

# Economic Development Committee

## Minutes

### 01/08/01

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#### Present

G. Daley, Chair  
R. Santangelo  
S. Gionfriddo  
J. Robinson

#### Absent

S. Shapiro

#### Also Present

Warner, Director PCD  
Kearney, PCD

Public: M. Christie, S. Cahill, T. Concannon, D. Wertenbach, M & B Paglia-Scheff

- A Call to Order:** Daley called the meeting to order at 7:03PM.
- B Public Session:** no public comments
- C Minutes:** Gionfriddo requested correction of 10/12/00 minutes to show that he was absent. The Committee voted to approve the minutes on a motion made by Santangelo and seconded by Robinson. Gionfriddo abstained
- D Communications:** none
- E Old Business**
- 1) **North End Industrial Area**
    - a) **Remington Rand:** Discussion of timetable for securing State grant funds. Warner stated a meeting will be held with DECD to set up accounts. DEP will be doing the remediation work once the RAP is finalized.
    - b) **Package Store:** Warner stated McCormick has not submitted tax statements to allow the city to determine compensation for the business.
  - 2) **Industrial Park Area and Vicinity**
  - 3) **Brownfields-Riverfront Properties**
  - 4) **Armory**
  - 5) **Sumner Brook Realty**
  - 6) **JOBS Loan Program Guidelines**
  - 7) **Old Police Station, 66 Church ST**
  - 8) **REINVEST Loan**

a) **AI Engineering**

9) **646-654 Main ST**

10) **Economic Development Brochure**

11) **I-3 Development Plan**

**F New Business**

- 1) **Community Economic Development Fund (CEDF):** Wertenbach described CEDF's structure, operations and services. Daley asked for clarification on CEDF funding structure. Wertenbach described CEDF was developed by Gov. Wicker in 1994 with funding from DECD, a consortium of state banks. CEDF lends from \$5,000-\$250,000 to non-bankable applicants, works in community development and with municipal loan programs. Advantages in working with CEDF include leveraging of capital through participation lending. Borrowers are required to participate in with the technical assistance. Small loans are not bankable cookie cutter with flexible loan terms and amortization schedules with servicing not found in traditional banks. CEDF has no set proposal and works with municipalities to tailor an arrangement of services, which can range the gamut from origination to servicing. Daley questioned what the city's current loan servicing arrangements are. Kearney stated Liberty Bank is servicing all new loans. Citizens Bank has JOBS Loans prior to the 9/21/98 agreement with Liberty. Daley questioned if the loans are funded through the CEDF LLC. Wertenbach stated CEDF is composed of three components: 1. a 501C3; 2. Corporate Management; 3. LLC which holds the funds. Daley questioned Kearney's memo questioning whether borrowers would be as motivated to pay a non-profit compared to a bank. Wertenbach stated CEDF default ratio of 5.9%. Robinson questioned how Liberty Bank would feel about not servicing city loans relative to their commitments to community involvement since they are not a CEDF funder like Citizens. Daley asked staff to see what Liberty's reaction to losing servicing would be. Wertenbach stated CEDF does not get involved in municipal loan decision making. CEDF initiates collections for the first 90 days, then turns the loan back to the municipality. CEDF rates are higher than banks (for competitive purposes) but not too high considering the risk. Warner and Daley commented on the advantage to borrowers of a blend of city and CEDF rates. Santangelo asked about technical assistance. Wertenbach stated CEDF as part of their loan covenants mandates technical assistance initially on a monthly basis. Tech assistance is available anytime to borrowers. Robinson compared 5.9% default v/s city loan funds at 40% in arrears. Wertenbach stated a 78% current ratio on CEDF loan pool. Daley questioned how partial payments are treated. Wertenbach stated partial payments are divided on a ratio. A motion was made by Gionfriddo for staff to work with CEDF to bring a proposal on working with CEDF to underwrite and service the city loan programs. Santangelo and Robinson seconded, the committee voted unanimously to approve the motion.
- 2) **World Economic Development Alliance (WEDA):** Discussion of national economic development advertising and representation at trade shows. Daley recommended McCarthy Convention Contractors be contacted to develop a

display for trade shows. Committee recommended the Chamber and INFORM look into these matters.

- 3) Adapt Builders, LLC:** The company presented its plan to work in the city to rehab housing. The mission of the company is to provide affordability, access and to help people learn housing skills. The company is planning to build a model home and a 2 family to give access to homeownership and to learn property management and landlord skills. Daley asked if the plan was to buy, rehab then resell. The company affirmed, working with CHIF. Daley questioned where the subcontractors would come from. Mr. Scheff stated he has a network of subs. Daley reminded the company of Davis Bacon requirements. Daley stated the city has a large labor pool of trades people. Santangelo stated he appreciates the company's plans to work in the north end where he lives. He suggested the company contact the Middletown Housing Authority to see what plans are in store for the former Police Headquarters site. Daley stated the MHA project is an open competition. Daley reminded the company of the city's local compliance ordinance. Mr. Scheff stated the company is a for profit company. Robinson asked if the company is in contact with NEAT. Mr. Scheff affirmed stating the company is well received by NEAT. Mr. Scheff stated in his experience in Hartford the city would save demolition monies by notifying rehab companies of properties to be demolished. Daley stated Warner could give the company the city ordinances. Mr. Scheff stated desire to create training and local housing education available to city residents.
- 4) Main Street Middletown-BID:** Concannon presented Main Street Committee's plans for a BID election. The BID will be limited in size, the district area was described. Santangelo asked if the properties needed to be contiguous. Concannon stated no, but a property owner could apply to the BID for inclusion once the BID was up and running. Cahill described the prior defeat of the BID by 7 votes, so the district was laid out around the properties that supported the BID. Daley questioned whether Washington ST would be included. Concannon stated there would be a meeting to decide this tomorrow; if Washington ST was included it would be from deKoven to Main ST. Santangelo questioned how a property would be assessed if they decided to join at a later date. Concannon stated the fees would be prorated. Projected cost would be 2.5-3 mils. Gionfriddo stated that this should be the last time to run a BID election. Concannon stated the BID will be submitted to the Ordinance Review Committee on 1/23/01 and then to the 2/5/01 Common Council meeting. Concannon stated the committee will be approaching each property owner in the next 2 weeks. Daley commended Main Street Committee for tailoring the BID to the people who need it. Motion made by Gionfriddo to send the BID information to the Ordinance Review Committee, seconded by Santangelo, approved unanimously by the committee.

## **G Status Reports**

- 1) Economic Development Specialist's Report**
- 2) REINVEST Loan Program, monthly summary report**
- 3) JOBS Loan Program, monthly summary report:** Discussion of Renfro Construction Co loan. No payments have been received. Lynch told Kearney that Enfield

contract is completed and the DOT is attaching assets due to non performance. Kearney stated Renfro has an annuity that could not be used as collateral. Daley requests Lynch move quickly to attach anything to recover funds.

**4) INFORM, monthly report**

- H Other:** Discussion of acquisition of land for bike path. Daley recommended Warner explore the possibility of a compromise on price.
- I Adjournment:** There being no further business, the committee adjourned at 8:25PM.