

**Economic Development Committee (EDC)**  
**MINUTES**  
***Tuesday, April 5, 2016***

***Committee Members Present:*** Martin Donnelly, James Eisel; Tina Mole; Michael Triolo; Richard Parete; Jim Bogner, Innes Kasanof, Thomas Snow, Jr and Alan Rosa

***Committee Member(s) or Staff Absent:*** Ursula Basch

***Committee Member(s) Calling In:***

***Staff Present:*** Barbara Puglisi; Timothy Cox; Jason Merwin, Phil Sireci

***Guest(s) Present:***

The meeting was called to order at 10.25 a.m.

Minutes from the EDC meeting of March 1, 2016 were moved and passed without comment; *all in favor.*

**NEW BUSINESS**

**Loan Update**

Barbara presented an update of loan activity, which showed the following:

CFF Loan Activity through 1/31/2016 indicated there is \$197,000 committed so far of the \$5,000,000 budget for 2016. There is \$4,847,123 in process.

Regarding the Hospital Health-Care Fund, staff indicated a current balance of \$4,090,478 from our original balance of \$5,000,000, with no loans in process.

The Colchester Flood-Repair Program showed a loan balance of \$499,761.41 with \$2,000,238.59 remaining in the budget.

The Municipal Sewer Flood Business Retention Program, has \$155,137 committed with a balance of \$94,863 left in the budget.

Barbara presented a chart showing CWC's collateral position of defaulted and delinquent loans as of 1/31/16. She indicated the Default and Delinquent rate is currently at 9%.

Barbara presented a chart showing a breakdown of CWC Loans that have been "written-off" as of 12/31/15. The total dollar amount of the write-offs is \$2,215,671.48. The chart showed that 66.62% of the total amount written off were loans located in Delaware County. Additionally, 27.93% of the write offs occurred in Ulster County and the remaining 5.45% were located in Sullivan County. There have been no write offs in Greene or Schoharie County.

Barbara presented an updated CFF County Fund Allocation chart showing where and how the CFF has been spent. The chart included how much each county has left to spend.

### **Rule Review: 1:05:05 Interest Rates**

Barbara presented a draft rule change for allowing for interest rates lower than our current floor. The draft rule change would allow for a refinance rate of  $\frac{1}{4}\%$  below the prime rate and would need to follow four criteria:

- 1) The borrower is a low or excellent credit risk
- 2) The debt service coverage is 1.20:1 or higher
- 3) The collateral coverage is 1.10:1 or higher, AND
- 4) The borrower/s have a positive adjusted net worth

Barbara explained that this refinance rate would basically be used in order to keep our best clients.

Innes said that the good customers may not need to come to us if they can already get financing through a bank.

Mike added that good businesses are also able to get lines of credit at banks.

Innes said that our purpose is not to necessarily go after the best businesses. Mike replied that that is and isn't correct. We aren't in the business of only loaning to the best businesses, but in order to keep the fund whole and growing, we need to ensure we have good safe loans to provide loans for other businesses.

Alan explained to the committee that we need something for Barbara to offer to clients when the subject is brought forth. He added that he is ok with the draft rule change.

Jim Bogner asked if this would be for new businesses. Barbara said no it would be for existing businesses, since new businesses could not meet the criteria, as they would have debit service coverage projection, not real numbers. She also said that it wouldn't be something that was advertised, just a tool to use if needed to retain clients.

Innes asked if the hospitals were good clients. Barbara answered that they were but, they are already receiving lower rates. Alan added that the interest rate were so low and that is why we put a floor on the interest rates.

Jim Eisel said that we could include language of looking at each loan on a case by case basis. Alan said that is a possibility.

Mike said that parameters were needed in order for protection. Barbara added that the criteria is not that easy to meet.

Alan said another option is to just lower the rate.

Mike said that other banks tier their rates. It is a way of rewarding good clients and identifying risk.

*Mike made a motion, Seconded by Jim Eisel to approve the draft rule change for interest rates. All in favor.*

Barbara shared an email she had received from NBT bank regarding updated loan information on Burton F. Clark Companies.

### **CFF Budget Review**

Barbara explained to the committee that if we approve all the loans in progress, we will be over our budgeted amount for 2016. She asked the committee how they would like to increase the budget.

Alan said he would like to add another \$5 million and see what gets used.

*Jim Eisel made a motion, Seconded by Innes to approve an additional \$5 million to the 2016 CFF Budget. All in favor.*

### **Other:**

#### **Delaware Inn**

Barbara and Alan discussed two quotes for work at the Delaware Inn. One was for a backup generator system and the other was for a backup electric boiler system. Alan explained that we would need an RFP for the work but added that he trusts the work of the company that supplied the quotes.

Marty said that he would like language in the RFP that included a guarantee on the work.

Alan and Phil discussed the purposes of both quotes and the scenarios where each piece of equipment would help. Bob Pelham offered some advice as well.

Tom Snow asked if the RFP could be written in a way for companies to offer proposals with different options in order to see what is available. Tim answered that it had been intended to write the RFP for specific items.

Marty suggested that we at least consider just giving the building to the veterans group that has been looking at it.

Barbara said that she is expecting a business plan soon that should include an offer and she would like to wait and see what they are offering before considering giving it away.

Innes suggested that we do some additional research into backup systems for geothermal. She said that she thinks that Columbia-Greene Community College uses geothermal and said that we should reach out to them and see what they use.

Jim Bogner said that we are getting into a milder season and it doesn't seem like the boiler or generator are really an imminent issue. He suggested tabling the issue for a while. He said we may even get an offer on the building and not need to do anything.

Inness said she agreed with Jim.

Bob Pelham said that we could get a low temperature alarm system so we know if the temperature drops. Phil said that there are CWC staff that are in the building three days a week and are able to monitor temperature drops within a day or two.

Alan told the committee that we should just table this for now.

***Bert made a motion, Seconded by Innes to table to decision to send out RFP's for the Delaware Inn. All in favor***

There being no other business, the meeting was adjourned at 11:10.