

City of Middletown, CT

Economic Development Committee

Approved Minutes from the Economic Development Committee Meeting of December 14, 2009

<u>Present</u>	<u>Also Present</u>
G. Daley	W. Warner
R. Santangelo	
J. Bibisi	
D. Bauer	
V. Loffredo	
Public: L. McHugh, J. Pugliese, P. Hughes, G. Fennerty, A. Pioppi	

AGENDA

- A **Call to Order:** Daley called the meeting to order at 6:00 PM.
- B **Public Session:** no public comments
- C **Minutes**
 - 1) **September 14, 2009 Meeting Minutes:** Bauer made a motion seconded by Santangelo to approve the minutes. The committee voted unanimously to approve the motion. Loffredo abstained.
 - 2) **December 7, 2009 Special Meeting Minutes:** Loffredo made a motion seconded by Bauer to approve the minutes. The committee voted unanimously to approve the motion.
- D **Communications:** none
- E **Old Business**
 - 1) **Harbor Park Restaurant lease:** no discussion
 - a) **Midfield Corp: Property at the corner of College and Broad Streets: EXECUTIVE SESSION** CGS Chapter 14, Sec. 1-200, 6(B) strategy and negotiations with respect to pending claims or pending litigation to which the public agency or a member thereof, because of the member's conduct as a member of such agency, is a party until such litigation or claim has been finally adjudicated or otherwise settled. Bauer made a motion seconded by Santangelo to enter executive session. The committee voted unanimously to enter executive session at 7:32 PM. Santangelo made a motion seconded by Bauer to exit executive session. The committee voted unanimously to exit executive session at 7:40 PM. Bauer made a motion seconded by Loffredo to recommend that the Mayor send a letter to Middlesex Mutual stating the city's proposal. The committee voted unanimously to approve the motion.
 - 2) **Lady Katharine Cruises lease:** no discussion

3) Extension of Federal Transportation Funds

- a) **RFP for Riverview Arcade Garage:** Warner stated the DOT deadline for division comments was 12/8/09 for the design contract and scope of work for URS.

4) RFP for former CVH lands

a) **Connecticut Forest & Park Association**

- b) **Artfarm:** Warner noted the Mayor's letter to the State of Connecticut requesting a legal opinion on whether interns can live on the property. The letter was mailed three weeks ago and the AG's office has been in contact with Warner.

- c) **Arawana Golf Course:** Pioppi stated he and Warner are working on negotiating proposed lease language. Warner discussed the term sheet noting the 10 year extensions as a way of allowing the city to address issues during a long term lease. Financial institutions require long terms for large projects. And if there was a default, the institution could still sell the remainder of a long term lease and recoup the investment. Warner stated using the Pinoaks lease as an example but noted Pinoaks was based on a gross revenue formula which included banquet facilities and the Arawana site property taxes of \$60,000 would not be covered a revenue percentage formula which would generate \$15,000. Pioppi stated a putting green is a taxable improvement. Environmental rules will not be considered until a proposed lease and a course design are created and reviewed by Inland Wetland Commission and Planning & Zoning Commission. Additional issues include how to tax the property since the city owns the property. Daley stated taxing the improvements. Warner stated the parties are working with the Assessor to look at ways that tax incentives can be a part of the proposed lease. The lease would be similar to Pinoaks. Discussion of sending the lease to the city attorney. Warner noted Pioppi cannot do much more until he has control of the land. Loffredo asked what comes first and will the city maintain control until the permitting issues are resolved. Daley noted the company must demonstrate financial capability for the project. Warner stated they will work on the lease, terms and option. Loffredo questioned the option. Warner stated the option is needed for Pioppi to get investors. Daley agreed that the option be reviewed by the Common Council which would award the option. Bauer made a motion seconded by Loffredo to instruct Warner to work with the city attorney to create an option and give Pioppi access to the site. The committee voted unanimously to approve the motion.

Daley stated the January 2010 EDC meeting will be primarily devoted to review of the proposals for the former CVH land and the community meeting minutes

F New Business

- 1) **Middletown Small Business Development Center:** McHugh noted developers' comments on how professional and efficient in dealing with the City of Middletown PCD. He stated Hughes has done a great job working with Middletown business and noted the demand for counseling services is higher when the economy when people often consider starting a new business. He noted the Chamber is doing a dollar for dollar match with the \$25,000 City of Middletown grant. Hughes stated there is a good and frequent working relationship with Kearney. Hughes stated he holds a monthly workshop and noted existing businesses look for counsel on expanding during tough times. McHugh noted the results as stated in the report and that the MSBDC is a model for

ECONOMIC DEVELOPMENT COMMITTEE

DECEMBER 14, 2009 APPROVED MINUTES

the state. Daley stated the timing for the initiative was important during the credit situation and in giving extra help to businesses. Warner stated the \$25,000 grant from the Economic Development Fund (EDF) was for the calendar year. Loffredo questioned if the match was dollar for dollar and how the funds were spent. Warner noted the funds were a grant. McHugh stated the funds were for personnel and materials. Bauer questioned whether the funding should match the City of Middletown budget year. Daley stated the grant was funded from the EDF and as long as there were adequate EDF funds the committee could continue to fund the program on a calendar year basis. McHugh stated the Chamber wanted to submit a full year report rather than a partial year. Bibisi made a motion seconded by Loffredo and Santangelo to recommend a \$25,000 grant to the MSBDC. The committee voted unanimously to approve the motion.

- 2) **Suburban Stationers Enterprise Zone deferred tax assessment:** Warner stated Suburban Stationers would be moving from Stack Street to 695 High Street, doubling in size and making significant improvements to the building. The improvements in the Enterprise Zone allow for a freezing of taxes from the increase in value for 7 years as per city ordinance. Daley asked if Common Council action was needed. Warner stated no, PCD is informing the committee of the project and tax information.
- 3) **Request to Purchase a portion of City Owned Property at 182 Tuttle Road by Datto:** The applicant did not attend. Warner described the site stating the company would expand parking and add an obstacle course. Warner noted the Assessor's analysis and stated the applicant will hire an appraiser to value the site. Bauer questioned the area of the former trolley line. Daley stated the discussion would be postponed until the January 2010 meeting.
- 4) **First & Last Tavern lease: Executive Session: CGS 1-210 (b) (5) (B)** Commercial or financial information given in confidence, not required by statute. Warner stated the tenant was not able to attend the meeting. General discussion of commercial lease market ensued.
- 5) **Jonah Center Business Initiative:** no discussion
- 6) **Underwriting, Servicing & Collection agreement with Liberty Bank for City of Middletown Business Loan Programs:** Kearney described the request to renew the servicing agreement. He stated the underwriting is done unbiased, professional commercial loan officer and the servicing complies with accounting and government reporting rules saving the city the cost of regulatory software for reporting. Bauer questioned the 3% fee. Kearney stated the fee was to pay for the services and is funded through the interest charged to the borrower. Warner noted a \$100 application fee is charged for all loans, approved or not, to pay for the underwriting services. Bauer questioned the \$400,000 threshold. Kearney noted this was the original loan pool fund amount and currently there is \$50,000 outstanding in two loans. Santangelo made a motion seconded by Bibisi to recommend the renewal of the agreement to the Professional Services Committee. The committee voted unanimously to approve the motion.
- 7) **Proposed Ordinance: Regulation of Sexually Oriented Business:** Warner discussed the ordinance noting recent court activity for Berlin, CT. He stated there are both zoning and distance issues. This kind of business is only allowed in B-2 and I-3 zones. Ordinance Study sent the proposed ordinance to EDC and created a Review Board in the ordinance. Warner stated there is a \$99/day penalty and the city can shutdown a business. Bauer made a motion seconded by Loffredo to recommend the ordinance to the February 2010 Common Council meeting.

8) Proposed Ordinance Amendment: Sec. 262-38, Special Permit Required When Travel Endangered: Warner stated the impact of the ordinance on business would be the requirement of hiring a private duty police officer versus a flagman. Bauer stated this would not have applied to a state project like Washington Street. Bibisi questioned why Ordinance Study sent the ordinance to EDC. Santangelo stated the hiring cost would be built into a bid and we would all pay for the expense. Warner stated all contractors build this cost into bids. Loffredo questioned the impact on police workforce staffing and whether the cost was private or overtime. Warner stated the Chief of Police coordinated the duties. Bauer stated the PD budget has two line items for overtime and private duty overtime. Daley stated this is more of a public safety issue rather than EDC. Loffredo made a motion seconded by Bibisi to recommend the ordinance to Public Safety Committee.

9) Remington Rand

a) **ID Main Lease: Executive Session: CGS 1-210 (b) (5) (B)** Commercial or financial information given in confidence, not required by statute. Loffredo made a motion seconded by Santangelo to enter executive session. The committee voted unanimously to enter executive session at 7:10 PM. Loffredo made a motion seconded by Santangelo to exit executive session. The committee voted unanimously to exit executive session at 7:30 PM. Bauer made a motion seconded by Bibisi to recommend and forward the ID Mail Lease Modification to the Common Council for review in Executive Session. The committee voted unanimously to approve the motion.

b) **EPA Cleanup Grant Application**

c) **\$200,000 Stimulus Grant**

G Status Reports

1) **Economic Development Fund, monthly report, 11/30/09**

2) **Future Economic Development Projects, monthly report, 12/09**

3) **Economic Development Specialist Report**

4) **REINVEST Loan Program, monthly summary report**

5) **JOBS Loan Program, monthly summary report**

a) **Loan programs funding:** Kearney noted the balance of the EDF and that loan funds had gone to fund projects other than loans. Future applications could be seriously depleted the EDF. Daley stated the committee could request an appropriation for additional funds and the committee should resist using loan funds for projects other than loans. Bauer recommended watching the EDF more closely. Daley stated the loan programs help small business. Warner stated the Common Council could decide to move CDBG funds to the Jobs Loan Program. Loffredo made a motion seconded by Santangelo to request staff to have CAC appropriate funds to the Jobs Loan Program. The committee voted unanimously to approve the motion. Warner stated there should be a profit from the Remington Rand budget which would be in the EDF.

ECONOMIC DEVELOPMENT COMMITTEE

DECEMBER 14, 2009 APPROVED MINUTES

- b) Citizen's Bank:** request to remove matured loans: Warner stated the request was to remove the matured unpaid loans off the bank's books. The Jobs Loan Committee in the 1990's approved many loans and these four loans were not well collateralized. Warner recommended hiring a collection agency. Daley questioned whether the city is obligated to return the funds. Warner stated these are city funds. It was stated that the funds may be beyond the statute of limitations. Loffredo made a motion seconded by Santangelo to request staff retain a collection agency to recover the unpaid loan funds. The committee voted unanimously to approve the motion.

H Other:

- 1) Loffredo requested to discuss the riverfront and the waste water treatment plant issues. Warner stated the city had created an RFP, designated a developer and the Mayor was working with the Mattabeset District on the plant. Loffredo requested a meeting be held to discuss the issues. Daley stated there is a South Cove plan and a developer and the problem is the plant. The issue is whether the city joins the district or brings the plant up to standard. Loffredo stated the need to move forward on the issues. Daley recommended the Mayor and Guy Russo update the EDC in February 2010 regarding the issues and to include the railroad right of way in the discussion. Loffredo made a motion seconded by Bauer to request the Mayor and Russo update the committee at the February 2010 EDC meeting.
- 2) Bauer made a motion seconded by Loffredo to approve the 2010 Schedule of EDC meetings. The committee voted unanimously to approve the motion.

- I Adjournment:** Santangelo made a motion seconded by Loffredo to adjourn. The committee voted unanimously to adjourn at 8:00 PM.