

DEVELOPMENT CHENANGO CORPORATION

BOARD OF DIRECTORS REGULAR MEETING MINUTES October 5, 2017, 8:00a.m.

Present:

D. Shea; D. Forsythe; J. Telesky; D. Rowe; J. Payne; M. Branham; W. Acee; L. Wilcox; T. Potter; C. Olin; T. Stark; C. Covington; J. Lasicki; B. Osgood; K. Smith

Absent: E. Larsen; C. Carnrike; M. Weaver; A. Erath; P. McNeil; T. Dreyer; S. Marshman; T. Slater

Contract Staff: S. Craig; L. Bunce; A. Larsen

Finance: S. Cwynar

I. Call to Order

Board Secretary D. Rowe called the meeting to order at 8:02 a.m.

II. Accept Meeting Minutes

Upon review motion to approve the June 15, 2017 DCC Finance Committee Meeting Minutes by T. Stark, seconded by M. Branham Ayes all. Approved.

Upon review motion to approve the June 22, 2017 DCC Board of Directors Meeting Minutes by M. Branham, seconded by D. Forsythe. Ayes all. Approved.

III. Financial Report

S. Cwynar reviewed the August 31, 2017 Financial Statements with the board. At the 9-28-17 Finance Committee changes were requested and have been highlighted in the financials. Five loans were recommended for write-offs: Redner Enterprises, LLC; J & L Goods, LLC.; Pharsalia Forest; Repair Squad; and ACF Tours and Entertainment, LLC.

T. Stark asked if the Redner Enterprises Loan was part of the New York Main Street program. S. Craig replied that it was a BALF loan, and that the owner filed bankruptcy before she could participate in the New Berlin NYMS project. T. Stark asked if the \$7,517.84 receivable for Redner Enterprises was included in the amount of the write-off. L. Bunce replied that the \$41,000 was the total. T. Stark asked if write-offs of this amount are typical. S. Craig replied that this is the first instance since he began as executive director. L. Bunce said some of the loans have been on the books since the mid-2000's. D. Shea said that the finance committee came to the conclusion that all our options for loan collection have been exhausted, and that write-offs at this point are the appropriate action.

S. Cwynar clarified that the total write-off for Redner Enterprises is over \$48,000 as the aged receivable of \$7,517.84 was not included in \$41,574.69 write-off amount.

J. Payne asked if business owners co-signed personally on our loans. D. Forsythe said that we typically don't.

D. Rowe asked about the status of loans that are shown to have balances of less than a dollar. L. Bunce replied that those numbers were the result of rounding errors after the loans were paid off. S. Cwynar confirmed and said that those loans could be closed out.

T. Stark said that he was under the impression that Redner Enterprises had been a participant in the New York Main Street program. S. Craig replied that she was part of the New Berlin NYMS program early on, but that she went out of business before any funding could be disbursed. T. Stark asked whether offering both loans and grants to high-risk projects was part of our opposed to Development Chenango's general policies. S. Craig replied that the State and other grant awarding entities encourage leveraging funds.

D. Forsythe said that DCC has an allowance for bad debt with a historical basis. If the organization is not exceeding that amount there isn't a cause for concern. T. Stark asked if that was a percentage or a dollar amount. D. Forsythe responded that it was a percentage. S. Cwynar said that as receivables reach 90 days and start to age out, they become 100% write-offs. Bad debt is then realized on the income statement. T. Stark asked if there is always a certain percentage on any loan that is assumed will not be received. S. Cwynar said that a 5% percentage might be assigned to a loan at the beginning, but that the percentage increases the longer that payments are overdue.

S. Cwynar said that \$120,000 of all loans are reserved as bad debt.

D. Forsythe said that the loans we issue tend to be more risky on balance, because one of the organizations' missions is to promote economic development by helping small businesses, which are at a disadvantage for getting funding through banks or other sources. DCC can therefore expect that it will have more write-offs than a bank would, and should use different criteria for assessing loan applications.

M. Branham asked how Sherwood was performing on loan payments since they have gone out of business. L. Bunce said that they have continued to make full payments on time. S. Craig said that he's spoken with a prospective buyer for the Sherwood Hotel. If a sale is made it is likely that the previous owners will pay off their loan, and a new loan will be requested for the new owners.

S. Craig said that a \$38,000 transfer was made between the investment and operating cash accounts. This was done in the first quarter because there was a shortage of operating cash. Since the budget only allowed for a \$30,000 transfer, the board should decide what is to be done about the \$8,000 balance from that transfer still in the operating account.

D. Forsythe recommended returning the \$8,000 to the investment account. As the finance committee discussed at the previous meeting, further authorization should be required for transfers exceeding that allowed by the budget. Although the transfer was between two of our own accounts and was not borrowed from another source, there should still be a procedure in place.

Upon review motion to transfer \$8,000 from the operating account to the investment account by D. Forsythe, seconded by M. Branham. Ayes all. Approved.

Motion to approve the August 31, 2017 Financial Statements by D. Shea, seconded M. Branham. Ayes all. Approved.

IV. New Business

Upon review motion to approve resolutions 2017-15, 2017-16, 2017-17, 2017-18, and 2017-19 by D. Forsythe, seconded by T. Stark. Ayes all. Approved.

L. Bunce discussed Resolution 2017-20 to broaden eligibility for loans from the dairy revolving loan fund. The fund has been underutilized, which could be a result of its' narrow definition. The finance committee discussed expanding the application of the loan fund to include all agricultural producers. This will allow greater access to funding opportunities for producers while broadly maintaining the fund's original intended use. Eligible applicants for the loan fund will be changed to the USDA rural development definition of agricultural producer and agriculture commodities. This should prevent the exclusion of any particular type of agriculture-based business in the county.

D. Shea said that the origin of the dairy revolving loan fund was Chobani, which provided the money to establish the fund. The board decided to use the fund for dairy producers, as demand for dairy was likely to increase and producers would need help getting started. If loans aren't being made out of the fund, it makes sense to expand its' use. D. Rowe asked if we are obligated to discuss this with Chobani. D. Shea said we were not.

Upon review motion to approve Resolution 2017-20 by B. Acee, seconded by M. Branham. Ayes all. Approved.

S. Craig discussed the Artist's Palette lease renewal and proposed rent adjustment. Jill Kraft, the business owner, found that the business shifted from being mostly retail oriented to being largely dependent on programs. This has had an impact on the businesses' ability to meet rent payments as they've steadily increased since move-in in 2013. J. Kraft has proposed a rent adjustment to \$1,500 monthly.

M. Branham asked what her rent was initially. S. Craig said her rent started at \$1,200 and has increased to \$1,850. The business has been a significant draw downtown and is continuing to expand their programs.

L. Wilcox asked if the business was still working on expanding their retail operations. S. Craig said she sells paint supplies, has added a café, and is always considering other opportunities.

M. Branham asked if the 17-19 South Braod Street property was tax-free. S. Craig replied that DCC pays a BID tax. M. Branham said that her only concern was whether we're still pursuing our original goal for that building. S. Craig said that our goal is to sell the building. D. Forsythe said that we converted an empty space into a viable commercial space with the goal of selling back to a successful business occupying that space. D. Forsythe then said that \$1,500 is above our expenses for the building. The finance committee agreed that if \$1,500 would help keep the business afloat while also meeting our expenses, we should proceed with the rent adjustment.

D. Rowe asked if DCC has a payment plan for her to pay off her arrears. D. Forsythe said we don't necessarily have a payment plan but none of the money owed will be forgiven.

Upon review motion to approve resolution to renew the Artist's Palette lease with rent adjustment to \$1,500 monthly by J. Telesky, seconded by M. Branham. Ayes all. Approved.

V. Economic Development

S. Craig discussed the economic development report. Statebook advertising has been set up.

L. Bunce said the Burt's Garage loan application has been put on hold. After the initial application they were referred to the Small Business Development Center to tweak their business plan. The prior owner of the business passed away, and nothing more has been heard from the applicants.

A new potential applicant came in inquiring about loans for a market in Bainbridge. He was referred to the STEED loan fund and we are awaiting a formal application from him.

Another prospective loan applicant is a Brewery which has already put significant investments into land and buildings. We are waiting for his application.

Stony Ridge Maples is considering expansion and may request a second loan for equipment.

S. Craig said Lilly Farms are looking at another business and may apply for a loan in the future.

Municipal projects include the Brownfield Opportunity Area, a designation that parts of the City can receive which would help to get grants and other incentives. The process has been stalled in Phase II, but the Department of State is interested in pushing the project forward.

B. Acee said that Sherburne has begun arranging leases and making preparations for a natural gas pipeline.

S. Craig said that Chentronics is expected to move from the CCIDA business incubator building to 50 O'Hara Drive, but there is no definite date for move out. M. Branham said that she spoke with one of the owners, who expected to have the new operation running by February.

S. Craig discussed the ongoing Distributed Sun solar project in the Town of Norwich. NYSERDA is now involved, but the project is currently on hold.

A.Larsen said DCC is currently working with the NYS Office of Community Renewal on the final disbursement for the New York Main Street program.

S. Craig said Upstate Companies is planning to build a hangar at the airport. The hangar will be located on county land that was previously thought to be IDA-owned. Upstate Companies needs to arrange a lease with the county.

S. Craig said a workforce development symposium was held at the SUNY Morrisville Norwich Campus. Historic preservation tax credit workshops were held at the Commerce Chenango offices as well.

Motion to approve the Economic Development Report by L. Wilcox, seconded by T. Stark. Ayes all. Approved.

VI. Adjournment

With no further business motion to adjourn by B. Acee, seconded by M. Branham. Ayes all. Approved. Meeting adjourned at 8:59 a.m.