

**ECONOMIC DEVELOPMENT COMMISSION
MINUTES**

November 5, 2009

PRESENT: Joyce Bowlsbey, John Denver, John Dillman, Mayor Jim Eberhardt, Norman Gaither, Harland Graef, Raymond Hamm, Commissioner Laura Mayse (Chamber), Grove Miller, Dr. Stephen Pannill, Mike Ratchford, Dr. Carl Roberts, Rupert Rossetti, Gary Stewart, .
Staff: Roy Clough, Debbie Graham, Joanne Richart-Young, Vernon Thompson.

ABSENT: Mayor Kerry Abrams, Mayor John Bunnell, Mayor Judy Cox, Mayor Joe Fisona, Paula Gilley, Sally Goswell, Mayor Frank Hill, Robert Hodge (Ex-Officio), Dr. Ken Lewis (Chair), Robert McKnight, Tim Smith, Donna Tapley, and Steve Vandervort.

GUESTS: Robert Allen, Ken Brown, Mike Burcham, Brian Byers, Sarah Colenda, Candy Davis, Christopher Diebold, Bud Felty, Bill DeFreitas, Mario Gangemi, Senator Art Helton, Kathy Kunda, Cheryl Mattix, Tari Moore, Bob Palsgrove, Dwight Thomey, Linda Tipton, and Teen Vebares.

Call to Order & Welcome

Dr. Roberts called the meeting to order at 8:30 a.m.

Approval of Minutes

The September 3, 2009 minutes were approved as e-mailed.

Director's Report

Director Thompson reported that the CNN piece will start running in late November or early December. Senator Fred Thompson narrates the piece. It will be shown at the end of the meeting.

Phillips Mushroom in Warwick had their grand opening last night. Micropore has put their sign up. General Resonance at Principio Industrial Park is expanding.

Cecil Nite in Annapolis will take place on 1/14/2010 from 6:00 – 8:00 p.m. at the Governor Calvert House in Annapolis. The theme this year is Cecil County's Horsepower - the business side, as well as the equine side.

An annual report is being compiled this year that will cover economic development over the past four years. Some members of the delegation, as well as some candidates, are talking about getting rid of the economic development office.

Dr. Roberts feels that comments like that are scary. There is a lack of understanding of economic development and the importance of economic development in the future of the County. Economic development is worthy of concentrated discussion regarding where the County Commissioners are on this and what their plans are as far as educating the public. A strategy should be figured out to educate people as to the real issues.

Joyce Bowlsbey stated that she and the Chamber of Commerce strongly support economic development. Without economic development, people wouldn't be able to afford to live here.

Director Thompson continued: The American Recovery and Reinvestment Act has a program called Recovery Zone Facility Bonds whereby the government has given direct bonding authority to the Counties, unlike other instances when it is run through the state. Under this program, the County gets bonding authority in two categories, one that is facilities bonds, which are private sector, and one that is recovery zone bonds, which are public sector (infrastructure, roads, schools, etc.). There is \$5.5 million on the public/infrastructure side and \$8.3 million under the private sector side. The County can provide access to these funds in terms of bonding authority for projects that meet certain criteria. "Expressions of Interest" advertising the availability of these funds will run in the paper soon. The County has to establish its Recovery Zones, which the Commissioners and Economic Development Office are in the process of doing. The law requires zones be provided in areas that have significant unemployment, poverty or foreclosure. The priority is for companies that will create more jobs and make capital investments in Cecil County that contribute to the overall economic health of the County.

The County has been involved with the MD Dept. of Transportation looking at options for MD Rt. 222 and 276 and the I-95 interchange. The state doesn't have the money to improve these roads; therefore, the County is looking at how to put together the necessary vehicles to fund those upgrades.

Carl Roberts and Norman Gaither are now the Chairman and Vice-chairman, respectively, of the Bainbridge Development Corporation.

Chamber Government Relations – Legislative Agenda

Ms. Bowlsbey advised that the Government Relations Committee meets every Thursday. The committee's goal is to promote the business community at all levels of government and to follow legislation on a local, state and federal level as it pertains to business. Last year the Chamber took a position on 233 bills. The committee has a

yearly agenda that they follow. They start formulating questions for a membership survey in July. They meet one-on-one with the Delegation, the County Commissioners, the Treasurer, the County Administrator, etc. By mid-September, the survey is distributed to the membership. Based on the results of the survey, they form a legislative brief. Four top priorities are listed and handed to legislators at Cecil Night in January. The four top priorities this year and last year are the same:

1. Infrastructure
 - a. improvements to the intersections on MD Rts. 222, 272, 279, and 213
 - b. MARC train infrastructure
2. Education
 - a. support the college
 - b. support the STEM program
 - c. support providing construction funding for the Technical High School
3. Environment
 - a. discourage use of Tributary Management Strategies as a growth management tool
 - b. re-evaluate the implementation of new stormwater management policies
 - c. public funding to the Chesapeake Bay Foundation should be utilized for restoration of the Chesapeake Bay
4. Fiscal
 - a. oppose transfer of state expenditures to local government
 - b. oppose any unfunded mandates

After the brief is done, then the committee attends Cecil Night in Annapolis. This is an opportunity to meet legislators one on one. It works much better than Business Day in Annapolis.

The Chamber starts monitoring the bills in January. They meet with the State Chamber, who also track the bills. Once the bills are reviewed, the committee makes a decision to support or oppose those bills. Then a written statement is sent to all the bill sponsors and to the County's delegation as to whether they support the bills or not and why.

The Chamber holds a legislative breakfast at the beginning and end of the session. After the session is over, one-on-one meetings are scheduled with the delegation. They meet at Hawthorn Suites at 8:30 a.m. every Thursday. The Chamber also goes down and promotes their position in Annapolis. Any member can contact them and seek their support. It is a wonderful exercise in synergy.

Dr. Roberts advised that a meeting will take place this afternoon of a new joint committee to study the fiscal relationships between the state, county, and municipalities. Senator Kasemyer and Delegate Jones are co-chairing the committee, which will be trying to determine what state expenditures can be transferred to local government so they can balance the budget. One of those being discussed is the teacher pension costs, which a portion will likely be transferred to local governments in 2012. The County will be expected to cover that cost with no additional funding. Ms. Bowlsbey

advised that 67% of the state's budget is mandated with automatic inflationary increases. Of that, 54% goes to education and Medicaid. The government relations committee has agreed to review the mandate because that would be one way to decrease spending. Also, 1/3 of the millionaires in Maryland have left the state. Based on that, State revenues were down \$700 million at the end of July and are expected to be down \$1 billion by the end of the year. Another concern is Maryland is one of the top five least friendly business states.

Mr. Helton questioned the purpose of the task force mentioned by Dr. Roberts. Dr. Roberts answered that it is to review the current relationships and make recommendations. All the resources that generate revenue (property tax, income tax, sales tax, piggyback tax) are going down because of the economy. The state is expected to have a \$2.9 billion deficit between what is called for in the FY11 budget and what the revenue projections are expected to be.

Ms. Bowsbey advised that the format of the Government Relations Committee is a good format for the EDC to become more active in things. Dr. Roberts stated that the Chamber and the Office of Economic Development (OED) have entered into an agreement to have a more formal relationship supporting goals that are consistent with each organization. The EDC should not hesitate to identify the Government Relations Committee as a resource as far as legislation that comes up.

Comprehensive Plan – Economic Development Committee

Sarah Colenda stated that the Comprehensive Plan Committee consisted of 42 members. Ms. Colenda served as the chair of the economic development sub-committee. Under economic development, the state mandated that different areas in the Comprehensive Plan be reviewed, which included mineral extraction, tourism, fisheries, and the Lower Susquehanna Heritage Greenway (LSHG). LSHG is not just a trail system, but an economic development engine that would connect Harford and Cecil Counties.

The old Comprehensive Plan was a good plan, but it was not implemented. It didn't designate a growth corridor. The new development corridor goes from the Delaware line to Perryville, includes both railroads, I-95 and Rt. 40. It has also been expanded out toward Port Deposit. All municipalities were consulted to determine what their future plans are for growth. It is very important that infrastructure be placed in the growth area. The Committee's main concern is that they have to convince the Commissioners and "powers at be" that the plan is only good if it is being enforced. The Comprehensive Plan will now be reviewed by the Planning Commission. They will make a recommendation to the County Commissioners, who will hold a public hearing on it.

Rupert Rossetti advised that everyone on the committee agreed that infrastructure is needed in the growth area. The committee's main disagreement was on the definition

of growth area vs. growth corridor. The growth corridor, as defined by the draft Comprehensive Plan, is the areas slated for development in the I-95, Rt. 40, Rt. 7 area, excluding the low-density development areas that go down Elk Neck, etc. People are afraid if infrastructure is moved into the growth corridor, then it will also move into the growth area. Therefore, it needs to be made very clear what the growth corridor is and exactly where the infrastructure is needed.

Art Helton feels the issues should be in the Zoning Ordinance or Subdivision Regulations and not in a detailed Comprehensive Plan. Mr. Rossetti advised that some sub-committees wanted more detail in the Plan because one of the complaints about the last Plan was that it was not specific enough to be able to be implemented. This Plan has some specifics in it.

Eric Sennstrom, Director of Planning & Zoning, spoke to the group on the new Comprehensive Plan. He stated that the Plan is tentatively scheduled to be heard by the County Commissioners in February 2010. The 41-member citizen oversight committee completed its two-year work of drafting the document and turned it over to the Planning Commission. The Planning Commission is currently reviewing the Plan by meeting on a weekly basis and going through each chapter of the document. Article 66B of the Annotated Code requires a 60-day review period by adjoining jurisdictions. The Plan has been sent to all eight municipalities, the adjoining counties in PA, MD, and DE, as well as the State for review by those agencies. The 60-day time period expires on December 18, 2009. Any comments received from those jurisdictions will be given to the Planning Commission. They have a tentative date of January 2010 for their public hearing. The Planning Commission will then make a recommendation to the Board of County Commissioners. If the Commissioners approve the document, then the next event will be for Planning & Zoning to engage in a Comprehensive Rezoning process, which will create new zoning maps that will replace the current maps, followed by drafting a new Zoning Ordinance and Subdivision Regulations.

Open Discussion

Dr. Roberts stated that one of the main issues in development is the part that banks play in funding and support. He requested Chick Hamm and Bob Palsgrove give a brief summary of the banking industry today. Mr. Hamm stated that it is a tough time for developers. All banks are under more pressure than they were previously. Regulatory pressures are continuing. When examiners arrive at a bank, they are testing the strength and accuracy of the grading systems of credits that are in the bank. They want to make sure that the grading process is in good shape. In the late 90's and into this century, a lot of transactions were being done with very little money put down as a down payment. Transactions were being done where the interest wouldn't be required until lots were sold. That's fine until the economy comes to a halt. Credit for developers is not as easy to obtain as it once was. He feels there will probably be another 10% decline in the housing values. The focus now is what's going on with commercial real estate. There is growing concern about the number of vacancies in shopping malls and

strip shopping centers. Even if there are no vacancies, a lot of the leases are being re-negotiated.

Bob Palsgrove agreed with Mr. Hamm. Examiners look at your development portfolio as a percentage of your capital. A development deal has to be spectacular to add that to your portfolio. Mortgage rates are currently at 5%, unfortunately, appraisals are coming in much lower because they are based on comparable sales. He doesn't think this area has had any problems.

Mr. Hamm stated that last week President Obama talked about banks returning to "character lending" to small businesses. Banks have been the recipients of TARP funds and that should be repaid by giving small business a chance. Unfortunately, the regulators are making it almost impossible to give loans to the small businesses because they only look at the previous year's tax returns where revenues are down.

Future Meeting Dates

Dr. Roberts advised that the EDC members need to determine how to regain their identity by deciding how often they meet, when they meet, etc. How to do this will have to be determined by Chairman Lewis and Director Thompson.

Business Retention

Roy Clough advised :

1. OED met with representatives from China's Chamber of Commerce and a delegation representing trade and investment companies. Also attending was a US/China trade specialist who represents and promotes the interest of ten states in the US.
2. Met with the plant manager for Ashland, the company that purchased the Air Products manufacturing site in Elkton. They employ 30.
3. Met with Integrity Tool and Fastener, which took some of Barry Montgomery's property on Elkton Boulevard (12,000 sf).
4. Anchor Boats in North East is planning an expansion of their marina and repair facility.
5. General Resonance in the Principio Industrial Park have plans to expand from 10,000 sf to 45,000 sf. They currently employ 12 and expect to employ 60. They produce purified water with "special properties" that is used in medical and health products.

Agriculture

Joanne Richart-Young reported:

1. Warwick Mushroom Farms, LLC had their open house last night. They have a 139,000 sf building. They initially thought their investment would be \$8 million, but it is up to \$12 million. They process 100,000 lbs. of mushrooms

- out of there per week. Employment is up to 100. They have three additional buildings permitted.
2. The farmers' market season has ended.
 3. The Cecil County Harvest Dinner at the Granary was a big success. It will be held on October 21 next year.
 4. Hosted state counterparts at Dove Valley.

Rupert Rossetti stated that Fair Hill International would like to thank Erika Quesenbery for getting Jamie on the Go there. He thinks it will help with keeping Dansko as a sponsor.

Dwight Thomey feels it is time for Cecil County to address incubator companies, such as Spiralcat.

Marketing

Joyce Bowsbey reported for Erika Quesenbery (detailed comments OED for reference):

1. A new website www.cecilcountyliving.com has been launched. It is an informational website for transitioning workforce from New Jersey and others in partnership with the Chamber.
2. CNN Inside Business piece is completed. Extended cut is being developed for a 500 DVD segment. The 5-minute piece will run on CNN/MSNBC and Headline News the end of November and December. It will be shown at the end of today's meeting.
3. Featured geographic location for business relocation expansion opportunities in Trade & Industry Magazine. Also featured as the month of February for their calendar, which is distributed to 75,000 site locators, brokers, etc.
4. Cecil County, Chesapeake City, and Fair Hill International were featured during a live broadcast of Channel 2 News Baltimore (WMAR) with Jamie on the Go.
5. Partnered with the Chamber to host Know Before You Go Expo Part II at Monmouth Park Racetrack on 10/17/09.

Adjourn

Meeting adjourned at 10:07 a.m. Next meeting will be Wednesday, February 3, 2010 at 8:00 a.m. in the Perryville Room at the County Administration Building.

Respectfully submitted,

Deborah J. Graham
Administrative Assistant