

**TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
SPECIAL MEETING MINUTES
FRIDAY, SEPTEMBER 30, 2016**

The Town of Union Local Development Corporation met for special meeting on Friday, September 30, 2016 at the Town of Union Office Building, located at 3111 East Main Street, Endwell, NY 13760.

I. THE MEETING WAS CALLED TO ORDER AT 8:02 A.M.

MEMBERS PRESENT: Stephen Trichka Diane Julian, Gary Leighton, Kay Adams,
MEMBERS ABSENT: Robert Corwin, James Peduto, Mary O'Malley-Trumble
OTHERS VIA CONFERENCE CALL: Rose Pope (LDC Counsel)
STAFF PRESENT: Joseph Moody (LDC Director)

II. PRESIDENT'S REMARKS

President Trichka shared welcoming comments and happy to be back from his business travels.

III. DIRECTOR'S REMARKS

Director Moody shared in Mr. Trichka opening comments.

IV. APPROVAL OF THE MINUTES

Minutes of the Regular LDC Board Meeting of September 22, 2016 were reviewed and approved.

Motion: Diane Julian
Motion 2nd: Gary Leighton
Motion: To approve the minutes of the Regular LDC Board Meeting held on September 22, 2016 as written
Vote: All yes, motion approved.

V. OLD BUSINESS

None

VI. NEW BUSINESS

A. & B. Mr. Moody mentioned that he will be discussing items A & B together because of the relationship, but if approved each will need a separate resolution and motion. Mr. Moody mentioned item A is a \$50,000.00 CBD loan request from Southern Tier Leasing, LLC., and item B is a \$50,000.00 E3 loan request from Southern Tier Technologies, LLC. Mr. Moody mentioned that he received additional clarification on the ownership breakdown with regards to Southern Tier Technologies, LLC., and that there are now three owners each sharing 33 1/3% ownership and they are Mr. Daniel Buchanan, Mr. Glenn Wilson and Mr. James Tiesi. Mr. Wilson decided to have a more committed role with the technologies business. Whereas Southern Tier Leasing, LLC., will remain a 50%/50% ownership between Mr. Daniel Buchanan and Mr. James Tiesi. Mr. Wilson has a FICO score of 806 and provided the LDC with personal financial information. Mr. Moody added that although the LDC added a personal guarantor with excellent credit history that we will lose the cross guarantee on the loans as the ownership make-up is not the same now. Mr. Moody went over the particulars of the loan requests and added that the jobs that are required to be created for both the loans will be created by the primary business, Southern Tier Technologies, LLC., and not the real estate holding company. Both requests fall within acceptable LDC loan guidelines for the CBD and E3 programs. Mr. Moody indicated that the applicants must also confirm that there is adequate parking at the site and go thru the site plan approval process with the Town Planning Department and Zoning & Code Enforcement and receive any necessary approvals. The LDC will require to see all approvals prior to the LDC actually closing any loans. Mr. Moody added that the Town Planning/Community Development Department has completed their environmental review and have determined that flood insurance will have to be carried for both loans as the property is located in the 100-year floodplain and will be required to carry such as a condition of any LDC loan approvals.

The LDC Board Members reviewed the loan requests and offered some additional comments and support for the loans.

Item A. CBD loan request:

Motion: Kay Adams

Motion 2nd: Diane Julian

Motion: A Resolution approving a CBD loan request for Southern Tier Leasing, LLC., in an amount not to exceed \$50,000.00, for a 10-year term at a fixed rate of 2% for the life of the loan with up to 6-months of interest only payments. The LDC will have a 2nd Mortgage lien behind a VFCU 1st Mortgage lien position of \$75,000.00. The LDC will also have the personal guarantees of both Mr. Daniel Buchanan and Mr. James Tiesi, life insurance on the principals in the amount of the loan, assignment of leases and rents, and the property must carry flood insurance.

Vote: Motion approved [4 - Yes, 0 - No, 0 - Abstained, 3 - Absent].

Item B. E3 loan request:

Motion: Diane Julian

Motion 2nd: Gary Leighton

Motion: A Resolution approving a E3 loan request for Southern Tier Technologies, LLC., in an amount not to exceed \$50,000.00, for a 10-year term at a fixed rate of 0% for year one, 1% for years 2 & 3, and 2% for the balance of the 10-year loan term. There will also be a deferment of principal payments for the first 6-months of the loan as a start-up business. The LDC will have a 1st lien position on all business assets. The LDC will also require the personal guarantees of both Mr. Daniel Buchanan, Mr. Glenn Wilson, and Mr. James Tiesi, life insurance on the principals in the amount of the loan, and must carry flood insurance.

Vote: Motion approved [4 - Yes, 0 - No, 0 - Abstained, 3 - Absent].

- C. Mr. Moody discussed Sonostics \$250,000.00 E3 loan request, and the particulars of the business and that the request is above LDC loan guidelines for the program. Mr. Moody added that the project is expected to breakeven in 18 months as indicated in the projected financials. Mr. Moody added that according to the business plan and from what we heard from the principal that the technology being developed has much greater uses like as a treatment for Alzheimer's, wound healing, hypertension, dementia, parkinson's disease, so there is definitely greater long term potential. A number of comments were made by the Town LDC Board Members concerning the loan request and E3 program guidelines. The consensus of the LDC Board was that if approved the loan should not exceed \$200,000.00, but we could possibly extend the term from the initially requested 5-years to 7-years, which is still well below the maximum 12-year term that is allowed under E3 program guidelines.

The LDC Board Members further reviewed the loan request and offered their recommendation in support of such.

Motion: Gary Leighton

Motion 2nd: Diane Julian

Motion: A Resolution approving a E3 loan request for Sonostics, Inc., in an amount not to exceed \$200,000.00, for a 7-year term at a fixed rate of 0% for year one, 1% for years 2 & 3, and 2% for the balance of the 7-year loan term. The LDC will have a blanket lien position on all business assets. The LDC will also have the personal guarantees of both Mr. Kenneth McLeod and Mrs. Suzanne McLeod, and life insurance on the principals in the amount of the loan.

Vote: Motion approved [4 - Yes, 0 - No, 0 - Abstained, 3 - Absent].

VII. OTHER BUSINESS

None

VIII. ADJOURNMENT

Motion: Diane Julian

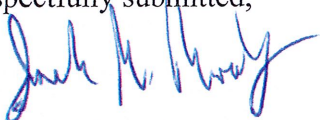
Motion 2nd: Gary Leighton

Motion: To adjourn the special meeting of September 30, 2016

Vote: All yes, motion approved.

The meeting was adjourned at 8:42 a.m.

Respectfully submitted,



Joseph M. Moody
Director