

**Economic Development Authority  
Of  
Lancaster County, Virginia  
At  
Chesapeake Bank Training Center  
Minutes – October 17, 2019**

Members Attending: Chairman Roy Carter, Vice-Chair Charlotte Silverman, Jeff Szyperski, Ronald Davenport, Bruce Sanders and Ed Pittman. Lewis Conway was absent.

Others Present: Don G. Gill, County Administrator, Paul Sciacchitano and Susan Cockrell.

Mr. Carter called the meeting to order at 8:30 a.m.

**Old Business**

**Visions July 2017 Multi-Year Grant Payout**

Mr. Carter asked Paul Sciacchitano with Visions to give the EDA an update. He stated that all of the EDA members had been given copies of the meeting minutes from July 20, 2017, in which the grant payout for Visions was discussed and approved.

Mr. Sciacchitano stated that during the period of time in question, there had been quite a bit of change in Visions. He stated that both Susan Cockrell and Joni Carter made multiple presentations to the EDA as they were starting the Virginia Oyster Country initiative. He explained the changing of personnel in the Visions organization and stated that none of them realized that they were supposed to request the grant funds because, in the past, the money was just sent. He stated that it was an error and an oversight on their part. He stated that he was asking that the grant money be reinstated so that they can meet their obligations.

Susan Cockrell apologized for the oversight of not requesting the grant funds in a timely manner. She explained the initiatives again concerning Virginia's River Realm and Virginia Oyster Country.

There was discussion about multi-year commitments and Dr. Silverman suggested that they do not consider them going forward.

Mr. Carter stated that the request to complete the grant payout for Visions is more than they have in the checking account because money has been set aside in another account. He asked Mr. Gill when more administrative fees would be coming into the checking account.

Mr. Gill stated that some of the administrative fees start coming in November. He stated that, with the certificate of deposit that they have invested in, there is a one withdrawal per year

limitation. He stated that the County also owes administrative fees to the EDA, which are due in February, but could be paid sooner to help with the EDA's checking account balance.

Mr. Carter suggested paying Visions in two separate payments.

Mr. Carter made a motion to pay \$10,000.00 now for the Visions multi-year grant payout and the balance in December. Mr. Pittman seconded the motion. **VOTE: 6-0.**

Dr. Silverman stated that she would like to have it reflected in the minutes that this situation should be a lesson learned about keeping good records and steering away from multi-year commitments.

### **New Business #1**

#### **EDA Measurable Criteria for New Grant Requests**

Mr. Carter stated that Dr. Silverman had a slide presentation. He thanked her for all of her time and effort in helping to move the EDA forward.

Dr. Silverman stated that since the EDA's mission statement is in place, the next step is to discuss criteria for future grant requests. She stated that she anticipated some grant requests in January.

Dr. Silverman stated that something to think about was if the EDA would want the same criteria for non-profit and for-profit organizations. She stated that whatever criteria they come up with, it needs to be quantitative and measurable. She stated that they wanted a more effective grant process going forward.

Dr. Silverman stated that another subject she wanted to discuss was past grantees and how successful they were at achieving their goals. She asked if the members thought it would be helpful to require past grantees to give status updates of how the money was used and if they had been successful.

Dr. Silverman stated that some of the criteria to be considered was how would the business affect the local economy, such as the number of employees or services and goods offered. She stated that another consideration was whether there should be a cap on the amount of the grant. She stated that other things to consider are the business structure, growth plans, if the business has any metrics in place and do they have any revenue from other areas, such as a bank loan. She stated other questions would be if the business is located in an Enterprise Zone and if they have out of town customers and clients.

Dr. Silverman referred to the comments she had received and stated that she had heard that the EDA should consider new and unique businesses to the area, but also had heard that the EDA should support local businesses that are not new. She stated that she thought it was important to have a consensus on this.

Mr. Sanders stated that he did not think the EDA should favor one over the other. He stated that he had thought about a point system where they could sort through the different criteria and assign a point to each. He stated that would be more of an objective approach.

Mr. Szyperski stated that the EDA might want to consider more unique businesses, so that the EDA does not come across as picking winners and losers with similar businesses in the area.

Dr. Silverman asked if the EDA only wanted to help businesses that would be considered unique to the area.

Mr. Sanders stated he thought they should quantify what is unique because it is a broad term. He stated that it could also mean an existing business with new methods or a unique location.

Mr. Szyperski stated that he thought there were two objectives. He stated that the first was to have some guidelines, not necessarily policies, to navigate their discussions, but they should also be able to make exceptions. He stated that he sees it as a loan policy. He stated that the second objective is to communicate outwardly so people know what to expect, so they know what they may want to bring before the EDA is eligible.

Mr. Szyperski stated that another thing to consider was the possibility of giving a loan instead of a grant.

Dr. Silverman referred to a second point concerning recurring requests and stated that, in her opinion, if an organization has a recurring request, then they need to show what they did with the previous funds. She stated that she understood building infrastructure, but some organizations seem to continue to ask for funds, even after they have been in existence for awhile, such as the Lead Northern Neck program.

Mr. Carter stated that he thought it would be on a case by case basis. He stated that some organizations, such as the Boys and Girls Club and Lead Northern Neck, do great things for the community and have had recurring requests.

Mr. Szyperski stated that he did not think that for-profit organizations should be granted recurring requests, but he did think that non-profits, such as the Boys and Girls Club, should be considered, in his opinion. He asked how the others felt and a few agreed.

Mr. Davenport referred to the goals and the infrastructure part and stated that might be more important because it could be talking about bringing broadband or wastewater facilities to an area that is underserved. He stated that would be a driver for businesses. He stated that this part was probably more important than the business initiative or helping individual businesses. He stated that, for businesses to survive, the infrastructure must be in place.

Mr. Sanders stated that, obviously the EDA does not have the funds for financing infrastructure, but it could help with things such as research and studies.

Dr. Silverman referred to economic impact and asked how the EDA would measure it. She stated that this was important because it went to the core of what the EDA is about. She stated that one of the important points of economic impact was job creation.

There was discussion about how many of the criteria an organization would have to meet to be considered for a grant.

Mr. Pittman asked what would happen if a grant was made to a company and they come back with a status report and they have not hired a full-time employee after a certain amount of time.

Mr. Szyperski replied he thought it might show a bad decision on their part. He stated that at least a report from the grantees was more than they were getting at the present time.

Dr. Silverman stated that there will be failures, but they will have some criteria of how they made the decision. She stated that there were no guarantees.

Dr. Silverman stated that another topic to consider with criteria was not only job creation, but jobs saved.

Mr. Carter stated that, given the seasonal nature of the area, it may be hard for employers to gauge the jobs created and saved because they can lose and gain employees depending on the time of the year.

Dr. Silverman stated that they can look at the trends, but she understood Mr. Carter's point.

Dr. Silverman referred to her next point, which was business structure. She stated that she thought that any organization coming to the EDA, including the non-profits, should have a business plan. She stated that they should also have a plan of how they would use the money if the EDA gave them a grant. She stated that the organizations should have a plan of how they intend to stay sustainable, including, if applicable, fund raising efforts.

Dr. Silverman stated that, in her opinion, if a business is in the Enterprise Zone or Hub Zone, she thought that they should be prioritized because they could be more sustainable and successful.

Mr. Carter stated that some businesses may not be aware of these zones and that is where the EDA can provide information and referrals without having to give financial help in some instances.

Dr. Silverman asked if the EDA wanted to cap the size of the grants in the future. She stated that she had heard comments about staying, as a general rule, under \$15,000.00 per request. She stated that she liked that idea.

Mr. Gill asked if they wanted to treat non-profits and for-profit organizations differently here. He stated that, in his opinion a non-profit organization is one that would exceed \$5,000.00, but for-profit organizations would not. He stated that he had spoken with the County Attorney, Jim Cornwell on the issue. He stated that it would deter an onslaught of for-profit organizations coming to the EDA.

Dr. Silverman stated that she thought it would be great to have an onslaught of organizations coming to them.

Mr. Gill stated that it would be if they had the money.

Dr. Silverman stated that was true and they needed to discuss that as well.

Mr. Carter stated that he was inclined to have a \$5,000.00 cap for for-profit organizations. He stated that if they receive many requests, there is only so much money to go around.

Dr. Silverman stated that was why they needed to have strong criteria.

Mr. Gill stated that the EDA has never given to a for-profit organization before, so he was not sure what to expect.

Mr. Sanders suggested making the criteria strict to start with and get an idea of what requests they may receive. He stated that they can always back off of it later. He stated that \$5,000.00 was not very much money when it came to business.

Mr. Szyperki suggested \$10,000.00 and stated \$15,000.00 seemed too high. He stated that the same information that the EDA would be asking for is what any other entity, such as a bank, would ask for if the business owner was applying for a loan.

The consensus was to have a \$10,000.00 cap on requests.

## **New Business #2**

### **Local Angel Investment Network**

Dr. Silverman stated that there was an idea to set up a Lancaster County Angel Investment Fund. She stated that the definition of an angel investor would be a high net worth individual that provides financial backing for small start-ups or entrepreneurs in exchange for ownership equity in the company. She referred to three individuals that may be able to help in this area. She stated that they needed to come up with a plan and what questions they wanted to ask the experts concerning an angel investment fund. She stated that they need to figure out how they might want to engage with potential local investors as well.

Mr. Szyperki stated that he thought they would want to discuss the overall structure of what they want to do before they reached out to any local investors. He stated that it would be the EDA's business plan. He stated that, before the EDA could get a grant, the grantor would want to know the business plan, just like they had been discussing earlier. He stated that they could also consider going to the community foundations.

Mr. Pittman suggested having Margaret Nost come to the January meeting to give the EDA some guidance on what should be in the business plan. He stated that he would be happy to touch base with Mrs. Nost.

## **Other Business**

Dr. Silverman stated that she had met with Jerry Davis, the Director of the Northern Neck Planning District Commission, to get the status of the goals that the EDA had adopted as its own strategic goals as well. She stated that she had found out that the Northern Neck is an economic development district and was designated by the United States Department of Commerce. She stated that one of the benefits of being an economic development district include the ability to apply for grants. She stated that it is something they could also take advantage of. She stated that

she would be sending an email out to the members that included the link so they could see what she was talking about.

### **Financial Report**

Mr. Gill stated that the checking account balance as of September 30, 2019 was \$13,224.32, but will be reduced today by the \$10,000.00 Visions check and member stipends.

Mr. Gill referred to the Community Partnership Certificate of Deposit and stated moving money there was a good move, as they are earning interest with it. He stated that the balance as of September 30, 2019 was \$60,412.06.

Mr. Gill stated that he was asked at the last meeting if the EDA could go out and find their own grants. He stated that, after consulting with Dan Siegel, Bond Counsel for Lancaster County, he found that the answer was yes.

Mr. Gill stated that he was asked if the EDA could accept private donations from either individuals or groups and the answer was yes.

Mr. Gill stated that he had asked the question previously about whether or not the EDA could grant requests to for-profit organizations and Mr. Siegel said that the answer was yes.

Mr. Gill stated that he had also corresponded with Mr. Siegel concerning reducing the administrative fee percentage. He stated that Mr. Siegel said that he did not think there was much incentive in reducing the rate, but that the EDA might consider taking a lump sum payment instead of having the administrative fees paid over time.

### **July 9, 2019 Meeting Minutes**

Mr. Szyperski made a motion to approve the minutes from the July 9, 2019 meeting. Mr. Pittman seconded the motion. **VOTE: 6-0.**

### **August 14, 2019 Meeting Minutes**

Mr. Szyperski made a motion to approve the minutes from the August 14, 2019 meeting. Dr. Silverman seconded the motion. **VOTE: 6-0.**

### **Adjournment**

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