

**TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
MEETING MINUTES
THURSDAY, APRIL 22, 2021**

SYNOPSIS OF MEETING

The Town of Union Local Development Corporation remotely met for a regular meeting on Thursday, April 22, 2021 at the Town of Union Office Building, located at 3111 East Main Street in Endwell, New York.

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

MEMBERS PRESENT: Stephen Trichka, Diane Julian, Gary Leighton,
James Peduto, Mary O'Malley-Trumble,
Jeffrey L'Amoreaux, Timothy Strong

MEMBERS ABSENT: None

OTHERS PRESENT: Rosemarie Pope (LDC Board Attorney)
Richard Materese (Town Supervisor)
Thomas Augustini (Deputy Town Supervisor)
Sara Zubalsky-Peer (Community Development Director)

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

II. APPROVAL OF THE MINUTES

The Minutes of the regular LDC Board Meeting of March 18, 2021 were reviewed and approved, as written.

Motion: Tim Strong
Motion 2nd: Diane Julian
Motion: To approve the regular LDC Board Meeting Minutes of
March 18, 2021, as written.
Vote: Motion approved [7 - Yes, 0 - No, 0 - Absent, 0 - Abstain]

III. PRESIDENT'S REMARKS

President Trichka congenially welcomed all attendees to the LDC Board meeting.

IV. DIRECTOR'S REMARKS

Director Moody noted a meeting completion by 9:00 a.m. is desired due to the time commitments of two LDC Board members.

V. OLD BUSINESS

A. Mr. Moody referenced the agenda's listed update about the 2020 Town of Union LDC (CDBG-CV) Small Business Urgent Need Grant Program. He said Director Zubalaky-Peer sought to provide Board members with a program update. Director Zubalsky-Peer then said she has finished all but one withdrawal. Only four recipients will have some amount of unspent funds. She will provide the tabulated amount at

the May meeting. The determination of unspent funds use may be considered at the next meeting. Mr. Trichka asked if she has an approximation of the remaining amount. Ms. Zubalsky-Peer said \$30,000.00 is her estimate. Mr. Strong thanked Director Zubalsky-Peer for her work with the program. Ms. Zubalsky-Peer expressed her appreciation for Mr. Moody's in attaining the current status of the grant program. Mr. Leighton asked her if the program required a lot of follow-up work. She replied in the affirmative, noting the ongoing work necessary for obtaining monthly documentation from businesses. Mr. Moody said the grant program was not an easy one, but it does have a value.

VI. NEW BUSINESS

- A. Mr. Moody presented a request from Ms. Nha Tran and Mr. Chau Tran of Pho Nomenal, LLC for Microenterprise Loan Program financing in an amount not to exceed \$20,000.00. The loan is to assist in the purchase of furniture, fixtures and equipment, and soft costs for their start-up Vietnamese Restaurant business to be located at 29 Washington Avenue in Endicott. Mr. Moody provided an overview that focused on restaurant location, ownership, projected business expenses and revenue, loan terms, and credit score reports.

At the outset of Board discussion, President Trichka inquired about the accuracy of revenue projection. Ms. O'Malley-Trumble then noted the modest success of prior restaurants at 29 Washington Avenue. Although she is supportive of restaurant business growth, she said it is imperative for projections to be realistic. Mr. Moody said the service aspect of the potential loan is a fit with the Washington Avenue Corridor's development plan. He agreed with the Board's concerns about prior business challenges and current credit report scores. He suggested obtaining additional information from the applicants for the next meeting.

Mr. Strong noted, in instances of two credit scores, one aspect of decision-making is projecting the higher score's ability to carry debt. He also is concerned about the business's ability to carry debt. Mr. Strong sought to have more reference material provided that would elicit further confidence about projected revenue. Mr. Leighton then shared his unease with the financial net worth data. Mr. L'Amoreaux agreed with Mr. Leighton and would like to review financial documents of the applicants' family's Johnson City restaurant. Mr. Peduto stated his desire for the provision of greater detail about projected expenses. Mr. Trichka asked Mr. Peduto what action would provide loan comfort. Mr. Peduto said he is seeking a defined backstop to the credit report scores. He asked if more resources such as working capital can be made available. Mr. Trichka suggested obtaining two full years of financial documents and one-half of 2020's financial documents from the family's prior restaurant in Johnson City. Mr. Moody said he will request additional information from the applicant for the Board's review.

- B. Mr. Moody initiated discussion regarding Director Zubalsky-Peer's proposal to reallocate CDBG Revolving Loan Program funds. The balance in that LDC account is \$592,000.00. She said HUD desires accelerated spending of existing CDBG funds. The basis for that perspective is Covid-19's influence on distribution of funds, which affects the town's annual Timeliness of Expenditures Test in early August. She said HUD's two primary interests are actual closed loans and jobs created. It was noted

that HUD does not include in its assessment the occasions when LDC-approved loan recipients withdraw their requests. In other words, LDC loan commitment work is not recognized by HUD in its analysis of CDBG financing. Mr. Moody said there were three recent instances of previously approved LDC approved applicants requesting withdrawals.

Ms. Zubalsky-Peer said in moving forward her plan is to identify how much money is available in the CDBG account when developing her annual plan. Based on annual LDC loan projection needs, she may then designate a certain amount of those monies for housing or infrastructure projects. Further LDC-needed monies can be transferred from Ms. Zubalsky-Peer's department to the LDC. She said the villages of Endicott and Johnson City now have projects in need of cost overrun financing. The problem-solving strategy for this year is to reallocate \$250,000.00 to Director Zubalsky-Peer's CDBG account. Such a plan assures the projects' time limits will be met to avoid HUD penalties. Mr. Moody said the LDC's CDBG Revolving Loan account balance is \$592,000.00. Mr. Trichka then sought verification that the intention for this year is to apply \$133,000.00 of the \$592,000.00 balance for the Johnson City infrastructure project. Ms. Zubalsky-Peer affirmed the application was correct as stated by Mr. Trichka. She noted the Endicott infrastructure cost overrun amount was unknown.

Mr. Moody asked Ms. Zubalsky-Peer if she advised transferring \$133,000.00 or the entire \$250,000.00 amount. Ms. Zubalsky-Peer expressed preference for the latter action. Ms. O'Malley-Trumble sought verification from Ms. Zubalsky-Peer that the CDBG account is measured by the number of loans closed and, secondly, she asked if HUD measures business success. Ms. Zubalsky-Peer said HUD occasionally looks at default rates, but is primary focused on jobs created. Mr. Moody said the modest interest in measuring payments is unfortunate due to the LDC low delinquency rate. Ms. O'Malley-Trumble asked if reallocation of CDBG funds back to the LDC is an uncomplicated undertaking. Ms. Zubalsky-Peer said reallocation is straightforward. Mr. Trichka asked what corrective actions previously were taken to cover the cost overruns of village infrastructure projects. Ms. Zubalsky-Peer said in prior instances village mayors wrote letters requesting the borrowing of funds from the following year's budgeted CDBG allocation. To do so, money has to be reallocated from other accounts. Ms. Zubalsky-Peer said yearly town allocations of \$250,000.00 to each village is a longstanding and non-inflation adjusted amount.

Mr. Trichka asked Mr. Moody for his thoughts about the proposed transfer. Mr. Moody said reallocation of the stated amounts is the right thing to do, notably in recognition of the current CDBG Loan Program balance. Mr. Trichka does not question that transfer is the right action for the town to take. He did express caution that future transfer of LDC CDBG Revolving Loan funds be subject to maintaining of discipline, and thereby avert siphoning of LDC funds that may result in such a low amount as to potentially minimize usefulness of LDC financing. Director Zubalsky-Peer said she anticipates working closely with Director Moody to assure the LDC has the CDBG funding level to provide loan applicants with needed financing.

Supervisor Materese expressed a high confidence level in Director Zubalsky-Peer ability to provide the LDC with needed funds. Director Moody and Supervisor Materese noted the Town Board Members' support of the proposed structuring regarding interdepartmental designation of CDBG funds.

President Trichka then requested a motion to approve the transfer of CDBG Revolving Loan Program funds in the amount of \$250,000.00.

Motion: Mary O'Malley-Trumble
Motion 2nd: Diane Julian
Motion: To move \$250,000.00 from the CDBG Revolving Loan Fund Account to be used toward the CDBG eligible projects for infrastructure purposes for the Village of Johnson City and the Village of Endicott.
Vote: Motion approved [7 - Yes, 0 - No, 0 - Absent, 0 - Abstain]

VII. OTHER BUSINESS

- A. Mr. Moody provided an overview of the LDC Loan Portfolio Monthly Report, as prepared by Town Comptroller Lindsley. He noted the LDC has funds encumbered for the approved OM Shirdi Sai, LLC Commercial Façade loan. He also said the three approved Small Business Grant Access Program grants (Johnson City Coffee Roasting Co., Mindful Health & Wellness LLC, and Seneca Spine) await closure. Mr. Moody recently visited the Mindful Health & Wellness LLC site, and renovation work has been completed. He said Counselor Pope is working to schedule a grant closing. He then referenced the current loan recipients, no loans are delinquent, and plans to visit current loan recipients.

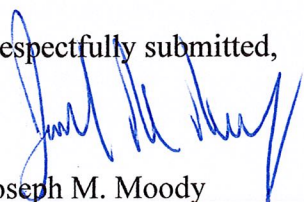
VIII. ADJOURNMENT

- A. President Trichka asked if there were other topics for discussion or consideration. Supervisor Materese expressed his thanks to the LDC Board members for their action. In recognition that all desired topics had been addressed, Mr. Trichka thanked the attendees for their time and requested a motion to adjourn the regular meeting.

Motion: Gary Leighton
Motion 2nd: Jim Peduto
Motion: To adjourn the regular LDC Board meeting of April 22, 2021.
Vote: Motion approved [7 - Yes, 0 - No, 0 - Absent, 0 - Abstain].

The meeting was adjourned at 8:39 a.m.

Respectfully submitted,


Joseph M. Moody
Director