

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

THURSDAY, OCTOBER 22, 2015

The Town of Union Local Development Corporation met for its regular meeting on Thursday, October 22, 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, Kay Adams, James Peduto, David Roth
- MEMBERS ABSENT:** None
- OTHERS PRESENT:** Rose Pope (LDC Counsel), Robert Mack (Town Councilman and Member of the Town Planning, Zoning & Economic Development Committee)
- STAFF PRESENT:** Joseph Moody (LDC Director), Robin Shimer (Admin. Asst.)

II. APPROVAL OF THE MINUTES

Minutes of the Regular LDC Board Meeting of August 20, 2015 were reviewed and approved, as written.

- Motion: Jim Peduto
 Motion 2nd: Gary Leighton
 Motion: To approve the minutes of the Regular LDC Board Meeting held on August 20, 2015 as written.
 Vote: All yes, motion approved (6-yes, 0-absent, 1-vacancy).

III. PRESIDENT'S REMARKS

- A. President Trichka shared welcoming comments with the Board members and Councilman Mack. He thanked Mr. Mack for his attendance.

IV. DIRECTOR'S REMARKS

- A. Director Moody referenced the Board meeting agenda and thereafter suggested the introduction of individual Board members to Mr. Mack.

V. OLD BUSINESS

- A. Mr. Moody commented on the recent \$20,000 Microenterprise Loan to Ms. Diane Lopez-Edouard of Unforgettable Parties. He noted the quick one week turnaround time between loan approval and loan closing date, and Ms. Lopez-Edouard's appreciation of that expediency for her start up business. Mr. Moody has visited the business and appearances indicate a profitable venture.

VI. NEW BUSINESS

A. Director Moody shared with Board members insight on Councilman Mack's business background. Mr. Mack then spoke of his interaction with the Town of Union Economic Development Department 23 years ago. That interaction pertained to a desire to expand his town-located business. He ultimately expanded in the City of Binghamton due to the city's provision of a \$13,000 grant (the town was unable to provide a grant). He said the grant made a big difference for his small business. Consequently, he is currently suggesting to LDC Board members their consideration of offering grant funding (as an additional LDC asset for retaining and recruiting businesses) to supplement loans for equipment purchase or other critical needs. Ms. Adams asked what the grant funding source was. Mr. Moody said financing was provided via city CDBG or UDAG resources. He referenced prior town LDC discussion about providing grants. Mr. Trichka spoke of the Board's openness in considering grant funding. He also stated such funding can carry greater risk, and that the Town Board has previously expressed sensitivity to potential defaults. He suggested grant funding in conjunction with loan financing may be the most feasible of options. During Board discussion of financing means, Mr. Moody said it may be time for renewed exploration of grant funding as a component of a comprehensive loan program or a PILOT loan program. He remarked that grants can be helpful to small businesses and certain larger businesses (such as the North Page Avenue project). He also said current LDC loan programs have attractive low interest rates, carry no closing or attorney fees, and offer a swift approval process. Mr. Leighton said determination of the type of project is a crucial aspect of grant funding. Mr. Mack affirmed grants can be of significant value to small and other businesses (depending on scope of the project).

B. Director Moody presented to the Board the request by John Seliga of Renaissance Realty & Management, LLC for a loan in the amount of \$50,000 to be paid back over a five (5) year term at a fixed interest rate of three (3) percent. The loan is to be used to demolish the slums and blighted building located at 101 Odell Avenue (a/k/a the old Tedeschi's Market) in the Little Italy Cultural and Business District of Endicott, New York, to create an expanded outdoor venue to Antonio's Bar & Trattoria located at 100 Oak Hill Avenue, and for a future outdoor use to a yet to be determined tenant. Mr. Moody commented on Mr. Seliga's commitment and long term goal of enhancing the Little Italy community. Mr. Moody recommended the Board's ultimate approval of the application. Mr. Seliga's request is currently under environmental review by the town's Community Development and Planning Department. Mr. Corwin shared with Councilman Mack background information about the building tenant. Mr. Corwin pointed out that the tenant is moving from her current City of Binghamton location to the Little Italy area in the Town of Union. Mr. Moody said the job creation requirement of two (2) positions would be met by Antonio's Bar & Trattoria over a three (3) year period. Mr. Trichka sought affirmation that the projected creation of jobs by the building tenant could be used to meet the loan's job creation requirement. Mr. Moody verified the tenant's hiring of personnel can be applied to the loan. There is precedent for such action, and in this case Mr. Seliga will be accountable for meeting the jobs requirement. There was discussion about use of CDBG or UDAG funds for demolition and construction, with determination to be made at a following LDC Board meeting upon acquiring additional information. Mr. Trichka asked if any Board members had concern with the request being forwarded for environmental review. There was no expressed concern by the Board. However, Mr. Trichka inquired, in concurrence with Mr. Peduto's correlative notation, that Mr. Seliga's project cash equity amount of 8.9% represents an opportunity to provide supplemental grant funding for achieving the required 10 % balance to meet LDC Site

Preparation guidelines. Mr. Moody said Mr. Seliga is aware of the need for adjustment and he will in fact have a participation percentage equal to the required amount. During discussion of building demolition costs, Mr. Moody said Mr. Seliga received quotes from All Around Excavating and Gorick Construction Co., Inc. Ms. Julian inquired, as a matter of due diligence, if All Around Excavating has sufficient insurance coverage. Mr. Moody said insurance is a matter between the Village of Endicott and the demolition company. The town requires the company to obtain a building permit. Upon the conclusion of insurance-related discussion, Board members affirmed their support for forwarding Mr. Seliga's application to the town's Community Development and Planning Department for environmental review purposes.

C. Mr. Moody presented RSpoor Enterprises, LLC's payment arrangement request. He referred to his memorandum to the Board and accompanying loan term documentation. Mr. Moody said RSpoor Enterprises, LLC is in arrears with M&T Bank, SBA, NYBDC, and the LDC totaling about \$445,000. The LDC is owed about \$45,000 and has not received August through October, 2015 payments. Mr. Spoor anticipates soon having sufficient finances to satisfy his business financial obligations. He believes he can make LDC payments current as of November 1, 2015. Mr. Trichka inquired if Mr. Spoor projects having the resources, subsequent to bring the LDC current by November 1st, for servicing his \$45,000 LDC balance. Mr. Moody said Mr. Spoor believes he will be in a financial position at that time to service all debt. Mr. Leighton noted that, based on the amount of documented finances, Mr. Spoor likely will experience a shortfall of complete loan payment means. Mr. Leighton asked about LDC lien positioning. Mr. Moody replied the LDC holds third position. Mr. Roth affirmed the LDC is positioned after the banks. Mr. Trichka stated that, should the LDC not receive payment by November 1, 2015 it would be prudent to begin legal action to achieve closure.

D. Mr. Moody presented for Board discussion contracting with Philadelphia Insurance Companies for LDC liability insurance coverage, which was obtained through Haylor, Freyer & Coon, Inc. He said desired price quotations from other insurance companies could not be obtained. Due to time urgency for securing coverage, he said Board members have expressed agreement to contract with Philadelphia Insurance Companies for one year. Thereafter, a more extensive time frame will allow the Board to obtain multiple quotes. As a result of having insurance coverage the LDC-Town of Union Subrecipient Agreement can move forward. Mr. Leighton suggested setting up a tickler system to be brought into effect three months prior to the Subrecipient agreement's expiration date. There was Board agreement to establish such a bid procedural time frame.

E. Mr. Moody provided a status overview of recent LDC activity to update its current television commercial. Highlighting the community's high schools is one aspect he would like to include as part of a new commercial. Mr. Trichka asked if thought has been given to calling Mr. Tull for his help. Mr. Moody replied he has considered doing so. Ms. Adams recommended asking Mr. Tull for his ideas about a commercial, centrally involve his production company, and appeal to his media expertise in crafting a commercial. Mr. Peduto asked what the town envisions as the budget amount for running a commercial. Mr. Moody said budgeting is yet to be determined, partially due to uncertainty of receiving grant-derived administrative funding. Mr. Peduto asserted that, as important as a commercial is, greater economic development needs are those of having a budget to achieve desired advertising, availability and use of information technology for optimal publicization, and developing and maintaining a database of town properties available for business siting and commercial

property development. Ms. Adams wholeheartedly agreed with Mr. Peduto. She said it is not feasible to do something without having an effective way to share information in an insightful, descriptive and proactive way. Mr. Moody noted the Town Board's desire to heighten the town's economic development profile in the community. The end result is having multiple perspectives on how to best achieve greater circulation of opportunities in the Town of Union. Also, he anticipates our region will soon receive state-provided economic development project financing. He will pursue the contacting of Mr. Tull, and he is inclined to await warmer and more scenic weather before undertaking a commercial. Mr. Corwin suggested inviting Mr. Tull to meet with the LDC Board when Mr. Moody contacts him.

VII. OTHER BUSINESS

A. Mr. Moody presented a summary of the LDC current loan portfolio. He said the portfolio is strong, with RSpoor Enterprises, LLC being the only delinquent loan recipient. New Vision Industries is not delinquent, but rather is a company the LDC has worked with; it actually is doing well. Mr. Trichka asked about Coco Mojo. Mr. Moody said two loans (microenterprise and commercial facade) were approved, but due to the private lender's disinclination to subordinate the mortgage's first position to the LDC the microenterprise was never closed.

B. There was discussion of Beautiful Streamer, LLC's (Spectra Products) loan payoff to the LDC. The loan was full paid due to the Board's calling of the loan. Payments had been regularly made to the LDC, but the company has been unable to meet its job creation requirement. Mr. Moody said the loan was made to help the company purchase property on Oakdale Road. The business ultimately changed management and closed locally.

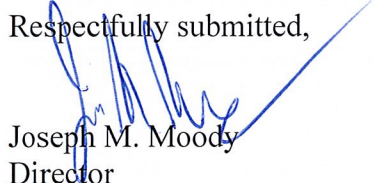
C. Magic Needle by Yvonne's loan payoff to the LDC was discussed. That business has steadily attempted to meet its job creation requirement, but after numerous occasions of working with the business it is necessary for the LDC to now call the loan. Mr. Moody discussed with Brian Benjamin and they agreed upon November 1, 2015 as the loan payoff date. Mr. Trichka inquired about Mr. Moody's prior attempts to obtain guidance from the U.S. Department of Housing and Urban Development (HUD) on this matter. Mr. Moody replied that HUD did not respond to his outreach efforts. Messrs. Leighton, Peduto and Roth noted the importance of treating all loan recipients equally regarding job creation requirements.

D. Mr. Moody provided an update on the LDC's Subcommittee (Ms. Adams and Mr. Peduto) work regarding the recommendations of the International Economic Development Committee. Ms. Adams said consolidation of various municipality business districts is a key long-term goal. A representative from the Town of Union should be the primary leader of such a merger. Creation of an electronic database of properties is another leading objective and LDC need.

VIII. ADJOURNMENT

A. President Trichka asked Board members if they had additional concerns or items to discuss. There being no further business to come before the Board, President Trichka adjourned the meeting at 9:30 a.m.

Respectfully submitted,


Joseph M. Moody
Director