

Economic Development Committee (EDC)
DRAFT MINUTES
Tuesday, August 5, 2025

Committee Members Present: Arthur Merrill; Tina Molé; Richard Parete; Innes Kasanof; John Kosier; Jason Merwin; Jeff Senterman; Shilo Williams

Committee Member(s) or Staff Absent: Thomas Snow, Jr.

Staff Present: Barbara Puglisi; Lynn Kavanagh; Tim Cox

The meeting was called to order at 11:01 A.M.

Minutes from the EDC meeting of May 6, 2025 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 7//31/25 staff indicated there is \$5,000,000.00 in the budget for 2025. Currently there are seven (7) loans committed; totaling \$3,485,500 and there are two (2) loans in process; totaling \$980,000 leaving a balance budget of \$534,500. Barbara updated the committee on loans closed since the beginning of the program inception is \$116,585,157. She added the outstanding balance of current loans is currently \$31,215,679.

Barbara presented a chart showing CWC's collateral position of defaulted and delinquent loans as of 7/31/25. The total Default and Delinquent rate is currently 4% 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 3%.

Barbara presented a chart showing a breakdown of CWC Loans that have been "written-off" as of 7/31/25. 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 Increase

Barbara stated there is \$534,500 left in the budget for the year and stated there would need to be a budget increase. Art asked if another \$5,000,000 should be allocated to the budget. Barbara

answered it is the committee's decision and added it is usually increased by \$5,000,000 when there is a budget amendment.

Innes Kasanof made a motion to approve; John Kosier seconded the motion; All in favor

Bridge Loan Request – Sound Mountain, LLC

Lynn presented a Bridge Loan Request from Sound Mountain, LLC. Lynn stated the Hamlet of Grand Gorge and Roxbury located within the Town of Roxbury received a \$10,000,000 Downtown Revitalization Initiative Grant in 2024. She stated the applicant was awarded a grant in the amount of \$180,000 to expand their current business Peace, Love and Yoga. Lynn stated they are requesting the CWC Board of Directors commit a Bridge loan in the amount of \$180,000 at a rate of 3.75% for a term of five (5) years to be used for working capital. She stated they will be adding four (4) eco-conscious micro lodging units as well a bath house to host immersive wellness retreats directly on site.

Innes Kasanof made a motion to approve; John Kosier seconded the motion; All in favor

CFF Program Rules

Jason stated he and Barbara have been going through the CFF rules as they have not been updated in over 20 years and there are programs which are no longer needed or in use. Jason said he did not want to hand the committee a red line document and have them just approving the potential new rules. He directed the committee's attention to the slide show provide. Rich asked if Jason and Staff were looking to model after banks. Barbara and Jason answered no.

Frequent Rule Waivers – Slide 1

1:05:02 - Removal of Participating Lender – Art asked if applicants could still have a participating lender. Barbara stated yes and explained that it makes it so the applicant is not required to have one and stated an example of how we still encourage participation. The committee agreed to remove this rule.

1:05:06 – Loan Maturity (from 15-20 years) – The Committee agreed to update the rule allowing for a term of 20 years

1:05:05 Interest Rates – Slide 2

Barbara stated the interest rate is calculated at $\frac{1}{2}$ prime + 1 with a floor of 4% and a ceiling of 10% she stated she feels it makes some applicants feel hesitant or worried since the loans are adjustable every five (5) years. She asked if the committee would like to lower the cap or leave as is. Innes asked if this was to be more flexible and not as scary. Art suggested removing the cap. Rich asked if commercial loans are fixed or adjustable. Barbara answered that they vary. A discussion ensued. The committee recommended removing the cap.

Paragraph 2 – Jason stated this rule and the requirements were put in place due to applicants receiving better rates from other lending entities. Jason asked Barbara if she recalled how

often this has been used. She answered it has been only used once. Innes asked if this was put in place to attract clients. Jason stated he believes this was the idea but stated it has only been used once. The committee stated they would like to keep this rule and language.

There was talk about doing a fixed term – No formal decision was made on this.

Material vs. Non-material Review & Approvals – Slides 3&4

Jason stated according to the rules there are certain items which need to be either approved by Loan Committee or the Board and some items he can approve. He asked the committee what changes they would like to come before them and what changes he or the Loan Committee can make. He provided examples such as removing guarantors, extending the term of the loan and interest rate change. Art stated he likes to be informed but doesn't think some of these things need board approval. Innes asked if it was a burden or relief to have to bring these items before the Board as it gives the Board the ultimate decision. Barbara answered it is not a burden though it can hold up the closings as material changes require Board approval at the next scheduled meeting she added she likes the Board being aware of what is going on and has made an effort to include any loan changes to be made part of the Ex. Director's Report.

Material Change – Committee stated they are ok with Jason making these decisions and informing the Board via Ex. Director's Report but reserve the right to bring to the Board as needed. Additional funding needs must be brought before the Board.

Equity Contributions – Slides 5&6

Barbara stated staff informs applicants if they are borrowing under \$750,000 there is a 10% equity contribution and if they are borrowing over \$750,000 there is a 20% equity contribution she added there are other requirements depending on if CWC is in a second position and there is also language stating if the applicant has an existing loan and applies for new funding at the total loan amount is over \$750,000 technically they need to have 20% for the equity contribution. The committee stated they think the equity contribution should be based on the project and not the applicant. The committee agreed to update to the language provided in slide 6.

1:03:05 Maximum Loan Amounts – Slide 7

Jason stated when staff speaks with applicants they state the loan max is \$1,500,000 and added this is technically not the case as a rule was put in place which authorizes the CWC Board of Directors to go up to \$2,500,000 if the applicants meets the requirements set in the rules. Innes asked how many times an applicant has received over the max loan amount. Barbara answered the rule was written for Clark Company but only MTC, and Masserson Properties were over the \$1,500,000 loan limit. Jason stated he believes there are good loan out there over the max amount but stated the exposure is concerning. Barbara stated this is a \$60,000,000 fund which was established in 1997, she added \$60,000,000 then and \$60,000,000 now are not worth the same amount and added CWC needs the money for many

businesses and not just a few. A discussion ensued about the county percentages and how the fund is allocated between the counties. The committee agreed to cap all loan at \$1,500,000 and remove the exception.

Municipal Loans - Slide 8

Barbara stated there were a lot of changes for this rule requirement. She went over the proposed language provided in the slide.

- Remove water quality language
- Change max loan amount from \$250,000 to \$1,500,000, change Town to Municipality
- Change interest rate to the following 2% per annum or $\frac{1}{2}$ of the prime rate, whichever is higher
- Change the maturity of the loan to proposed language which follows NYS Municipal Law

Jason stated this is a program that he feels is underutilized as the current rules do not allow for us to be competitive with other lending agencies. Rich stated they have a municipal loan through Bank of Greene County with an interest rate of 4.75%. Barbara stated Banks use bank rates and they are constantly changing and thought the best way to for CWC to set our rate is to use $\frac{1}{2}$ of the prime rate. She stated she could also ask the applicant what kind of rates they are getting from the banks and bring the request to the committee as well. A discussion ensued about the loan maturity. Barbara stated the rules should reflect what Municipal Law states. The committee agreed. The committee agreed to the updated language provided except for the max loan amount.

There was a discussion about capping municipal loans based on percentages - no decision made.

Refinance Fees - Slide 9

Jason stated when a loan closes there is a required 1% closing fee. He asked the committee if an applicant is refinancing a loan and adding new money if the committee was agreeable to only charging 1% on the new money as the 1% was already paid on the refinance amount. The committee agreed to the change.

1:03:23 - Life Insurance - Slide 10

Barbara and Rich both stated life insurance can be expensive and hard to get. Jason stated he is surprised people prefer to come to CWC due to this requirement even with the favorable interest rates and added CWC has been paid out because of this requirement. Jason stated he believes this is a rule to keep but it needs to be modified. Rich asked if Banks require life insurance. Lynn answered some banks do and further stated she is unaware if County loan programs do or not. Barbara stated the biggest issue with this rule is a(ii) as it is difficult to gauge what is five (5) times higher for a someone the same age. A discussion ensued. Barbara stated the life insurance can also be waived if condition b (i)(ii) is met. Tina asked how often

staff makes sure the life insurance is in effect. Lynn answered we receive correspondence all the time as we are listed as an interested party. The committee agreed to remove (a) ii – add **OR** between paragraph a and b.

1:03:04 - Acceptance and Time Restrictions – Slide 11

Barbara stated the Letter of Commitment (LOC) states the applicant has fifteen (15) days to return the LOC and 180 days after acceptance of the LOC to close on the loan. Barbara stated there are cases where the language has been changed when staff knows the closing will not take place in the time frame due to different circumstances. Barbara stated most loan close within this time frame and added some need extensions and explained to the committee an extension is granted from 30-90 days depending on the situation and the extension letter is signed by Jason. Barbara stated she wanted to make sure the committee agreed with the current language provided in the rules. Art answered yes and added he thinks fifteen (15) days is more than enough time to get the LOC back. A discussion ensued. The committee agreed to the language provided.

Remove Sections – Slide 12

Jason stated there are a lot of grants which were built into the CFF rules, he further added the last flood grant program was completed in 2011. He stated there are some loan programs which are no longer in use and would like to remove them as well. He asked the committee if they were ok with removing these items except for potentially Chapter 1:14 – Catskill Studies Funding Program. Tim explained what studies were completed under this program. He further stated having these rules technically still in places leads to confusion as applicants will state the rules say CFF has grant funding programs and staff has to explain a budget has been not set for the grant programs. Tim and Barbara stated the Board decided in 2005 to not set a budget for grants as they were starting to eat into the fund as revenue was not coming in as anticipated. Barbara stated the bylaws states grants were tied to the annual budget which she believes it should have been tied to the revenue. The committee stated they were ok with removing the sections outlined. Barbara asked Tim if he wanted to change or discuss rule 1:14 further to state it can only be utilized by CWC or the Counties. Tim stated he would look further into it and would discuss in the future.

There being no other business, the meeting was adjourned at 12:27 P.M.