



TOWN OF HAMDEN, CONNECTICUT
Economic & Community Development Department
2750 Dixwell Avenue
Hamden, Connecticut 06518

Dale Kroop, Director

Minutes: The Economic Development Commission, Town of Hamden, held a Regular Meeting on Tuesday, May 13, 2014 at 5:30 p.m. in the third floor conference room, Hamden Government Center. The following issues were discussed:

Commissioners in Attendance: Steve Diaz, Eduardo Henriquez, Bob Zambrano, Anthony DelGREGO, Steve Rolnick, Anthony Sachetti, David DeNicola

Commissioners Excused: Dolores Giannini, Rachel Gretencord, Donald Moses, Sherri Borelli

Guests: Marge Tirozzi, J. Manuel Colon, Russell Outler, Anthony Giovanni, Aday Hoffman, Irfam Ahmed and two unidentified residents

Others in Attendance: Director of Economic & Community Development Dale Kroop, Commission Clerk Gerry Tobin

1. Call to order

Mr. Sachetti called the meeting to order at 5:28 p.m.

2. Reading and Approval of minutes of the Meeting of March 11, 2014

Mr. DelGREGO made a motion to approve the minutes of March 11, 2014. Mr. DelGREGO seconded the motion. The vote was unanimous in favor.

Review informal notes of April 8, 2014

3. Approval of Tax Incentive Agreement: Elm City Neon

Elm City Neon was approved years ago to build a new 5,000 sf building on State Street. The economy tanked but the owner regrouped, tried to go through zoning a number of times, and had to reduce the size of his project. Elm City Neon is currently renting from someone else, and now wants to build a 3,000 sf building on land that he purchased on State Street. Last summer the tax incentive committee approved Elm City Neon for waivers of 25% of permit fees, \$5,000 property improvement grant, and a 50% three year tax deferral. This year, Mr. Kroop asked him to wait until he was ready for zoning before approaching the committee. Based on Elm City's current plan, the committee is recommending approval of a \$3,000 grant, and a 100% waiver of permit fees excluding HVAC, plumbing and electric, and no tax deferral. Mr. Kroop explained that some benefits are approved up front and others are not realized until after completion of the project.

Mr. Hernandez asked why we support these benefits. Mr. Kroop explained that we are looking for people who are investing in property. He mentioned the lead time involved and said businesses are looking at their financing to see if they can afford to go forward with the project. We have a tax incentive committee. Will the business owner start the business if we don't give them the incentives? We we don't know. The Legislative Council will be asking the same questions in July. The business has to be in operation in his new facility for 5 years. If he leaves earlier, we can reclaim the funds through a lien on a mortgage. We have only had one problem in 15 years.

Mr. Zambrano made a motion to approve a 100% waiver of permit fees excluding HVAC, plumbing and electric, and a \$3,000 property improvement grant for Elm City Neon. Mr. DelGrego seconded the motion. The vote was six in favor, one opposed.

Mr. Kroop explained that the funds do not come out of the Town's General Fund. Funds are set aside for this purpose.

4. Speaker Series

How to Qualify for a Small Business Loan

Richard Pearce, Hamden Business Assistance Center

Aya Beckles Swanson, Community Investment Corporation

Tony Rossley, and Sandi Quinnipiac Bank and Trust

Richard Pearce runs the Business Assistance Center, spent 20 years in banking as commercial lender, and several years in municipal government as director of finance. Some of our guests this evening own businesses and some are interested in starting a business. When you start a business, you will find it difficult to separate the business from your family life. You should consider a family plan, look at your financials and ask yourself what will it cost to start up this business, from the initial investment, ongoing investment, cash requirements of the business, cash and income projections. What are your transition options. Do you have to quit your day job? How risky is your business.

You must write a business plan for two primary reasons, internal and external. This is your road map. You must think through all of the issues your business may face before you start your business. Starting your business is all consuming. External reasons – if you need financing from a bank they will ask for a business plan, as will an investor, even if they are family members, you will be taken more seriously if you go in with a business plan. Remember success is not luck it's planning. Mr. Pearce's handout describes what should be in each section of your business plan. There are eight pages in the handout part way in that are more helpful than the front section. If you go through and answer all of the questions, you will have a business plan, although that should be expanded in detail.

Know your competition, know the market, how competitive is the market, how will you reach your clients. You might use social media to attract younger customers, newspapers to attract older folks. Regarding pricing, do you want to be the low man on the block – the cheap guy, or the Rolls Royce of the business, the high priced guy, or somewhere in between. Mr. Pearce can't tell you how to price, you have to come to that conclusion,

Management Plan – you are in business to make money. Who can do what you can do if you become ill. You don't want to have staff that directly replicates you. They should have different skill sets than you, you need to look at all components of the business. You might need attorney and accountant relationships.

Mr. Pearce said when he started the Business Assistance Center he used to give clients information on projections, but that can be intimidating. Now unless people have experience, he tells them not to even read it. Then at the BAC, they develop Excel spread sheets and sit with clients for one or two sessions to get them at ease with it and they go from there. At the back of handout is an actual business plan – not the greatest or the worst, but included to show clients what one looks like.

Mr. Kroop is going to put all of the speaker series slides up on the Commission's website.

Aya Beckless Swanson of The Community Investment Corporation formerly of CTCIC, started in the micro lending department in November of last year. Her prior experience is as an Economic Development Director in East Hartford and Meriden. She is also a small business owner in her spare time. She runs a sole proprietorship coaching students for SAT s. CIC is one of the organizations in Connecticut that can lend money on behalf of the SBA. There are two others in CT that do micro lending or 504 lending. Micro loans are \$50,000 and under. If you are setting up a business in Hamden a larger micro loan can be offered based on defense funds, which were set aside for veterans to start businesses, and they can lend up to \$200,000 to start or grow a business. For larger amounts over \$100,000 they would have a banking partner

Ms. Swanson distributed a packet of information which shows businesses that worked with CIC. An applicant would tell CIC about their business, what, where, what do you need in terms of funding. They would want to see an owner equity injection of 20%. A business owner must believe enough in their business to put up some of their own funds. CIC is an alternative lender as opposed to a traditional lender, so CIC can take more risk. CIC will ask for a business plan. If your projections need tweaking, they can provide technical assistance, to tweak some things that are weak in the plan. A personal financial statement and request for counseling must be included in addition to the business plan. They like to follow up to see how the business is going, and can offer assistance for the life of the loan. She is comfortable with permitting, licensing, etc.

If you have an existing business, she will ask for the same information, but if someone has been in business for at least a year, CIC can loan up to \$7,500. They have a simple application and approval process, and look for credit to 650 or better. Atypical micro loan has a 30-90 day process. Loans for up to five years are at 8.125% with no prepayment penalties. There is a 2% closing fee plus closing costs.

Mr. Rossley of Quinnipiac Bank was in attendance but had to leave early for a Board meeting. Sandi Weber of Quinnipiac Bank distributed her material. She said she used to work with SBA and does small business lending. Start up businesses that would have difficulty obtaining a conventional bank loan would require an SBA enhancement. Applicants would need a business plan, projections, personal financial, and resources, and the bank would take a lien on those.

Current businesses that want to borrow but have a weakness in collateral, may need a longer term than a conventional loan, and an SBA enhancement.

For a 504 loan, the bank will do 50%, CDC 40%,and the applicant 10%. This would typically allow you to purchase a building, machinery and equipment. The SBA guarantee program will lend for the above plus working capital. Ms. Weber mentioned the five cs of credit; credit, character, capital, collateral, and conditions. She said be prepared, have a detailed business plan especially for start up businesses. Existing business could provide a mini business plan, personal financials, personal tax

returns (3 yrs), possibly a proforma balance sheet, references, relative work experience. Ms. Weber reminded attendees to check their personal credit reports periodically.

Many businesses come in and ask for working capital. During interview the bank will ferret out the details. Know what you need or want, check your options. Look for overdraft protection. Home equity lines of credit are for 10 years interest only plus principal if you want. Starting in year 11, payments are for principal and interest for the remaining next 10 years. Whether the loan is secured or unsecured, you will need to personally guarantee. Think about your relationship with the bank. How much money will you bring into the bank to help lower their costs.

Tonight was about lending and what you will need to apply for a loan. The Town also has incentive programs for construction, rehab or purchase of equipment. We would like to partner with businesses. Mr. Kroop left brochures on the Town's programs for those who wanted the information.

Mr. DelGREGO asked if the paperwork is fillable on the computer. Ms. Swanson said they are working on that. He asked if there are special programs for veterans or disabled veterans. Ms. Swanson said not at this time.

Mr. Henriquez asked what is an SBA guarantee. Ms. Weber said it is a guarantee given to the bank that in the event of default the bank can go back to the government and they would purchase that loan. The bank lends the money and takes the risk and treats it like a regular loan looking for collateral, etc. If that business fails, they can apply to the agency for their guarantee. It is a last resort. CIC is on the hook if the lender defaults. The more defaults they have the less SBA will lend to them in the future. Quinnipiac Bank is a preferred lender. The CIC programs require them to go to SBA. CIC charges a 2% closing fee, no application fee.

If you are a Hamden resident, the Town will provide technical assistance. BAC can coach. The Hamden Chamber also provides assistance. Mr. Kroop said we are building a culture of success. BAC acts as an advocate for their clients.

A guest asked if SBA looked at contract revenue. SBA can take assignment of the contract and lend labor and materials based on that.

In response to a guest's question, Ms. Weber said there are additional incentives for women and minorities, but Ms Weber is asking why. They do have incentives for veterans. Look at the website www.sba.gov.

Mr. Kroop said there are other types of lenders such as asset based lenders. Connecticut's Department of Economic and Community Development has programs that can do grants and loans based upon increasing or retaining employment,

Mr. Sachetti thanked speakers for what they do for small businesses.

4. Report of the Director

Mr. Kroop said the micro loan statement from the GNHCLF is up to date through the end of May. Lenox is one month behind. Clean Gear been paid off.

The two page financial report shows Economic Development Funds that are approved every three years. Page 2 is what we have agreed to in the past, tonight we approved \$3,000 for another business. We have \$414,466 in unencumbered funds.

Mr. Kroop said he will be getting an intern June 1st who will start putting all of the Commission information up on the website.

Business Resource Center

Mr. Kroop has been working with the Library Director of the Business Resource Center at the Library. This section was started in 2004. The internet has lessened the need for a lot of space. The materials had been interspersed with the rest of the library material. Much of that information is outdated. We have purchased some new items. He is still working on this and is taking information from places like tonight's speakers and placing it there. They want to make it into a job search area. We will have an event to market it. They have three computers in the space. The area is to the right of the reference desk. Mr. Kroop said there is a lot of empty space. Mr. Hernandez asked where the material might be most available for those interested. Mr. Kroop said we have the information in the office, at the library, and on line.

Mr. Diaz said CT Works is in three libraries and many people use these facilities for job searches and other business related information. Mr. Kroop has spoken to the Library Director about having events there, but we need to get it stocked up and looking good. Mr. Diaz suggested more computers would be helpful.

5. Old Businesses

Mr. Kroop met with the association of neighborhood associations about economic/business development. They had healthy conversations. We need sewers north of Westwoods Road in order to bring development further north. Mr. Kroop said it was an excellent meeting and that he wanted to open the door so that when we go for zoning changes people will be open to where we are coming from. We are here to help small businesses.

Massage Envy had its grand opening today in the Hamden Mart. They have 900 facilities nationwide.

Mr. Kroop will talk to Mr. Sachetti about our business plan. On 12/31/14 our plan expires and we have to have our new Ordinance approved by the Legislative Council. Over the next few months we will probably set up sub committees to work on the new plan.

Mr. Kroop announced that the Economic & Community Development's budget was approved last night by the Legislative Council. He has pretty much resolved his administrative help issue. They have agreed to 25 hours at an upgraded pay grade. The union and the labor attorney have agreed. This will all be resolved by 7/1. Funding of his salary is status quo, and his contract runs out in November at which time he will renegotiate.

6. New Businesses

The corner of Mather and Dixwell is still in active discussion. They will demolish the building this summer. The 16 acres to the rear will have a new owner that will build 320 residential apartments.

A new fusion restaurant is opening near the Keefe Center.

The new owner of the Best Video building is fixing up the place. Mr. Kroop said he may do a cash mob like he did with the book store on Whitney Avenue.

7. Project Updates: Redevelopment, Openings, Etc.

8. Adjournment

Mr. DelGrego made a motion to adjourn. Mr. DeNicola seconded the motion. The vote was unanimous in favor. The meeting adjourned at 7:05 p.m.

Submitted by: _____
Gerry Tobin, Commission Clerk

Tel (203) 287-7033

Fax (203) 287-7035

e-mail: dkroop@hamden.com