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Columbia Economic Development Corporation

MINUTES

Minutes for the meeting of Columbia Economic Development Corporation and the Columbia Development Leasing Board of Trustees held at the Columbia County Chamber of Commerce offices located at 1 North Front Street, Hudson, New York, **Tuesday**, May 27, 2014 at 8:30am.

<u>ATTENDANCE:</u>	<u>MEMBERS EXCUSED:</u>	<u>REPRESENTATIVES:</u>	<u>STAFF:</u>
Mary Bartolotta	Rick Bianchi	John Porreca	Lisa Drahushuk
Bill Better	Paul Colarusso		Ken Flood
Bruce Bohnsack	Patrick Grattan	<u>GUESTS:</u>	Martha Lane
Jim Champion	Bruce Finn	David Ginsberg	Erin McNary
Tom Cappadona	Don Kline		Carol Wilber
David Colby	Robert Sherwood		
David Crawford	Michael Vertetis		
Greg Fingar			<u>COUNSEL:</u>
Tony Jones			Andy Howard
Sharyn Richards			
Colin Stair			
Sarah Sterling			
Scott Wood			

Mr. Crawford called the meeting to order at 8:36 a.m.

Mr. Crawford stated it was appropriate for the Board to honor Mr. Ginsberg for his years of service on the CEDC Board. Mr. Crawford presented Mr. Ginsberg with a trophy as a token of thanks from the board. Mr. Ginsberg noted that he had enjoyed his years of service to CEDC and thanked the Board for their expression of appreciation, and excused himself from the meeting at 8:40am.

Minutes:

Mr. Crawford asked if there were any changes to the minutes of April 29, 2014. With no changes proposed, Mr. Fingar made the motion to approve the minutes as previously distributed. Mr. Champion seconded the motion, which passed unanimously.

Marketing Update:

Ms. Wilber stated the biggest news she had for the Board came out of the NYSEDC annual conference, where CEDC had won 3 awards out of 6 categories for marketing. She informed the Board that CEDC had been awarded 3rd place in the website, the newsletter and the print ad

categories. She noted the print ad submitted had been the insert for the Register Star publicizing the Microbusiness course. The Board congratulated her on the wins.

Ms. Wilber noted she was doing website postings daily and mentioned that she had posted about the county-wide broadband survey as well as a link to the WGXC discussion about broadband. She stated the small business visitation program begins in June. She noted that Town Supervisors were being solicited for business suggestions as in the previous year, but she asked the Board to forward their suggestions for the current round of visitations to her.

Ms. Wilber stated she had attended New York by Rail Day in New York City along with Adam Miller of County Tourism. She noted that most frequent question people asked was the location of the County. She stated she would be attending the CREDC meeting to be held June 2nd at Columbia Greene Community College. Mr. Flood noted the meeting would be held in the gymnasium. Mr. Campion stated different parts of the meeting would be held in different locations on the campus.

Ms. Wilber stated she would also be attending the NYS Broadband Summit as well as the NYSEDC Basic Economic Development Training Course in June. Mr. Crawford thanked her for the update. Mr. Flood noted that he was considering a video that could be sent to site selection people as a way to market Columbia County. Ms. Wilber stated that while she was in NYC, she had met a professional photographer from NYC, who did similar videos with a drone camera. She noted she had his contact information and could contact him for this project. Mr. Flood stated he had worked with a local man who had connections in Brooklyn, Todd Martin, and felt he would be well suited for the project, noting he had done similar videos for other localities.

SBA Microloan Presentation:

Ms. Lane informed the Board that she had just returned from a week-long SBA training conference in Detroit. She stated she wanted to bring the Board up to date on the program. She stated the Microloan program is the only direct program the SBA offers other than disaster relief. She stated the SBA allowed Microloans in amounts up to \$50,000 with terms of no longer than 6 years. She stated CEDC kept their loans to \$35,000 due to the risk. She stated the only restrictions on the loans were you could not purchase a business or renovate property with the funds. Loans could not be made to not-for-profits with the exception of daycares.

She noted that CEDC was eligible for a grant for technical assistance in the amount of \$55,000. She noted CEDC would need to apply and reimbursement request would need to be sent quarterly. She stated the technical assistance was governed by the 25/75 rule, 25% should be used pre-loan, with 75% to be used post loan. Ms. Lane stated she has found it works the opposite, with the majority of technical assistance requested after loan approval. She stated she had been encouraged to write to the elected officials to change the regulation.

Ms. Lane informed the Board that the current target of microloans are the underserved, noting the SBA is encouraging lenders to take advantage of all available credit. She noted that there are only 16 of the original intermediaries still participating. The SBA credit change in staffing as the number one reason for leaving the program. She noted that 3 full time staff should be dedicated to the program, the Executive Director and 2 full time staff members. This requirement enables



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the organization to benefit from the maximum amount of technical assistance based on salary paid.

Ms. Lane reminded the Board that currently CEDC has 3 outstanding loans with the SBA that fund the microloan program. She stated that loans are sometimes split between different loan funds. Mr. Crawford asked who paid the SBA on the initial loans. Mr. Flood stated CEDC pays off the loan to SBA with funds coming in from the business loans made. He noted there is an interest free period granted by the SBA and the interest collected on the business loans is kept by CEDC. She noted that SBA regulations require a write-off of a loan more than 120 days in arrears. She stated the national default rate prior to the recession was 10%. During the recession it was much higher and currently it has fallen to 12%. She noted our default rate was approximately 10%

Mr. Flood noted we currently cover Greene and Columbia Counties. Ms. Lane stated that the SBA has no restrictions on expanding territory even if the territory is covered by another SBA lender. Mr. Wood asked how the money earned by CEDC is used. Mr. Flood stated it is used to offset the costs of administration and technical assistance.

Authority Budget Office Requirements:

Mr. Flood stated it has been nearly 2 years since CEDC had come under the NYS Authority Budget Office's regulations. He noted that there were still several board members who had not completed training. He urged them to do so as soon as possible or the Board will be cited.

Policies:

Defense and Indemnification and Board Reimbursement and Attendance:

Mr. Flood noted the two policies had been identified as required by NYS. Mr. Bohnsack made a motion to approve the policies as presented. Ms. Bartolotta seconded the motion, which passed unanimously.

Commerce Park – Tierra Farm:

Mr. Flood stated Tierra Farm has agreed to purchase the CEDC owned 5.8 acre parcel in the Commerce Park. He noted the parcel contained 2 acres of wetlands. The company would be building a warehouse/processing plant with 25 new jobs. He stated the project would be completed in 2 phases. The purchase price for the property was \$50,000. The purchaser had given CEDC a check for \$4,500 and the remainder would be a mortgage held by CEDC. The mortgage term would be 5 years at 10% interest. Mr. Flood noted that the company had already applied to the Claverack Planning Board. Mr. Flood noted the company has two years to complete construction. Mr. Crawford called for a motion to approve the sale. Mr. Campion made the motion which was seconded by Mr. Cappadona and was approved unanimously.

NYS CFA Round #4:

Mr. Flood noted the deadline for the Consolidated Funding Applications was June 16th. HE noted the applications were extremely through with a total of approximately 2000 questions. He noted that Ms. Costine had registered CEDC, the IDA and the CRC with Grants Gateway, which was required for all applicants before applying for funds.

Mr. Flood noted that CEDC was preparing a CFA for Columbia Memorial Hospital to buildout 2 floors for a cardio rehabilitation unit and an out-patient mental health facility. He noted that the project cost was nearly \$2 million and he was uncertain of the number of jobs to be created. Mr. Fingar asked where patients were currently going for mental health treatment. Mr. Flood stated a great many were going to Albany. He stated the request was for \$500,000.

Mr. Flood noted that he was working on a CFA for the Lonestar property owners for road, water and sewer to create a shovel-ready industrial park for the County. The site would be usable for heavier industrial uses, such as manufacturing. He noted the owners were still determining costs.

Mr. Flood stated that a possible CFA for an urgent care facility for the southern part of the county was being investigated. Ms. Bartolotta asked about the status of the transloading facility which had been proposed for the Lonestar property. Mr. Flood stated the project had been found to be not financially feasible.

Mr. Flood stated Ms. Costine was writing a CFA for the North Bay property. He noted the County, the City of Hudson and the Columbia Land Conservancy were hoping to fund an engineering study revisiting the closing order on the site of the former landfill, in order to transform the site into a recreational area. Mr. Jones asked if the list was deliverable due to the time constraints. Mr. Flood stated it would be completed with the aid of a consultant.

Mr. Flood noted that the USDA grant deadline for broadband was June 17th. He noted the survey had garnered approximately 700 responses which was considered an extremely good response, by the experts.

CEDC Office Location:

Mr. Flood stated he had met with Holcim who had submitted a draft lease to him. He stated he had worked with an architect for the potential site at the former Wal-Mart building. He noted the County had approached him about the potential of CEDC purchasing the Soil & Water Building. Supervisor Keaveney had asked Mr. Flood to request CEDC send a non-binding letter of intent to the County. He stated the County would obtain a current appraisal. Mr. Flood noted that the County currently has leases with the USDA and Soil & Water.

Mr. Jones asked if there was room in the building for the CEDC offices. Mr. Flood noted that a plan had been done showing sufficient space for CEDC and the two existing tenants. Mr. Wood asked which of the options Mr. Flood felt were the wisest monetarily. Mr. Flood stated staying at the Holcim site was the wisest monetarily. He noted that looking toward the future the Soil



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and Water Building would be the wisest choice, taking into consideration the two existing tenants. He noted the USDA lease was 5 years.

Ms. Sterling asked how the building would be financed. Mr. Flood stated he had asked Kinderhook Bank to look into financing the purchase the last time CEDC had been asked to purchase the building. Mr. Crawford expressed hesitation due to the other issues with CEDC occupying the building. He asked Mr. Flood if the opposition to CEDC purchasing the building was as strong as it had previously been. Mr. Flood stated he had talked to several supervisors and they didn't foresee the same problem. Mr. Crawford asked if there was a motion to send a non-binding letter of intent to purchase the Soil and Water building to Columbia County. Ms. Bartolotta made the motion to send the letter. Ms. Sterling seconded the motion, which passed unanimously, with the exception of Mr. Better, who abstained from the vote.

Project Update:

Mr. Flood stated last year the FAA had been searching regionally for property to site a flight control facility. They had selected one site in Columbia County and others outside the county. Last week he stated the FAA had contacted him to inform him the number of facilities to be constructed had been reduced from 2 to 1 and that facility would be sited on Long Island, which had been promoted by Senator Schumer.

Mr. Flood noted Catamount was involved in a dispute between neighbors regarding their project which was still before the zoning board. He stated he felt it could still be worked out. Mr. Flood stated the Ginsberg's project had held their public hearing the previous week. He noted the water tower and the project was proceeding and issues were being worked out. Mr. Flood noted that Love's anticipated being open by the end of the year.

Business Assistance:

Ms. Lane stated she had received a request from the Louise Rorback who was opening The Fresh Tarte Bakery & Café in Chatham. She will be doing light foods and baked goods. The request is for \$50,000 for a 72 month term at an interest rate of 8%. She noted the loan committee had approved the request. She stated collateral would be kitchen equipment and display cases as well as a personal guarantee. Mr. Flood stated she had a good business plan and her projections were conservative. Ms. Bartolotta made the motion to approve the loan as presented. Mr. Fingar seconded the motion, which passed unanimously with the exception of Mr. Better who abstained.

Other Business:

Mr. Crawford stated that he and Mr. Bohnsack had met with Ginsbergs at the beginning of their project to encourage them to hire a public relations firm in order to get accurate information out to the public and head off any issues. He stated Ginsbergs had stated they would do their public

relations in house. Mr. Crawford stated he was now encouraging CEDC to hire a public relations firm to get CEDC's mission out to the public, specifically what CEDC does, noting this fits CEDC's mission. He stated this should include the message about Ginsberg's. He suggested a budget not to exceed \$5,000 - \$10,000.

Mr. Jones noted the Ginsberg's project had been the subject of a great deal of blogging in past weeks. Mr. Colby stated the IDA minutes were "worded unfortunately" which added to the discussion. Mr. Better stated that CEDC should have someone on a permanent basis to do public relations as it seems to be a constant fight against the image of "a bunch of gray haired middle-aged men deciding the future of the County". Ms. Sterling asked if this would come under Ms. Wilber's purview. She noted that projects require explanations available for the public. Mr. Wood stated CEDC needed to re-sell what it does. He noted the Commerce Park had been begun 20 years ago and was nearly at full capacity. Mr. Crawford stated Ms. Wilber's job was to entice businesses to come to the county, not public relations. He noted that press releases should be given on a regular basis for every success including all the microloans.

Ms. Sterling felt CEDC should look at several public relations firms. Ms. Bartolotta also felt that CEDC needed to do something. Mr. Crawford stated he had worked with Behan previously and he wished to move forward with them. The Board discussed using a blog, but agreed that the time required was more than CEDC staff could provide. Mr. Better stated CEDC needed something immediately as well as the typical success stories. He stated regular press releases for the loans and businesses like Tierra Farms were important. Mr. Crawford stressed the importance of regularity in the press releases.

Mr. Stair cautioned public relations could also be used against the organization and suggested a strongly written letter or ad in the paper. Mr. Colby stressed the need for those in favor of the project to come out to the public hearings and the public meetings. He noted there was a lack of vocal support for projects.

Several board members cautioned against using the public relations company for only Ginsberg's, noting it should be used for the advancement of CEDC. Mr. Crawford asked for a motion to obtain a proposal from Behan Communications not to exceed \$10,000. Mr. Fingar made the motion, which was seconded by Colin Stair and passed unanimously.

Mr. Wood stressed the need to publicize all CEDC does. Mr. Crawford stated Behan could assist in getting the word of CEDC accomplishments out in front of the public eye. Mr. Jones suggested building a list of email contacts. Mr. Better asked Mr. Colby if they could assist publicizing CEDC through emails and their column in the Register Star. Mr. Colby stated he could help with his column on the business page in the Register Star.

With no further business, Mr. Crawford called for a motion to adjourn the meeting. Mr. Fingar made the motion, which was seconded by Mr. Colby. The meeting adjourned at 9:53am.

Respectfully submitted by Lisa Draushuk