

ECONOMIC DEVELOPMENT COMMITTEE

Minutes

January 13, 1992

PRESENT

S. Shapiro, Chairman
W. Corvo
S. Gionfriddo
N. Conaway-Raczka
E. Pattavina

ALSO PRESENT

M. Stronz, INFORM
S. Beinhorn, Press
W. Kuehn, Staff
C. Wilcox, Staff

The first regular meeting of the Economic Development Committee was called to order at 7:02 p.m. by Chairman S. Shapiro in Room B-20 of the Municipal Building.

1. Minutes

Upon a motion by S. Gionfriddo, seconded by N. Conaway-Raczka, the Municipal Development Committee minutes of September 9, 1991 were accepted unanimously.

2. Meeting Schedule

Upon a motion by S. Gionfriddo, seconded by N. Conaway-Raczka, it was voted unanimously to continue to meet on the second Monday of each month at 7:00 p.m.

3. REINVEST

Discussion about the REINVEST program as it presently exists included questions about whether the businesses who received grants in the first round were all still in business; and suggestions for changes to the guidelines for the loan program in the second round.

Comments included:

- . Chairman S. Shapiro suggested an interest scale which would vary with the length of the loan. For instance, interest might be free (0%) interest for the first three years; 2-3% for a 3-5 year loan; 5% for a 5-7 year loan; and 1% less than prime thereafter. Several other members preferred a steady token-type interest rate.
- . S. Gionfriddo felt the program should include ongoing businesses and be used for business retention as well as new business attraction.
- . 10 years is too long for the loan; if the business is successful, it can pay back faster than 10 years; if not, the City will not get the money back anyway. In any case, they will know in less than 5 years.
- . The City should be more careful about who it loans money to, based on need. It is taxpayers money and must have some return.

- . N. Conaway-Raczka was not in favor of loaning to existing businesses.
- . S. Shapiro was not happy with guidelines as they are written for existing businesses - especially the requirement to add significant square footage or programs.
- . N. Conaway-Raczka opposed elimination of the REINVEST Committee which included a banker, an architect, a merchant/downtown property owner, etc.
- . W. Corvo saw REINVEST as a tool ("one in a toolbox"), which has to be used correctly and he was concerned about the focus. He pointed out the City's poor record of collecting grant money (i.e. John Cotter) and suggested using a qualified lending institution to service loans. When asked about specifics of the past REINVEST loans and their administration, W. Kuehn noted there was a financial disclosure form; that the original \$50,000 grant program went to 6 or 7 grantees; and that \$20,000 had been authorized in loans. \$30,000 remained dedicated to the program to date.
- . E. Pattavina felt \$10,000 loans were not realistic - new businesses would need far more; and, perhaps, loans of \$30-\$40K could be structured for larger businesses. He also did not like the restrictions of limiting these loans to new businesses.
- . S. Gionfriddo felt the guidelines should look at numbers of employees, and be more flexible.
- . Monitoring and collection procedures should be tightened up.
- . Program is a useful tool but not much long term value until done right in terms of collections - the bank fee can be built into the loans.
- . The name should be changed - perhaps "Business Investment Program".
- . Staff should take a look at the guidelines and expand the scope of applicants.
- . There should be a revolving fund for paybacks and interest.
- . N. Conaway-Raczka suggested consideration of forgiving interest.

Upon a motion by S. Gionfriddo, seconded by E. Pattavina, it was voted unanimously to ask the Common Council to authorize the immediate creation of a revolving fund for the recapture of principal and interest from REINVEST loans.

4. Middlesex County Revitalization Commission

Upon a motion by S. Gionfriddo, seconded by E. Pattavina, it was voted unanimously to recommend to the Common Council that the City accept \$31,000 from the Middlesex County Revitalization Commission to be applied to the REINVEST program, and to drop its \$20,000 request for landscaping.

5. Brochure

Upon a motion by N. Conaway-Raczka, seconded by S. Gionfriddo, it was voted unanimously to pay Anagnostis Associates \$250 for the extra color separation needed for the Middletown Promotional Brochure. W. Kuehn reported that he had quotes for the printing of an insert to the brochure for the Mayor's message; and, upon a motion by S. Gionfriddo, seconded by W. Corvo, it was voted unanimously to allocate \$180 to Young's Printing for the purpose of printing this insert.


6. North End Industrial Park

Michelle Stronz of INFORM asked to speak, and went on to suggest matching dollars for local business assistance funds. Regarding the North End Industrial Area, she gave a history of her organization's efforts with the State on behalf of the North End Industrial area. In 1990, they were ahead of the game but bogged down for lack of a clear application process. She was currently working with the Governor's Office and expected to get approval of a \$250,000 Planning Grant by the end of the month - the money to be available March 1st. The Planning would be Phase I; Phase II would be a development loan at 2%, which could be a business project or a municipal project. W. Corvo asked about the end-uses currently under consideration beyond basic infrastructure and utilities. He pointed out the need for a concept before spending on a planning grant. M. Stronz noted that the plan would have an action plan and that they already had a viable inventory of buildings (EIS, Remington Rand, Meech & Stoddard). Although, some may be demolished and there would be some opportunity for new construction, this would primarily be a model program for the reuse of old industrial areas. W. Corvo pointed out that major highway funding was coming down from the Federal Government, and reiterated the need for communicating the end-uses to the Department of Public Works, so that those needs can be met. He emphasized the need to focus on what the City wants in highway improvements, especially as regards the Rt. 9 intersections. Discussion ensued about Rt. 9 and some DOT upcoming meetings. Regarding the project area and co-ordination with the Redevelopment Agency, the general consensus was that, although the entire North End Redevelopment Project Area included the industrial park and the North End of Main Street, projects north of St. John's Square would be in the purview of the Economic Development Commission; and those south of St. John's Square would be under the aegis of the Redevelopment Agency. M. Stronz asked to receive agendas of Economic Development Committee meetings, and indicated she would be willing to attend. Committee members requested earlier mailings as some of the packets arrived late.

7. Economic Development Task Force Meeting

S. Shapiro gave a synopsis of what had transpired at the January 2nd meeting of the EDTF. Most members had been in attendance or had read the minutes, but went on to discuss the roles of the EDTF as "The Brainstorming" component and the EDC as the vehicle for attracting businesses and eliminating problems. The Committee asked W. Kuehn to report on how he envisioned using his staff, who would be the ombudsman, and the need for a computer inventory library to use for Economic Development purposes.

There being no further business, the meeting adjourned.


Cynthia G. Wilcox

CGW/lmk