

## ECONOMIC DEVELOPMENT COMMITTEE

### MINUTES March 13, 2000

#### **Present**

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

**Public:** Sid Libey, Arun Ranganathan, Mark Christie

#### **Absent**

S. Shapiro

#### **Also Present**

W. Warner, Director PCD  
R. Kearney, EDS  
R. Hill, INFORM

**A. Call to order:** Daley called the meeting to order at 7:02 PM.

#### **B. Public Session**

Sid Libey stated that he felt the City should consider the North End as a site for the new motel. He believes this would stimulate the development of the North End. He stated that the Armory building would not provide enough parking for a hotel

#### **F. New Business**

**1. JOBS Loan: The Music Exchange** Arun Ranganathan presented his request a \$11,500 JOBS Loan. Daley asked what the JOBS Loan Committee's recommendation was. Kearney reported that the Committee had approved the loan application subject to Ranganathan report back to the Committee within 2 weeks additional information on on insurance, personnel costs and workmans compensation costs . Gionfriddo asked what the collateral would be. Ranganathan responded the assets of the business and his word. Gionfriddo asked if there were funds available in the form of Certificates of Deposit that could be pledged as collateral and released as the loan balance was paid down. Ranganathan stated that funds to pledge were not available. Daley stated that the only time the Economic Development Committee accepted inventory as collateral in the past 7 years, the borrowers defaulted. Daley stated that the intent of the JOBS Loan program is to create jobs for people other than the owner. Ranganathan stated he would create a full time job for himself and 1 part time position one month after opening and a second prior to the Christmas season. Santangelo asked what the JOBS Loan Committee was thinking in approving the application. Kearney explained the JOBS Loan Committee reviewed the financials and marketing information and decided the application met the JOBS Loan Guidelines. Ranganathan described the site as two stores down from the original music store that was in business for 10 years. Daley asked what Ranganathan's salary requirements were. Ranganathan stated that his salary is based on the net profit figures. Daley questioned how the company could achieve \$16,000 in first months sales when that breaks down to \$800/day of approximately 40 transactions/day. Gionfriddo stated that the mall does not generate enough foot traffic. Ranganathan stated that he works at It's Only Natural and they have seen significant traffic and sales increase with over \$1.0 million in net profit this past year. The sales figures were obtained from the books of Main Street Music. Santangelo stated that the mall is well managed and the stores do well Gionfriddo stated that the stores that do well, like Simply Elegant, It's Only Natural, jewelry store have a loyal following. Gionfriddo asked what additional collateral could be tendered to secure the loan. Robinson questioned whether the collateral was sufficient. Daley stated that the gift of funds from Ranganathan's mother plus the use of credit card advance indicated that Ranganathan was stretching to make the 1:1 match. Daley stated his concern over the size of the credit card balances. Gionfriddo stated he sees bankruptcy applications everyday with much higher credit card balances. He asked what the terms are for purchasing CDs. Ranganathan replied terms are cash for the first 6 months, then net 30. Used CDs have a higher markup. He tried to find additional collateral. His credit payments would remain the same with Beneficial even with this additional borrowing. Daley asked what became of the recording studio equipment. Ranganathan replied that his partner stole the equipment. Robinson voiced concern over stretching finances by borrowing funds. Daley asked if Ranganathan would keep his current job. Ranganathan said he would not, he intends to spend 7 days a week at the new company. Robinson questioned if the part time positions would be seasonal. Ranganathan stated that the part time positions would be based on sales. Gionfriddo suggested that Ranganathan ask the landlord for a rent reduction from %500 to \$300/mo for 2-3 years allowing less expense. If this were possible, then he would withdraw his objection to lack of real property collateral. Ranganathan stated he would ask the landlord for a reduction. Daley agreed that a rent reduction would

be acceptable. Daley requested a motion to table a decision on the application to the April meeting giving time for additional financial information to be reviewed and to assess the 1:1 match of acceptable collateral. Santangelo asked if there is a house that could be pledged as collateral. Ranganathan stated no. Daley stated that the collateral would be in the form of a gift and cash from Ranganathan's credit card account. Discussion of hours relative to when the mall is open. Gionfriddo made the motion and Robinson seconded the motion, the Committee voted unanimously to accept the motion. Kearney stated that Calvin Price and Barbara Goodrich would be involved in working on the financial plans. Ranganathan described his plan to market used CDs and the approach to the Wesleyan market. Daley questioned whether Wesleyan students would be aware of the store and the current trend of downloading music from the Internet. Ranganathan stated artists use MP3 for less important cuts of current CDs. Daley questioned what the hours of operation would be. Ranganathan stated Mon-Sat 11-8 and Sun 11-6.

**C. Minutes:** February 14, 2000. Robinson made a motion to approve the February 14, 2000 minutes, Gionfriddo seconded and the Committee approved these minutes

**D. Communications:** none

**E. Old Business**

**1. North End Industrial Area**

- a. Remington Rand: Warner stated that VHB was working on an existing conditions survey and complete by the end of April 2000. Once the report is complete, a decision on how funds would be used. Additional comments on SuperNova funds for Chapter 132 projects, eviction of tenants and Jan/Feb budgets. Hill stated that he is working with numerous prospective tenants including Catalytic Mining, Kensington Realty (to purchase), Rhodes of Avon, Stone Resources and Liquid Plastics.
- b. Leibman property: (no discussion)
- c. Package Store: (no discussion)

**2. Industrial Park area and vicinity:** Warner stated Somerset Plastics has no electric or telephone along Timber Ridge RD. The transformer box is the property of North & Judd and CL&P states this is not a transformer for a tap in. Somerset put in the sewer saving the City \$25,000. He suggested that the City, McCarthy and Somerset split the \$8,000 cost of installing a trench for electric and telephone service. Daley recommended the trench go far enough to connect all current and future sites on Timber Ridge RD. Santangelo questioned if Bradley RD has sewers. Gionfriddo made a motion to support the project, the Committee approved the motion.

**3. Brownfields-Riverfront Properties**

**4. Armory:** no discussion.

**5. Brickyard Industrial Park:** no discussion

**6. Sumner Brook Realty:** Warner stated that DEP liens are not being collected and DEP may offer a payment plan or the Attorney General has the option to eliminate the interest or the lien.

**7. JOBS Loan Program Guidelines**

**8. Reuse of Old Police Station, 66 Church ST:** In negotiations, to be discussed at the April 00 meeting)

**9. REINVEST Loan: Touch of Class, Bankruptcy discharge**

**10. Main Street BID Ordinance:** no discussion

**11. Local Workforce Investment Area, Interlocal Agreement:** no discussion

**12. 646-654 Main Street:** Warner stated that the 6 month option is signed.

**13. INFORM Realtor Reception:** Kearney discussed expense chart. Gionfriddo favored Long Hill.

Kearney said that Harbor Park might incur a high liquor cost. Daley will call Deborah Moore to discuss the costs. Gionfriddo made a motion to increase the budget to \$1,500, Daley seconded, the Committee approved the motion.

**F. New Business**

**1. JOBS LOAN: The Music Exchange** (see above)

**G. Status Reports**

**1. Economic Development Specialist's Report:** Kearney stated that recent activity is in the Status of Items on the Agenda report

**2. REINVEST monthly summary report:** no discussion

**3. Economic Development Fund Status Report:** no discussion

**4. INFORM monthly report to Mayor and Economic Development:** no discussion

**H. Other**

**I. Adjournment:** There being no further business, the meeting adjourned at 8:30 PM.