



Binghamton Local Development Corporation September 1, 2013–August 31, 2014

Richard C. David, Mayor

Robert C. Murphy, Executive Director

Binghamton Local Development Corporation
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Board of Directors and Staff

JANUARY 2014 - AUGUST 2014

John Saraceno, President/Treasurer
Richard David, Director
Chuck Shager, Director
Patricia Cummings, Director
Per Stromhaug, Director
Chris Papastrat, Director

Arthur Smith, Vice-President
Ron Sall, Secretary
Jennie Skeadas-Sherry, Director
Ken Frank, Director
Mary Jacyna, Director
Lea Webb, Director

Staff

Robert Murphy, Executive Director
Omar Sanders, ED Specialist (1/1/14 to 6/10/14)

Joel Boyd, Assistant Director
Sabina Mora, ED Specialist

SEPTEMBER 2013 - DECEMBER 2013

Tim Grippen, President
Chet Schultz, Treasurer
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Scott Hancock, Director
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Debra Andrako, Vice-President
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Ken Frank, Director
Marie McKenna, Director
Chris Papastrat, Director
Ron Sall, Member

Staff

Merry Harris, Executive Director
Omar Sanders, ED Specialist

Joel Boyd, Assistant Director
Sabina Mora, Account Clerk

Mission and Governance

MISSION

The Binghamton Local Development Corporation (BLDC) was founded in 1982 as a public benefit corporation to promote employment and economic development in the City of Binghamton. Its mission as adopted by the BLDC Board of Directors is:

To further sustainable development in the City of Binghamton by attracting new business, retaining and growing existing businesses, building industrial and commercial capacity, promoting employment and fostering entrepreneurship and innovation.

GOVERNANCE

The BLDC is a 501(c) 3 non-profit corporation directed by a board of municipal and business leaders. Of the twelve Directors appointed to the Board in 2014, four serve by virtue of their elected or appointed positions in City government: The City of Binghamton Mayor, the City of Binghamton Director of Planning Housing & Community Development, the City of Binghamton Finance Director/Comptroller and the City of Binghamton Corporation Counsel. Six additional Directors are appointed by the Mayor to serve two-year terms. The President of the Binghamton City Council appoints two members to serve one-year terms, one each from the majority and minority party. The City of Binghamton Director of Economic Development serves as the BLDC's Executive Director. In the 2013-2014 fiscal year, the BLDC Board held 10 regular meetings and the annual meeting.

COMMITTEES

The purpose of the Finance Committee is to oversee the BLDC's debt and debt practices and to recommend policies concerning the BLDC's issuance and management of debt and to review and provide recommendations regarding BLDC loan financing.

The purpose of the Governance Committee is to keep the Board informed of current best practices in corporate governance and update the BLDC's governance principles and practices.

The purpose of the Audit Committee shall be to assure that the corporation's board fulfills its responsibilities for the corporation's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting.

The purpose of the Strategic Priorities Committee is to develop on behalf of and in collaboration and consultation with the Board, key strategic goals and actions, such as identifying and pursuing grant opportunities and recommending the BLDC's annual marketing plan.

Sources of Funds

Each year the City of Binghamton executes an agreement with the BLDC to manage the City's low interest loan fund, grant programs and economic development activities. The BLDC's revenue sources include an annual CDBG allocation for BLDC operations, interest income and commitment fees generated from CDBG loan fund, interest income and commitment fees generated from the Urban Development Action Grant (UDAG) loan fund, as well as grant programs such as the New York State Main Street Grant and the New York State Entrepreneurial Assistance Program.

Loan Programs

MICROENTERPRISE LOAN PROGRAM

The Microenterprise Loan Program targets small and start-up businesses. Loans are offered up to \$24,000 with a 5-year term, at 4% fixed interest or the prime rate published in the Wall Street Journal (whichever is greater). Microenterprise loans can be used for purchase of fixed assets, working capital and inventory. UDAG funds provide the source for Microenterprise loans.

COMMERCIAL FAÇADE IMPROVEMENT LOAN PROGRAM

The Commercial Façade Improvement Loan Program targets exterior building improvements particularly in the City's historic districts. BLDC finances up to 75% of total project capped at \$100,000, 7-year term, at 4% fixed interest or the prime rate published in the Wall Street Journal (whichever is greater). Borrower's equity contribution and non-BLDC funding must be invested and documented prior to any BLDC funds being advanced; 1/3 draw can be made with presentation of verifiable invoices, interest-only payments begin on aggregate principal advanced; the second 1/3 draw with verifiable invoices; final 1/3 draw following invoices and inspection by City Building Department; then, principal and interest payments begin. UDAG funds provide the source for Commercial Façade Improvement loans.

REVOLVING LOAN PROGRAM

The Revolving Fund Loan Program is available to a proprietorship, partnership or a corporation engaged in commercial activity. BLDC will finance up to 40% of total project cost capped at a maximum of \$250,000. Loans are collateralized by fixed assets for a term compatible with bank lending or depreciable life of machinery/equipment based on specific projects up to 20 years, at 4% fixed interest or the prime rate published in the Wall Street Journal (whichever is greater). Jobs hiring individuals from low-to-moderate income brackets as defined annually by HUD must be created within 3 years of securing funding at a ratio of 1 job per \$35,000 of funds borrowed. Loans may be used for buying a building, purchasing machinery or fixtures; development, rehabilitation, renovation or improvement of land, buildings and facilities; or other eligible activities within the project scope. CDBG funds provide the source for Revolving Fund loans.

Loan Programs

SPECIAL PROJECT LOAN PROGRAM

The Special Project Loan Program provides flexibility for the BLDC to partner in projects that have a significant economic impact, meet a defined need or address a strategic focus, such as mixed use development, blight reduction, or green/sustainable development that may not fit into one of the other loan programs. Special Project loans may be structured more creatively to take advantage of other funding sources and project scenarios. UDAG funds provide the source for Special Project loans.

ENERGY EFFICIENCY LOAN PROGRAM

The Energy Efficiency /Green Jobs Loan Program is dedicated to the start-up/expansion of Building Performance Institute (BPI) certified businesses within the City of Binghamton and City of Binghamton small businesses that want to make energy efficiency improvements to their property. The fund is supported from two sources: \$60,000 from the U.S.D.A. Rural Business Enterprise Grant and \$60,000 from the BLDC's CDBG Revolving Loan Fund. The minimum loan amount is \$5,000, the maximum is \$80,000 and for every \$35,000 loaned, the borrower must create at least one full-time job. The loan requires 10% owner equity and carries a 3% fixed interest rate.

BUSINESS RESTART LOAN PROGRAM

The Business Restart Loan Program is a special reserve account of \$100,000 to provide below market rate loans to small businesses impacted by natural disasters that are in need of assistance with reopening their businesses. This loan program was created initially as a temporary fund in response to the significant flooding event on September 7, 2011 which affected the operations of many small businesses. In May 2012, the Board approved making the reserve fund and loan program permanent. The restart loan provides local qualified businesses up to \$10,000 to cover restart costs including the purchase/repairs of business equipment, paying fees for professional service related to flood damage and covering capital shortfalls as a result of the flood. BLDC waives the usual application fees and no equity investment is required under this program. The rates are 1% fixed interest for the 1 year term and 3% fixed interest for terms greater than one-year. All loans will include deferment of principal and interest payments for the first three months from the date that the loan proceeds are disbursed. The loan balance then will be amortized over the remaining term of the loan.

Portfolio Management

In 2013, the BLDC Board of Directors, recognizing that significant advances in electronic data management systems had taken place, approved the purchase of Portfol Software. Portfol is a fully-integrated, multi-user portfolio management system that tracks activities from the initial call and deal structuring, through the lending approval process, to servicing of the loan. The application includes demographics, job tracking, financial statement and insurance monitoring, and state and federal reporting data. The Portfol system requires a significant amount of data entry on the front-end. BLDC staff is in the process of entering data from 32 projects.

Loan: Mountain Fresh Dairy

Name of Loan Recipient: Mountain Fresh Dairy, LLC.

Address of Loan Recipient: 7001 113th Street Suite 7E
Forest Hills, NY 11375

Amount of Loan: \$200,000.00

Purpose of Loan: Purchase of Equipment

Loan Fund: Revolving Loan Fund Program

Racial/Ethnic Composition of Business Owners with majority interest (51% or more): White

M/WBE Status: No

Employee ID Number: 46-2437187

Project Description: Purchase of equipment for the newly formed kosher dairy plant operation. Mountain Fresh Dairy, LLC will occupy a former dairy plant vacated by Crowley/H.P. Hood located at 135-149 Conklin Avenue in Binghamton. The loan through the BLDC will be used to help establish a permanent location for the dairy production and distribution company in the City of Binghamton. The company expects to create 98 full-time jobs within a 3-year period.

Grant: New York State Entrepreneurial Assistance Program

In 2013-14, the BLDC served as the grant administrator for the New York State Entrepreneurial Assistance Program of Empire State Development Corporation. The prime contractor for this program is the Broome Enterprise Triad consisting of Broome Community College, the Broome County Urban League and Broome-Tioga Workforce New York. The 60-hour class was conducted by SUNY Broome staff and contract professionals covering a range of topics including marketing, finance, and market analysis which result in participants producing a completed business plan. The program provides individualized and specific assistance to start-ups and newly opened businesses and ongoing support through weekly and monthly meetings with the client advisory group. The Fall 2013 training resulted in 14 graduates.

Grant: New York State Main Street Program

The BLDC continued to implement its second NYS Office of Community Renewal Main Street Grant. The \$250,000 grant provides matching funds for façade improvements, commercial and mixed use development including affordable housing units in a targeted district. The BLDC focused on Chenango Street from Court to Henry, Henry Street between Chenango and State, and State Street from Henry to Lewis. Six projects were selected based on criteria established by the state and the BLDC Strategic Priorities Committee, they include: 201 and 213 State Street, 23 and 60 Henry Street, and 34 and 40 Chenango Street. The projects will create four new residential units and all six structures include commercial and façade improvements. \$15,000 of the grant is reserved for streetscape improvements within the district.

Technical Assistance

The Binghamton Local Development Corporation staff serve as a concierge for businesses starting and expanding in the City. Services include:

* Location Assistance * Training for Businesses and Start-Ups * Business Plan Workshop
* Digital Marketing for Businesses Workshop * Monitoring and Facilitating Review by the Planning Commission, Zoning Board, Commission on Architecture & Urban Design, Waterfront Advisory Commission and the Department of Building and Code Enforcement * Assistance Navigating Local, State and Federal Grant and Loan Programs

The BLDC works closely with Binghamton University's Entrepreneurship and Innovation Partnerships, the Small Business Development Center, the Entrepreneurial Assistance Program at SUNY Broome and SCORE to assist clients in developing solid business plans and financial projections to ensure success.

Appendix 1: Performance Measures

Performance Measure 1:

To provide programs promoting maximum employment, improved job opportunities and training within the City of Binghamton. We commit to creating more opportunities for employment annually to small, minority, and women owned businesses in the City.

- The BLDC offers a Microenterprise Loan Program, Revolving Loan Program and Special Projects Loan Program that incentivizes new job creation and assists existing businesses retain and expand their workforce.
- The BLDC approved a loan to Mountain Fresh Dairy, a project that is expected to result in 98 full-time jobs within a 3-year period.
- The BLDC's provided a Main Street grant to State Street Ventures, resulting in the creation of one new business and at least 6 new jobs.
- 14 students graduated from the Entrepreneurial Assistance Program which involves 60 hours of training for to start-ups and newly opened businesses resulting in a completed business plan.

Performance Measure 2:

To provide funding for startup businesses through loans and our business plan competitions.

- The BLDC approved a \$200,000 Revolving Fund Loan to Mountain Fresh Dairy, a producer of kosher dairy products.
- The 2014 Business Plan Competition resulted in seven finalists, one of which will receive a \$5,000 grant to create or expand a business in the City of Binghamton.

Performance Measure 3:

To disseminate information; furnish advice, technical assistance, and liaison with federal, state, and local authorities for small businesses.

- The BLDC hosted two informational workshops to support local businesses: the Business Plan Development Workshop and the Digital Marketing for Small Business Workshops.
- The BLDC disseminated information via two media campaigns that advocated for buying local.
- The BLDC assisted multiple businesses with its concierge service, in the planning review process, CAUD approvals, Waterfront Advisory Committee approvals, and building and construction permitting and review.
- The BLDC responded to dozens of inquiries regarding site location assistance in the city resulting in multiple business openings and re-locations.

Appendix 1: Performance Measures

- The BLDC responded to inquiries related to SBA programs, NYBDC backed funding, NYSERDA programs and met with representatives of state and local government to learn about and advocate for business development programs.

Performance Measure 4:

To cooperate and coordinate with municipalities and local governments, community groups, agencies, and other non-profit corporations to further the mission of the BLDC.

- The BLDC regularly participated in SUNY BEST, a consortium of workforce development, economic development and higher education stakeholders in Greater Binghamton.
- BLDC regularly coordinates economic development activities, including existing and potential loan and grant opportunities with Binghamton University, SUNY Broome, SCORE, the Small Business Development Center, the Broome County IDA, the Southern Tier Regional Economic Development Council, the Greater Binghamton Chamber of Commerce and local financial institutions.

Performance Measure 5:

Provide funding for construction, building improvements and other uses, industrial, commercial, or manufacturing buildings or plants within the City of Binghamton.

- The BLDC provided a \$200,000 loan to a kosher dairy plant through the Revolving Loan Fund Program.
- The BLDC provided a \$90,000 grant for the complete rehab of one commercial space and four residential units through the Main Street Program.
- The BLDC provided one \$15,000 grant and one \$5,000 grant for the improvement of the facades of two commercial spaces through the Main Street Program.
- Through its concierge service, the BLDC provided technical assistance and support to multiple projects involving construction and renovation during the planning review process.

Appendix 2: Assessment of the Effectiveness of Internal Controls

Section 2800 (1)(a)(9) and Section 2800 (2)(a)(9) of Public Authorities Law require all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.

The importance of an adequate system of internal control is to: (a) promote effective and efficient operations so as to help the authority carry out its mission; (b) provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; (c) promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; (d) encourage adherence to management's policies and procedures for conducting programs and operations; and (e) ensure compliance with applicable laws and regulations. Furthermore, a successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

Internal controls are the policies, practices, attitudes, guidelines and other actions adopted by the authority that, when followed, provide reasonable assurance that staff understand and properly carry out their responsibilities, that appropriate professional and ethical conduct is observed, and that the authority will honor its purpose and mission.

This statement certifies that the Binghamton Local Development Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the fiscal year ending August 31, 2014 and that management and staff throughout the organization understand and are aware of the policies and practices in place to ensure that the authority is effective and to address the risks that are relevant to the operation. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.