

## ECONOMIC DEVELOPMENT COMMITTEE

Minutes: May 9, 1994

### PRESENT

G. Daley  
N. Conaway-Raczka  
R. Santangelo  
S. Shapiro  
J. Milardo

### ABSENT

None

### ALSO PRESENT

|            |           |
|------------|-----------|
| S. Allison | B. Daley  |
| S. Libby   | G. Crean  |
| G. Souto   | W. Kuehn  |
| D. DiMauro | L. Ozga   |
| A. DiMauro | C. Wilcox |
| E. Roberts |           |

Chairman G. Daley called the meeting to order and opened the Public Session at 7:10 p.m.

He indicated to the REINVEST applicants that they could speak later when their items came up on the agenda. E. Roberts asked about the REINVEST funds and the possibility of executive sessions. He commented that these were public funds and wanted to know if they were grants or loans. Mr. Daley replied they were strictly loans; that the applicant or committee could ask for an executive session; and, that all votes would be conducted in open session. E. Roberts asked whether the Youth Soccer financing was a grant. G. Daley replied that was not REINVEST but rather funding from the Economic Development Fund; and it was a matching grant with proviso that it be repaid if the project is successful. If it is not, the City is the beneficiary of Youth Soccer assets.

S. Libby spoke in favor of Stephan Allison's application for assistance. He said he thought Mr. Allison was a victim of being a leader in defeating the referendum on the Arriwani Hotel. He then referred to correspondence from the Municipal Development Office about the America's Cup Restaurant. He pointed out that loan repayments and rent were going into the Economic Development Fund and wanted to know why they were not going into the General Fund. G. Daley said he was not aware of the situation; and N. Conaway-Raczka said this item was not on the agenda. Mr. Daley said the Committee would go over the correspondence, contact the finance director, and they were not going to resolve this at this meeting. Mr. Libby then commented about executive sessions being illegal and wished W. Kuehn and L. Ozga to give an explanation of what a "Trade Secret" is. He maintained that trade secrets do not exist. Mr. Daley noted that an applicant has the right to request an executive session to discuss personal finances in the course of loan applications; and that the statute requires the committee to vote to use one. Mr. Libby concluded that executive sessions were "improper, criminal, corrupt and illegal."

## Minutes

A motion was made by S. Shapiro, seconded by R. Santangelo, and voted unanimously to approve the minutes of April 11, 1994.

A motion was made by S. Shapiro, seconded by N. Conaway-Raczka, and voted unanimously to approve the minutes of April 25, 1994.

A motion by was made by S. Shapiro, seconded by R. Santangelo, to approve the minutes of May 2, 1994. All voted in favor with N. Conaway-Raczka abstaining.

## REINVEST

### A. Avanti Hair Salon.

Dominic and Alfred Dimauro were present to discuss the application of Avanti Hair Salon for a \$25,000 REINVEST loan to open a new business, in a new building, on Newfield Street. L. Ozga explained to the Committee that Avanti will be owned equally by Dominic and Marco Dimauro, that she was confident that Marco had the entrepreneurial spirit to make the new business work, and that his family was behind this endeavor. She recommended that the Economic Development Committee make the loan. After discussion of the business location and appropriateness of the proposal to the loan intentions, a motion was made by S. Shapiro, seconded by J. Milardo, and voted unanimously to recommend to the Common Council approval of a REINVEST loan of \$25,000 to Avanti Hair Salon. G. Daley asked if the JOBS loan program might also be appropriate; since this is a service in a growing area, and will create 7 new jobs. L. Ozga reported she had discussed the JOBS program, but the DiMauro's chose only REINVEST at this time.

### B. Xerographic Supplies

L. Ozga described the request of Xerographic Supplies for a \$25,000 REINVEST loan to help move the company from Meriden to Middle Street, Middletown. She said she had some reservations and Liberty Bank had some questions; however, Mr. Crean indicated he had materials and responses to the questions, and did not mind discussing them. N. Conaway-Raczka asked him about his business. Mr. Crean indicated he was moving his computer/engineering supply company and 10 employees from Meriden, and would hire four more people. The building is currently a shell with power, and they need to finish the build-out. To secure the loan there is documentation of the assets of the company, personal assets and an appraisal on the building.

Mr. Crean indicated he is the 100% sole owner of Xerographic. P., Inc. which is owned 99% by Mr. Crean and 1% by Mrs. Crean as trustee for their son, is the owner of the property, and leases one half of it to Xerographic. P., Inc. is looking to lease the other half to other companies. Mr. Crean reported he had bought the property from the FDIC in December 1993 and as part of the purchase, the mortgagor bank conducted an appraisal which he had. This showed equity of \$200,000; he also had his 1993 statements. N. Conaway-Raczka asked if P. Inc. would sign, and J. Milardo asked if Mr. Crean would give a personal guarantee. Mr. Crean agreed to both. N. Conaway-Raczka made a motion, which was seconded by J. Milardo and voted unanimously to recommend to the Common Council approval of a \$25,000 REINVEST Loan to Xerographic/P.Inc. and to welcome them to Middletown. Further discussion ensued about the business including sales revenues, customers, lease extension and future tenants. There are 15,000 square feet available to lease. The Committee directed Mr. Crean to write a 3-year lease with flexible square foot requirements (at least 15,000 square feet) which would comply with SBA requirements to which he is also subject.

#### N.E.A.R.

W. Kuehn reported that the Committee, at a previous meeting, had directed staff to coordinate any requests for Arts funding with Corinne Gill; and they had met several times. The "bottom-line" is that N.E.A.R. is requesting a grant of \$17,500 between both Commissions. The exact amount for each depends on the Arts Commission budget. Money would go from the Economic Development Fund to the Arts & Culture budget. N. Conaway-Raczka asked if the funds were in the Arts Departments' proposed budget, to which W. Kuehn responded that \$6,000 was present now. If that remained in the budget, the Economic Development Fund share would be \$11,500. There was some discussion of where the \$17,500 amount came from. N. Conaway-Raczka reminded the Committee that they were looking for a gradual reduction of City funds and greater grass-root fund raising by N.E.A.R.; and that they were aware of the CDBG application, anticipated savings, and the likelihood of funding from the CT Commission on the Arts. G. Daley thought it was appropriate to recommend up to \$11,500, and S. Shapiro felt it was important to administer these grants through the Arts Commission.

A motion was made by N. Conaway-Raczka, seconded by R. Santangelo and voted unanimously to approve the transfer of \$11,500 from the Economic Development Fund to the Arts and Culture budget providing that they be earmarked specifically for NEAR and providing \$6,000 from the Arts & Culture budget is also delegated to NEAR.

W. Kuehn reported the Economic Development Fund was now in the "mid to high 60 thousands", after the Youth Soccer grant.

J. Milardo said he was glad to put these funds into the Arts but liked having a point for arts programs to go to (ie. Arts & Culture). He did not feel it is the best use of the Economic Development Fund which should be used for job creation; and, preferred the money for the Buttonwood Tree come through the Arts budget. S. Shapiro said he was fully supportive of NEAR, but agreed with N. Conaway-Raczka on the message that they need to look for alternative sources of funding.

#### Tax Incentive Program

W. Kuehn pointed out some minor changes in the draft - specifically, the chart in the back. The old matrix was a formula based on square footage and numbers of jobs. Based on input from several sources, this has been changed to the value of the investment. The minimum investment on the chart corresponds to the State's minimum. The Committee wanted to study this and meet again on May 31st at 7:00 p.m., and to start the process before the Ordinance Study Committee considers it.

#### Other

W. Kuehn reported that he was expecting a 4 month schedule from HMA on the North End Industrial Area, and that their contract should be done soon.

There being no further business, the meeting adjourned at 8:20 p.m.

---

Cynthia G. Wilcox

CGW/lmk

G:\SANDY\EDC\MINUTES\5-9-94.