

# *ANNUAL REPORT*

## *Southeastern CT Enterprise*

### *Region*

### *FY 2012*



# *Annual Meeting*

*SouthEastern Connecticut Enterprise Region Corporation  
(SECTER)*

*November 15, 2012 8:00 a.m.*

*Great Neck Country Club,  
Waterford, Connecticut*

## *AGENDA*

Call to Order:	Mark R. Oefinger, Chairman
Reading/Approval of 2011 Annual Meeting Minutes:	John W. "Bill" Sheehan, Secretary
Chairman's Report:	Mark R. Oefinger, Chairman
Executive Director's Remarks:	Richard Erickson, Interim Executive Director
Financial Report (FY 2012):	G. D. "Denny" Hicks, Treasurer
Nominating Committee Report:	James Butler, Committee Chairman
Election of Directors:	Mark R. Oefinger, Chairman
Economic Outlook Presentation	Alissa DeJonge, Director of Research CERC
Other Business:	Mark R. Oefinger, Chairman
Adjournment of Annual Meeting.	

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## *Board of Directors Meeting*

Call to Order:	Mark R. Oefinger, Chairman
Review/Approval of September 2012 Board of Directors Meeting Minutes:	Mark R. Oefinger, Chairman
Nominating Committee Report:	James Butler, Committee Chairman
Election of Officers:	Mark R. Oefinger, Chairman
Corporate Resolutions:	Mark R. Oefinger, Chairman
Adjournment of Board of Directors Meeting.	

# *SouthEastern Connecticut Enterprise Region Corporation*



## *MISSION STATEMENT*

seCTer's mission is to stimulate and support economic development and diversification within Southeastern Connecticut and adjacent areas of Rhode Island. seCTer shall pursue this mission through a broad range of initiatives and programs, including the following:

Foster a climate favorable for economic development and diversification through educational and informational programs reaching government officials and the general public.

Support the retention and expansion of existing businesses and the start-up of new businesses.

Recruit new businesses through a marketing program that promotes the region's resources and competitiveness.

Coordinate economic development activities among the region's municipalities, with state and federal agencies, and with other organizations.

Participate in efforts to meet the infrastructure needs of a growing regional economy.

Define and update the region's economic goals and strategy through periodic analysis of the region's economic needs and opportunities.

*SouthEastern Connecticut Enterprise Region Corporation  
(seCTer)  
A LETTER FROM THE CHAIRMAN AND EXECUTIVE DIRECTOR*

Dear Colleagues,

The past year was arguably the most challenging in seCTer's history. We faced and successfully dealt with several issues or opportunities.

By far the most serious of these was the extended illness of our long-time Executive Director, John Markowicz. We and the region as a whole will forever be in his debt for the leadership he provided over two turbulent decades. Southeastern Connecticut today is in a better position to face the uncertainties of the future than it was when he assumed the role of seCTer's Executive Director. Thank you, John, for a job well done.

To assure that seCTer continued to function effectively, in December of 2011 we brought in Richard Erickson to serve as Interim Executive Director. He has provided staff leadership and support to the Board of Directors to keep seCTer moving forward.

In July of 2012 seCTer initiated a search for well qualified candidates to fill the position of Executive Director. This process has taken longer than expected, but we hope to fill the position soon.

seCTer received grants totaling \$503,750 from the Defense Logistics Agency and the Connecticut Department of Economic and Community Development (DECD) for the continued operation of the Connecticut Procurement Technical Assistance Program (PTAP) during the year beginning 1 September 2012. seCTer has managed this program since 1993. The PTAP received a *Highly Successful* rating from the Defense Contract Management Agency after its annual program audit in March.

seCTer continues to manage a very extensive business loan program, ending FY 2012 with 69 loans outstanding and a total loan balance of more than \$6.2 million. Of particular note, seCTer has partnered with the DECD to manage a new Small Business Express Program within southeastern Connecticut. We received and have loaned to small businesses an initial allocation of \$1,000,000. A second round of funding is expected.

The Comprehensive Economic Development Strategy (CEDS), completed in 2011, was approved at both the federal and state levels and was recognized for the quality of its research and proposals. Based on the CEDS, seCTer has applied for designation by the U.S. Economic Development Administration as an Economic Development District. Approval will make the region eligible for a broader range of support for economic development. Efforts to implement priority recommendations from the CEDS included work on economic gardening, establishment of a manufacturers' council, and outreach to municipalities, local businesses, and other organizations.

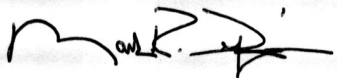
Looking forward, seCTer currently is party to a multi-agency application for federal and state funding under which we would operate the New London County portion of a Small Business Development Center encompassing the entire state. If approved, this will substantially enhance the support services that seCTer can provide to small businesses.

We are deeply grateful for the continued financial support for seCTer's programs provided during the year by our member municipalities, the Connecticut Department of Economic and Community Development, the U.S. Defense Logistics Agency, the U.S. Economic Development Administration, and Connecticut Light and Power.

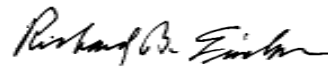
seCTer would not have weathered this past year as well as it did without the patience and cooperation of its staff. These include: Kathryn Braue, Ann Chambers, Deborah Donovan, Patricia Glynn, Charles Loya, Nicolle Melville, Brien Robertson, Robert Sember, Debbie Smith, and Joan Stanley. Thank you for your efforts under difficult circumstances.

More specific details on the major elements of our program during the past year are contained in the following section of this annual report.

Sincerely,



Mark R. Oefinger, AICP  
Chairman, Board of Directors



Richard B. Erickson, FAICP  
Interim Executive Director

## **PROGRAM HIGHLIGHTS**

### ***Connecticut Procurement Technical Assistance Program: Director, Brien Robertson***

The PTAP is a statewide program providing education and counseling services to businesses interested in increasing their competence to compete for contracts or subcontracts with the federal, state or local levels of government. It is funded by the federal Defense Logistics Agency and the Connecticut Department of Economic and Community Development.

Accomplishments of the PTAP over the past year include the following:

- More than 580 business clients were served throughout the state, 83 of which were located in southeastern Connecticut.
- Clients statewide have reported winning nearly \$148 million in government contracts or subcontracts. Southeastern Connecticut clients reported awards of nearly \$23 million.
- Staff participated in 37 outreach events and presented 20 seminars for businesses.
- PTAP joined with the Small Business Administration, the General Services Administration, and the State of Connecticut in organizing a matchmaker event held at the University of Hartford in June. This brought together 350 small businesses with over 90 prime contractors and governmental agencies.
- PTAP counselors bolstered their professional skills by enrolling in courses offered by the Defense Acquisition University and two counselors received certifications of competence from the Association of Procurement Technical Assistance Centers.
- Brien Robertson, Director of PTAP, earned a *Manufacturing Innovations 2012 Award* from the National Institute of Standards of the U.S. Department of Commerce for designing a seminar on doing business with the Department of Defense. He was also recognized by the Secretary of Defense for his support of the employment of members of the National Guard and the Reserve.
- In its annual program audit by the Defense Contract Management Agency, the PTAP received an overall rating of *Highly Successful*. The PTAP also received the Small Business Administration's *Eagle Award* as an outstanding resource for the SBA.
- We resolved a financial obligation of several years' duration that resulted from a past Federal overpayment to seCTer.

### ***Loan Program: Director, Ann Chambers***

This program serves the business community of southeastern Connecticut, with a particular emphasis on small businesses. In total, the loan program consists of seven sub-programs that vary in size, source of funding, and eligibility requirements. Noteworthy events over the past year are summarized below.

- The program ended the year with 69 loans outstanding, with a total loan balance of a little more than \$6.2 million. We also have an additional nearly \$1,000,000 in the pipeline. Past due payments as of 30 June 2012 totaled slightly more than \$175,000. All but one of the clients with problem loans has entered into loan workout agreements with seCTer.
- The Connecticut Department of Economic and Community Development asked seCTer to participate in the Connecticut Loan Consortium, a group of six statewide and regional lenders, to administer two new loan programs. These are the Small Business Loan Partner Program (CTSBLPP) and the Small Business Express Program (SBEP). As part of Connecticut's response to Tropical Storm Irene, CTSBLPP funds were expanded to include disaster relief funding, and seCTer assisted two regional small businesses. At the close of the fiscal year, seCTer had advanced \$863,000 in CTSBLPP funding. We also had closed, committed or had applications in process for the entire Phase 1 SBEP funds of \$1,000,000. A second phase of SBEP funding is expected in FY 2013.
- We maintained our participation in the Small Business Administration 504 Loan Program by referring several inquiries to our regional banking partners. We also had one of our own loans approved and ready to close at the end of the fiscal year.
- seCTer explored the possibility of participating in the SBA's Intermediary Lender Program; however, the time available to prepare an application proved to be too short for the 2012 program. We have notified the SBA of seCTer's interest in applying at a future date.
- This past year has been challenging, with a more complex portfolio, new loan programs, and tighter timetables. It was not uncommon to have six to eight loans totaling \$750,000 - \$1,000,000 in process at the same time. We continue to update our *Portfol* Loan System and look to other processing efficiencies to meet our management responsibilities in a demanding environment.

***Economic Development and Marketing Program: Director, Deborah Donovan***

This element of seCTer's overall program embraces research and strategic planning plus efforts to support current businesses and to attract and facilitate the location of new economic growth in southeastern Connecticut. Following are highlights of activities over the past year.

- The region's Comprehensive Economic Development Strategy (CEDS), completed late in 2011, was approved in 2012 at the state and federal levels. The CEDS sets forth a range of initiatives to advance the economic health of southeastern Connecticut. Deborah Donovan had primary staff responsibility for preparing the strategy. The quality of the document won her the *2011 Board of Directors Special Award* from the Chamber of Commerce of Eastern Connecticut.
- Based on the approval of the CEDS, seCTer applied in May, 2012, to the U.S. Economic Development Administration for designation as an Economic Development District. Approval by the EDA will make southeastern Connecticut eligible for a broader range of federal assistance for economic development purposes.

- seCTer is pursuing implementation of the priority goals of the CEDS. Ms. Donovan and the Economic Development Committee of seCTer, supported by generous funding from Connecticut Light & Power, began work on an economic gardening program aimed at enhancing businesses already in the region. Other implementation activities focused on regional branding, marketing plans, formation of a manufacturers' council, and a business calling program.
- Outreach to member municipalities, local businesses and other organizations continued to be a priority. Activities included meetings with municipal officials and economic development commissions to discuss issues in their communities, and with local businesses to discuss assistance offered by seCTer. Other participation included the following regional or statewide organizations: the Connecticut Economic Resource Center, the Connecticut Chapter of the International Council of Shopping Centers, the Small Business Development Center, the Workforce Investment Board, and the Connecticut and New London Main Street centers.
- Ms. Donovan attended economic development training programs or conferences sponsored by the University of Oklahoma's Economic Development Institute (OU-EDI) and the Northeast Economic Development Association (NEDA). Additionally, she participated in seven economic development webinars, produced by the International Economic Development Council (IEDC) and other agencies. These were also offered to the seCTer membership for viewing at seCTer.
- Ms. Donovan is on the boards of directors of the Eastern Regional Tourism District and the Connecticut Economic Development Association (CEDAS). She also serves on the Conference Planning Committee for NEDA and the Economic Development Committee of the Greater Norwich Chamber of Commerce.

### ***Working With Others***

Fostering economic growth requires coordination and cooperation among a number of regional organizations. Toward this end, seCTer maintains a close working relationship with the Southeastern Connecticut Council of Governments, the Eastern Connecticut Workforce Investment Board, the Eastern Regional Tourism District, the Subase Coalition, the Thames Maritime Coalition/Harbor Safety Committee, the several chambers of commerce serving southeastern Connecticut, and the many municipal economic development commission



*SouthEastern Connecticut Enterprise Region Corporation*  
**(S E C T E R)**  
**BOARD OF DIRECTORS – 2012**

<u>POSITION</u>	<u>NAME</u>	<u>ORGANIZATION</u>
Chairman	Mark R. Oefinger	Town of Groton
1 <sup>st</sup> Vice Chairman	Robert Giffen	Dime Bank
2 <sup>nd</sup> Vice Chairman	Thomas Marano	Northeast Utilities/CL&P
Secretary	John “Bill” Sheehan	Private Citizen, Waterford
Treasurer	G. D. “Denny” Hicks	Chamber of Commerce of Eastern CT
Director	Tucker Braddock	Greater Norwich Chamber of Commerce
Director	Michael Caron	Private Citizen, Danielson
Director	Tricia Cunningham	Greater Mystic Chamber of Commerce
Director	John Dolan	Charter Oak Federal Credit Union
Director	Ed Dombroskas	Eastern Regional Tourism District
Director	Wayne Fraser	Wayne Fraser Projects.
Director	Edward Haberek, Jr.	Town of Stonington
Director	David Hammond	Private Citizen, Pawcatuck
Director	Thayne Hutchins	Mohegan Tribal Nation
Director	Carmelina Kanzler	Private Citizen, New London
Director	Jerry Lamb	Naval Submarine Medical Research Lab
Director	Tom Marano	Northeast Utilities
Director	Richard Matters	Town of Franklin
Director	Frank McLaughlin	New London Development Corp.
Director	Robert Mills	Norwich Community Development Corp.
Director	Maria Miranda	Miranda Creative
Director	Nicholas Mullane	Town of North Stonington
Director	Mel Olsson	AF-CIO Community Service Rep.
Director	Naomi Otterness	Private Citizen
Director	Charles Seeman	United Community & Family Svcs.
Director	Donna Simpson	Hospice SECT
Director	Thomas Sparkman	Town of Lisbon
Director	Gabriel B. Stern	CT Municipal Electric Energy Coop.
Director	Paul Suprin	Savings Institute Bank & Trust
Director	Robert Tabor	Stanton Bay Capital, LLC
Director	Marjorie Valentin	Three Rivers Community College
Director	Tom Wagner	Town of Waterford
Ex-Officio Director	Andrew Maynard	State Senator, 18th District
Ex-Officio Director	Andrea Stillman	State Senator, 20 <sup>th</sup> District
Ex-Officio Director	Jenny Contois	Office of Congressman Joe Courtney
Ex-Officio Director	Patricia Paesani	CT Dept. of Economic & Community Development
Ex-Officio Director	James Butler	Southeastern CT Council of Governments
Ex-Officio Director	John Beauregard	Eastern CT Workforce Investment Board
Ex-Officio Director	John Markowicz	TEHCONN

*SouthEastern Connecticut Enterprise Region Corporation*

**(S E C T E R)**

*Nominating Committee Report*

**BOARD OF DIRECTORS**

**TERM EXPIRING DECEMBER 31, 2015:**

*Business Community, At Large:*

John W. "Bill" Sheehan

Citizen, Waterford

Wayne Fraser

Real Estate Consultant, East Lyme

Robert Hamilton

General Dynamics-Electric Boat, Groton

William Mencer

Sheffield Pharmaceuticals, New London

*Business Community – Chambers of Commerce:*

G.D. "Denny" Hicks

Chamber of Commerce of Eastern CT

*Business Community – Tourism:*

Edward Dombroskas

Eastern CT Regional Tourism District

*Business Community – Banking:*

Robert Giffen

Dime Bank

*Business Community – Utilities:*

Nancy Bulkeley

Millstone Nuclear/Dominion Inc.

*SCCOG CEO:*

Richard Matters

First Selectman, Franklin

*SCCOG Economic Development:*

Robert Mills

Norwich Community Development Corp.

Mark Oefinger

Town Manager, Groton

Thomas Wagner

Town Planner, Waterford

*Community Service Organization:*

Elizabeth Garcia Gonzalez

Centro de la Comunidad, New London

**OFFICERS:**

*Chairman:*

Mark R. Oefinger

*First Vice-Chairman:*

Robert Giffen

*Second Vice-Chairman:*

Robert Mills

*Treasurer:*

John W. "Bill" Sheehan

*Secretary:*

Donna Simpson

*SouthEastern Connecticut Enterprise Region Corporation*  
**(S E C T E R)**  
**STAFF**

**DIRECTORATE:**

Interim Executive Director  
Office Manager  
Financial Administrator

Richard Erickson  
Patricia Glynn  
Kathryn Braue

**ECONOMIC DEVELOPMENT & MARKETING:**

Director

Deborah Donovan

**LOAN PROGRAM:**

Director

Ann Chambers

**CONNECTICUT PROCUREMENT TECHNICAL ASSISTANCE PROGRAM (PTAP):**

Director  
Database Manager  
Procurement Specialist  
Procurement Specialist  
Procurement Specialist  
Procurement Specialist

Brien Robertson  
Joan Stanley  
Debbie Smith  
Nicole Melville  
Charles Loya  
Robert Sember

***BUSINESS INCUBATOR TENANTS***

York Tel

Stephen Anderson

**SOUTHEASTERN CONNECTICUT ENTERPRISE  
REGION CORPORATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012  
(With Summarized Financial Information for 2011)**

**ASSETS**

	2012	2011
Cash	\$ 97	\$ 124,628
Investments	542,600	403,577
Grants receivable	48,412	61,701
Accounts receivable	70,511	87,603
Prepaid expenses	7,929	6,729
Restricted cash and investments	2,405,402	1,315,522
Loans receivable, less allowance for doubtful loans of \$260,000 and \$225,000	5,205,735	5,336,483
Property and equipment, net	3,673	6,457
Total assets	\$ 8,284,359	\$ 7,342,700

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 9,996	\$ 11,319
Accrued expenses	43,508	47,602
Due to Connecticut small business lending partner program	58,457	5,889
Small business express program funding advances	1,000,000	-
Due to funding source	-	67,389
Due to subgrantees	-	3,917
Deferred grant revenue	55,619	50,732
Rent security deposits	615	615
Total liabilities	1,168,195	187,463

**NET ASSETS**

Unrestricted	505,027	503,232
Temporarily restricted	6,611,137	6,652,005
Total net assets	7,116,164	7,155,237
Total liabilities and net assets	\$ 8,284,359	\$ 7,342,700

*The accompanying notes are an integral part of these financial statements.*

**SOUTHEASTERN CONNECTICUT ENTERPRISE  
REGION CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012  
(With Summarized Financial Information for 2011)**

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grant revenue	\$ 503,266	\$ -	\$ 503,266	\$ 488,866
Rental income	8,688	-	8,688	8,688
Contributions	117,187	10,000	127,187	147,882
Interest income	231,776	67,470	299,246	361,921
Program fees	8,938	2,964	11,902	6,631
Investment income	29,160	-	29,160	15,124
Unrealized gain (loss) on investments	268	-	268	(8,694)
Loan write-offs and allowances	-	(42,251)	(42,251)	-
Net assets released from restrictions:				
Satisfaction of purpose restrictions	79,051	(79,051)	-	-
	<u>978,334</u>	<u>(40,868)</u>	<u>937,466</u>	<u>1,020,418</u>
<b>EXPENSES</b>				
Program services:				
Regional revolving loan fund	38,179	-	38,179	45,848
Small business loan fund	40,872	-	40,872	48,001
Southeast regional development fund	46,121	-	46,121	46,667
Connecticut small business lending partner program	26,538	-	26,538	25,041
Connecticut small business express fund	11,165	-	11,165	-
Comprehensive economic development strategy	58,453	-	58,453	87,034
Procurement technical assistance center	492,190	-	492,190	567,313
Total program services	<u>713,518</u>	<u>-</u>	<u>713,518</u>	<u>819,904</u>
Supporting services				
Management and general	263,021	-	263,021	306,039
Total expenses	<u>976,539</u>	<u>-</u>	<u>976,539</u>	<u>1,125,943</u>
Change in net assets	1,795	(40,868)	(39,073)	(105,525)
NET ASSETS, beginning of year	<u>503,232</u>	<u>6,652,005</u>	<u>7,155,237</u>	<u>7,260,762</u>
NET ASSETS, end of year	<u>\$ 505,027</u>	<u>\$ 6,611,137</u>	<u>\$ 7,116,164</u>	<u>\$ 7,155,237</u>

*The accompanying notes are an integral part of these financial statements.*

**SOUTHEASTERN CONNECTICUT ENTERPRISE  
REGION CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012  
(With Summarized Financial Information for 2011)**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (39,073)	\$ (105,525)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Unrealized loss on investments	(268)	8,694
Depreciation and amortization	2,784	5,901
Bad debt expense	42,251	-
Changes in operating assets and liabilities:		
Grants receivable	13,289	(17,254)
Accounts receivable	17,092	(7,625)
Prepaid expenses	(1,200)	3,590
Loans receivable	88,497	538,954
Accounts payable	(1,323)	(265)
Accrued expenses	(4,094)	8,232
Due to Connecticut small business lending partners	52,568	5,889
Due to funding source	(67,389)	67,389
Due to subgrantees	(3,917)	1,038
Deferred grant revenue	4,887	10,694
Net cash provided by operating activities	104,104	519,712
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	552,000	885,924
Decrease in restricted cash and investments	1,089,880	535,793
Increase in Small business express program funding advances	1,000,000	-
Acquisition of property and equipment	-	(4,500)
Purchase of investments	(2,870,515)	(1,923,620)
Net cash used in investing activities	(228,635)	(506,403)
<b>NET (DECREASE) INCREASE IN CASH</b>	(124,531)	13,309
<b>CASH, beginning of year</b>	124,628	111,319
<b>CASH, end of year</b>	\$ 97	\$ 124,628

*The accompanying notes are an integral part of these financial statements.*