

BATAVIA DEVELOPMENT CORPORATION (BDC)
Meeting Minutes January 23, 2019

Attendance

BDC Attendees: Pier Cipollone, Wesley Bedford, Nate Varland, Steve Pies, Lori Aratari, and Rachael Tabelski (Director of Economic Development)
Excused: Chris Fix, Rebecca Cohen, Martin Moore
Guest/Media: Brian Quinn, The Batavia Daily News

Call to Order

At 8:35 a.m. Pier Cipollone, President of the BDC, called the meeting to order in the Community Room, 2nd floor of City Hall.

Presentations

Double L Tent Rental- Lynda and Tim Kelso presented to the board requesting a \$5,000 working capital loan to retain their business in the City of Batavia. Mrs. Kelso and her husband purchased Double L Tent Rental from Sean Valdez of the D&R Depot in LeRoy. Sean decided to get out of the tent rental business and Lynda's husband, a long-time employee, decided they would buy and continue to operate the business. The purchase of the business was completed in April 2018. Within weeks of securing ownership of the business the Kelso's faced several unexpected business expenses totaling more than \$15,000. With these, and other unintended expenses, the business was in jeopardy of closing and needed a loan to continue operations. The small business committee met with Lynda and recommended that the loan amount be increased to \$6,000 to cover the chamber membership and closing costs. The BDC board was impressed with Lynda's passion and drive to own and operate Double L Tent Rental here in Batavia at the Harvester Business Incubator Center. R. Tabelski stated that after review of the company's business plan and financials she thought the businesses would be able to make the approximately \$116 per month loan payment and continue operations successfully. W. Bedford made a motion to approve a \$6,000 loan to Double L Tent Rental, with the delivery truck as collateral. The interest rate will be fixed at 6% and the term will be for five years. The motion was seconded by N. Varland and approved by all members present.

Harvester 56 Theater- Patrick Burk, Executive Director of Harvester Theater 56 presented to the board and requested a \$100,000 interest only loan. The theater is a not-for-profit organization with limited borrowing capacity. The loan would help jump start construction of their DRI project and is backed by state grants. Patrick told the board about how successful the theater is and how they are out of room in their current location. Recently, on a "non-performance" night there were over 70 actors and dancers at the theater rehearsing, and they filled every inch of the current space. The theaters most recent Gala was packed to capacity as well, with overflow onto Harvester Ave. The theater will be moving into the City Center and investing over \$900,000, rehabilitating space, and building a downtown entrainment hub.

R. Tabelski noted that after review of tax returns and the bank statements of the Theater, she was confident that they would be able to make the \$181 interest payment monthly during the construction period. The terms of the loan would be set up to be paid in full within two years, with the options for a board approved extension. The theater applied for a \$100,000 loan, however the loan policy is capped at \$50,000 per loan request. Legally the BDC could issue two loans of \$50,000 each, however if this is necessary, the BDC board asked that the theater come back with a second request and provide a detailed project update.

R. Tabelski reported that currently there is \$317,000 in the City/ BDC loan fund. L. Aratari made a motion to approve a \$50,000 state grant backed interest only construction loan to Harvester 56 Theater. The loan will have fixed payments of \$181 per month (the cost of interest) and is due in full after two years, unless an extension is granted. The motion was seconded by S. Pies and approved by all members present.

GO-ART- Gregory Hallock, Executive Director of GO-ART presented to the board and requested a \$100,000 interest only loan arrangement for construction at their building. Last year GO-ART applied to the DRI, however their project was not selected by the state review committee as a final winner of funding. GO-ART is eligible and has applied to the Batavia DRI- Building Improvement Fund. Under the guidance of R. Tabelski GO-ART has listed a BDC loan as partial financing of their potential project. They have submitted a loan application to the BDC for a loan up to \$100,000. GO-ART also has access to a \$40,000 line of credit to fund a project. Their financials are in good shape, and they would be able to make payments on the interest only loan until they receive grant reimbursement. N. Varland discusses grants from New York State Historic Preservation Office (SHPO) as another funding source to make building improvements.

R. Tabelski recommend that the board table any action until the Batavia DRI- Building Improvement Fund grant selection process is complete. The board agreed and tabled the action.

Enter Executive Session

N. Varland made a motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105, at 9:24 a.m. for the following reasons:

- 1.The medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion discipline, suspension, dismissal or removal of a particular person or corporation.

The motion was seconded by L. Aratari and approved by all members present.

Enter Public Session

L. Aratari made a motion to enter back into public session at 9:50 a.m., seconded by S. Pies and approved by all members present.

Chairman's Report:

P. Cipollone asked to remove "attorney engagement" letter from the agenda. L. Aratari made a motion to remove this item from the agenda; seconded by S. Pies and approved by all members present.

P. Cipollone announced that the next meeting of the BDC is scheduled for; February 27th, 2019 at 8:30 a.m. at City Hall.

P. Cipollone presented the meeting minutes from the previous meeting and N. Varland made a motion to approve the November 28, 2018 meeting minutes as presented; seconded by S. Pies and approved by all members present.

Committee Reports:

Governance:

Master Schedule of 2019 Meeting Dates- a schedule of meeting dates for 2019 was presented to the board. The meeting scheduled was recommended by the Governance Committee. It will be posted on the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Board Member and Committee Nominations- P. Cipollone reviewed the Board and Committee nominations. Of note, Peter Casey resigned from the board and will be replaced by Jake Whiting. W. Bedford was nominated to be the Vice-President of the board. Board members are encouraged to sign up for committees and workgroups as their schedule allows. The list of Board Members and Committee Nominations will be posted to the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Distribution of Confidential Board Evaluation- P. Cipollone will be distribute the Annual Board of Directors Evaluation. Per Public Authorities Law section 2800 (1)(a)(15) and 2800 (2)(a)(15) and section 2824(7) The Public Authorities 2009 Reform Act requires that the board of every state and local public authority conduct an annual evaluation of its performance. The board holds itself accountable to the mission of the authority and the public interest.

BDC Bylaws Review- The board reviewed the new Bylaws. The Bylaws were reviewed and recommended to the full board by the Governance Committee baring attorney review. The updated Bylaws are required so the BDC can register as a 501(c)(3) non-profit corporation/ local public authority. Becoming a 501(c)(3) will help the BDC's eligibility for grant programs, and allow donations to the organization to potentially be a tax write off. The board voted to approve the Bylaws, subject to final attorney review. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Procurement Policy- The board reviewed the Procurement Policy. The policy was recommended by the Governance Committee. She noted that the policy changes clarified when quotes were required, and how many while setting threshold spending levels. The Director of Economic Development has the ability to make purchases with professional discretion up to \$1,000. If the costs of goods are between \$1,000 and \$5,000 a written description will be required along with two quotes. If the cost of goods exceeds \$5,000 a written description will be required along with three quotes. Exceptions to the policy were also added to clarify goods procurement from state agencies, federal agencies, and surplus government goods. Special exceptions also include professional services and sole source goods and services. These can be procured at the professional discretion of the Director of Economic Development and the Board of Directors. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Investment Policy- The board reviewed the Investment Policy. The policy was reviewed and recommended to the board by the Governance Committee. The policy will be posted on the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Disposition of Property Policy- The board reviewed the Disposition of Property Policy. The policy was reviewed and recommended to the board by the Governance Committee. The policy will be posted on

the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Conflict of Interest Policy- The board reviewed the Conflict of Interest Policy. The policy was reviewed and recommended to the board by the Governance Committee. The policy will be posted on the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

NYS Local Public Authority Evaluation of Prior Year Performance- The board reviewed the NYS Local Public Authority Evaluation of Prior Year Performance. The evaluation was based on the 2012 Mission and Measurement Report for the Authority. R. Tabela reported that moving forward the agency would complete an annual Mission and Measurement Report, giving the board a basis for the evaluation of prior year performance. Overall in 2018 the BDC helped foster \$3.8 million private capital investment in the City. These projects pledged 38 jobs. \$120,000 in loans were granted to start new businesses in the city. The Governor's \$10 million Downtown Revitalization Initiative (DRI) award winning projects are getting underway and that BDC is playing a critical role assisting projects. Other positive momentum surrounded partnerships with local to state organizations, management of a \$600,000 building improvement fund, and efforts to advance the city's Brownfield Opportunity Area. The Authority Evaluation will be posted on the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

NYS Local Public Authority Mission & Measurement Report- R. Tabela presented the agency with the 2019 Local Public Authority Mission & Measurement Report. The following goals were set for 2019.

2019 Measurements:

1. Secure capital/ business commitments of \$5 million.
2. Secure business pledges to create 25 jobs.
3. Secure a micro-enterprise grant/ loan program for the City of Batavia to foster new start-up businesses.
4. Achieve the BDC's 2019-2020 budget from a bottom line financial operation performance (EBITDA) standpoint.
5. Successfully administer and implement the Batavia DRI Building Improvement program.
6. Encourage, enable and incentivize downtown building owners to add new upper floor apartments and new residential living in the City of Batavia.
7. Participate in the City's environmental investigation and planning around the BOA Creek Park site.
8. Continue to enhance the BDC's value and build strong relationships with the City of Batavia government, schools, businesses and residents, and other economic development organizations.

The Authority Evaluation will be posted on the BDC's website. L. Aratari made a motion to approve, the motion was seconded by W. Bedford and approved by all members present.

Audit and Finance:

Financial Statements- The December 2018 financial statements were reviewed with the board, and a brief overview was given. R. Tabela reported that BDC is doing well with their budget. Spending year-to-date is on track, no major expenditures were recorded. S. Pies made a motion to approve financial statements; seconded by N. Varland and approved by all members present.

Real Estate/ BOA:

Ellicott Station/ Savarino- nothing to report at this time.

Old Business

Nothing to report at this time.

New Business

Batavia DRI Building Improvement Fund- R. Tabelski provided the board with an update on the Building Improvement Fund. 24 applicants for 26 buildings were received. The BDC will continue to accept applications in the event that funds from the first-round review are available. The grant request from the 24 building owners that submitted in the first-round tops \$1.7million. The BDC has \$540,000 in grant funds to allocate per the selection guidelines outlined in their contract with the NYS Housing Trust Fund Corporation (HTFC). The BDC will look to apply to the 2019 round of CFA grants in hopes of securing more funding through the New York State Main Street Grant Program as the demand to improve buildings in downtown is so high.

Selection of Architectural and Design Fund- P. Cipollone and R. Tabelski discussed the processes to select and architectural and design firm to assist the BDC administer the Batavia DRI Building Improvement Fund grant program. Six written proposals were received after a RFQ was issues to multiple firms and posed on the Contract Reporter of New York State. A group of BDC board members and Batavia City Manager interviewed two firms with extensive experience in Main Street Grant and DRI projects. Untimely InSite Architecture of Perry received the highest score during committee review. The BDC will engage in services with InSite for an amount not to exceed \$45,000. The funds are reimbursable through the administrative portion of the grant. Lori Aratari made a motion to select InSite Architecture; seconded by P. Cipollone and approved by all members present.

Selection of Audit Firm- R. Tabelski presented an engagement letter from Freed Maxick to perform audit and tax services for the next three years. The estimated cost for audit services, as well as the state and federal tax returns total \$2,400 for the fiscal year ending March 31, 2019. For fiscal years ending in 2020 the cost will be \$2,550 and for fiscal year ending 2021 the cost \$2,700. R. Tabelski also reported that the agency is required to bid audit services annually but must change partners at the audit firm at least every five year to comply with state law. She also reported that the BDC would look to tag along with the City the next time they went out to bid for audit services. Lori Aratari made a motion to select Freed Maxick to preform audit services; seconded by P. Cipollone and approved by all members present.

Adjournment N. Varland made a motion to adjourn the meeting; seconded by S. Pies and approved by all member present. The meeting stood adjourned at 10:15 a.m.