

Economic Development Committee (EDC)

MINUTES

Tuesday, September 5, 2023

Committee Members Present: James Eisel; Arthur Merrill; Tina Molé; Richard Parete; Jason Merwin; Michael Myer; Jeff Senterman

Committee Member(s) or Staff Absent: Innes Kasanof; Thomas Snow Jr

Staff Present: Barbara Puglisi; Lynn Kavanagh; Tim Cox

The meeting was called to order at 10:52 A.M.

Minutes from the EDC meeting of July 11, 2023 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 8/31/2023 staff indicated there is \$5,000,000.00 in the budget for 2023. Currently there are eight (8) loans committed; totaling \$3,725,332 and two (2) loans in process; totaling \$983,000 leaving a budget balance of \$291,668. Barbara updated the committee on loans closed since the beginning of the program inception is \$104,501,006. She added the outstanding balance of current loans is currently \$26,418,413.

Barbara presented a chart showing CWC's collateral position of defaulted and delinquent loans as of 8/31/2023. The total Default and Delinquent rate is currently 3% and is separated into two categories to show the difference between the two. The Default Risk Rate is 1% and the Delinquent Risk Rate is 2%.

Barbara presented a chart showing a breakdown of CWC Loans that have been "written-off" as of 6/30/2023. The total dollar amount of the write-offs is \$4,280,421.80. The chart showed that 72.36% of the total amount written off were loans located in Delaware County. Additionally, 18.54% of the write-offs occurred in Ulster County and the remaining 9.11% in Sullivan County. There have been no write-offs in Greene or Schoharie County.

Barbara presented a chart showing the fund allocation for each county.

CFF Budget Amendment

Barbara stated there is only \$291,668 left in the budget for 2023 and asked the committee to amend the budget. Rich asked how much should be added for the remainder of the year. Barbara answered it is up to the committee but added past budget amendments are an additional \$5,000,000.

Jim Eisel made a motion; Jeff Senterman seconded the motion; All in favor

Catskill Revitalization Corporation – Collateral Change and Draw Request

Barbara presented a request from Catskill Revitalization Corp. She stated the Board approved a loan by resolution No. 3324 in May, 2018 in the amount of \$500,000 for the purchase of two (2) M-420 locomotives, rail diesel car (RDC), restroom trailer and track maintenance equipment. She further explained there were requirements that need to be met prior to the closing of the loan and added the requirements were waived by the Board in June, 2018; in April 2022 the Board approved a collateral change to allow the reallocation of funds in the amount of \$200,000 for track restoration from Arkville to Roxbury. Barbara stated \$407,378 has been drawn to date leaving \$92,622 left to be drawn she added all payment have been made in a timely manner and the current outstanding loan balance is \$288,216.77. Barbara stated she was contacted by Todd Pascarella (CRCExecutive Director) and he stated the previous Executive Director Wes Coates purchased a RDC for \$40,000 and hired Over the Top Specialties and paid them \$100,000 to transport the train to Arkville. Barbara stated two (2) checks were cut for a total amount of \$100,000; these checks were cashed in September and October 2020. She stated Todd informed her Over the Top Specialties has refused to make the delivery or return the funds. She further explained she spoke with Todd and CRC counsel and was informed there is no recourse as the company has reorganized and has no assets to go after. Todd stated since the car is not able to be delivered he is requesting to be able to sell it and keep the proceeds to continue the needed track repair between Arkville and Halcottsville; he is also requesting the remaining undrawn funds (\$92,622) be drawn to complete track repairs as well. Barbara stated Todd informed her the track repair is almost done and they expect to be completed by October. Mike asked what other collateral on the loan was and if they had purchased to the two M-420's as originally outlined. Barbara answered no and gave a rundown of the collateral which secures the loan and added since the train was not able to run during COVID they started doing what they thought was minor track repair which was not the case. Mike stated it the collateral seems light for the loan amount. Jason stated he had underwritten this request back in 2018 and added CWC is light on collateral either way and added the train is not currently running at all which is bringing in zero revenue. Allen Hinkley stated he sits on the railroads board and added to Barbara's statement about the condition of the track. He informed the committee the train is not allowed to run until the tracks pass DOT inspection and agreed with Jason's statement.

Tina Molé made a motion; Jeff Senterman seconded the motion; All in favor

CFF Program Rules – Bridge Loan

Barbara asked Tim if he would speak to the committee about the Bridge Loan Funding rules. Tim stated this program would allow funds to be used for eligible entities who have obtained state or federal grants who do not have the funds to lay out while waiting to be reimbursed. Tim went over the rules with the committee. Barbara added it was discussed internally on what the interest rate formula should be and asked if the committee was ok with how it was written. Jason added the Committee and Board have the ability to waive the rules if needed.

Art Merrill made a motion; Jim Eisel seconded the motion; All in favor

Catskill Mountain Foundation, Inc. – Bridge Loan

Lynn presented a request from Catskill Mountain Foundation, Inc. (CMF). Lynn stated the CMF was found in 1998 and gave the committee a background on the foundation and the different services and programs they provide. She stated the Board approved a loan to CMF by Resolution No. 575 in the amount of \$350,000; another loan was approved by Resolution No. 1667 in the amount of \$850,000; she explained the two loans were consolidated and modified in 2013. She added the current loan balance for CMF is \$637,138.08. Lynn stated the Village of Tannersville applied for and received a \$10,000,000 Downtown Revitalization (DRI) grant of which the CMF received \$1,750,000 for upgrades and equipment to the Orpheum Theater. Lynn explained the CMF was also awarded a \$940,545 grant through NYSERDA to increase efficiency to net zero for the Orpheum Performing Arts Center dance studio. Lynn stated the CMF is seeking a bridge loan in the amount of \$862,862 to use for working capital during the renovation period. The loan if approved would be repaid through the DRI and NYSERDA grant funding. Barbara stated the reason the loan amount is not more is because loan recipients cannot receive more than 1,500,000. She further explained they are also using some of the grant funding to build a new dance studio as they've outgrown the current one and are in the process of obtaining a loan through the Bank of Greene County and added they may be coming back for a lot line adjustment on the collateral CWC currently has in order for them to build the studio. Rich asked what the interest rate should be. Lynn answered the interest rate will be half of prime if the rules for the bridge funding are passed by the Board of Directors next month and added they will also have to pay CWC's legal fees. Art ask if CWC will be reimbursed when the CMF is reimbursed by the state. Lynn answered yes.

Art Merrill made a motion to approve contingent on approval of the bridge loan funding rules; Jeff Senterman seconded the motion; All in favor

Other – Brussel Sprouts, LLC.

Barbara stated she received an email last Friday from Jonah Shaw. He informed her that he had taken over the operation of Good Cheap Foods from his mother Faiga Brussel in May and stated they would like to transfer Faiga's 60% Shares in Brussel Sprouts, LLC to Jonah so he would be the sole owner of Brussel Sprouts LLC. Barbara reminded the committee that CWC was aware of this succession plan when the loan closed with Brussel Sprouts LLC. Additionally, Jonah would like to dissolve Good Cheap Foods II, Inc. and operate Good Cheap Foods under Taste of the Catskills Inc. This would require the release of Good Cheap Foods II, Inc. as a guarantors to the loan. The loan would maintain Taste of the Catskills Inc., Jonah M. Shaw and Faiga Brussel as guarantors.

Jim Eisel made a motion; Tina Molé seconded the motion; All in favor

There being no other business, the meeting was adjourned at 11:29 A.M.