

**TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
SPECIAL MEETING MINUTES
THURSDAY, JANUARY 3, 2019**

SYNOPSIS OF MEETING

The Town of Union Local Development Corporation met for a special meeting on Thursday, January 3, 2019 at the Town of Union Office Building, located at 3111 East Main Street, Endwell, NY 13760.

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

MEMBERS PRESENT: Diane Julian, Gary Leighton, James Peduto, Jeffrey L'Amoreaux, Timothy Strong

MEMBERS ABSENT: Stephen Trichka, Mary O'Malley-Trumble, Robert Corwin

OTHERS PRESENT: Rosemarie Pope (LDC Board Attorney)

STAFF PRESENT: Joseph Moody (LDC Director), Robin Shimer (Admin. Asst.)

II. APPROVAL OF THE MINUTES

Composition of the Minutes of the annual and the regular LDC Board Meetings of December 20, 2018 is pending.

III. VICE PRESIDENT'S REMARKS

Vice President Julian provided welcoming remarks to meeting attendees.

IV. DIRECTOR'S REMARKS

Director Moody referenced the proposed agenda topic before the Board.

V. OLD BUSINESS

Director Moody provided an update about a major conditional aspect of a previously approved LDC loan to SSE3, LLC. That loan, which was requested by Samuel A. Lupo, Jr. of SSE3, LLC and approved by the LDC Board on December 20, 2018, was subject to SSE3, LLC subsequently receiving a potential \$425,000.00 Empire State Development (ESD) grant. Mr. Moody said the subsequently awarded ESD grant amount was actually \$225,000.00, thereby representing a \$200,000.00 difference between SSE3's potential and actual awarded ESD amounts. If the ESD grant amount were less than \$425,000.00 the LDC loan of \$300,000.00 would become non-binding. SSE3, LLC has now arranged to obtain an additional \$200,000.00 in private lender funding from Visions Federal Credit Union (VFCU). Consequently, the total amount of VFCU lending to SSE3, LLC will be

up to \$1,780,000. Upon previously approving the LDC loan of \$300,000.00 on December 20, 2018, Board members adopted LDC subordinate secondary lien positioning to VFCU. Due to VFCU's increased loan amount of \$200,000.00, it is now necessary for the LDC to (1) approve the LDC's loan of \$300,000.00 in recognition of the reduced ESD grant of less than \$425,000.00 and (2) obtain LDC Board approval for the LDC to hold second lien position on VFCU's supplemental loan amount if requested by VFCU. The other conditional aspects of the LDC's \$300,000.00 loan, which includes provision by Elliot Lupo of a Personal Guarantee to accompany the Personal Guarantees of Samuel A. Lupo, Jr. and Stephen J. Lupo, and also filing by the LDC of a Uniform Commercial Code furniture, fixtures and equipment lien with the New York State Department of State, still apply to the LDC's commitment of funding.

Due to the increased debt of \$200,000.00 incurred by Samuel A. Lupo, Jr., Mr. Strong sought verification of reduced equity ramifications. Vice President Julian recommended the LDC again review the business's cash flow. Mr. L'Amoreaux sought verification of the stated net income. Ms. Julian requested confirmation that all VFCU loans were being rolled into long term debt. Mr. Leighton asked what the basis was for the business's projection of greater product demand. Mr. Moody replied to the points of interest expressed by Mr. Strong, Ms. Julian, Mr. L'Amoreaux and Mr. Leighton. Mr. Peduto inquired about how business tax payments were to be deferred. He said the equity is one-half of what it looks like (i.e. two percent instead of four percent). Mr. Strong asked if business relocation is a possibility if the LDC does not provide the loan. Mr. L'Amoreaux asked about the anticipated timeframe for possible allocation of more state grant funds. Mr. Moody replied to the questions of Mr. Peduto, Mr. Strong and Mr. L'Amoreaux. It was noted the LDC loan purpose would be only to assist in acquisition of the property and building at 625 Dickson Street, Endicott, and ten jobs would be created due to the loan. Mr. Peduto asked what the potential LDC actions would be if the required ten jobs don't materialize. Mr. Moody said the LDC could then call the loan.

Vice President Julian asked Board members if they had additional questions or points of discussion. Due to the completion of Board discussion, Mr. Julian then requested a motion to amend and approve the LDC Board's previously-approved \$300,000.00 Town of Union Business Assistance (TUBA) loan to SSE3, LLC under the following conditions: the Town of Union Local Development Corporation (LDC) shall hold a subordinate second mortgage lien position to private lender Visions Federal Credit Union in an amount up to \$1,780,000.00 (an increase from the prior amount of \$1,555,000.00), due to a reduction in potential short-term financing from Empire State Development (ESD) resulting in an actual ESD grant funding amount of \$225,000.00. All other prior financing terms pertaining to the LDC's initial approval of a \$300,000.00 TUBA loan to SSE3, LLC are to remain in place.

Motion: Jeff L'Amoreaux
Motion 2nd: Gary Leighton

Motion: To amend and approve the \$300,000.00 Town of Union Business Assistance (TUBA) loan to SSE3, LLC under the following conditions: the Town of Union Local Development Corporation (LDC) shall hold a subordinate second mortgage lien position to Visions Federal Credit Union in an amount up to \$1,780,000.00 (an increase from the prior amount of \$1,555,000.00) if required, due to a reduction in awarded short-term financing from Empire State Development (ESD) resulting in an actual ESD financing amount of \$225,000.00 (versus potential ESD grant funding of \$425,000.00). All other terms of the \$300,000.00 TUBA loan, as approved on December 20, 2018, are to remain in place, including provision of a personal guarantee by Elliot Lupo to accompany the personal guarantees of Samuel A. Lupo, Jr. and Stephen J. Lupo, and filing by the LDC of a Uniform Commercial Code furniture, fixtures and equipment lien with the New York State Department of State.

Vote: Motion approved [4 – Yes, 0 – No, 2 – Absent, 1 – Abstain (Mr. Strong)]

VI. NEW BUSINESS

VII. OTHER BUSINESS

- A. Director Moody informed the Board of progress on Endicott development projects. He said Mr. Marchuska recently closed on his purchase of the Endicott Inn, as well as the nearby property across from Dunkin Donuts. Mr. L'Amoreaux asked about the Endicott Inn's demolition timeframe. Mr. Moody said demolition would be any month now.
- B. Director Moody said the Town of Union and the City of Binghamton will participate in an Opportunity Zones presentation. The zones are intended to assist with local economic development work. The Washington Avenue, Endicott and the Main Street, Johnson City areas are applicable for Opportunity Zone categorization census tracts 134, 135 and 139. Mr. Peduto asked what the aspects of an Opportunity Zone are. Mr. Moody said tax-incentives are a key component.
- C. Mr. Leighton inquired about the status of Sonostics, Inc. loan payments. Director Moody said the LDC is receiving payments. Mr. Leighton then asked about payments from Unforgettable Parties. Determination was made to enter Executive Session discussion. Ms. Julian then requested a motion to enter into Executive Session at 8:25 a.m.

Motion: Jim Peduto

Motion 2nd: Tim Strong

Motion: To approve LDC Board action to enter into Executive Session at 8:25 a.m.

Vote: Motion approved [5 – Yes, 0 – No, 2 – Absent]

Upon completion of Executive Session discussion, Vice President Julian requested a motion for the LDC Board to exit from Executive Session at 8:28 a.m.

Motion: Jeff L'Amoreaux

Motion 2nd: Tim Strong

Motion: To approve LDC Board action to exit from Executive Session at 8:28 a.m.

Vote: Motion approved [5 - Yes, 0 - No, 2 - Absent].

No action was taken.

VIII. ADJOURNMENT

A, Vice President Julian asked the Board members, Director Moody and Counselor Pope if they had any additional topics to consider. Due to the completion of discussion and consideration of all pertinent Board matters, Ms. Julian requested a motion to adjourn the meeting at 8:30 a.m.

Motion: Tim Strong

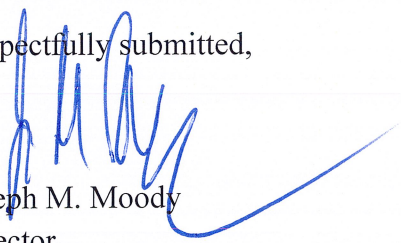
Motion 2nd: Jeff L'Amoreaux

Motion: To adjourn the special meeting of January 3, 2019.

Vote: Motion approved [5 - Yes, 0 - No, 2 - Absent].

The meeting was adjourned at 8:30 a.m.

Respectfully submitted,


Joseph M. Moody
Director