

SOUTHEASTERN CONNECTICUT
ENTERPRISE REGION

ANNUAL REPORT 2013



Annual Meeting

SouthEastern Connecticut Enterprise Region Corporation

(SECTER)

November 21, 2013 8:00 a.m.

Holiday Inn,

Norwich, Connecticut

AGENDA

Call to Order:	Mark R. Oefinger, Chairman
Reading/Approval of 2012 Annual Meeting Minutes:	Donna Simpson, Secretary
Chairman's Report:	Mark R. Oefinger, Chairman
Executive Director's Remarks:	C. Stephen MacKenzie, Executive Director
Financial Report (FY 2013):	John W. "Bill" Sheehan, Treasurer
Nominating Committee Report:	John Beauregard, Committee Chairman
Election of Directors:	Mark R. Oefinger, Chairman
Special Presentation:	C. Stephen MacKenzie, Executive Director
Economic Outlook Presentation	Don Klepper-Smith, DataCore Partners
Other Business:	Mark R. Oefinger, Chairman
Adjournment of Annual Meeting.	

Board of Directors Meeting

Call to Order:	Mark R. Oefinger, Chairman
Review/Approval of September 2013 Board of Directors Meeting Minutes:	Mark R. Oefinger, Chairman
Nominating Committee Report:	John Beauregard, 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,

Fiscal 2013 was another successful year for seCTer. We would like to thank Dick Erickson and Jim Butler, who served as Interim Executive Directors, for their dedication and guidance while the corporation completed its search for its new Executive Director.

The financial health of our corporation remains strong. Approximately \$77,000 in annual sustaining support from our regional municipalities this past year contributed to this strength. Given the challenging economy and pressures on municipal budgets, we are very appreciative of the continuing support of southeastern Connecticut's towns towards seCTer's programs.

seCTer received grants totaling \$599,676 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 (CT PTAP) during the past year. seCTer has managed this program since 1993. The CT PTAP received a *Highly Successful* rating from the Defense Contract Management Agency after its most recent program audit.

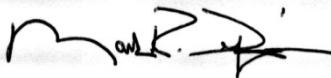
seCTer continues to manage a very extensive business loan program, ending FY 2013 with 71 loans outstanding and a total loan balance of more than \$6.7 million.

We continue to implement/coordinate the economic initiatives in the 2011 Comprehensive Economic Development Strategy (CEDS). These efforts contributed to our region receiving designation as an Economic Development District from the U.S. Economic Development Administration. This designation will substantially enhance the support services that seCTer can provide to existing businesses, entrepreneurs, and new businesses that locate in southeastern Connecticut.

seCTer would not have realized the successes of the past year without the patience and dedication of its staff. These include: Kathryn Braue, Ann Chambers, Deborah Donovan, Patricia Glynn, Charles Loya, Nicolle Melville, Brien Robertson (retired), Robert Sember, Debbie Smith, Joan Stanley, and Lisa Wood. Thank you for your efforts and loyalty to our organization.

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



C. Stephen MacKenzie
Executive Director

PROGRAM HIGHLIGHTS

Connecticut Procurement Technical Assistance Program: Director, Lisa Wood

CT PTAP began last fiscal year on September 1, 2012, and all 12-month performance goals were achieved or exceeded. Lisa Wood assumed the role of Statewide Director after the retirement of Brien Robertson at the end of May 2013. Lisa was the Statewide Director of PTAC for the State of Ohio and was also the Director of a regional PTAC in Pennsylvania for the Northwest Commission. The CT PTAP has satellite offices in Torrington, Bridgeport and Rocky Hill, which enables the program to provide services throughout the state. Over the past program year, the CT PTAP:

- Registered 190 new clients for government contracting assistance;
- Provided 2157 counseling sessions to hundreds of Connecticut businesses;
- Provided services to approximately 69 clients within the seCTer towns.

Although the CT PTAP is a statewide program, it places a special emphasis on the towns within the seCTer community. New London County clients reported winning over \$23 million in government contracts/subcontracts over the last CT PTAP fiscal year. Statewide awards reported for the past fiscal year reached \$125.1 million, higher than last year's award value of \$98 million. These numbers reflect only awards attributable to CT PTAP assistance. Using the formula of one job created for every \$50,000 of awards placed equates to 2,503 jobs created or retained.

CT PTAP participated in 38 outreach events and presented 18 seminars statewide, including 6 in the towns of southeastern Connecticut. We also partnered on programs and outreach with the following organizations:

- Entrepreneurial Center at the University of Hartford;
- Gateway Community College;
- Three Rivers Community College;
- CONNSTEP;
- SBA;
- SBDC.

Additionally, in June CT PTAP joined with the SBA, State of Connecticut and the U.S. General Services Administration in conducting a matchmaker event at the University of Hartford. This event brought together 350 small businesses with over 90 prime contractors and government agencies.



Throughout the year CT PTAP counselors continued their education by enrolling in Defense Acquisition University courses, and four counselors were awarded Federal Contractor Certification Level 1. One staff member has become certified as a Verification Counselor for the Center for Certification and Evaluation of the U.S. Department of Veterans Affairs. Connecticut has now taken a spot on the VA website, showing its commitment to veteran owned-businesses. The Defense Logistics Agency and DECD awarded seCTer matching grants for the second option year of the current contract that began on September 1, 2013.

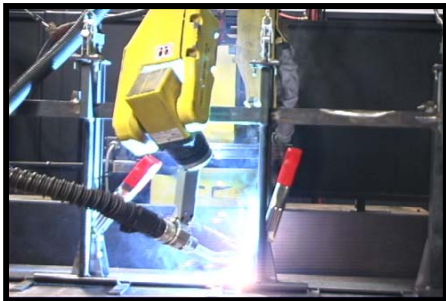
Photo: PTAP Councilor Nicole Melville receiving "Eagle" Award from Bernard Sweeney of SBA

Loan Program: Director, Ann Chambers

During the past fiscal year, seCTer partnered with the State of Connecticut Department of Economic and Community Development to provide nearly a million dollars in Small Business Express Program (SBEP) funding to small businesses in southeastern Connecticut. In nearly every case, we leveraged SBEP monies with other seCTer funding or SBA 504 funding to assist manufacturers, agro-businesses, a financial service incubator, a construction company, and a digital entertainment company.

We also partnered with a Certified Development Company to consider several SBA 504 transactions that were still in process at year-end. We continued to service and respond to the concerns of several loan clients who were impacted by the recession, increased regulatory constraints, sequestration or a combination thereof. FY 2013 saw our non-accruals increase as three of our businesses ceased operations.

We ended the fiscal year with 71 active loans and two grants with an outstanding principal balance of approximately \$6,700,000. Four of our clients are highlighted in the photos below.



Photos: Top left to right -- Sheet metal fabricating Seconn, Waterford; Pellet bags at Simplified Energy Solutions, Norwich
Bottom left to right -- Brian Civitello and John Burdick with production "pods" at Mystic Cheese, Lebanon; Killer Minnow "Characters", New London

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 2012-2013 at the state and federal levels. The CEDS sets forth a range of initiatives, many of which are coordinated by seCTer, to advance the economic health of southeastern 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 was received in May, 2013. This makes southeastern Connecticut eligible for a broader range of federal assistance for economic development purposes.
- seCTer continues to implement 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 served on the 2012 Conference Planning Committee for NEDA and the Economic Development Committee of the Greater Norwich Chamber of Commerce. She has also been an active participant in the formation of the Eastern Advanced Manufacturing Alliance (EAMA), and the Southeastern CT Entrepreneurs Network (SECT en), both CEDS initiatives.



Working With Others

Fostering economic growth requires coordination and cooperation among a number of federal, state, regional and municipal organizations. Toward this end, seCTer maintains close working relationships with the Defense Logistics Agency, the Economic Development Administration, the Connecticut Department of Economic and Community Development, 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 departments and commissions in our region.

SouthEastern Connecticut Enterprise Region Corporation
(S E C T E R)
BOARD OF DIRECTORS – 2013

<u>POSITION</u>	<u>NAME</u>	<u>ORGANIZATION</u>
Chairman	Mark R. Oefinger	Town of Groton
Vice Chairman	Robert Giffen	Dime Bank
Secretary	Donna Simpson	Private Citizen, New London
Treasurer	John “Bill” Sheehan	Private Citizen, Waterford
Director	Tucker Braddock	Greater Norwich Chamber of Commerce
Director	Nancy Bulkeley	Millstone Nuclear/Dominion Inc.
Director	Michael Carey, Esq.	Suisman Shapiro
Director	John Dolan	Charter Oak Federal Credit Union
Director	Ed Dombroskas	Eastern Regional Tourism District
Director	Richard Erickson	Planning Consultant
Director	Wayne Fraser	Wayne Fraser Projects
Director	Elizabeth Garcia Gonzalez	Centro de la Comunidad
Director	Edward Haberek, Jr.	Town of Stonington
Director	Robert Hamilton	General Dynamics/Electric Boat
Director	David Hammond	Private Citizen, Pawcatuck
Director	G.D. “Denny” Hicks	Chamber of Commerce of Eastern CT
Director	Thayne Hutchins	Mohegan Tribal Nation
Director	Carmelina Kanzler	Private Citizen, New London
Director	Jerry Lamb	Naval Submarine Medical Research Lab
Director	Richard Matters	Town of Franklin
Director	Frank McLaughlin	New London Development Corp.
Director	Maria Miranda	Miranda Creative
Director	Nicholas Mullane	Town of North Stonington
Director	Mel Olsson	AFL-CIO Central Labor Council
Director	Naomi Otterness	Private Citizen
Director	Charles Seeman	United Community & Family Svcs.
Director	Gabriel B. Stern	CT Municipal Electric Energy Coop.
Director	Robert Tabor	Stanton Bay Capital, LLC
Director	Marjorie Valentin	Three Rivers Community College
Director	Tom Wagner	Town of Waterford
Director	Tricia Walsh	Greater Mystic Chamber of Commerce
Ex-Officio Director	Andrew Maynard	State Senator, 18th District
Ex-Officio Director	Andrea Stillman	State Senator, 20 th 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

SouthEastern Connecticut Enterprise Region Corporation
(S E C T E R)
Nominating Committee Report
BOARD OF DIRECTORS

TERM EXPIRING DECEMBER 31, 2015:

Thomas “Tony” Sheridan Business – Chamber of Commerce

TERM EXPIRING DECEMBER 31, 2016:

Tricia Walsh Business – Chamber of Commerce
President, Greater Mystic Chamber of
Commerce

Tucker Braddock Business – Chamber of Commerce
Director, Greater Norwich Chamber
of Commerce

Robert Tabor Business – Banking
Managing Partner, Stanton Bay Capital, LLC

Gabe Stern Business – Utilities
Director of Planning & Project Development,
Connecticut Municipal Electric Energy Cooperative

Donna Simpson Business - At Large

Richard Erickson Business – At Large
Planning Consultant

Michael Carey Business - At Large
Attorney, Suisman Shapiro

Maria Miranda Business - At Large
Creative Director, Miranda Creative

Robert Congdon Council of Governments
First Selectman, Town of Preston

Melvin Olsson Organized Labor
AFL-CIO Central Labor Council

OFFICERS:

Chairman: Jerry Lamb
Vice-Chairman: Robert Giffen
Treasurer: John W. “Bill” Sheehan
Secretary: Donna Simpson

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

DIRECTORATE:

Executive Director	C. Stephen MacKenzie
Interim Executive Directors	Richard Erickson (Dec. 2012-Jan. 2013) James Butler (Jan. 2013-July 2013)
Office Manager	Patricia Glynn
Financial Administrator	Kathryn Braue

ECONOMIC DEVELOPMENT & MARKETING:

Director	Deborah Donovan
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LOAN PROGRAM:

Director	Ann Chambers
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CONNECTICUT PROCUREMENT TECHNICAL ASSISTANCE PROGRAM (CT- PTAP):

Director	Lisa Wood
Director	Brien Robertson (to May 2013)
Database Manager	Joan Stanley
Procurement Specialist	Debbie Smith
Procurement Specialist	Nicole Melville
Procurement Specialist	Charles Loya
Procurement Specialist	Robert Sember

**SOUTHEASTERN CONNECTICUT ENTERPRISE
REGION CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(With Summarized Financial Information for 2012)**

ASSETS

	2013	2012
Cash	\$ 74,887	\$ 97
Investments	493,089	542,600
Grants receivable	74,923	48,412
Accounts receivable	100,070	70,511
Prepaid expenses	9,336	7,929
Restricted cash and investments	1,700,959	2,405,402
Loans receivable, less allowance for doubtful loans of \$330,000 and \$260,000	4,847,909	5,205,735
Property and equipment, net	18,524	3,673
Total assets	\$ 7,319,697	\$ 8,284,359

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 30,174	\$ 9,996
Accrued expenses	41,799	43,508
Due to Connecticut small business lending partner program	53,486	58,457
Due to Connecticut small business express program	38,116	1,000,000
Due to funding source	8,250	-
Deferred grant revenue	47,897	55,619
Rent security deposits	615	615
Total liabilities	220,337	1,168,195

NET ASSETS

Unrestricted	550,492	505,027
Temporarily restricted	6,548,868	6,611,137
Total net assets	7,099,360	7,116,164
Total liabilities and net assets	\$ 7,319,697	\$ 8,284,359

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, 2013
(With Summarized Financial Information for 2012)**

	2013			2012 Total
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Grant revenue	\$ 603,644	\$ -	\$ 603,644	\$ 503,266
Rental income	3,187	-	3,187	8,688
Contributions	77,555	12,000	89,555	127,187
Interest income	235,702	69,868	305,570	299,246
Program fees	78,880	2,927	81,807	11,902
Investment income	25,475	-	25,475	29,160
Unrealized gain (loss) on investments	4,493	-	4,493	268
Loan write-offs and allowances	-	(70,000)	(70,000)	(42,251)
Loan recoveries	-	3,902	3,902	-
Net assets released from restrictions:				
Satisfaction of purpose restrictions	80,966	(80,966)	-	-
Total support and revenue	<u>1,109,902</u>	<u>(62,269)</u>	<u>1,047,633</u>	<u>937,466</u>
EXPENSES				
Program services				
Regional revolving loan fund	40,998	-	40,998	38,179
Small business loan fund	39,968	-	39,968	40,872
Southeast regional development fund	75,198	-	75,198	46,121
Connecticut small business lending partner program	23,105	-	23,105	26,538
Connecticut small business express fund	28,489	-	28,489	11,165
Comprehensive economic development strategy	6,379	-	6,379	58,453
Procurement technical assistance center	603,530	-	603,530	492,190
Total program services	<u>817,667</u>	<u>-</u>	<u>817,667</u>	<u>713,518</u>
Supporting services				
Management and general	246,770	-	246,770	263,021
Total expenses	<u>1,064,437</u>	<u>-</u>	<u>1,064,437</u>	<u>976,539</u>
Change in net assets	45,465	(62,269)	(16,804)	(39,073)
NET ASSETS, beginning of year	<u>505,027</u>	<u>6,611,137</u>	<u>7,116,164</u>	<u>7,155,237</u>
NET ASSETS, end of year	<u>\$ 550,492</u>	<u>\$ 6,548,868</u>	<u>\$ 7,099,360</u>	<u>\$ 7,116,164</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, 2013
(With Summarized Financial Information for 2012)**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (16,804)	\$ (39,073)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(4,493)	(268)
Depreciation and amortization	2,270	2,784
Bad debt expense	70,000	42,251
Changes in operating assets and liabilities:		
Grants receivable	(26,511)	13,289
Accounts receivable	(29,559)	17,092
Prepaid expenses	(1,407)	(1,200)
Loans receivable	287,826	88,497
Accounts payable	20,178	(1,323)
Accrued expenses	(1,709)	(4,094)
Due to Connecticut small business lending partners program	(4,971)	52,568
Due to funding source	8,250	(67,389)
Due to subgrantees	-	(3,917)
Deferred grant revenue	(7,722)	4,887
Net cash provided by operating activities	295,348	104,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	741,338	552,000
Decrease in restricted cash and investments	704,443	1,089,880
Increase in Small business express program funding advances	-	1,000,000
Loan advanced under small business express program	(961,884)	-
Acquisition of property and equipment	(17,121)	-
Purchase of investments	(687,334)	(2,870,515)
Net cash used in investing activities	(220,558)	(228,635)
NET INCREASE (DECREASE) IN CASH	74,790	(124,531)
CASH, beginning of year	97	124,628
CASH, end of year	\$ 74,887	\$ 97

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