

ECONOMIC DEVELOPMENT COMMISSION MINUTES

January 6, 2009

PRESENT: Joyce Bowsbey, John Denver, John Dillman, Mayor Jim Eberhardt, Paula Gilley, Harland Graef, Raymond Hamm, Robert Hodge, Dr. Ken Lewis (Chair), Dr. Stephen Pannill, Mike Ratchford, Dr. Carl Roberts, Donna Tapley.

Staff: Debbie Graham, Vernon Thompson, Erika Quesenbery, Joanne Richart-Young, Sandy Turner.

ABSENT: Mayor Kerry Abrams, Mayor John Bunnell, Mayor Judy Cox, Mayor Joe Fisona, Norman Gaither, Sally Goswell, Mayor Frank Hill, Commissioner Brian Lockhart (Ex-Officio), Laura Mayse (Chamber), Robert McKnight, Grove Miller, Rupert Rossetti, Tim Smith, Gary Stewart, Steve Vandervort.

GUESTS: Commissioner Rebecca Demmler, Tammy Edwards, Bruce England, Carlton Felty, Dr. Robert Gell, Cheryl Mattix, Jeanne Minner, Stephanie Palko, Dan Schneckenburger, Al Wein.

Call to Order & Welcome

Chairman Lewis called the meeting to order at 8:05 a.m.

Approval of Minutes

The November 6, 2008 minutes were approved as e-mailed.

Director s Report

Director Thompson reported on the following:

- 1) Rescar was scheduled to close, however a company out of Virginia has purchased Rescar. \$2 million will be pumped into the facility. They will hire 65 more people and keep the 15 already there.
- 2) Negotiations continue on the Mitsubishi building.
- 3) An 86-unit hotel application has been filed for a location on MD Rt. 279.
- 4) Clark Turner has settled on Charlestown Crossing and things will be moving forward on that development.
- 5) Cecil Night in Annapolis is scheduled for January 15, 2009. A bus will be available for transportation for a cost of \$35 per person. The General Assembly, delegation, Commissioners, and business people have been invited. There is room for 250. Sponsors include W. L. Gore, ATK, Fair Hill

International, Cecil College, County Commissioners, Penn National, Stewart Associates and Clark Turner, as well as others. Economic Development bought standing banners to display each of the towns. The County's visibility in Annapolis is increasingly important. The Chamber's legislative agenda will be available for attendees to use as talking points.

- 6) Ft. Monmouth Expo will be held in March 2009. It will be a sponsored event and the focus will be on the individual employees that may be transferring. This will not be a regional event, only Cecil County.
- 7) Cecil County will be represented at a Defense Communities conference in Texas next month.
- 8) Cecil County will also be represented at a Defense Technology conference in San Diego at the same time.

Dr. Pannill asked if there are other players besides Penn National that will be submitting applications for video lottery terminals in Cecil County? Director Thompson stated there have been other people looking at the County but he has not had any conversations with them.

Video Lottery Terminals Status Report

Mayor Eberhardt explained the time frame for submitting video lottery terminal applications to the State. The Commission will review the applications based on two parts. One being vendor operation and the other being site selection. Linda Read was appointed to the Lottery Commission Site Selection Committee. That process will take approximately four months. Hopefully the sites will be selected in early June.

The State legislation has said that the location for slots is subject to local zoning. Perryville has hired a professional planner and an attorney who has done a great deal of work on their zoning issues. They are creating the type of zoning that the town would like to have on the property, which consists of 140 acres at the interchange of I-95 and MD Rt. 222. Currently, Penn National has an option on the property for their operation.

The town has created a CEMUD zone (Commercial Entertainment Mixed Use Development). The process will be that the town will introduce legislation for a CEMUD zone to the town's Planning & Zoning Commission. The Planning & Zoning Commission will have a public hearing on January 15th. The Commission will then make recommendations to the Mayor and Board. A public hearing will be heard on January 21st, and then on January 29th, the Board will meet to pass or not pass that Ordinance.

The VLT applications are due to the State by February 1st. The Ordinance will be in place, if it is passed, to allow slots prior to application submittal.

The primary differences between the developer, the town, and Penn National people involve the amount of development that will take place on the property. Penn National would like to see the development of slots on their 36 acres not be dependent on

developing the rest of the property. The Town would like to see something in addition to the slots facility take place. The property has been clear cut for 15 years and the town has been told by the developer that a number of things would be happening on that property, which has not occurred. The Town feels that Phase 1 needs to be more than just the slots, hotel, and parking lot.

This 140-acre development will potentially contain 80 retail, entertainment, residential, and business establishments, and provide new jobs for economic development opportunity.

In partnership, the Town and the County ordered an Economic Impact Study. By contract, it is supposed to be done tomorrow, however, the consultant has yet to interview or even schedule an interview with anyone in the Town. They say they should have it completed by January 15th.

Director Thompson stated that the consultant's primary dilemma has been their ability to collect data from Stewart Associates. He met with the consultant two days after the bid award and gave them all the data that they had requested.

Mayor Eberhardt stated that the study is important to Perryville from the standpoint that VLTs was not a moral issue, but an economic issue. Legislature never envisioned that a slots facility would end up in a municipality. There was something in the legislature about percentages, but nothing spelled out for municipalities. The Town and County has now agreed to a percentage of 65% to the County and 35% to the Town.

When questioned about the "Lighthouse Visitors' Center", Director Thompson stated that the Chesapeake House and Maryland House are being revamped, which are both intended to be information centers. The Lighthouse Visitors' Center will be postponed until the current economic crisis is behind us.

Dr. Pannill expressed concern that there is supposed to be five slots locations across the state. Some will be more complex and may not be able to move on the same time frame. Will the five locations be allowed to move ahead of one another? Mayor Eberhardt stated that he believes they will be allowed to move at their own pace because there are so many differences between the sites. Director Thompson stated that construction must begin within a certain period of time after the award of a facility. It must be completed within 18 - 24 months. There is anticipated to be legislation to "clean up" the current legislation.

Dr. Pannill asked if there has been any discussion about capacity of the conference center. Mayor Eberhardt answered in the negative. Dr. Pannill stated that it would be a great opportunity to make it a major element in the region if it can be made large enough. He compared it to the Richlin Ballroom.

Dr. Roberts questioned the percentages. Mayor Eberhardt stated that legislation says there will be a 15-member group established (set up by County Commissioners)

consisting of the two delegates, a senator, a representative from the gaming organization, seven people for the local communities, and four business people from the local community. Their function would be that the County or town submits to them how the impact monies would be used. This Board would then review and make recommendations on how the local government would use their funds. There are a list of things that the monies can be used for, such as infrastructure, public safety, transportation, and other community improvements.

Bainbridge Status

No report given.

Financial Markets Update

Chick Hamm reported that the last two serious recessions lasted 16-18 months. Everything he reads says we should see some improvement in late 2009 or early 2010. Homes upwards of \$350-\$400,000 are selling for deep discounts. National data shows the real estate market has dropped 18%. History shows that when the housing market falls between 25 and 30%, then we start to pull out of the recession. Therefore, we are 2/3 of the way there.

He explained that at the present time there are 320 applications for \$300 billion worth of help bills for mortgage holders. It was originally intended to buy troubled assets in order to free up their ability to get back in the lending business. That has not happened yet. Credit access is continuing to tighten. There is some leakage spilling over from the housing to the commercial and retail world. Commercial businesses are not spending the way they used to. A large part of leases are being renegotiated. There will probably be a fair number of bankruptcies.

30-year refinancing loans at 5% fixed rate are happening, which is just what is needed. However, there are not much construction loans. PNC's view is that we have six months to go before the country starts pulling out of this recession.

The downturn in the real estate market is less in this area than it is in other parts of the country. One of the reasons for that can probably be attributed to BRAC. Mr. Hamm has never seen a downturn as fast and as furious as this one.

EDC Future Update

Dr. Lewis stated that Commissioner Hodge has been designated as the liaison between the County Commissioners and the EDC. Dr. Roberts and Dr. Lewis met with Commissioner Hodge as to the role of the EDC. Commissioner Hodge will take the questions and comments that were made at the November EDC meeting and share them with the rest of the Commissioners. Dr. Roberts and Dr. Lewis will follow through

with Commissioner Hodge and hopefully meet with the entire Board of Commissioners in February to discuss in detail what the EDC role should be.

Discussion

Director Thompson stated that Commissioner Hodge would like to change the EDC meeting date to one other than Tuesday. The Commissioners are unable to attend meetings on Tuesdays. Also, the EDC should try to find another meeting location because the Elk Room is not conducive to an EDC meeting.

Dr. Roberts is concerned about changing the date of the EDC meeting. He suggested the Commissioner's work session start at 10 a.m.

Dr. Lewis feels the meeting time and location should be driven by the EDC's understanding of their role.

Adjourn

Meeting adjourned at 9:25 a.m. Next meeting will be Tuesday, March 3, 2009 at 8:00 a.m. in the Board of County Commissioners Board Room (Elk Room).

Respectfully submitted,

Deborah J. Graham
Administrative Assistant