provides a comparative reference between:

1. The full range of powers granted to Virginia Economic Development Authorities (EDAs) under the Virginia Industrial Development and Revenue Bond Act (the “IDA Act”), and
2. The operational limitations, procedural modifications, or additional requirements imposed by this MOU for the Chesterfield County Economic Development Authority (the “EDA”).

These constraints reflect the County’s commitment to fiscal accountability, alignment with Board of Supervisors policy direction, and coordinated development efforts.

Statutory Power (IDA Act)	Citation	MOU Constraint / Practice	MOU Section
Acquire, own, lease, sell, or develop real property	Va. Code § 15.2-4905(2)	Requires advance County coordination; proceeds may offset appropriations	4.6, 5.1
Issue bonds or other debt instruments	Va. Code § 15.2-4905(7)	Requires County approval before offering bond terms; BOS approval required for appropriation-backed bonds	3.5, 4.4
Provide grants or loans to private entities	Va. Code § 15.2-4905(13)	Must follow County incentive guidelines; BOS approval required	4.3

This appendix is for reference only and does not replace or supersede the operative provisions of the MOU. In the event of any conflict, the MOU shall control.