

**THE ECONOMIC DEVELOPMENT AUTHORITY
OF STAFFORD COUNTY, VIRGINIA**

SPECIAL MEETING MINUTES
September 26, 2012

1. **CALL TO ORDER**

A Special Meeting, duly called and advertised, of The Economic Development Authority (EDA), of Stafford County, Virginia was held on September 26, 2012 in the Board Chambers located at 1300 Courthouse Road Stafford, Virginia at 1:31 P.M. A quorum was present.

Members Present

Don Newlin Chairman
Joel Griffin Vice Chairman
Jack Rowley
Jo Knight
Wendy Maurer
Kara Vanderpool Ward
Eric Cole

Members Absent

None

Also Present:

Tim Barody	Secretary
Brad Johnson	Treasurer
Charlie Payne	EDA Council
Kelly Copley	Analyst

2. 103 WEST CAMBRIDGE STREET INSENTIVES

- Incentives - \$60,000 will be paid, over 5 years, to Mr. Eakin for repairs, renovations and upgrades to 103 West Cambridge Street which currently houses Amy's Café.

See agreement below:

"September 28, 2012

Mr. Paul Eakin
103 West Cambridge Street
Fredericksburg, VA 22405

RE: Amy's Cafe

Dear Mr. Eakin,

The Economic Development Authority of Stafford County ("EDA") is interested in supporting your proposal for renovating the building located at 103 West Cambridge Street ("Property"), thereby providing an improved venue for Amy's Cafe. Due to the Property's unique setting, history, and character, Falmouth has been identified by the Stafford County Board of Supervisors and the EDA as a desirable heritage tourism destination. Amy's Cafe has become a lynchpin in helping the County realize this vision. Over the past five years, despite a sluggish economy, Amy's Cafe was able to establish itself in the community as a start-up business, and generate over \$70,000 in meals tax revenue. Using the first seven (7) months of 2012 as a guide, you estimate future additional meals tax collections should exceed \$60,000 over the next five years. You also estimate that based upon the projected increase in business, Amy's Cafe expects to hire an additional 8-10 employees in the first year alone. These actions represent a significant investment in Falmouth, and one the EDA would like to support with the following incentive:

Subject to terms hereunder, applicable EDA appropriations and for purposes of incentivizing economic development in Stafford County, the EDA will pay Paul Eakin or his authorized assigns ("Owner") up to \$12,000 per year for five years to assist the Owner with necessary capital improvements to the subject Property as provided in Owner's proposal (as attached hereto and made a part hereof by this reference) submitted to the EDA at its duly called and advertised bi-monthly public meeting of September 14, 2012, which assistance will facilitate economic development in the Falmouth village area. However, this annual amount, payable over the next five (5) years, will be preconditioned upon the following requirements, which shall remain compliant during the full term hereof and subject to annual review:

In exchange for this incentive, during the five (5) years of this agreement:

1. *Amy's Café must generate and pay meals taxes in excess of \$12,000 annually (annually equals a calendar year with year one commencing January 1, 2013, and the term expiring hereunder December 31, 2018);*
2. *All qualified payments from the EDA will be made in the arrears after the expiration of the applicable calendar year and after the EDA has confirmed that the Owner or Amy's Café, as applicable, has fulfilled the obligations required hereunder;*
3. *Amy's Cafe agrees to remain at the subject Property and continue to operate a full-service, family-oriented restaurant, at least six (6) days per week;*
4. *Amy's Cafe agrees to provide preferential hiring to qualified future employees who reside in Stafford County;*

5. *Amy's Cafe agrees to consider enrolling in the Virginia Department of Transportation's Integrated Directional Signing (Logo) Program to secure directional signs to Amy's Cafe from Interstate 95 and US Route 1;*
6. *if Amy's Cafe ceases operation, or if the Owner sells the Property during the period of this agreement, this agreement shall terminate and the Owner will be required to repay any incentive funds paid and disbursed to the Owner through the date of termination, except and to the extent the Owner or Amy Café, as applicable, has satisfied the annual obligations required hereunder;*
7. *all improvements proposed by Owner and attached hereto shall be completed, including without limitation satisfaction of all applicable permitting requirements and release of any mechanic's liens, within twelve (12) months of Owner's Closing of the Property, as noted below;*
8. *the EDA may terminate this agreement for any material breach or non-compliance of any of the requirements provided hereunder; and*
9. *this offer is further contingent upon (i) Owner or a limited liability company owned and controlled by him actually obtaining title and ownership of the Property ("Closing"), and (ii) that all required building and zoning permits are obtained allowing for the construction of the improvements, and (iii) that all improvements identified in attached documents are made, approved by County inspectors, and a Certificate of Occupancy is issued."*

Wendy Maurer was requested by Supervisor Cord Sterling to convey his concerns.

"Wendy

I have talked to county staff and others, and read this morning's editorial on the proposed EDA action to provide \$60k for the purposes of fixing up a private building in Falmouth which is being purchased by a Mr. Eakin. I have some concerns and questions as I always do when it comes to providing taxpayer funds to private entities for "economic development." As you know, I have seen many such proposals at all levels and I am very leery of the government acting the role of venture capitalist with taxpayer funds since so many have such limited experience. While I will not be there for the briefing today, I would appreciate it if you could pose the following questions to your colleagues on the EDA and place them in the record.

1) County tax revenues are collected for many reasons including--education, public infrastructure, public safety and enhancing quality of life through programs such as parks and rec.

- *Is the \$60,000 that is proposed a better use of taxpayer funds than any of these other elements?*
- *Do you believe that it is a core function of the government to provide funding to what is a private structure including what I understand will be the owners residence?*
- *Would these funds not be better used enhancing the public infrastructure around that area to make it more of destination that would serve to benefit all business and residents in that area?*

2) In many other cases similar grants to private entities have come under fire for their failure to fulfill what are optimistic promises or because they were made based on political connections rather than a competitive process. The Obama Administration funding of Solyndra and Congressional earmarks that ran wild in the last decade are some examples.

- *Can you explain how this grant would differ in principle than either the Solyndra case or some of the Congressional earmarks that resulted in scandals and saw elected officials dismissed for office, and in some cases go to jail?*

- *Is the EDA prepared to provide a similar grant to all county businesses and residents (since part of this building is a private residence) for similar activities?*
- *Do you believe that this is a good business proposal that will provide an adequate fiscal return to the county? Would you make such an investment with your own money rather than taxpayer funds if given the option? If the terms and conditions are not met, would you personally guarantee the proposal and pay the county back the taxpayer funds expended?*

3) The county has a number of other options available to enhance a business's competitive nature. These are geared towards increasing revenues to the county and increasing the number of jobs. The article today states that this business is and has been "thriving" but that it could do better. One way would be to remove the limitations on operating hours that it has operated under--something that would not require taxpayer funds.

- *If it is "thriving" and could do even better by simply removing the landlord imposed restrictions on operating hours, why do we have to divert \$60,000 in taxpayer funds for a private interest?*

4) It has been implied that the EDA is moving forward with this because it believes the BoS supports it. However, this matter has never come before the BoS to take a position on its merits. While neither of these are required I would ask you to consider the following.

- *Have you spoken with and obtained the support of your Supervisor?*
- *If the EDA is operating under the assumption of BoS support, would it not be better to brief the BoS on this project and have us vote on its merits?"*

Discussion and questions followed. Final written agreement will be circulated for signatures.

A motion was made by Mr. Rowley to grant Mr. Eakin \$60,000 and seconded by Mr. Griffin.

VOTE: 6-1 approved

3. ADJOURNMENT

There being no further business brought before the EDA, Mr. Newlin adjourned the meeting at 1:51 P.M. to the next Regular Meeting on Friday, November 9, 2012.

MINUTES SUBMITTED BY:

Tim Barody
EDA Secretary

MINUTES APPROVED BY:

Don Newlin
EDA Chairman