

**TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
MEETING MINUTES**

THURSDAY, JUNE 18, 2015

The Town of Union Local Development Corporation met for its regular meeting on Thursday, June 18, 2015 at the Town of Union Office Building, located at 3111 East Main Street, Endwell, NY 13760

THE MEETING WAS CALLED TO ORDER AT 8:00 A.M.

- I. **MEMBERS PRESENT:** Stephen Trichka, Diane Julian, Robert Corwin, Gary Leighton, James Peduto, David Roth

MEMBERS ABSENT: Kay Adams

OTHERS PRESENT: Rose Pope (LDC Counsel)

STAFF PRESENT: Joseph Moody, Robin Shimer

II. APPROVAL OF THE MINUTES

Minutes of the Regular LDC Board Meeting of May 21, 2015 were reviewed and approved.

 Motion: Diane Julian
 Motion 2nd: Jim Peduto
 Motion: To approve the minutes of the Regular LDC Board Meeting held on May 21, 2015.
 Vote: All yes, motion approved (5-yes, 1-absent, 1-vacancy).

III. PRESIDENT'S REMARKS

- A. President Trichka welcomed Board members and loan applicant John Seliga of Renaissance Realty & Management, LLC to the meeting. He shared with Mr. Seliga the Board's desire to be provided with greater detail about certain aspects of the loan request.

IV. DIRECTOR'S REMARKS

- A. Director Moody referenced the agenda items scheduled for Board review.

V. OLD BUSINESS

- A. Director Moody informed the LDC Board of the status of the proposed Town-LDC Sub-Recipient Agreement. The agreement has been presented to the Town Board for review and approval. Counsel Rose Pope will investigate her law firm's review status of the agreement, as the document requires such legal review and approval prior to Town Board approval. After the Town Board approves the agreement, Mr. Moody will present it to President Trichka for his review.

VI. NEW BUSINESS

A. Mr. Trichka provided Mr. Seliga with an overview of the Board's points of interest regarding the \$40,000 Commercial Facade loan application submitted by Mr. Seliga. Mr. Trichka noted the Board's interests are twofold. One concern is the creditworthiness of the loan, particularly with respect to cash flow. The other concern is the proposed cost of renovations to the building. The Board is seeking assurance there will be return of loan financing. Mr. Trichka said the Board commends Mr. Seliga for his heightened initiative and the potential for significant improvement to the community.

Mr. Trichka asked Mr. Seliga to provide an overview of the project, including insight on planned building renovations and details on achieving projected cash flow. Mr. Seliga reviewed with the Board his anticipated cash flow data. He referenced a list of properties he owns and their corresponding expenses and income. He also noted his employment income, which is additional to the income generated by the rental properties. Mr. Corwin inquired about Mr. Seliga's position of employment. Mr. Seliga said he is a computer programmer. Mr. Seliga referenced his year one and year two property renovations and income projections. Mr. Leighton asked about the cause of Mr. Seliga's prior financial problems. Mr. Seliga said overextension of expenses and inconsistent cash flow were key factors. His most significant mistake was refinancing of various properties, leading to imbalance of loan-to-value ratio. Untimely tenant payments and property management's absconding of \$10,000 contributed to his earlier unprofitable time period.

Mr. Seliga's current rental property portfolio is comprised of a higher percentage of more qualitative properties, which has reduced rental-related financial problems. He is working to sell the more problematic properties. Also, Mr. Seliga personally performs most of the renovation work and has implemented other cost-minimization practices. Mr. Leighton and Mr. Roth asked about mortgage classifications. Mr. Seliga said mortgages are about evenly split between bank financing and owner financing. He is not experiencing difficulty in marketing rental units to professional individuals. Mr. Moody said that although mixed use is one factor of the loan request, the loan's primary aspect is its commercial tenancy. Mr. Seliga said renovation work at the 118 Odell Avenue property is on schedule, but he also noted his current tenant is keeping her location options open until work is complete.

Mr. Seliga reviewed with Board members his diagram of property renovation. Mr. Roth asked if the 118 Odell Avenue property was occupied when purchased. Mr. Seliga said it initially was a fully occupied five unit building. Due to repetitive tenant-related public safety situations involving the police, he required building vacancy as a precondition to his purchase of the property. Ms. Julian asked Mr. Seliga if all of his properties are under one LLC. He said they are not. Mr. Moody requested the provision of a list of his properties and their business classification. Mr. Seliga will furnish a listing. Mr. Trichka asked if the anticipated stonework cost may be viewed as excessive, primarily in regard to commercial tenant-generated monthly income of five hundred dollars. Mr. Seliga said he is to receive 5% of that tenant's monthly income, with \$500 being the minimum rental income. The minimum amount could increase due to escalated sales. Ms. Julian asked if the lease for L'Amore Cafe is a multi-year lease. Mr. Seliga said the time frame has not been affirmed. He favors a multi-year lease, and he believes the tenant shares his opinion. Mr. Trichka inquired about projected foot traffic. Mr. Seliga said nearby employers serve as potential sources of clientele. He also believes the L'Amore Cafe's venue within The Little Italy community is an asset to successful operation. Mr. Corwin sought insight about the business owner's prior location. Mr. Seliga provided his perspective. Ms. Julian inquired if there is sufficient business parking at the 118 Odell Avenue site.

Mr. Seliga replied that current street parking, a nearby parking lot, and potential creation of additional parking areas would be helpful to L'Amore Cafe patrons. Mr. Trichka asked Board members if they had further questions. In recognition of there being no additional inquiries, Mr. Trichka thanked the departing Mr. Seliga for his insight in responding to Board concerns and questions.

The Board then discussed Mr. Seliga's \$40,000 Commercial Facade loan request. Initial conversation pertained to the significant level of achievable rental income correlative to housing for professionals. Mr. Moody said that in addition to his present loan application, it's possible Mr. Seliga may seek future LDC financing to pay for demolition of a building near 118 Odell Avenue. Board members discussed the scope of Mr. Seliga's potential near term building renovations, both in an operational and in a financial sense. Mr. Leighton remarked upon the accelerated pace of Mr. Seliga's property investment activity. He also said the identified collateral components are not liquid. Mr. Roth and Mr. Peduto agreed with Mr. Leighton's assessment. Mr. Roth requested affirmation that the 118 Odell Avenue building would serve as primary collateral. Mr. Moody verified the LDC would be in second position. Mr. Corwin noted the legal protection that LLC standing provides.

Mr. Moody recapped Mr. Seliga's request as a Commercial Facade loan request seeking \$40,000 in financing to be paid back over a five year term at zero percent interest. The loan is to assist in exterior renovation and addition of a patio area to a building located at 118 Odell Avenue in Endicott, New York. The monthly payment would be \$666.67. The LDC is in second position on a \$24,000 mortgage. Ms. Julian asked who holds the first mortgage. Mr. Moody said Robert Burns is the mortgage holder. Mr. Peduto shared that in a worst-case scenario, \$80,000 in building renovations (with the LDC paying one-half of the amount) combined with a second lien position on a \$24,000 mortgage would allow the LDC to recapture its financing. Mr. Corwin and Mr. Trichka both commented on the need to economically revitalize the 118 Odell Avenue area, and to recognize the development opportunity which Mr. Seliga's initiative provides. Mr. Trichka asked Board members if they desired any additions to the loan conditions described in the narrative, to the Board's position on the loan, or to security arrangements. Ms. Julian noted the first sentence in the last paragraph on page two of the narrative should be modified to replace the words Oak Hill with the word Odell. It was also stated that the Intent to Lease Agreement referenced in the last paragraph of that page is applicable until the end of the 2015 calendar year. Mr. Trichka then requested a motion to approve the loan under the terms stated in the June 18, 2015 narrative pertaining to the \$40,000 Town of Union LDC Commercial Facade loan request by Mr. John Seliga of Renaissance Realty and Management, LLC.

Motion: Bob Corwin

Motion 2nd: Gary Leighton

Motion: To approve a request by Mr. John Seliga of Renaissance Realty and Management, LLC for Commercial Facade Loan Program financing in an amount of \$40,000 to be paid back over a 5 year term at 0% interest, to assist in exterior renovation and addition of a patio area of a building located at 118 Odell Avenue, Endicott, New York. The LDC is to hold the second lien position on the \$24,000 mortgage. The loan is approved subject to compliance with the LDC requirement that the loan recipient provides proof of hazard insurance coverage on the property and the building naming the Town of Union Local Development Corporation as a mortgage loss payee. The LDC also requires the personal guarantee of Mr. John Seliga.

Vote: Motion approved [4-yes, 1-absent, 1-abstain (Ms. Julian), 1-vacancy].

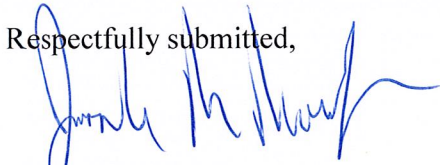
VII. OTHER BUSINESS

- A. Mr. Moody shared with the Board that the Town of Union, Village of Endicott and Broome County may be jointly applying for a \$150,000 Consolidated Funding Application (CFA) grant to conduct a feasibility study of the Chugnut Trail. Which would be the precursor to seeking actual construction funds. Town of Union is considering using approx. \$28,000 in Urban Development Action Grant (UDAG) funds that are currently in their coffers to help pay for the grant writer and for the grant cash match.

VIII. ADJOURNMENT

- A. There being no further business to come before the Board, President Trichka adjourned the meeting at 8:48 a.m.

Respectfully submitted,



Joseph M. Moody
Director