

Economic Development Committee (EDC)
MINUTES
Tuesday, October 4, 2016

Committee Members Present: Martin Donnelly, James Eisel; Tina Mole; Michael Triolo; Richard Parete; Mike Meyer, Innes Kasanof, Thomas Snow, Jr

Committee Member(s) or Staff Absent: Ursula Basch, Alan Rosa

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 12:15 9 p.m.

Minutes from the EDC meeting of August 2, 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 8/31/2016 indicated there is \$6,457,223 committed so far of the \$10,000,000 budget for 2016. There is \$860,000 in process.

Regarding the Hospital Health-Care Fund, staff indicated a current balance of \$4,223,838 from our original balance of \$5,000,000, with no loans in process.

The Municipal Sewer Flood Business Retention Program, has \$154,137 committed with a balance of \$95,863 left in the budget.

Barbara presented a chart showing CWC's collateral position of defaulted and delinquent loans as of 9/19/16. 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 9/27/16. The total dollar amount of the write-offs is \$2,363,495.58. The chart showed that 62.45% of the total amount written off were loans located in Delaware County. Additionally, 32.44% of the write offs occurred in Ulster County and the remaining 5.11% 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.

2017 Budget Recommendation

Barbara presented a chart showing the CFF loan budget amounts from 2007-2016. She suggested that we set the 2017 budget at \$5,000,000. She said this can be adjusted later in the year if needed.

Mike made a motion, Seconded by Jim to set the 2017 CFF Loan Budget amount to \$5,000,000. All in favor.

Hodgson Russ Contract

Barbara presented a proposed fee schedule from Hodgson Russ for 2017. She said that there is no change from last year the charges will remain the same with loan closing fees at \$3,950 and the charge for BAN's will be \$1,200. She added that the contract amount states that the amount cannot exceed \$70,000 for the year.

Tom made a motion, Seconded by Mike to approve the Hodgson Russ contract for 2017. All in favor

Robert Ganz Contract

Barbara and Tim explained that there is no new rate set yet for work Robert Ganz does for us. Tim said he will get updated figures and bring them back to the committee. Barbara added that the 2017 contract was not to exceed \$75,000.

SBDC Contract

Barbara presented a breakdown of CWC support for SBDC and a letter from SBDC that included a summary of results over the past year. She explained that SBDC does great work and we try to send anyone we speak to about a loan to them for help. Barbara said that our past support has been \$40,000 per year for over 10 years. She suggested to continue this amount.

Barbara also detailed some of the other work that SBDC does including MWBE certification. She explained that this is needed in the region; we want the grant dollars to go to local business owners, and currently it is difficult to fulfill the obligation put upon grant recipients to hire local MWBE.

Rich made a motion, Seconded by Jim to approve \$40,000 in support for SBDC in 2017. All in favor.

Other

Delaware Inn

Barbara told the committee she had another meeting with the veterans' organization, The Utica Center for Development, who is interested in the Inn. Charles Piper, Delaware County Veteran's Affairs and Alessandra Miller, Utica Center for Development were at the meeting. She explained that they are interested in a two year rental agreement, beginning January 1st, with an option to buy. They believe

that two years is sufficient to apply for the grant dollars needed to complete the purchase. She added that she is waiting for their proposed MOU detailing the agreement.

Jim asked if they would be putting in a kitchen. Barbara said she expects to have more details once she receives the MOU.

Tom asked what they would be doing with the building. Barbara replied that they plan to work with local organizations, such as BOCES and SUNY Delhi to set up the building to open it as an event venue. Additionally, the Delaware County and Otsego County Veteran's Affairs would share office space in the building to accommodate local Veterans. The Utica Center for Development will also have offices there, and Alessandra Miller plans on being there at least three days a week, they already have a veteran interested in the maintenance position for the building.

Barbara said that she didn't need any action from the committee at this time, though, she wanted to report so that they are prepared to take action next month both at the committee and board level.

MARK Project 0% Interest Loan

Barbara presented a letter from the MARK Project requesting a 0% loan for \$349,588. The loan would be to fund two projects that would be reimbursed by state grants. She explained this is the same type of request that we have approved in the past for Kirkside Park, CATS, and CCCC.

Mike asked if they have all paid back their loans. Barbara answered that only Kirkside has paid back their loan. Kirkside was a budget line item and the others were grant awards. The loan terms are five years to allow enough time for these groups to complete their projects and receive funds back from the state. She also said that CATS applied for only half of the granted amount and using it as working capital as they go through the process.

Mike said that this is a good thing but we have to be aware that we are incurring costs when doing these 0% loans. We should think about this going forward to ensure we are keeping the fund whole.

Innes asked if this is what we did for MTC. Barbara replied that MTC does pay interest since they are a for profit organization. This loan would have no interest.

Mike Meyer asked if the Main Street project was in the flood plain. Tom agreed this was a good question.

Barbara said she did not know the scope of work, only that there was a request under this heading.

Innes inquired about a recent newspaper article about the Village of Fleischmanns not renewing a contract with MARK for grant writing. Barbara answered that they did not renew the contract going forward but these grants had already been approved.

Marty asked if maybe we should start setting a fee for these loans. Mike said it is something we may need to look at going forward but it is too late to set one for this.

There was some discussion about whether the grants were going to the municipalities or to MARK and the desire to make sure the loan was given to whoever the contract was with.

Barbara said she did have the contracts in her office and they are with MARK.

Innes and Mike said we need to think about some administration costs going forward. Mike said that it may be something we think about with loans above a certain dollar amount. Barbara told the committee that this was set up as a way to get grant money into the communities even when these organizations didn't have the funds to pay up front.

Mike made a motion, Seconded by Innes to approve the loan request. All in favor except for Mike Meyer who abstained due to uncertainty about funds being used in the floodplain.

There being no other business the meeting was adjourned at 12:45