



**REDI Board of Directors Meeting
MINUTES
May 25, 2023, 8:00 am.**

**Hybrid Zoom/In-Person Meeting
51 Monroe Street, PE20, Rockville, MD 20850**

Board attendees virtual: Richard Alvarez, Rob DiSpirito, Marji Graf, Suzanne Osborn, Bill Tompkins, Dan Mallon, Todd Pearson, Michael Scott

Board attendees in person: Bridget Donnell Newton, Susan Prince, Cliff Veirs, LaVonne Torrence Berner, Morgan Sullivan, Justin Yang

Absent Board Members: Ben Anstrom, Nikhil Bijlani, Angela Chaney, Carla Merritt, Alton Henley, Bei Ma, Nancy Regelin

Other in-person attendees:

Staff: Cindy Rivarde, Richelle Wilson, Danette Nguyen, Yesenia Cruz, Amanda Bosland, Rhonda Devan (Outsourced CFO)

Visitors: Manisha Tewari (CPDS),

Other Virtual attendees:

Mark Pierzchala (City Councilperson), Monique Ashton (City Councilperson), Barack Matite (Deputy City Manager), Dave Gottesman (Assistant City Manager), Ricky Barker (Director CPDS), Nick Fullencamp (Vaccitech)

Presenter: Morgan Sullivan and Graham Sessoms (State of the Commercial Real Estate Market)

- 1. Call to Order, Welcome, and Remarks** – Susan Prince
Susan Prince called the meeting to order at 8:01 am

- 2. Operational Items**

- a. Action: Consider Bei Ma for Vice Chair
Ms. Prince noted that there had been a request for board members interested in being an officer, and Ms. Bei Ma expressed interest in the Vice Chair position.

Ms. Bei Ma was out of the country and did not attend the meeting. Vice-Chairs participate on the Executive and Finance Committees.

Action: Bridget Newton made a motion to appoint Bei Ma as Vice Chair, which was seconded by Cliff Veirs and passed unanimously.

b. Approval of Minutes (March/April) – Susan Prince

The April minutes were from the Board retreat and compiles notes taken in the breakout groups.

ACTION: Morgan Sullivan made a motion to approve the minutes for March and April. The motion was seconded by Justin Yang and passed unanimously.

3. Treasurer's Report – Todd Pearson/Rhonda Devan

- i. Rhonda Devan presented the April financials noting that as we come to the end of the fiscal year, REDI is in a strong financial position with good cash flow covering approximately 10 months of operations expenses. Ninety percent of projected revenue has been collected. The FY24 budget will be brought to the Board in June.
- ii. The FY2022 SBA audit is in process. Staff provided all the requested materials and is waiting for the SBA response.
- iii. The FY2019 SBA audit is still pending response from the SBA.

4. **CEO Report – Cindy Rivarde**

a. Economic Development –Richelle Wilson

- Ms. Wilson reported that the County awarded the place-based grant for Rock East in the amount of \$100,000. Ms. Wilson will be meeting with County staff next week to work out the grant agreement.
- The Life Science Branding Project is scheduling its first focus group with brokers and developers.
- The Global Bites project is kicking off in June at Hometown Holidays. Fourteen Rockville restaurants are participating.
- A second tour with Facility Logix will be scheduled in a few months. This provides an opportunity for those who were not able to attend.
- Ms. Wilson will be scheduling a business visit with Intellian, who recently opened in Rockville.
- Ms. Wilson and Ms. Rivarde will be attending BIO in Boston, next week.

b. MWBC –Danette Nguyen

i. Grants/Agreements

1. Montgomery County – Place Based Management Grant.
Unfortunately, the application for expansion of Shop Local was not approved by the County, but we were glad to receive funding for the Rock East project.
2. Secured \$50,000 contribution with Verizon, which is in addition to the previously received \$10,000 from Verizon. These are unrestricted funds.

3. Update on Frederick Support - The agreement with the county will not be renewed for the full FY24; however, MWBC has been requested to make a proposal for the first half of the year. Frederick County plans to issue an RFP for small business support services around the end of December/beginning of January.
4. Training and Events – MWBC has created a new entrepreneurship series, “Ready, Set, Go, Grow” that will pilot on June 13th.
5. Incubator Update
 - a. The next MWBC shop local retail new cohort is forming. Applications are being accepted through June 12th. So far, 27 have been received.
 - b. MWBC client/Shop Local participant, La Magnolia, won the Equity Incubator Rocket Pitch Competition hosted by the Universities of Shady Grove Entrepreneurship Lab. La Magnolia received a \$10k award and was paid \$2k for participation in the incubator.
 - c. She Pitch down to 12 competitors, with MWBC providing coaching support to all participants Ms. Kalantzis, the Frederick County business counselor, is heavily involved in this program.
 - d. Ms. Rivarde noted that MCEDC just granted MWBC \$60,000.

5. Presentation

State of Commercial Real Estate Market – Morgan Sullivan and Graham Sessoms

- a. Mr. Sullivan and Mr. Sossoms provided an update on the current state of the Real Estate Market for the Montgomery County market with a focus on Rockville. Mr. Sullivan and Mr Sossoms addressed occupancy levels for the Suburban Maryland market as pre-covid occupancy levels were at 100% versus 45% in 2023. Suburban Maryland has not risen above that level, signaling a roadblock for the office market recovery. Vacancy rates for the Rockville Pike submarket, which includes the City of Rockville, stand at 20%. Mr. Sullivan and Mr. Sossoms emphasized that in this state of the market, companies hold onto their spaces because they are legally obligated to, however, it is often the case that most of their staff will be working remotely. It is predicted that the vacancy rate in Rockville will increase as more companies choose to downsize and allow remote options for their workers. Mr. Sullivan and Mr. Sossoms addressed the growing trend of properties returning to their lenders and provided examples of five Rockville Assets, two of which are predicted to be torn down given their vacancy rates. Looking at Bethesda’s vacancy, they are expected to rise due to an active development pipeline and the inability to stabilize assets prior to the pandemic. Compared to Bethesda, Rockville stands in better shape when it comes to affordable rental rates. Regarding the life science market, venture capital funds have

slowed down considerably in 2023 due to uncertainty in the economy. The development pipeline remains steady and lab space has seen more leasing activity over traditional office space but has decreased since Q1 2023. A copy of the presentation was emailed to all attendees.

6. Strategic Items

- a. Incentive Review Committee – Dan Mallon
Mr. Mallon noted that there will be a meeting held on May 31st to discuss the 10 incentive grant applications received.
- b. Marketing Committee - Bei Ma
Ms. Ma was absent.
- c. MWBC Advisory Board – Nancy Regelin
Ms. Regelin was absent.
- d. Bio Committee – Justin Yang
Mr. Yang was asked to lead the Bio Committee. The committee’s first meeting was held in March, and they will meet on a semi-regular basis, perhaps monthly. Mr. Yang is also attending the International Bio Conference and looks forward to coordinating our efforts.

7. Brief Partner Updates:

- a. Rockville Chamber of Commerce – Marji Graf
Ms. Graf reminded everyone to come to the Taste of Rockville at Hometown Holidays. The Rockville Public Safety Awards will be held on June 14th at Lakewood Country Club. The Golf Tournament will be July 17th, and Rockstar Awards are scheduled for November 2nd.
- b. The City of Rockville – City Manager Rob DiSpirito/ Mayor Bridget Donnell Newton
The Mayor noted the FY24 budget was passed. More detailed updates on the City are in the Board packet.
- c. Montgomery County EDC – Bill Tompkins
Mr. Tompkins stated that the county will vote on the budget on the morning of May 25th. MCEDC attended the Select USA conference sponsored by the Department of Commerce and focusing on venture capital. Mr. Tompkins also clarified that the County’s Institute of Health Computing project is located on a WMATA property and is not in the private White Flynt development.
- d. Maryland Department of Commerce – Carla Merritt
Ms. Merritt was not present.

The meeting adjourned at 9:30 am.

Upcoming Important Dates:

Hometown Holidays May 27/28 – RedGate Park

Executive Committee Meeting June 13, 4:30 p.m.

Finance Committee Meeting..... June 13, 5:30 p.m.

Public Safety Awards..... June 14, 11:30 a.m.,
Lakewood Country Club

Board Meeting June 22, 8:00 a.m.