

**Economic Development Authority
Of
Lancaster County, Virginia
At
Chesapeake Bank Operations Center
Minutes – July 9, 2019**

Members Attending: Roy Carter, Charlotte Silverman, Jeff Szyperski, Ed Pittman, Ronald Davenport, Lewis Conway and Bruce Sanders.

Others Present: Don Gill, County Administrator, Bill Warren, Jason Perry, Jimmie Carter, McD. Fleet, Bill Westbrook, Jerry Cronin, Steve Goad and others.

Mr. Carter called the meeting to order at 9:30 a.m.

New Business #1

Visions/Lead Northern Neck Program Grant Request

Bill Warren stated that he was with Visions and the Lead Northern Neck Program and he introduced Jason Perry, who is with the Workforce Development Program at Rappahannock Community College and is working with the Lead Northern Neck Program as well. He stated that the Lead Northern Neck Program is a spin-off of the Historic Triangle Lead and Lead Virginia. He stated that the program has been operated in the Northern Neck and Middle Peninsula for about seven years and has trained approximately 155 leaders. He stated that, historically the EDA has funded the program at \$5,000.00 for the last four years. He stated that it takes about \$24,000.00 to operate the program a year. He stated that each individual that goes through the program pays \$500.00 for their participation.

Jason Perry stated that he had been at the college in his position for ten years and he thought they had done a good job in bringing back some technical training to the area. He stated that they serve twelve counties and two towns. He stated that the campus in Kilmarnock is focusing on training in such areas as plumbing and electrical and they are also expanding its hospitality offerings. He stated that they can also provide tuition assistance to people who need it. He stated that they offer about eighty-five classes a semester.

Mr. Carter asked about the name change for Lead Northern Neck.

Mr. Warren replied yes. He stated that, over time, the program has expanded to include other localities including Middlesex County, so they have decided to change the name to Lead River Counties.

Dr. Silverman referred to the reportable metrics portion of the request that mentioned “the development of a specific consensus listing of priority economic development needs for the region” and asked for more explanation.

Mr. Warren replied that one of the sessions in the Lead Northern Neck Program is on economic development and part of that session is the presentation of data by experts. He stated that the group is given some exercises in which they discuss what they need to do in their particular area or field and the class comes up with a list of priorities. He stated that he believed that information was passed onto each individual’s organization or locality. He stated that they were not in the business of gathering external metrics, but rather it is up to the individuals that are involved in the program to have those priorities become reality.

Mr. Szyperski stated that the intention when the Lead Northern Neck Program was formed was on the premise of the pyramid, with economic development being on the top, then community development in the middle and leadership development being the base. He stated that the second intention, in the beginning concerning leadership development, was to supplement the existing structure and not develop an alternate one.

Mr. Szyperski made a motion to grant the request from the Lead Northern Neck Program for \$5,000.00. Mr. Pittman seconded the motion. **VOTE: 7-0.**

New Business #2

Rogue Oysters, LLC Grant Request

Taryn Brice-Rowland and Aaron Rowland stated that they were relatively new oyster farmers and their business was a start-up company. She stated that they operate out of Greenvale Creek and her family had purchased Greenvale Creek Marina. She stated that they initially started an environment project with oysters and it became their lifestyle. She stated that they established their LLC in 2016 and put their first round of oysters in the water in 2017. She stated that last year’s record breaking rain was hard on their oyster harvest and they ended up losing forty percent more than they had anticipated. She stated that it was their mission to operate a sustainable aquaculture business.

Mr. Rowland explained the oyster operation. He stated that they purchase seed oysters and place them in tanks so they can grow to a specific size. He stated that the oysters are then placed in bottom cages and put into the water until they grow to market size for harvest. He stated that eventually the oysters are washed, bagged and shipped.

Ms. Brice-Rowland stated that she knew their request was sizeable. She stated that the money would go to hiring a full-time employee. She stated that this employee would allow her husband to be able to direct more time to marketing and sales. She stated that, by granting the request, Lancaster County would benefit by having one more full-time person employed in its workforce. She gave a breakdown of the proposed employee’s expenses.

Mr. Rowland discussed how their company spends money locally to operate.

Ms. Brice-Rowland stated that they had spent approximately \$50,000.00 and intended to do more in the future. She stated that their future plans included developing a non-profit organization to do more for the health of the Chesapeake Bay, creating a catering company and they are evaluating opening a dock and dine restaurant as part of their ten-year plan.

Mr. Rowland stated that their future plans also included shifting sales from the wholesale market to more retail sales. He stated that they also want to include ecotourism in their plan. He stated that all of these plans would involve hiring more local people and spending money with other local businesses.

Ms. Brice-Rowland asked if anyone had questions.

Mr. Szyperski stated that most small business owners start out using their own money, getting a bank loan or some other method. He asked why this business would be different.

Ms. Brice-Rowland replied that they were looking for support in their start-up phase and trying to get over last year's losses.

Mr. Carter thanked the couple for their presentation and stated that the board members needed to discuss the request. He stated that his concern was that the Authority was only taking in approximately \$40,000.00 this year and this request was large. He stated that, in the past, the Authority has funded initiatives for the Oyster Trail, River Realm Branding and things of that nature that have a broader reach. He stated that he could not think of any small or start-up businesses that they have received requests from previously. He stated that he was not sure that they could help fund those kinds of things unless it was at a much lower level.

Mr. Sanders stated that he was new to the Authority, but he had the same concerns. He asked if the Authority had ever contributed to a small business in the past.

Mr. Pittman replied that he did not remember the Authority ever doing it in the past.

Mr. Sanders asked if the EDA had the authority to contribute to individual businesses.

Mr. Carter replied that he did not think there was anything in the by-laws that says they could not contribute to an individual business, but he thought their vision was to try to help the whole region with larger initiatives, such as the Oyster Trail. He stated that if they begin getting requests from many small businesses, they would not have the money to fund anything else and that was his concern.

Mr. Pittman stated that, if the EDA was going to entertain small business requests, he thought they would have to approach the Board of Supervisors for funding. He stated that, with the way they are currently generating income, it would not support many requests for money. He stated that he thought they would have to change their whole approach to income.

Mr. Carter stated that the EDA will be trying to obtain grant funding in the future and become more proactive when it comes to income.

Dr. Silverman stated that the request from Rogue Oysters, LLC fits with the EDA's mission and what they are about was to support existing local businesses. She stated that she did agree that the EDA needed to find more avenues for revenue.

Mr. Pittman stated that if the EDA wants to ask the Board of Supervisors for funding, then at the January meeting they would need to focus on a budget request because, in the spring, is when the Board of Supervisors entertains requests for funding. He stated that he thought the Rogue Oysters LLC project was a good one. He stated that, in his opinion, he thought the request should be tabled until they had a better handle of where the money is coming from.

Dr. Silverman stated that one way of getting around that is to make sure they are very clear about prioritizing and seeing what businesses are the most viable for having economic impact in the County.

Mr. Sanders stated that, if they want to try to help individual businesses, they need to have set criteria as to how they would go about doing that. He stated that he was in business himself and trying to find the funding for expansion can be difficult. He stated that they needed structure and funding before they could start to help businesses.

Dr. Silverman stated that even if they need to rethink the structure, it does not preclude them from making a decision on the grant request today. She stated that if they anticipate a lot of businesses coming to them in the future with grant requests, then going forward they will need a different system. She stated that she would suggest that the Authority take a vote as they would do for any other grant request.

Mr. Carter asked Dr. Silverman if she was making a motion.

Dr. Silverman replied that she was making a motion for a vote.

Mr. Carter asked for a second motion or other discussion.

Mr. Gill stated that he had anticipated the question about whether or not it was legal for the Economic Development Authority to grant a funding request for a for-profit business as opposed to a non-profit. He stated that, historically, the EDA has made grants to non-profit organizations. He stated that he posed the question to the County Attorney, Jim Cornwell, and was told that, legally, the EDA can fund the request from a for-profit

business. He stated that Mr. Cornwell said the request being made was sizeable and other EDAs that he was familiar with have had this discussion and they have capped the amount granted, to keep from having an onslaught of for-profit business requests, at no more than \$5,000.00. He stated that this EDA has not had that internal discussion and set up a structure at this point.

Mr. Szyperski stated that his concern was that they would be perceived as picking winners and losers. He stated that there would be other businesses in competition that may be chipping in their own money or getting bank loans and to make this grant would be getting the EDA into tenuous territory, in his opinion.

Mr. Carter stated that there was a motion on the floor that has not been seconded.

Mr. Carter referred to Mr. Pittman's comments and stated that he would like to make a motion to table the grant request until the Economic Development Authority can decide on parameters and where it is going to go. He suggested that Rogue Oysters LLC could come back in January. He stated that he thought it was a great project and the vision is wonderful. He stated that he would like to table the request until the EDA can have more discussion.

Mr. Sanders asked if there were two motions on the floor.

Mr. Carter replied that Dr. Silverman's motion was never seconded.

Mr. Sanders asked Dr. Silverman to restate her motion.

Dr. Silverman replied that her motion was that the EDA take a vote on the grant request today.

Mr. Sanders seconded the motion.

Mr. Carter stated that Dr. Silverman's motion takes precedent. He stated that there was a motion on the floor to grant the \$25,000.00 request.

Dr. Silverman stated that, before the motion was voted on, she wanted to let everyone know that she was passing on the vote.

Mr. Carter asked if she was recusing herself from the vote.

Dr. Silverman replied yes.

Mr. Carter called the question. **VOTE: 0-6-1. (Dr. Silverman recused herself from the vote.)**

Mr. Carter stated that the motion failed and the EDA will discuss it further in the future.

New Business #3

Presentation by the Director of Business Creation, Incubation and Acceleration Program – Old Dominion University

Jerry Cronin, the Director of the Business Creation, Incubation and Acceleration Program, introduced himself and his colleague, the Program Coordinator, Steve Goad. He gave an overview of the Regional Entrepreneurial Ecosystem Development Program. He stated that they also have associations with organizations that can help people in business that are not associated with Old Dominion University, such as the Women's Small Business Center. He stated that he ran the Tempo Program, which includes Business Opportunity Development and the Regional Ecosystem Development Program. He stated that, in business, everything starts with an established business model, finding customer validation and producing a viable product. He stated that his group works with people to develop a hardcore business model and then they move on to how it is going to be done operationally and financially. He stated that the last part that they deal with is opportunity execution, which is sometimes a temporary employee that would help get a prototype to a marketable item. He stated that, since the programs have started, they have helped approximately twenty-five businesses. He stated that, to really help rural areas, they need to look at the ecosystem and resources that a rural area can provide. He stated that a good business idea is often moved out of a rural area because of the lack of the lack of resources such as capital and execution resources.

Mr. Pittman stated that it sounded like the focus of Mr. Cronin's program is more on a larger scale.

Mr. Cronin stated that the Tempo Program is more for businesses that could have high growth.

New Business #4

Hills Quarter Update

Jimmie Carter stated that he will be 70 this year and was trying to do something that would have a positive impact on this community. He stated that, recently he had bought the King Carter Golf Course at Hills Quarter. He stated that it was a beautiful piece of property with water, sewer, fiber and interior roads. He stated that they were trying to figure out how to change the direction of this County. He stated that Lancaster County has all of the same problems that other rural areas have. He stated that they were looking at the urban areas around them. He referred to some statistics he had recently seen concerning the ten fastest growing millennial cities and stated that list included Austin, Texas, New Orleans, Louisiana and Memphis, Tennessee. He stated that the number one area on that list was Hampton Roads and the second was Richmond, Virginia. He stated that Lancaster County is sitting between Hampton Roads, Richmond and the Washington, DC area. He stated that all three areas have dynamic markets that are doing well. He stated that his friend, Bill Westbrook is a national leader in marketing and branding and

was also present. He stated that they have been discussing how to position this community. He stated that, anecdotally, if anything is going to happen in rural eastern Virginia between the three big markets, then Lancaster County is the place it is going to happen. He stated that Lancaster County is different than the nearby rural counties and one of the reasons is that The Tides Inn has brought in leaders to the area, who are great resources as mentors and for possible capital. He stated that this is a community that is trying to do all of the right things to make something happen.

Mr. Carter stated that he helped to develop Innsbrook, the office park in Richmond, in the 1980's and the development theory at that time was that everybody wanted to move to "green space" and more of a pastoral setting to do their business. He stated that, now, everything has moved to the downtown area and the millennials have reshaped the market place. He stated that they have been thinking if there is a new ruralism that Lancaster County can provide and they believe there are niche markets here. He stated that, in niche markets, you are not competing with anyone because no one has done that particular thing before. He stated that the residential market has been the traditional primary business here where they were in the business of building retirement homes and now that market has gone away. He stated that they used to think that sixty percent of the market here was retirees and forty percent was second homes. He stated that now, the market is ninety percent second homes. He stated that maybe there is a new residential product they need to be focusing on such as the tiny homes. He stated that another thing to consider here is tourism. He stated that everything now in tourism is about "the experience." He stated that, with the draw of the Chesapeake Bay and the three County's three incorporated towns, they are trying to think of what can be done as far as tourism goes. He stated that one idea could be an interior trail that connects the three towns together.

Mr. Carter stated that the County also needs to concentrate on attracting businesses. He stated that he had spoken to the President of the Federal Reserve Bank in Richmond about closing down the urban-rural divide in terms of economics. He stated that the gentleman told him that there were approximately 2,200 employees in their office. He stated that he told him if he were serious about closing the divide, he would suggest sending some jobs to viable rural locations. He stated that, if 150 federal jobs were moved to this County, it would be transformational, whereas 150 more jobs in Richmond would not be felt. He stated that it was going to take some seeding of jobs to make a difference here in terms of job creation. He stated that he would like to discuss some of his ideas with Jerry Cronin.

Mr. Cronin stated that he would like to have a conversation with Mr. Carter as well.

Mr. Carter asked Bill Westbrook if he had any comments.

Mr. Westbrook stated that when someone has a business they need to consider what is the most important thing they want to do, whether it's customer service, quality products or whatever. He stated that he thought it should be the same with a committee or group where it is important to narrow its focus. He referred to a book entitled One Thing and

stated that it was the most important book that a group such as the Economic Development Authority could read. He stated that the entire premise of the book is what is the one thing that they could do that would make everything else easier or even unnecessary. He stated that it works in one's personal life, in small businesses and in groups like the EDA because it forces you to make a series of binary decisions. He stated that, in his opinion, the EDA needed to work on that focus before they moved forward on anything else.

New Business #5

Update – Umbrella Economic Development Position for the Northern Neck

Mr. Carter stated that Jack Larson was going to give an update on the umbrella position for economic development, but could not attend the meeting.

Dr. Silverman stated that they had been discussing the need to work with the other counties, such as Northumberland County, on economic development and reduce overhead as they strive for a common goal. She stated that Jack Larson is Lancaster County's representative for the Northern Neck Planning District Commission (NNPDC). She stated that the NNPDC is working on economic development goals for the Northern Neck Region. She stated that the NNPDC has a Comprehensive Economic Development Strategy that they put out each year, where they have specific economic development goals. She stated that the next quarterly meeting will be Tuesday, July 16th and Mr. Larson will be speaking. She stated that, instead of creating a position for economic development, they will be working closer with the NNPDC. She stated that, in talking about focus, she thought they should consider reviewing and possibly adopting some of the goals that have been outlined in the NNPDC's 2018 Comprehensive Economic Development Strategy and to use it as a guideline for the EDA and part of its restructuring. She stated that she would send the report to all of her fellow EDA members via email.

Other Business

Mr. Carter stated that he had invited Julien Patterson and Terri Wesselman to today's meeting, but they had a conflict. He stated that Alexander Fleet was present in their absence.

Mr. Fleet stated that he was the property manager for the Pattersons and they owned fifteen parcels in Lancaster County. He stated that they have six businesses, seven rental properties, a seventeen lot subdivision and they employ over twenty-five people and growing.

Mr. Sanders stated that he knew the Pattersons and they love Lancaster County and they want to focus on creating jobs. He stated that the County needed more people who came to the area who loved it and wanted to improve it.

Financial Status Report

Mr. Gill stated that Mr. Pittman had recommended that the EDA consider putting some of its funds into a Community Partnership Certificate of Deposit, which has a 3.05 percent interest rate at this time. He stated that he thought it was a good idea as well. He stated that he was looking for an amount from the EDA members to know how much he should move into that account. He reminded the members that the EDA receives approximately \$40,000.00 annually in administrative fees. He stated that, at the last meeting, they had discussed the figure of \$60,000.00 being moved.

Mr. Carter stated that, as of May 31, 2019, the bank account balance was \$78,664.58 and they just granted a \$5,000.00 request, so that would leave approximately \$13,000.00 if they were to move \$60,000.00. He asked how many withdrawals can be made for funds in the Community Partnership Certificate of Deposit.

Mr. Pittman replied that they could take one withdrawal per year, but they can take the entire amount at that time.

Mr. Pittman stated that his concern is that they don't have a plan and it was hard to give Mr. Gill direction about how much money to move when they did not know what requests might be coming up.

Dr. Silverman stated that they needed not only a strategic direction plan, but also a financial plan.

Mr. Pittman stated that he did not think the EDA was ready to entertain grant requests from anybody.

Dr. Silverman stated that the EDA had been entertaining grant requests.

Mr. Pittman stated that they had not been entertaining grant requests from individuals. He stated that the grant requests have come from mainly 501c3 organizations. He stated that these requests have just "popped up" and some former EDA members would not approve the requests because there did not seem to be any rationale why one organization would be approved and another would not.

Dr. Silverman stated that was why it was so important for the EDA to have a strategic plan that aligns with where they see the most economic impacts.

Mr. Pittman made a motion that the EDA move \$60,000.00 into the Community Partnership Certificate of Deposit because they could take it all out if they had to do so.

Mr. Gill stated that the administrative fees that the EDA will be receiving throughout the year will be deposited in the checking account, so there will still be funds building in that account.

Mr. Carter stated that there was a motion on the floor.

Dr. Silverman seconded the motion. **VOTE: 6-0 (Mr. Szyperski had left the meeting.)**

Mr. Carter asked Mr. Gill about the County's Poorhouse Tract account.

Mr. Gill replied that the Poorhouse Tract account is a separate account and not considered part of the County's general fund. He stated that the Board of Supervisors granted the Broadband Authority's budget request for FY 20 of \$52,500.00 and they funded that request out of the Poorhouse Tract account.

Mr. Gill stated that the funds in the Poorhouse Tract account came from the sale of the Poorhouse Tract to the Audubon Society many years ago. He stated that the Treasurer has the money invested in the Virginia Investment Pool, which is paying between 2 and 2 ½ percent interest at the present time.

Mr. Gill stated that Mr. Pittman had suggested that the EDA might make a budget request to the Board of Supervisors. He stated that, in his opinion, the Poorhouse Tract account might be an appropriate source of funding. He stated that there was approximately \$310,000.00 in the account.

April 16, 2019 Meeting Minutes

Mr. Pittman made a motion to approve the April 16, 2019 meeting minutes. Mr. Davenport seconded the motion. **VOTE: 6-0.**

Other Business

Mr. Pittman referred to the meeting times and stated that if they were going to be having long agendas, they might want to consider moving the meeting start time to something earlier.

Mr. Carter stated that he would prefer the meetings to start at 8:30 a.m.

Mr. Pittman agreed.

Mr. Pittman asked when the EDA was going to have its discussion on their "one thing" focus. He asked if they would meet again in January without having that discussion. He stated that he had been on the EDA for a long time and he thought it would be good for them to discuss what the focus should be going forward.

Dr. Silverman stated that she thought it would be beneficial for the EDA to get together before the January meeting.

Mr. Pittman stated that if they could all agree on a couple of things that the EDA could get behind, that would be a good start in determining the focus. He stated that he did not

want to have people make great presentations like the couple today and then tell them that the EDA did not have the funds for them. He stated that it was embarrassing and he felt bad for that couple.

Mr. Carter stated that the couple's request was large and the EDA had not supported small business start-ups in the past, but if they had the money they may have been able to provide some help. He stated that \$25,000.00 for one new job in Lancaster County for the EDA to fund was difficult to do.

Dr. Silverman stated that it was not like the EDA did not have the money for the couple's request and it could have been covered, however the EDA did not feel ready to do so. She stated that they made a choice today to not support that couple.

Mr. Pittman stated that giving more than one third of the EDA's bank balance for one new job in Lancaster County does not add up to him.

Dr. Silverman stated that may be the case, but to say that they did not support the request because they didn't have the money is not correct. She stated that they do have the money and made the choice not to support the request. She stated that they might need to restructure and regroup and decide how they might handle these kinds of requests in the future. She stated that it is in their rules to do so, but these just haven't previously provided financial support to individual businesses.

Mr. Sanders stated that the reason he voted against it was because it was a grant to an individual business. He stated that, in his opinion, before they start doing that, some criteria needs to be established.

Dr. Silverman stated that she thought criteria needed to be established for both profit and non-profit entities.

There was discussion about having an informal meeting for the EDA members to discuss its strategic focus and the direction it wants to go in for the future.

Meeting Time Change

Mr. Carter made a motion that the EDA meetings will begin at 8:30 a.m. Mr. Pittman seconded the motion. **VOTE: 6-0.**

Adjournment

Mr. Pittman made a motion to adjourn the meeting. Mr. Davenport seconded the motion. **VOTE: 6-0.**