

King George County Economic Development Authority
Monthly Meeting Minutes May 13, 2021

1. Call to Order:

R. Pabst - I HEREBY CALL THIS MEETING OF THE KING GEORGE COUNTY ECONOMIC DEVELOPMENT AUTHORITY TO ORDER.

I HEREBY INVOKE THE RULES AND PROCEDURES PREVIOUSLY ADOPTED BY THE BOARD OF SUPERVISORS AND THIS KING GEORGE COUNTY ECONOMIC DEVELOPMENT AUTHORITY ALLOWING FOR ELECTRONIC PARTICIPATION BY SOME MEMBERS WITH A QUORUM PHYSICALLY PRESENT. THIS ACTION IS TAKEN AS A RESULT OF THE COVID-19 PANDEMIC AND THE GOVERNOR'S ORDERS REGARDING LIMITING OF GATHERINGS AND STAYING IN PLACE DURING A DISASTER.

ELECTRONIC PARTICIPATION IS ENCOURAGED AND PURSUANT TO THE GOVERNOR'S EMERGENCY ORDERS. IF YOU CHOOSE TO BE PHYSICALLY PRESENT, YOU WILL BE SCREENED BY AUTHORIZED STAFF FOR SIGNS AND SYMPTOMS OF ILLNESS. BASED ON THE RESULTS OF THAT SCREENING, CERTAIN PHYSICAL ATTENDEES MAY BE DENIED ENTRY.

THE FOLLOWING MEMBERS ARE PHYSICALLY PRESENT: SANDRA WIMBERLEY, RICHARD PARKER BECKEY GALLAMORE, RICK PABST, IAN FOX, GUY BOOTH.

THE FOLLOWING MEMBERS ARE PARTICIPATING THROUGH ELECTRONIC AND REMOTE MEANS AFTER NOTIFYING THE CHAIR THAT TEMPORARY DISABILITIES AND /OR OTHER MEDICAL CONDITIONS EXIST THAT PREVENTS THE MEMBER'S PHYSICAL ATTENDANCE: DELAINE RICHARDS.

I DIRECT THE CLERK TO INCLUDE THIS STATEMENT AND THE STATEMENT OF REMOTELY PARTICIPATING AUTHORITY MEMBERS BE MEMORIALIZED IN THE MINUTES.

2. Public Comment

There were no public comments.

3. Approval of Minutes:

Becky Gallamore – I move to accept minutes.

Guy Booth – Second

Rick Pabst – All in favor.

5 members vote aye. Chair votes aye. 1 abstention. Motion carried.

4. Member Reports:

Sandra Wimberley – No Report.

Richard Parker – No report.

Beckey Gallamore – Met with a couple of businesses last month that are looking to move to King George, mostly retail. So, I have been going over some of different locations that are open. Sent one to Nick, I will let you know who that is so you can reach out. Fall Festival Meeting past week. Thinking about when they do their booklet – include local businesses free of charge to them. So may come back to EDA to see if we can help cover cost. They felt that how Covid has impacted local businesses that perhaps, giving them an opportunity to advertise in the community, with no charge to themselves, that might help their businesses. Will learn more about that next month. Next chamber meeting is next Monday night. Hope that all of you can make it out. I will set up a zoom meeting also. At that meeting we will have a delegate speaking on how unemployment has affected local businesses. Also, how PPE and EIDL have helped or affected our businesses. Also, the National Federation Independent Business director of the state will be there and answering questions for us. So hopefully all members of EDA or at least some will be able to go online and watch or attend.

Monday 6 PM, Location to be determined, will request board room.

Rick Pabst – I have a question about funding brochure, any idea about the level of cost?

B. Gallamore – Asking for \$3,000 from TAC, don't know if they will cover all of that or not. Usually, individual business cost is \$50.00 for the business card size and then it's up from that, so we will be charging for the inside and outside cover independently so the businesses will get a business card size inside. Hopefully the \$3000 they are asking from TAC will cover it.

R. Pabst – I think it's a good idea to try and support our local businesses and if they want to get some free advertising and their participation maybe we can approve an up to amount for those businesses that want to participate.

B. Gallamore – That would be nice. I think we ought to put an ad in there for the EDA also, just letting people know that we are here.

I. Fox- Is format preset?

B. Gallamore – Yes, format has been pretty much the same for last 60 years. About the same thing every year. The number of booklets that go out, it is well received, a lot of people keep them as keepsakes, I have the last 32 of them since we've been in this community.

R. Pabst – We will move that on to new business when we get down to it. I have nothing to report other than we are going to closed session tonight. I had a brief discussion with Board of Supervisors, so I have an inkling of what's going on.

Ian Fox – No report.

G. Booth – No report.

5. Action Items:

N. Minor – RIOT is the North Carolina based accelerator looking to move to the region. They are asking for \$8,000, a onetime payment, to support their programing that they are bringing to the RAPP region. This is in support of entrepreneurs in the region, not just King George County but also Fredericksburg and the county of Stafford. Program has not been officially laid out, or any type of guidelines only because they need to understand if they will get state and local funding. But, the preliminary programing, what we are looking at for King George is going to be agritech based and at some point, will be some sort of incorporation with NSWV and the work they are doing over there to become a digital proving ground, essentially for the US Navy. This is a onetime ask, one time contribution to the organization until they are able to sustain with private donors. We do need to have a vote. They need to understand if we are in or out. My department is in at \$10,000. This is an additional ask from the EDA. As a separate entity support.

Discussion regarding what would we get for the money. What are the deliverables? Should the program be supported? How does money donated by EDA affect their ability to get matching funds from the state? Will money be returned if they are not able to get this to stand. Is the grant a one-time shot? Do we know what their budget is? Is geography clearly defined. There is an opportunity here, but \$8000.00 is a little much. Support of this would possibly look good to businesses looking to move here. Is there a threshold they need to reach? What is the difference between this and other SBA programs? If they don't get the matching funds, will money be returned to us.?

N. Minor- We won't cut a check until they request it, that's number one. Number two, they have to be awarded the GOVA grant from the state.

I. Fox – Do you have to give the 10 all at once or is it staged?

N. Minor – No. I am going to pay it once, because when it comes to county money, you don't know if it will be there next year. As soon as I know they have the GOVA money I will ask for an invoice so I can get it out and support them that way.

I. Fox – So you're telling me, their plan is to invoice you for the whole 10 at once? You never discussed an option where you can go 5 now and 5 in six months?

N. Minor – We could but I did not request that as far as my budget goes, because I don't know if I will have an extra 5000 next year.

R. Pabst – Is this funding grant based on a one time, hey we have corralled \$250,000 from these counties, so the state says, ok, you have \$250,000 so we will give you 250,000 so now you have 500,000. So, if we give them money the benefit will be in the beginning where they can get the matching funds. We can come in later and support them, but they will not get the matching funds from the state.

N. Minor – So, more localities that participate or the more localities that put up, the more likely it is to get state funding. For my department, King George is already in. You guys are EDA, a separate entity, what this gives you is exposure and access to RIOT. So, got to pay to play, right, so if you want RIOT to pursue the initiatives that you stand for as the King George EDA, you would put in cash because you can't match with any kind of support because you don't have staff, I am the staff and I already put in cash. So, the only thing you can do at this point is fund it, so if you put in \$4000, then you have a 10,000 match from the county and a 4000 or 8000 match from the EDA, and you will show up on what will be the RAPP region website as a supporter of the initiative or supporter of the non-profit, not sure how it will be labeled, should say on there as a founder. Regional partner or supporter. Next thing to hammer out, if you decide to fund it, is what is the program going to be? So, their expertise is in IT, specifically Agri-tech, which I thought fit well with us and also the entrepreneurship and incubation (inaudible) NSWC. So that's why I am in. I'm in at \$10,000 because that's what I could get. As far as you guys, their only ask was \$8000, so if you could do that or less.

I. Fox – To Rick's point though, as far as their ability to get matching funds from the state of Virginia, not sure who that is from (SBCD) is that a one-shot opportunity for them for all time or is this something they can go back annually?

N. Minor – They can go back next year if it doesn't pass this year to improve the application.

I. Fox – Suppose they get some money this year will they get more next year?

N. Minor – No, they have to apply every year. So last year it was just a \$20,000 in-kind match from my department. So that they could be introduced to people around the county, network with them and attend virtual events and then the second year is to bring them here to stand up programming. So, whatever we put in RIOT will match, the state will match so it's almost like three parts.

I. Fox – Did they ever show you a budget, how they will itemize their costs and expenses?

N. Minor – Yes, I think it was in the last meeting. I can send it out to you guys if you want to see it.

I. Fox – You are comfortable that they thought this through and not just, they haven't properly thought through how they will use the money and what they're going to do with it.

N. Minor – So this, so the Fredericksburg region, the RAPP region that they (inaudible) will be the third area they are coming to the other area is Colorado (inaudible) further out west. So, they could have chosen Richmond or D.C., but they decided that we are actively recruiting them to this region for our specific reasons.

I. Fox – Geography is clearly defined?

N. Minor – Yes. And so, if we contribute, again we can get some sort of support from them, but if we contribute, they will have programming specifically designed to our needs. Spotsylvania

didn't contribute and Caroline didn't contribute, doesn't mean they won't be able to participate but wouldn't get specific programming to their locality where we would.

R. Pabst- Just to be clear, your department is throwing \$10,000 and if we come up with some dollar amount also basically, I'm thinking that whatever you're thinking is probably in line with what the EDA is thinking in terms of helping the county. I'm not sure that any of us are in a position to get into the numbers on this and really work it but, I think I agree with Beckey, I think there's a good opportunity. I like the idea on the entrepreneurial stuff, I thought the back of yard and agriculture technology, out there at Bloomia is a great opportunity. My only position was that I thought (inaudible) was a little bit which t say maybe 4000 and next year if we want to come back in because they're going to have an annual budget also, if we like what we see, we can increase it.

N. Minor – That's fair, you guys are your own separate public entity, it is your money to support whatever issue you think is important to the King George County economy.

I. Fox – Do we know what the other counties are putting in?

N. Minor – Yes, so Stafford put in the most at \$45,000. The city of Fredericksburg, the only one in kind, across the board, department, and EDA. And my department is doing 10,000 and the request is also to this EDA. So, their EDA is sticking in the most, Stafford's, and their department is sticking in the most, and our request is only for a 50/50 split so it was 20 in kind, and they reduced it to 18, so my department put in 10 in hopes that the EDA would put in 8 or some number.

I. Fox – In simple terms, what do we stand to lose if we didn't put in the \$8,000?

N. Minor – As a county, nothing because I'm in, as the EDA, what is the right way to say this, as a marketing and/or regional cooperation support viewpoint is what you stand to lose. The county as a whole you still gain some sort of (inaudible) because I'm in. These are all fair questions, I have no problem with any of these questions, they are all good questions. Whatever you decide to do, I am in support of. So, the county is in either way. It's just what does the EDA wants to do?

B. Gallamore – There's a couple of things that they were talking about that they would bring to us. They were looking into projects where, research, smart ag, smart farm, smart greenhouse, considering some of the things were trying to bring to the Industrial Park, could possibly be using some of those things. You know the marketing aspect of having our name in front of that makes it look like to me that if I'm a business that wants to come in the EDA is playing in that field, I might feel a little more confident wanting to rent from them or buy from them just from marketing, we're not just sitting back

S. Wimberley – Is there a minimum threshold they are trying to reach to get the match or (inaudible).

N. Minor – Drawing off memory now, I believe that they are trying to get 250 so it would be \$500,000 in GO VA adds.

R. Parker -

Any other thoughts? Let's take vote whether or not we will participate, and if that passes, then take a vote on how much (inaudible) and when. So, I entertain a motion, to acknowledge that we support it and are prepared to come up with some dollar amount and discuss the dollars.

B. Gallamore – I make a motion that we do exactly what you just said.

R. Pabst – We'll go with that. This is non-binding; this is just a level of support with no dollars attached. All those in favor, say aye.

B. Gallamore – You didn't get a second.

Inaudible discussion.

R. Pabst – Beckey is correct. I didn't do the second. So, the motion basically is, that we are interested in supporting RIOT GO funding and we are taking an initial vote to judge the level of support before deciding on the amount.

S. Wimberley – Second.

R. Pabst – Any more discussion before we vote?

Ayes 6, Opposed 1. Motion carried.

R. Pabst – There is interest in supporting, how much support? We don't have an unlimited amount or an annual budget that Nick does. Two thousand or 4000 is 4000. We can break it up, but I think that if they are trying to get \$250,000 and they can do that with ??? special funding, we should try to stretch to the extent that we can, knowing we cannot cover all, but this is for their application, and we can always come back later and support more. (inaudible) So, thoughts on how much. Guy?

G. Booth- I'm leaning toward \$4000 range.

I. Fox – I am of the same mind, but I am also interested in what their cut off timing is for contribution. Is there a circumstance potentially your where \$10,000 and then we have a period of wait and see what happens for 3 or 4 months (inaudible)?

N. Minor – They will be announced whether they are awarded in late summer, August, July that time frame. It takes a long time for the decision to get made so you put in your application to the regional group that collects them, our GOVA administrator, then goes to the council and then goes to the state council to be approved for the state funding.

R. Pabst – So their application is already being finalized.

N. Minor - We are a month behind. So that's why I say we need to make a decision. If not, they need to know, so that they still have time to add King George contribution at this level. Where if we wait another month, it's not worth (inaudible).

R. Pabst – Not worth going in as far as the matching funds.

N. Minor – Correct, we can always independently make a contribution down the road. So, I just want to make that option available, they are a 501C3, if they are awarded it will be a regional organization, but this is in support of a regional application, so think about it we put in \$4000 and we get \$8000 back.

I. Fox – will we get some sort of periodic (inaudible) feedback on what they are doing, who they reached out to.

N. Minor – Yes, when you put in cash for any economic development initiative, especially a non-profit, you're going to have an obligation to say (inaudible) this number of events, this is who participated, here's who we collaborated with

I. Fox- do you know if that is monthly or what that is?

N. Minor – I don't know if it is a monthly or quarterly thing.

I. Fox – I would be more comfortable if it was monthly, quarterly sort of leaves us in the lurch.

R. Pabst – So we have 4000, Beckey?

B. Gallamore – I was on the 5000 range. I could be persuaded to more.

Wimberley – I'm thinking between 4 and 5.

R. Parker - I say zero.

I. Fox – almost there with you (inaudible).

(Discussion and opinions about supporting the program between Chairman and members)

B. Gallamore – Can I just go ahead and make a motion? I make a motion that we approve \$4500.00 for the GOVA funding in support of the RIOT accelerator, this project will establish a RIOT accelerator program and Virginia Smart Community test bed to serve the Rappahannock Region Entrepreneur Ecosystem

S. Wimberley – Second

Vote- aye-7, opposed – 0, Motion carried.

R. Pabst- So Nick, let us know when we have to write the check. The other action item I want to bring up briefly is the thing Beckey brought up about advertising, do we want to give her some wiggle room when she goes back to negotiate how big a piece we want to support? Any thoughts on that?

I. Fox – What do you think is appropriate?

B. Gallamore- I have never played on the side of the things I have put ads in and I have done pageants and put all our stuff in but I have no idea. I know we have a lot of businesses that do advertise and the idea of opening it up to any business that says it wants to advertise just sounds phenomenal. Seems like a good way to get their name out there. So maybe 500, 1000 dollars, somewhere in that range and that would contribute a little bit to it and help out without going overboard.

R. Pabst – That’s a \$1000 total not per business, right? (Affirmed by B. Gallamore) Any other thoughts?

R. Parker – Fall Festival and advertising is a great idea. How to do we reach all the businesses?

B. Gallamore – As it happens, Nick has reached out to a lot of them already so we have a lot of great emails and I have list of the county with names and addresses, so we can either pick up phone and call or reach out to them. For Fall Festival we do everything through Facebook, we do have someone who goes around to businesses that have advertised in the past so I don’t know if it will be a little more inclusive. We can always put it out when we put out the business get together, always gather more information that way put more people (inaudible).

R. Parker – Do we know how many businesses we have in King George?

N. Minor – I don’t know that number right off the top of my head but I’m going to say somewhere in the range of 300.

B. Gallamore – There are about 1500 that have business licenses in the county.

N. Minor – I’m thinking more of brick and mortar, a lot of home-based business in King George.

B. Gallamore – They might not necessarily operate in King George, I think when we did the Broadband study, the number was between 200 and 300 actual physical businesses, 164 brick and mortar.

N. Minor – Yes, they were looking for locations to connect to broadband and I think it was in that range.

R. Pabst – Do I hear a motion?

I. Fox – I make a motion to allocate \$1000 to support this advertising initiative for this event.

R. Parker – Second.

Vote- 7 aye, 0 nay. Motion carried.

7. Old Business

N. Minor – I want to give you all an update on some of the projects I am working on that involve the EDA. Will start with Weldshop, spoke to Doug Griffin from Weldtech about a week and a half ago, he was connected to me through Total Machine, the gentleman from Total Machine called me and said if we want to bring back manufacturing to King George or we really want to start trying this initiative, I gave your name to Doug Griffin, he has an interest in starting a welding school in the county, so the first thing I thought is I need to get this in front of the EDA because at some point, because they may need support to get off ground. The next thing I did was reach out to the regional organization that may have some interest. I reached out to Germanna and Germanna was on board, they are looking for or would support either giving them equipment because they are always looking for instructors or additional space and RCC was interested as well. They are willing to help with space or equipment, What I want to focus on is that it stays here. Because there are welding schools in Fredericksburg and in the Northern Neck but there isn't one here. We have one of the largest contracting welding shops in the region and we don't have a school here. So, the focus is to help Weldtech get off the ground. Trying to match up schedules, trying to get meeting with GCC and them individually and RCC and them individually then eventually come to the EDA or meet with the committee to understand what the ask is, don't know how we will support, but I think to some degree I don't know about equipment , but maybe we can do something to offset the instructor at some level, because from the instructor standpoint, because we don't want to buy equipment, what would we do with equipment afterwards, we could donate it to the high school or something to that effect but the high school has their own budget and their own equipment, so I think the instructor is the best way to go, that's just my suggestion at this point but when we talk to Mr. Griffin, I'll know more. The third organization I reached out to was the high school. I reached out to Christine Deals, she runs the CT advisory committee, she was really excited to work with us, she doesn't know what level they have training at the high school, so if this is something they can students to in the summer or as an additional class in the fall this may be something. This is another way we can support, CTE does require a scholarship and/or some sort of funding to take some of those classes. So that could be something we do, maybe we can offer, depending on how much the class is, at some basic level, if its \$250.00 per student, then we have thrown \$1000.00 in and pay for four scholarships. At some level we can support.
(inaudible)

R. Parker – I talked to Doug just a little, Doug has been here, started in industrial park, and now he's on 301. My business is in D.C., and I can't tell you how many (inaudible) businesses to grow. (Inaudible) 12 years and (inaudible) equipment. Good people, honest people, strong passion, can grow into more because Doug is guy who works on the welding machines, trade almost dying, those individuals that are interested, so it's a technical thing, (inaudible) give our kids a strong jump start. Right now, we are paying welders 30/hr. So, I wouldn't dare (inaudible) sot the money comes back to this county.

R. Pabst – I like the idea a lot, like the fact that you circle back to the high school and so at this point what do you need from EDA?

N. Minor –It’s just informational at this point. Just to put it on your radar. I’ve already told you that I have a meeting set with Mr. Parker, Ms. Gallamore and Weldtech, once I have that together I can come back with update so you can make a decision. So, they will give a report.

B. Gallamore – Should be a great addition to CTE program.

R. Pabst – I remember going to a CTE meeting, and one of the issues was about the (inaudible) there is a welding program in program in the Northern Neck.

I. Fox- So this is a physical school they

N. Minor – he has additional space in his current shop, he has 3 booths he can put up now.

I. Fox – He’s licensed to test the people?

N. Minor – he has an instructor lined up, has people from the well shop, the machine shop at the base who need to be trained. That’s his first line of customers, but the way RCC and GCC work, they would give him a portion of that tuition to take on their students as well. So, if they are a King George student, they don’t have to drive all the way to Fredericksburg or Warsaw to take a class. Sort of like the CDS tractor/trailer program, they are contracted with Germanna and RCC to get your CDL license. The program would work in a similar fashion. Problem is if you don’t have instructors so if you have one, it’s so important to keep them, because they can make a lot of money doing something else.

R. Parker – I want to say that a friend of mine in LaPlata, (inaudible) B&B had to close his shop there, retired so the next welding school is in Troy Virginia and the other is in Marlboro Maryland.

R. Pabst – I would love to hear how meeting goes. If this is something that the EDA can get behind, I’m inclined to say get behind it, at what level we will have to sort that out. It’s something that is right here in King George. I think it will serve us well. Look forward to the meeting.

N. Minor – Next one is the small business microloan. I got confirmation from C&F bank that they will not kick anything into the funds, they have issues with the fair lending act. At this point they have said they are all for working with you but unable to put anything in. At this point it will be a \$50,000 fund, we will transfer the money from our account to theirs, and they will hand the money out. It will be a cash backed loan program; as money comes back in, it will replenish itself as we go along. The next meeting will be with REDCO, REDCO will be underwriting this grant program. So, the process will go, they file an application with my department for the EDA microloan program, we screen it as staff to make sure they have hit all the requirements that are needed. Then it comes before the EDA as an application request, if you deem that a credible use of the loan funds, then it goes back to REDCO for underwriting

and to make sure they can pay their bills, creditworthy, that we are following the right process as far as loaning out money. Then they sign an agreement with the SBDC office that they will receive business coaching, so we are not giving money to someone that is not at least gain some education when it comes to running their business especially if they are brand new because this program, while it will provide access to existing businesses, I have feeling it will be more likely used by new entrepreneurs just starting.

R. Pabst – There will be mentoring and oversight?

N. Minor – Exactly. They will provide (inaudible) and oversight, once REDCO gives thumbs up, they will come back to the EDA for final approval. Funds will be dispersed by C&F and they will manage the money for us. So, it's not something where we have everything on some excel spreadsheet. They will make payments to C&F and replenish the funds. Keep in mind, we are almost there, not going to be a five-year program, want terms geared to 2–3-year payback, the other thing to consider after speaking with other localities that have microloan programs, I would recommend if you do go above 3 year mark for term limit that it be for equipment, so if company wants to borrow above the limit for equipment, example given, that's when you would want to go above the 3-4 thousand mark. Once we have the agreement is in place, we will have them come to the EDA and present and it will be on black and white paper but want them to meet with you before we finalize anything.

I. Fox – What's the relationship between C & F bank and the EDA?

N. Minor – C and F was the bank that would work with us. We are the lender. Bank is the facilitator. As the lender, essentially it would be left up to Kim, Roan, and me to track payments as they come back, where C&F provides that. So we get our money back and what C&F gets out of the deal, they get to hold our \$50,000, and they get the interest that's paid back, out of a \$135.00 payment they get to keep \$5.00, they don't get a ton of money but they are part of the program and may get more customers. (Inaudible) Was trying to get them to kick in more money but (inaudible) not yet but think I can get them there but not yet. REDCO explained there are ways to get around it. (inaudible). They have branches in Dahlgren and (inaudible)

R. Parker – The question I have is C&F charging us anything?

N. Minor – No. they get to hold the \$50,000 in their bank and keep interest, the rates they would offer our customers would be in the mid to low 4s. We don't get any of that we just get our principal back. We can't keep interest because that's how they make their money from doing business with us. They manage it and get the interest.

R. Pabst – We're not going to make any money on this.

N. Minor – We will be in the black.

R. Parker – Are we asking for some type of collateral?

N. Minor – Those are the things we have to work out with REDCO as far as the underwriting goes, and what we need from those businesses, are we going to ask for, REDCO will underwrite, staff will not.

B. Gallamore – Will we be deciding or approving how much the loan is for or are we going to essentially be rubberstamping the applications?

I. Fox – (inaudible)

N. Minor – They will put in their application for the requested amount, they need to be able to justify that application or request because the EDA will get the final say on how much it gives out.

B. Gallamore – So does that mean there's going to be a month's turnaround from the time they apply? And then we have to wait until we meet for them to get actual approval, it could be several months before they can get approval of loan.

N. Minor – I hear you, but the argument for this program is that they can't go anywhere else. So, the time frame may sound a little lengthy, but it's hard to get a business loan for those small amounts from any bank. They would have to take out another personal loan if they are already not tapped out or ask for that money from somebody else before they come to the county for a low interest, small amount to get them on their feet and we get that paid back in a year or 2 years.

R. Pabst- So if I heard you correctly, we get two looks at this, the application comes in your staff looks it over, you submit to us and we say and we say it looks reasonable, then it goes to REDCO, for underwriting then when they are done, it comes back to us for final approval. So REDCO is doing due diligence.

I. Fox – Who is REDCO?

N. Minor – Exactly, I am not an underwriter, don't want to be. So, the Rappahannock Economic Development organization is a SBA 504 lending program, they do amounts much greater than what we give out so, they are in support of this program, and they do this kind of underwriting work because for them it is a future client for them.

Questions raised by members:

Does REDCO charge any fees for the service. What are they adding to the cost of the loan?

Who is the primary lien holder?

REDCO is looking for bigger loans in the future.

Who is the first lienholder on the collateral?

N. Minor- No charge to us, no fees, they do this for Stafford and city of Fredericksburg all free of charge. When I had this conversation with the president of (REDCO) there are no fees. No additional cost to loan. I spoke with C&F bank, they gave me some tips on so if they take out

for equipment, there are these types of insurance that costs around \$50.00, so you can get that equipment back so if they do go under, we are the owner of that equipment per this agreement that they sign with the county or the EDA. That equipment comes back to us we just need to figure out what to do with it then. I am trying to see if, why don't you guys take equipment, and we take a percentage of it or something like that. There are ways to handle these things, and as much as I wish I could have got it up in 4 months, it takes a lot of due diligence before you start lending people money.

R. Parker – Does sound like we're taking some risk, strong risk but it could help somebody out but there again.

R. Pabst – I think we said we're going to throw \$50,000.00 at this because, not that we will lose \$50,000.00 but we are going to invest it in small businesses here in King George.

I. Fox – REDCO is underwriting so they're going to pay us back if the borrower defaults, that's what underwriting means to me typically.

N. Minor- They won't pay us back because ours is cash back.

I. Fox – Who are they underwriting?

N. Minor – They are underwriting the applicant. They are enabling that process for us.

I. Fox – (inaudible) they are taking a guarantor type role in all this.

N. Minor – We are. They are just doing the administrative process. We are the (inaudible)

I. Fox – (inaudible)

R. Pabst – Is there anything we need to do? (Inaudible-multiple voices)

N. Minor – At this point I need to get all four bodies in the room, EDA, C&F, REDCO and SBC to hammer out details of who's responsible for what. Make sure we get that down on paper, formulate the MOU and everybody signs it. Then at that point we can launch the program.

I. Fox – It would be helpful when we get through that process that we could see a flow chart. Where all the responsibilities are allocated and who's first sequentially in the (inaudible) we can see (inaudible).

R. Pabst – In anticipation of that sit down do we have any volunteers from the board that would like first up to make the call for one of these meetings.

I. Fox – I volunteer.

N. Minor – For this, it needs to be either business policy or business development entrepreneurship. It's up to you, I am already working with Weldshop and Back Porch, so Rick or Ian, if you want to be in that meeting.

I. Fox – (inaudible) whatever you want.

B. Gallamore – I ‘m right down the street.

R. Pabst – I’m always on tap. I sign up for everything. So, Ian is available, so Nick if you get that set up start with Ian then give me a call.

N. Minor – I have two more things then it is probably best to go to closed session. Next, RIFA, Regional Investment Facilities Authority. Our county attorney has reviewed and provided comments to the city of Fredericksburg, they look like they will be the only other participant, so they will review and come back. Once we have an agreed upon document or ordinances that’s when we will take this to board to be adopted, hopefully sometime in the summer. Just want to give you an update on that, been working on in the EDA for over a year now. It’s almost come to fruition.

The next thing is the Dahlgren tech transfer partnership. In the agreement meeting we had with them, Dahlgren is aggressively conducting outreach to almost everyone, so they’re in the process now of reaching out to several universities as well as other organizations that partner on R & D, and also have some way to raise their profile, not just in Virginia but nationally as the digital proving grounds. So, while they do the explosions the big weapons systems, they are also looking at AI, artificial intelligence, frequency sensors, laser, big data development, and cyber security on the offensive side not just the defensive side. Really trying to raise their profile. They have also showed us a new format which they will present patents to the community where they laid out basically four (inaudible) what this does is simplify the technology. Here’s what we designed it for in the most unclassified format, here’s what we think the potential use is, here’s what the patent number is and here’s what the science is. I don’t have a presentation (inaudible) but wanted to let you know they are ramping up for a lot of good different reasons. That concludes my project presentation.

R. Pabst – All right. With that, Beckey.

B. Gallamore- I move that King George County Economic Development authority (“EDA”) convene in closed session pursuant to VA. Code Section 2.2-3711(A)(5),(6) and (8) for discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business’ interest in locating or expanding its facilities in the community; discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

I invite the Economic Development Director because he is deemed necessary and /or his presence will reasonably aid the Authority in its consideration of the topics to be discussed, pursuant to Virginia Code Section 2.2-3712 (F).

Closed Session in progress.

Closed Session concluded.

B. Gallamore – I move that the King George County EDA return to public meeting and certify by vote that only public business matters lawfully exempted from open meeting requirements by Virginia law, and only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered during the closed meeting.

R. Pabst – Mr. Fox do you Certify- yes.

Mr. Booth do you so certify- yes.

Mr. Parker do you so certify- yes.

Mrs. Richards do you so certify- yes.

Mrs. Wimberley do you so certify- yes.

Mrs. Gallamore do you so certify- yes.

Chairman, Rick Pabst certifies, we are now back in session.

B. Gallamore – I move to adjourn to next meeting in June.

Meeting adjourned at 6:40 PM

Minutes submitted by: Roan Grapes, Administrative Assistant

Date approved: _____