

DEVELOPMENT CHENANGO CORPORATION
FINANCE COMMITTEE
MEETING MINUTES
September 28, 2017

Present: C. Olin, M. Weaver, D. Shea, D. Forsythe, S. Marshman, J. Telesky

Via Phone:

Absent:

Contract Staff: S. Craig, L. Bunce,

Finance: S. Cwynar

Guest:

I. Call to Order

D. Forsythe called the meeting to order at 8:02 a.m.

II. Minutes

D. Shea said that there is a mistake in the June 15 minutes where he is recorded as both moving and seconding the March 16 meeting minutes. After discussion, the committee agreed that J. Telesky seconded the motion.

Motion to approve June 15, 2017 Finance Committee meeting minutes, contingent on the correction of the aforementioned error, by D. Shea, seconded by M. Weaver. Ayes All. Approved.

III. Financial Report

S. Cwynar Reviewed the August 31, 2017 financial report with the committee.

D. Shea said that loan write-offs should be recommended to the full board. The loans previously proposed for writing off were ACF Tours and Entertainment, Repair Squad, Pharsalia Forest, J & L Goods Co., and Redner Entertrpises.

L. Bunce said that a portion of the Eric Maynard Artificial Insemination loan may be able to be recovered through garnishment, despite his current Wisconsin residency.

D. Shea asked about the Artist's Palette late rent. S. Craig replied that Jill Kraft has requested a reduction of rent when her lease is renewed. Her rent began at \$1,200 a month and has since increased to \$1,850 a month. D. Shea asked what we're paying on the STREDC loan and the committee began discussing that loan's amortization schedule, before it was decided to return to the topic later.

D. Shea asked what we can expect to get for inter-municipal economic development contribution. S. Craig replied that he has discussed the issue with the City several times and is under the impression that it would be \$3,000.

S. Cwynar said DCC has a budget shortfall of \$38,000. D. Shea said \$20,000 of that is under control, but that a plan should be formulated to address the \$13,000 shortage. S. Craig said he didn't anticipate a cash flow problem to ensue.

L. Bunce said that there was a transfer of \$38,000 from investment to operations for loan fund administration in February 2017. No monies were moved back to the investment account afterwards. The committee discussed the transfer and the amount that would need to be transferred back.

The committee discussed the procedure for transferring between accounts when the amount exceeds what is budgeted. D. Forsythe said that in the future the finance committee should authorize transfers that exceed budgeted amounts.

D. Shea proposed transferring \$8,000 back to the investment account as long as it would not create a cash flow problem. D. Forsythe said that at the October 5th Development Chenango regular board meeting the board will either have to authorize the continued holding of the \$8,000 in the operations account, or transfer it back to investment.

S. Craig discussed the Artist's Palette lease renewal. Jill Kraft has requested an adjustment in rent as per Article V Subsection B of her lease agreement, "Financial Hardship Adjustment". The shift in focus from retail to events has changed the business model and made it more difficult to meet her monthly rent. As a result, she would like to return to \$1,500/month. C. Olin asked if the business draws people downtown and/or has a multiplier effect in the area. S. Craig replied that she does. D. Forsythe said that the purpose of the project was to revitalize downtown, and that it was important to retain her as a tenant in that building, so DCC should work with her if help is needed.

The committee discussed the amortization schedule of the STREDC loan and whether the adjusted rent would allow us to meet those payments in addition to the buildings' other regular expenses. L. Bunce said that the principal and interest payments are currently \$1,022.39. The committee agreed that an adjustment of rent to \$1,500 is acceptable.

S. Craig said that Jill Kraft is forming a non-profit to run programs through, which may boost her income as well. S. Craig also said that the lease renewal will be for three years and the adjusted rent will remain at that level throughout unless the committee decides otherwise.

D. Forsythe proposed starting at \$1,500, and including a multiplier over the next three years to account for inflation. L. Bunce said we currently have a multiplier on rent of about 1% annually.

Liz discussed the 2018 budget. Under revenues, \$10,000 is lacking for inter-municipal contributions by the City of Norwich. RARP administrative fees provided unexpected revenues for 2017, helping to offset loss of the City's usual contribution. Half of the total railroad project administrative fees will be allocated to DCC, which is expected for June 2018. The last of the microenterprise loans were paid off in 2017.

Approximately \$2,000 in BALF application fees are anticipated for 2018. The Dairy Revolving Loan Fund may benefit from a broadened definition, encompassing more agriculture. Rental income is from the Artist's Palette, which will be updated to the previously discussed rent adjustment. Under expenditures, contracted services are personnel related costs which DCC pays to Commerce. For 2018 there is a built in 3% staff increase. Cwynar is kept separate from personnel expenses under legal and accounting.

The Artists's Palette expenses will remain relatively similar to previous years. Technology and equipment expenses was increased slightly as some computer hardware may need replacement.

D. Shea said that debt service on legal fees was decreased, but should be brought back up.

S. Marshman said she agreed with the decision to open the DRLF to more food producers. D. Forsythe asked if a revised definition for the loan fund can be brought before the full board at its' next meeting.

D. Shea proposed making an adjustment to the investment account recording, which L. Bunce will discuss with S. Cwynar.

S. Craig said that a re-occurrence of cash shortage necessitating a transfer is likely. We should therefore have a procedure to handle that going forward. D. Shea said we could still transfer \$30,000, as it's approved in the budget, which is authorized by the board. D. Forsythe said that if we then have to exceed that amount, special authorization will be required.

L. Bunce said that in December there will be a new management services agreement between Commerce Chenango, Development Chenango, and the IDA. She asked if the board would like to switch from basing contract services from a percentage of each payroll to a set monthly amount based on salary. The committee agreed to simplify the agreement along those lines.

Upon review motion to approve the August 31, 2017 Financial Statements by D. Shea, seconded by S. Marshman. Ayes all. Approved.

IV. Adjournment

With no further business motion to adjourn made by C. Olin, seconded by S. Marshman. Ayes all. Meeting adjourned at 9:14 a.m.