

FREDERICKSBURG
ECONOMIC
DEVELOPMENT
AUTHORITY

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ECONOMIC DEVELOPMENT AUTHORITY MINUTES (EDA)

March 12, 2012

The Suite (Second Floor)

City Hall, 715 Princess Anne Street

Fredericksburg, VA

The Economic Development Authority of the City of Fredericksburg, Virginia met in regular session on Monday, March 12, 2012, beginning at 8:30 a.m. in the Suite at City Hall.

EDA MEMBERS PRESENT. Joe Wilson, Chairman, presiding. Dana Herlong, Chris Hornung and Bob Carter.

ABSENT. Amy LaMarca, Michael Colangelo and Tom Crimmins.

ALSO PRESENT. **PONShop Studio:** Scarlett Pons; **Riverby Books:** Paul Cymrot; **Jabberwocky and Mock Turtle:** Mona Albertine; **Monkee's:** Linda Arnold; **Worrell Management Group:** Linda Worrell; **EDA Counsel:** Blanton Massey; **Department of Economic Development and Tourism:** Karen Hedelt, Director; Richard Tremblay, Assistant Director for Economic Development; Amy Peregoy, Marketing and Information Specialist.

DETERMINATION OF QUORUM. Dana Herlong determined that a quorum was present.

AGENDA. Karen Hedelt added a Staff Report item – EDT Budget FY2013 update and Dana Herlong added an Old Business item – Façade Improvement Matching Grant Program statement, the agenda was approved.

PUBLIC COMMENTS. None

APPROVAL OF MINUTES. *Regular Meeting Minutes February 13, 2012* - Minutes were approved as presented.

Upon a motion by Bob Carter, seconded by Chris Hornung, the minutes were approved.

CONSENT AGENDA. None

TREASURER'S REPORT. The February financial statement and budget update reports were accepted for the record.

Action Items. None

CHAIRMAN'S REPORT.

- a. **Strategic Plan Review, April 9, 2012 special session** - Linda Worrell presented the board with an attendee list, draft agenda and survey to be sent prior to the meeting. The purpose of the meeting is to review the Strategic Plan, accomplished goals, obtain feedback and develop consensus on priorities. After a brief discussion updates will be taken into consideration to the agenda and survey.

- b. **Main Street Formation Committee update** - Scarlett Pons and Paul Cymrot updated the board on meetings with an estimated 40 business/property owners and members of city council over the last 2-3 months. The response was positive. Funding options and a budget were discussed. They are developing a mission statement along with a list of actionable items that can be done quickly for the downtown area such as beautification projects, a website, a community calendar, more advertisement options and kiosks for flyers. A downtown organization needs to have the support of the EDA and City Council. The organization will be a single voice for downtown merchants. A \$200,000 budget with support and contributions from the city, memberships and events is currently being discussed. Estimated budget line items for staff, \$65,000 program director, \$25,000 administrative assistant. The Main Street board make-up and geographic area of the program were discussed. Ms. Pons & Mr. Cymrot will draft a formal report and mission statement for review, as well as a draft contract with the city and hopes to announce the board later in the spring.
- c. Chairman Wilson notified the board of correspondence received from the Fredericksburg Historic Foundation, Inc. announcing the EDA will receive one of its 2012 preservation awards at the annual meeting on March 18, 2012. Chairman Wilson and Ms. Herlong will attend to accept the award on behalf of the EDA.

COMMITTEE REPORTS.

- a. **Incentive Review Committee** - Amy LaMarca and Michael Colangelo were not attendance; Mr. Tremblay notified the board the first meeting will be held March 15th at 8:00 a.m. The committee consists of six members in addition to Ms. LaMarca and Mr. Colangelo and one city council member. Those members are: Vince Martinez, Berkley Mitchell, Jason Cohen, George Solley, Charlie Payne and Marie Frederick.

STAFF REPORT.

- a. **Annual Business Appreciation Event, week of June 4, 2012** - Mr. Tremblay updated the board; the state has set the week of June 4th for the event. Mary Washington Healthcare has been contacted to host the event at Snowden House.
- b. **Tourism Marketing Plan** - Ms. Hedelt briefed the board on the requirements for the state application process. To receive state funds Eagle Village Hotel must provide a marketing plan to acquire eligibility. The request will be presented to the City Council for review during the March 13th meeting. City Council has requested a formal review process.
- c. **EDT Budget FY2013** - Ms. Hedelt reviewed line items on EDT FY2013 budget for the board, \$86,000 for new requests; a total budget of \$950,000 for FY2013, in previous years operating costs have been cut with a total budget of \$866,000 for FY2012. Increases of 20% for advertisement, 40% increase for convention and education, new staff member training, visitor accommodation funds. New proposals are \$45,000 for the Main Street program and \$10,000 for the 150th anniversary of the Battle of Fredericksburg. The \$35,000 retail marketing study is not expected to be funded per Ms. Hedelt. Mr. Carter suggested the University of Mary Washington possibly assist with the research for the marketing study.

OLD BUSINESS.

- a. **Facade matching grant applications, scoring guidelines** - Mr. Tremblay presented a list of evaluation criteria instead of a scoring system to be used by the Grants Committee. The Grants Committee will meet on March 22nd.

Upon a motion by Bob Carter, seconded by Chris Hornung, the EDA accepted the February 9, 2012 guidelines: Ayes (4); Nays (0).

- b. Façade Improvement Matching Grant Program statement* - Ms. Herlong read a statement (see attached) to the board regarding the removal of her application for a matching grant for Herlong Associates, 1009 Prince Edward Street. Stating she fully intended to recuse herself from discussion and voting, the application had been submitted in accordance with EDA and City accepted practices. Staff stated at the meeting that the application was removed, as directed by the City Attorney. Mr. Massey, EDA counsel, suggested that Ms. Herlong's application should be removed and may be resubmitted should a formal statement be received by March 22nd from the Commonwealth Attorney's office that the application is not a conflict of interest.

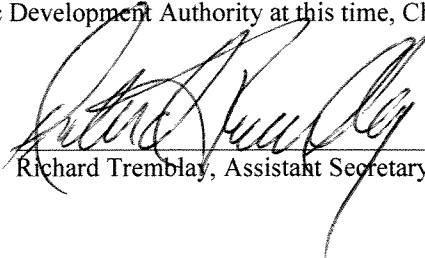
Upon a motion by Chris Hornung, seconded by Bob Carter, the application will be removed and will only be resubmitted based on a letter from the Commonwealth Attorney by March 22nd stating no conflict of interest. Ayes (3); Nays (0), Dana Herlong abstained from the vote.

NEW BUSINESS. None

BOARD MEMBERS COMMENTS. None

ADJOURNMENT.

There being no further business to come before the Economic Development Authority at this time, Chairman Wilson declared the meeting officially adjourned at 10:31 a.m.



Richard Tremblay, Assistant Secretary

I have been encouraged to withdraw Herlong Associates' application for a façade improvement grant. **For the record, I have not yet taken such action.** Having served on the EDA (IDA) for almost 8 years, I am proud of the work, the progress and the accomplishments we have made to enhance economic development opportunities. Our Jumpstart! grants programs have been a model of success.

Recently, under the direction of Chairman Joe Wilson, the EDA expanded our Jumpstart! grants program to include façade improvements with the goal of assisting qualified downtown commercial properties owners and city-owned businesses to invest in upgrades to their buildings. It is hoped that the capital improvements will spur more businesses to take pride in their properties and increase the economy by drawing visitors, clients and patrons to the commercial downtown. This is especially important during the recent economic challenges.

As a result of this program, economic development continues to thrive in the downtown, giving hope to many applicants that have or are in the process of upgrading their properties, confident that the EDA is their partner. The program is popular and applicants are lining up. Restaurants, professional business offices, merchants and schools are qualifying.

Multiple neighboring properties have been awarded between \$10,000 and \$25,000 to enhance their facades, highlighting the needed improvements to the Herlong Associates property.

At a recent EDA grants committee meeting and again at the last EDA board meeting, Herlong Associates was encouraged by the grants committee members, staff and EDA board members to apply for a façade improvement grant. During the candid discussions, I was emphatically told that it was standard practice for EDA members to simply ask to be recused from the vote process, stating a conflict of interest. The board discussion during our January EDA Meeting, with our legal counsel present was very transparent and convincing. The façade application was submitted, with the full intent that I recuse myself from deliberation and voting.

I concur with each of you that this has been the observed practice over the years in the City. I have witnessed members of boards, commissions, authorities and Council members recuse themselves when they have a conflict of interest. They do not participate in deliberation or the vote, allowing other members to weigh in with their votes.

Last week, I was informed by Blanton Massey that he and Kathleen Dooley had consulted to determine if the Herlong grant application was appropriate and viable. They had concluded that the application was inappropriate and must be withdrawn. Through Blanton, the two suggested I do so prior to this meeting.

Their suggestion was met with several questions to Blanton about past EDA potential conflicts. He responded with the fact that he never had thought about the comparison of a member application with many other examples of members with vested interests recusing themselves that he had observed as the EDA counsel. He said my points were well made and he suggested he would have to think about the examples further.

Having fully considered all issues and the advise of the EDA at our meetings, I believe the application to be appropriate and viable. I anticipate the application will be given the same consideration as neighboring business properties, unless this Authority can demonstrate a change in official policy that has recently occurred.

Read at EDA Regular Meeting, Item 11B, Monday, March 12, 2012, by DWH.