

A meeting of the Beaufort Redevelopment Commission was held on June 21, 2016 at 5:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Chairman Jon Verity, Commissioners Mike Sutton, Billy Keyserling, Mike McFee, Phil Cromer, Stephen Murray, and Frank Lesesne, and Bill Prokop, city manager. Commissioners Steven Green and George O'Kelley were absent.

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all media were duly notified of the time, date, place, and agenda of this meeting.

MINUTES

Chairman Verity called the Redevelopment Commission meeting to order at 5:00 p.m.

Commissioner McFee made a motion, second by Commissioner Murray, to approve the minutes of the April 19, 2016 RDC meeting. Chairman Verity noted that he did not call the meeting to order because he was not present. Commissioner McFee said that on page 7 of the minutes, in the phrase “he said sent,” the word “sent” should be stricken. **The motion to approve the minutes as amended passed unanimously.**

NEWCO PRESENTATION

Geoff Grout said the goal of Newco is to improve the “outlook on mariculture” in the county and in the City of Beaufort. He said the group is asking for site control of 40 acres in the Beaufort Commerce Park for an economic development opportunity in the form of a public-private partnership.

Mr. Grout said the group he represents is developing a mariculture business that will produce a “high-quality, fresh shrimp product” to be marketed to high-end restaurants in Charleston and as far from Beaufort as Atlanta. A once-a-week harvest would be delivered within 72 hours. They would develop a branded product – “Port Royal Shrimp” – out of the company they plan to call “Beaufort Mariculture, LLC.”

The water here produces outstanding seafood, Mr. Grout said, and this product would grow in water sourced from Port Royal Sound. He said the proposal is compelling because of site availability, a compatible use, covered buildings for indoor production, and a tested system (one that exists elsewhere). The group has the research and development support that is needed, he said.

The competition in mariculture is Asian, Mr. Grout said, but that product is developing a poor reputation. Port Royal Shrimp would be branded, and people would know where it came from, which is important. “It’s (a) completely scalable” model, Mr. Grout said. The group has worked with various advisors, and this is “a cooperative effort with the public piece of the public-private partnership.”

Project equity and debt financing are available, Mr. Grout said, and a leadership team is in place. The group needs “to strengthen (its) management team,” but they are able to do that.

He said the group is “asking for a lease for 40 acres (and) 120-days’ site control . . . to get ourselves together,” then they will come back to the RDC when they “have a more complete plan,” know “how financing is going to go,” etc. Mr. Grout concluded that by doing the project in the Beaufort Commerce Park, they could turn “something that is . . . not producing income into something that *is* producing income.”

Chairman Verity told Mr. Prokop that he assumed the action the Redevelopment Commission could take would be to make a recommendation to city council. Mr. Prokop said that was correct.

Mr. Grout told Commissioner Sutton that the “we” he had been referring to is a group that was led by **Dick Stewart** (through his work at the Port Royal Sound Foundation), which was then passed to Mr. Grout and “a number of” people “who live on Spring Island and Dataw who have expressed interest in providing the equity.” Mr. Grout’s role is “to coordinate the business plan,” he said. Others are helping him, including **Phil Hughes, Mike Matthews, Jay Martinez, and Al Stokes**.

Commissioner Sutton said the Waddell Mariculture Center is a state-funded program, and “they’ve struggled and continue to struggle.” He asked what makes Newco’s “enterprise” different. Mr. Grout said the group’s goal is to “take the resources that have been available there and . . . flip it around.” It’s his understanding that the Waddell Center “consumes \$300,000 in tax dollars, and if we could flip that and make it profitable,” they could give the Waddell Center, “through a foundation, a significant amount of money back.” The mariculture activities at the Waddell Center are limited to what Mr. Grout said he calls, “‘fundraising shrimp delivery’ once a year. They’re not actually in the business.” The center continues “to train people there,” but not to the extent they once did, he said, “because of the underfunding.” Mr. Grout said, “We think pure economics make it reasonable to turn it around.” Newco believes Beaufort “might be a good place to start.”

Mr. Grout told Commissioner Sutton that the Waddell Center “would be part of the program.” There will be pushback because this would be in competition with private sector shrimping, Commissioner Sutton said. Mr. Grout had said that this would “complement” private shrimping, Commissioner Sutton said, so he asked him to explain how, other than making “shrimp available . . . year-round.” Mr. Grout said this farm-raised product “supports the wild catches,” which is “increasingly difficult to harvest,” and “the fleets are getting smaller,” while “costs are going up.” Shrimp is the “most in-demand . . . seafood” in the world, he said, and his group believes they can support – and will gain the support of – the wild-catch industry, though they do not yet have their buy-in, because Beaufort Mariculture will provide “a cost foundation underneath what they produce.” Beaufort Mariculture’s shrimp will sell “at a premium price,” he added. Commissioner Cromer said \$16 a pound for shrimp is “kind of high,” and Mr. Grout agreed, but said “it’s available . . . you know what you’re getting, you know where you’re getting it from . . . and (it’s) never frozen.”

Commissioner Sutton said that everything Mr. Grout had said about the shrimping industry “is

accurate,” and Newco needs to be prepared for the possibility that their product could put local shrimping out of business. Mr. Grout said Newco “would welcome their participation in any way we can.” Commissioner Lesesne asked how local shrimpers could participate. Mr. Grout said Beaufort Mariculture could sell and market local shrimpers’ product. “Currently, the farm-grown stuff has a reputation for being real trash,” he said, “because it’s all imported,” whereas “‘South Carolina farm-raised’ is a good branding product.”

Commissioner Sutton asked if “the Florida (Organic Aquaculture) program” is working; Mr. Grout said he’s going there next week on “an engineering exercise,” and once he’s seen that operation, he will know. He’s been told that “it’s doing quite well.”

Commissioner McFee asked if the pen is “in-pond.” Mr. Grout said they plan to use “covered raceways,” which are completely self-contained, there’s no effluent, and water can be trucked in. The small shrimp will be purchased in Florida and grown in water from Port Royal Sound. After a time, he said, Beaufort Mariculture can have its own larvae from the farm. They will pump water out of Port Royal Sound, Mr. Grout said, and truck it in, or they could pipe it in.

Commissioner Sutton asked how the trucks would get the water. Mr. Grout said they would pull up on “any of the boat ramps.” DNR has said “any boat ramp’s fine with them.” Commissioner Sutton said there might be a public issue with “a commercial enterprise . . . sucking water out of” Port Royal Sound.

Commissioner McFee asked if the recirculating system meant that they would not need antibiotics. Mr. Grout said, “Maintaining water quality is probably the biggest risk,” and engineering is an important part of the solution. “The labor side of this is important,” he said, “particularly at harvest time,” so to avoid pump failure, “the electrician is the most important” member of the staff, according to Mr. Stokes.

Mr. Grout said there are 22 aquacultural shrimp farms in the US, “most of them indoor.” The “Center of Excellence” concept – and “continuing to support Clemson and USC-Beaufort in their endeavors” – is important to the group, he said.

Commissioner McFee asked about long-term contamination. Mr. Grout replied that there is “none that we’re aware of.” Commissioner McFee asked about antibiotics. Mr. Grout said, “That is . . . the issue we are tending to market against”; it is a question that “comes up all the time with imported shrimp.”

Commissioner Murray asked Mr. Grout how many jobs he thought this operation would create. They know they “have four executive-level jobs,” and probably ten more jobs “in that model,” Mr. Grout said, but they hope “this is just the first of a series” of enterprises, once they know what the market is for this product. The jobs-per-acre-number is four or five, he said. All are benefitted jobs; some are hourly because it must be staffed 24 hours a day, 7 days a week, 365 days a year.

Commissioner Murray asked what had happened to local shrimp farms; Mr. Grout said **Paul Sommerville** had told him there was one whose owner had died, and his son didn't continue the business. That was an open farm, Mr. Grout said, and "very different than this" farm.

Commissioner Murray told the commissioners that he has met with Mr. Grout and thinks this is "a very exciting idea" on several levels, but he wonders if the commerce park is the right place for the project. The commerce park was meant to create "more primary industry . . . businesses that bring dollars into the community from . . . the outside . . . and to create higher wage jobs," so "a significant amount of public money" was spent "to put infrastructure into the park." Commissioner Murray questioned whether Beaufort Mariculture, which would "tie up 40 acres of a 160-acre park," is "the highest and best use of dirt we have put a significant amount of infrastructure dollars into."

Another concern for Commissioner Murray is the commerce park's industrial zoning; Beaufort Mariculture would be an agricultural use, so Newco might be able to find agricultural land in the public sector that is without improved infrastructure and that is nearer the water, so it wouldn't have to be trucked in. "Forty acres to generate \$1.6 million gross . . . is a pretty low yield," Commissioner Murray feels, and it doesn't create a lot of jobs or tax revenue. He said he supports the project, but he is not sure whether Beaufort Commerce Park is where it should be. He added that he is optimistic that the commerce park "will eventually be successful," as development is occurring in Beaufort, and the city is beginning to "wrap our heads around economic development."

Commissioner Lesesne asked if the job estimates Mr. Grout had given were just for production, or if they included sales and marketing, for example. Mr. Grout said those numbers were just for raising the shrimp in these buildings, not delivery, water sourcing, or other jobs. Beaufort Mariculture won't use 40 acres until the business is successful, he said, but they want to be able to grow when it is. It needs to be a 40-year lease to get the project financed. He can't say how many jobs per acre will be generated, Mr. Grout said; in industry, mariculture is at the low end, like "phone stuff and warehousing."

Commissioner Murray said he's uncomfortable with the fact that with a distribution area of 300 miles, this business would be "in direct competition with our local mariculture folks." While he supports the project, he's not sure the government should provide incentives to a business that competes with an industry that council has supported and "that I think is important to our community." Mr. Grout said Newco could take the project to Jasper County or to surplus acreage at the Waddell Center, and brokers are looking at other sites, but what they're proposing in the commerce park "seemed like . . . the right confluence of opportunity and availability." The city was looking for ways to use Beaufort Commerce Park, which has been sitting empty for 10+ years, he said. Newco's goal is to "create . . . opportunity for both of us, in a public-private partnership," which seems to be an economic development "hurdle we never seem to get" over.

Commissioner Keyserling said one shrimper has a distribution network that "could probably use

more tonnage . . . as he covers the state,” and Commissioner Keyserling “would also like to see something in the park.” From a business point of view, though, there are “100 acres at the Waddell Mariculture Center that the county owns, and it’s right on the water,” he said. Also, there are “thousands of acres . . . with conservation easements . . . on the water” that allow agricultural uses throughout northern Beaufort County that no one is farming (e.g., in Seabrook). If this business were to be in the commerce park, “the return” in terms of jobs, dollars, and land costs “barely makes our carrying costs . . . for leasing the land” to Newco, Commissioner Keyserling said.

Mr. Grout said Newco is proposing leasing at 2% of gross revenues, and “the gross gets bigger.” They are not asking the city for any other economic development incentives, he said, like having a building built for them. They only want “a site control conversation for 120 days, to enter into a lease for 40 years for 2% of gross as your lease payment as we try to grow a business.”

Commissioner Keyserling said he questions partnering; “by the state’s standard . . . this doesn’t qualify,” though he’s “not opposed to it.” Mr. Grout reiterated that Newco is seeking 120 days, after which they would come back, and if they are successful in meeting the city’s needs, they would “begin to spend real money” on engineering, etc. Waddell is their second choice, he said, and the county is their third.

Chairman Verity asked how the RDC feels about “moving forward.” Commissioner Murray said Mr. Grout is asking for the commission’s “blessing for council to authoriz(e) the city manager to the enter into a . . . negotiation with Newco to do a 40-acre shrimp farm.”

Mr. Grout said the group has done no engineering, doesn’t “know what’s there,” or which piece of land they might want. Mr. Prokop asked if Newco would do an appraisal of the value of the property during these 120 days. Mr. Grout said if they see no “insurmountable hurdles,” they would start doing things like that. Mr. Prokop said if the city “agrees on 2%” of gross as the lease amount, an additional cost for the fee for fire protection from the Burton fire department would be part of the agreement.

Commissioner Sutton asked, if the RDC supports the concept, and it goes to council, if council could stop the process. Chairman Verity said yes. Commissioner Sutton asked, if the RDC is “going to be in the economic development game,” does it have “the power to make this happen?” Commissioner Murray said ownership of the parcel is the issue. Commissioner Sutton said, “Council is the lessor, not the RDC . . . so council maintains control of the lease.” He cautioned the commissioners who are on council, “if you don’t see supporting this (project) later,” not to “run a drill with these folks” by saying they want to go forward if they don’t. Commissioner Sutton said he is ready to support the Beaufort Mariculture project, knowing that “the outcome could be: a very successful business, changing the way shrimp are marketed locally, and the continued demise of the local shrimping fleet,” which is “‘demise-ing’, anyway. They’re going away on their own merit.”

Newco could take this project elsewhere, including across the Broad River or to Jasper County,

which Commissioner Sutton said he doesn't want, or Beaufort could "stand ready to help incubate the future for this area and have it on Port Royal Island." He doesn't feel that Mr. Grout is threatening to go elsewhere, and Commissioner Sutton said he doesn't know why Newco would go to the commerce park, where they'll have to truck the water in. Commissioner Murray said the "very low cost of dirt" is why Newco wants to be there. If Beaufort Mariculture's gross revenues were \$1.6 million a year, the lease would be about \$2600 a month for 40 acres. Commissioner Murray asked **Kathy Todd** if \$32,000 a year "cover(s) the city's debt service on 25 – 30% of the park." She replied, "Maybe on 25%," but she'd have to look into it and get back to the commissioners. Commissioner Sutton said the commissioners need to know if there's a benchmark that Newco needs to hit in order to make this deal work. "At least a break-even point would be a target," he said, and then they could have a discussion with Newco about whether they can get there with 2% of gross revenues.

Commissioner Sutton made a motion to support the city manager working with Newco to draft a deal for a lease, to be presented to council, with 120 days to finalize the details. Commissioner Lesesne seconded the motion.

Commissioner Keyserling said he would vote in favor of this, but he's "skeptical"; he thinks there's a better place for Newco to do business that would cost them less. He doesn't know if the city "should tie up the land," when someone else might use it. Commissioner Murray said he'll support this, but there's "a finite amount of land" with which to do economic development in the City of Beaufort, and the commerce park is some of the city's "most valuable land." **The motion passed unanimously.**

BEAUFORT DIGITAL CORRIDOR PRESENTATION

Commissioner Murray said the city's economic indicators are "scary": the per capita income in the City of Beaufort from 2006 to 2015 went down from \$41,000 to \$27,000, which is a 41% decrease, and income is "still in decline," which accounts for Beaufort's attractiveness to "discount retailers." Commissioner Murray shared other census data: from 2000 to 2014, the city lost 25% of its 21 – 44 year olds. The median household income in Beaufort is \$46,915, while the average cost of owner-occupied housing is \$240,899, compared to a South Carolina average of \$137,600.

The following were among council's 2016 goals, Commissioner Murray said:

- Encourage the creation of additional and higher-paying *primary* jobs (as opposed to *secondary*, which don't increase a community's economic capacity).
- Become known for transitioning the military to the civilian workforce.
- Court those tourists who could relocate their businesses here.
- Provide public education and outreach in order to provide greater opportunity.
- Diversify the commercial tax base.

Commissioner Murray said the Redevelopment Commission's economic development committee had looked at economic diversification models. The four elements of economic development are incubation, retention, expansion, and recruitment. The city is doing all four of

these, he said, but the Beaufort Digital Corridor (BDC) is part of its incubation focus.

Commissioner Murray described some of the City of Beaufort's economic development strengths and weaknesses. He said he, **Alan Dechovitz**, and others had gone to Charleston to tour the Charleston Digital Corridor (CDC), and **Ernest Andrade** had given them a tour and spent a lot of time with them; later, Commissioner Murray went to Charleston with Mr. Prokop. Since the middle of March, Commissioner Murray and Mr. Prokop have been working in partnership with the CDC – Mr. Andrade and his team – on the Beaufort Digital Corridor.

Mr. Andrade said that “the good things happening in Charleston” economically that are often cited were happening *outside* the city (e.g., Boeing and Volvo), so while Charleston benefitted, after the Family Circle Cup, Mayor **Joe Riley, Jr.** had called him to discuss facilitating tech and tech-related businesses as part of Charleston's economic development strategy. The CDC launched in 2001, after the economic downturn related to the dot-com bust; they took the downturn as “an opportunity to reinvent ourselves.” Mr. Andrade described the economic situation in Charleston at the time: wages were stagnating, the cost of living was “primarily driven by housing” and “was increasing at a phenomenal clip.” Students were not finding any opportunities upon graduation, so they were moving on. When they created the CDC, he said, most of Charleston's economy was based on tourism, which does not have high-wage jobs.

The CDC has “a consistent and long-term strategy,” Mr. Andrade said:

1. Community – Without engaging the community as partners, this effort would fail, Mr. Andrade said.
2. Talent – This is the biggest incentive for companies to come to Charleston, and Beaufort has this, too, Mr. Andrade said.
3. Spaces – The CDC launched its incubator facility in 2009 when “the office market imploded in downtown Charleston,” Mr. Andrade said. They had an opportunity to get \$30/foot real estate for \$12/foot. They have a repurposed Hollywood Video store, for example.
4. Capital – While capital is critical, it is not the most important element needed for success, Mr. Andrade said; these four points are “sequenced” very deliberately.

Mr. Andrade made some points about the CDC:

- The CDC grew from having 18 companies to having 350+ companies, which represent 7500+ jobs.
- Wage levels are 1.8 times the regional per capita wage.
- The CDC's online “talent portal,” CharlestonWorks, has gone from 50 monthly page views to 7,000. It receives web traffic from all 50 states.
- Since 2012, when the CDC began CODECamp and CODECamp for Kids, CODECamp alone has had 1,915 attendees.
- 106 companies have graduated from the CDC. There are 22 companies in residence. Its flagship companies have created 1000+ jobs and raised \$116 million in capital.

Mr. Andrade described what the CDC has done for Charleston's economy: The city has received

national recognition as an emerging tech hub, and tech accounts for nearly 7% of the regional economy, with 350+ tech and tech-related companies in the area, and their numbers are growing. These companies provide strong wages, which are almost double the regional per capita average, he said. Hiring is robust, building footprints are growing, etc.

Mr. Andrade showed what others are saying about Charleston's growth (e.g., the Brookings Institute said the city is #12 in "first fundings" in the country).

Mr. Andrade also described the challenges that the CDC deals with. For example,

- The supply of talent and transportation infrastructure is lagging.
- Broadband infrastructure is inconsistent.
- Charleston lacks affordable workforce housing, and even with high wages, tech professionals can't afford to live in downtown Charleston.
- Relevant engagement by universities is insufficient.

For the first five years, the CDC had little support. Its strategy was not to have "grand, sweeping visions," Mr. Andrade said.

Mr. Andrade said he and his team are not consultants. If Beaufort wants to reverse the trends in which it finds itself, it can. "Solid, consistent leadership" from the mayor and council, which he had in Charleston, is needed. Commissioner Murray said the CDC would "franchise" its model and provide resources and support to Beaufort, which would have its board and management transition into place after about a year.

The first decision made about the Beaufort Digital Corridor, Mr. Prokop said, was to "get (its management) out of the government." The city supports the BDC, which will be a nonprofit organization, but because it doesn't want to "strangle" it with government processes, the BDC will be "separate" from the city, he said.

Mr. Prokop described the details of the lease and the upfit of the 500 Carteret Street building. The city may apply for grants and funding to help with upfit costs; the goal is to obtain \$75,000 – \$100,000 in grants and/or SCE&G utility tax credits. Money currently in the operating budget or in the Redevelopment Special Revenue Fund (RSRF) will be used, he said. No new debt will be required, and loan repayment will go back into the RSRF.

The BDC's overall operating budget is estimated to be \$150,000 per year for the first two years, Mr. Prokop said. The maximum amount the city will contribute per year of the operating funds will be \$50,000. Money will come from the Redevelopment Fund, parking revenues, and rental income, with the balance coming from operations revenue, memberships, seminars, and private donations.

A member of the RDC will have a position on the Digital Corridor's board of directors, Mr. Prokop said. The City of Beaufort will have no other financial obligations or management involvement once the operation is up and running. The BDC will provide the city with quarterly

and annual updates.

Mr. Prokop said the Digital Corridor was formed because they felt “it was time to take some action,” and no one wanted “to be bogged down in studies and so forth.”

Commissioner Murray said they are asking for a motion to support a partnership between the City of Beaufort and the Charleston Digital Corridor Foundation “in order to stand up the Beaufort Digital Corridor.” They have “about six funding partners in mind,” Commissioner Murray said, through grants and private donations, but they feel they need a show of support before they ask formally for money. They hope funding support will bring down the costs to the city. They are only asking for support of the partnership tonight, Commissioner Murray said, not a commitment to financial support.

Commissioner Keyserling asked about renting the 500 Carteret Street building to others as well. Mr. Prokop said the city has been leasing space in the building, and it is “almost full.” He has been talking to a government agency that is interested in taking the top floor for a tech operation, and which might do the upfit itself. “That area may become a tech center,” Mr. Prokop said. Hargray is bringing in high-speed fiber (“100-by-100,” Commissioner Murray said), which will be in place soon. The other tenants leasing at 500 Carteret are short-term, Mr. Prokop said; they may be terminated at the end of the year, and the building may be upfitted. Developers are also talking to the city about buying the whole building. The city bought it below appraised value, Mr. Prokop said, so whether the city develops it or sells it, the investment has been sound. **Commissioner Sutton made a motion to move the Beaufort Digital Corridor project forward. Commissioner Cromer seconded the motion.**

Mr. Andrade said in Charleston, tech businesses “all want to be on top of each other.” The new model is 65,000 feet, of which 15,000 feet is incubator, because other companies want to be a part of that. “The conversation” here is just starting, Mr. Andrade said. He added that he’d love to have students from USCB come work at the Beaufort Digital Corridor.

Commissioner Murray said infill is a large part of the city’s focus, and he would like to see young tech entrepreneurs move into the Northwest Quadrant. He hopes that the BDC will help the city meet its commercial *and* residential goals. **The motion passed unanimously.**

DUKE STREET INFILL PROJECT INCENTIVES PROPOSAL

Commissioner McFee said the incentives the RDC has been talking about have been discussed for several years. Currently, a city ordinance has an incentive program built into it; some of its features are “dated,” he said, so they are looking at it with staff to see how it can be updated. Incentives that are specific to properties facing or “siding” Duke Street between Charles Street and Ribaut Road are in a handout that was given to the commissioners (e.g., waiving and reducing city fees, and BJWSA has budgeted \$75,000 to help pay for the installation of water and sewer laterals on any vacant lot between July 1, 2016 and June 30, 2017). These are “very time-sensitive,” Commissioner McFee said, and are intended to encourage redevelopment in this area of the Northwest Quadrant.

Commissioner McFee presented a summary of the project area: 122 properties, 27 vacant lots, 21 vacant structures, etc. The commissioners had been given a schedule of existing city fees that he said could be reduced or abated, such as permit fees (which are \$1500 on average), Bailey Bill application fees, fees for design board review and special board meetings (i.e., Historic District Review Board, Zoning Board of Appeals, and Design Review Board), rezoning, UDO amendment, lot recombination, and many more. Existing incentives include the Bailey Bill, city property tax rebates, a 20% federal historic rehabilitation tax credit, 10% and 25% state rehabilitation tax credits, a 10% federal income tax credit for rehabilitation and one for low-income housing, a state income tax credit for abandoned building rehabilitation, and federal incentives for easement donations.

Chairman Verity asked who people should contact if they are interested in this program; Commissioner McFee said any of the commissioners or city staff. Mr. Prokop said, "We plan to make Duke Street *our* model street" – i.e., a city model for infill – with "extra police patrols" and Public Works activity, landscaping by local garden clubs, painting and landscaping from Beaufort Housing Authority, etc. There is "community buy-in" and staff support for this project, he said. Commissioner McFee said that he had worked on a project on two blocks of Duke Street four years ago, where great ideas were created about infill and redevelopment. Now "the economy is driving this project," Commissioner McFee said, because "people want to live downtown," which is really exciting, and he feels this project will be very successful in the next 24 months.

Commissioner Cromer made a motion, second by Commissioner Lesesne, to move the incentives to council for approval as presented. The motion passed unanimously.

INITIATIVES IN PROGRESS – UPDATED REPORT SINCE 4/19/16

Deborah Johnson discussed changing the format of the list by taking off those projects that have been completed. There was general agreement that this would be fine. Chairman Verity told the public in attendance about the list. Commissioner McFee said that anyone could get a copy of it.

There being no further business to come before the commission, **Commissioner Murray made a motion, seconded by Commissioner McFee, to adjourn. The motion passed unanimously,** and the meeting adjourned at 6:36 p.m.

The RDC reconvened at 7:00 p.m. at 500 Carteret Street for an additional presentation about the Beaufort Digital Corridor project.

Commissioner Murray thanked those involved in the BDC project and reiterated the economic indicators in Beaufort that he had cited at the RDC meeting. These problems need to be addressed, he said, and action must be taken to change things.

Chairman Verity provided an update on work the RDC had been doing on economic

development, infill, Boundary Street redevelopment, downtown, and incentives. This project fits in with opportunities for infill on the Duke Street corridor and in other parts of the Northwest Quadrant and the downtown area, he said.

Commissioner Murray said Commissioner Keyserling would speak about the city's vision and the strategic plans that have been put together in the last year. Commissioner Keyserling said many moving pieces are starting to come together, as could be seen at tonight's Redevelopment Commission meeting, so that people leaving the military and students graduating from USCB could stay in Beaufort. Currently, there's not a balance in the city among retirees, tourists, and working people, he said. Young people need to be able to find decent-paying jobs and affordable housing in Beaufort.

Putting city council back on the Redevelopment Commission was controversial, Commissioner Keyserling said. Each of them was given one of the sectors that Chairman Verity had named, "and now the ideas are starting to fall into place." Commissioner Keyserling said he could see a friend of his, who works for "a major foundation," ending up in Beaufort with the BDC in place.

Commissioner Murray said that he, **Sam Levine**, and Mr. Dechovitz have been working on this project. Mr. Andrade has given them a lot of his time, as had Mr. Prokop, whom Commissioner Murray introduced so he could tell those assembled "how we got here."

Mr. Prokop enumerated city council's goals, and said the community has been asking the city for something like this. In the Northwest Quadrant, for example, someone had asked what the city was doing to bring higher-paying jobs to Beaufort. At another meeting, people had asked what the city was doing to increase economic diversity and development in Beaufort. Mr. Prokop also talked with students about job opportunities, which he said aren't currently being provided. Economic development is a key goal of the Redevelopment Commission, and "they didn't *study* the problem," Mr. Prokop said; "they said, 'Let's do something,'" which is how the BDC had come about. It will be "the city's first true public-private partnership."

Beaufort can "capitalize on what (the CDC) learned," Mr. Prokop said. He and Commissioner Murray knew they "needed to get government the hell out of the way" for this to be a success. The former Bank of America building at 500 Carteret Street will be converted to "BASECamp" ("Beaufort's premier incubator and co-working office"), and the goal is to attract 10 to 12 participants who have offices at BASECamp in its first year; BASECamp will have educational seminars and a code camp, memberships, a website, and "a strong downtown core presence," he said. They will also install high-speed fiber. In five years, the goal is to have 100 participants in BASECamp, to bring new industry, jobs, and opportunity to Beaufort. Mr. Prokop said the BDC will be the city's economic development base, and it will "show how the city can support economic development, not just talk about it."

Mr. Andrade said when they launched the CDC 15 years ago, "there was no one to talk to" and "no audience," like the people in attendance at the BDC's launch. Only one article was written about the CDC in 2001. Beaufort benefits from its association with the CDC, and though the

cities are different sizes, “the issues facing Beaufort are exactly the issues that were facing Charleston” then, Mr. Andrade said: housing prices were rising “at a ridiculous rate,” and while the cost of living was going up, wages were stagnant. At that time, economic opportunities in Charleston “were primarily being driven by the leisure industry,” which he said includes retail, tourism, accommodations, “lifestyle” businesses, etc.

The economic development strategy Mr. Andrade presented to Charleston’s mayor in 2001 was on one piece of paper, he said. The city’s economic drivers were its port, the university system (“40% of the peninsula is tax-exempt,” he said, e.g., the universities and churches), the leisure industry, and “professional/technical,” which were largely finance, insurance, and real estate. It was not a “generative economy,” he said. “Nobody was making stuff that causes wealth” or builds community.

Mr. Andrade said that without the Beaufort community’s “engagement, we won’t get there.” He met with Commissioner Murray and Mr. Prokop in March, and they started working in April. The former bank building will be gutted, and BASECamp will “be a young space. You can bring your dog to work,” he said. “We’ve got to create the opportunities.” The BDC needs to be a nonprofit, not a corporation, “because there are measured risks.” This is a “business development initiative,” Mr. Andrade said, in that the BDC doesn't look *outside* of Beaufort, like a typical economic development initiative does.

Blackbaud came to Charleston “by accident,” Mr. Andrade said, when a Brit who was looking for Atlanta he fell in love with Charleston, which reminded him of London. Blackbaud is the world’s leader in nonprofit industry software, and has just announced a \$154 million investment in a new corporate headquarters and campus, Mr. Andrade said. Instead of moving the company to Austin, where it has acquired another company, Blackbaud is staying in Charleston because of the CDC. The six guys whose start-up he can recall today have 3,000 employees, Mr. Andrade said.

In another successful example, “Benefit Focus started the same day the Digital Corridor was launched,” he said. That company now has more real estate in the City of Charleston than any company but MUSC, and they pay taxes, unlike MUSC, Mr. Andrade said. So the BDC’s focus should be on small companies and helping them grow.

Mr. Andrade said he was glad to hear about the housing credits that had been discussed at the RDC meeting as part of redeveloping Duke Street. The BDC “will build one brick at a time,” he said, and will stay small and focused. The city has done its part to be successful by voting to support this project tonight.

An entrepreneurial business can come in to BASECamp for as little as \$250 a month for a co-working space and \$500 for a private office, Mr. Andrade said; if that business is successful, it can then lease a larger space. Commissioner Murray said he wanted the audience when it leaves to tell other people “what we’re doing here” at the BDC, and to find out who could use space at BASECamp. He said they would be coming to people and asking them to get their

checkbooks out in the next few months, and visiting organizations to determine how they can work together.

Mr. Andrade said this facility will be focused on tech and tech-related business. Some incubators in Charleston mix in other types of businesses, but he feels that the BDC should be focused on tech.

Mr. Dechovitz said if he were someone who has never programmed before, but he “has a cool idea” and he or his friends need to learn to program in order to create it, “what does the Digital Corridor do for them?” Also, Mr. Dechovitz asked, once that idea has been developed, and people at the Digital Corridor have been worked with, how will the Digital Corridor help them to go from that initial idea to having a successful product? Mr. Andrade replied that the Digital Corridor couldn't ever have enough staff to be able to answer all of those kinds of questions that entrepreneurs would have, so at the CDC, they rely on people in the community to share what they know (e.g., about intellectual property). They “surround entrepreneurs with people who can help,” he said. Also, they will “blur the line” between the BDC and the CDC, to increase the amount and diversity of expertise available in their communities to answer entrepreneurs' questions.

Mr. Andrade discussed CODECamp. Charleston has “always imported its talent for its next economy,” he said, but now they want to grow their own. The number of students graduating from the computer science program at the College of Charleston has grown from just 17 to 170. The CDC got in on a code education program when they had the resources – including media attention – to start one in 2012, and since then there have been 1,915 adult attendees, he said, and they've “kept honing it.” It's more than just a programming course, though, Mr. Andrade said; CODECamp is “building digital brick masons.” CODECamp's courses are “popular among companies that want their non-technical people to know what we do,” he said.

Mr. Andrade said “a meaningful link” with the BDC, USCB, TCL, and tech companies is “very, very important.” When the CDC was first launched, and people/businesses told him that they had moved out of Charleston, he knew he had nothing to offer them to stay, “but now, if someone moves on, I would say, ‘Shame on you,’ because we have the resources to . . . ensure that they are successful.” People give their “buy-in once they start to see results,” he said.

Coding classes at the Digital Corridor are \$200, or \$125 for people enrolled in public education because, Mr. Andrade said, Charleston's tech schools pay too little to get instructors for their code classes.

Commissioner Murray ended the meeting at 8:07 p.m.