TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
MINUTES
THURSDAY, JULY 18, 2013

The Town of Union Local Development Corporation met for a regular meeting on Thursday, July 18, 2013 at the Town of Union Office Building, located at 3111 East Main Street, Endwell, NY 13760.

I. THE MEETING WAS CALLED TO ORDER AT 7:58 A.M.

MEMBERS PRESENT: Dr. Leslie Distin, Stephen Trichka, Diane Julian, Ross Peduto, Donald Adams, Gary Leighton, David Roth

MEMBERS ABSENT: Robert Corwin

OTHERS PRESENT: Alan Pope (LDC Counsel)

STAFF PRESENT: Joseph Moody (LDC Director), Robin Shimer (LDC Administrative Assistant)

II. APPROVAL OF THE MINUTES

Minutes of the Regular LDC Board Meeting of June 20, 2013 were reviewed and approved.

Motion:	Ross Peduto
Motion 2nd:	Steve Trichka
Motion:	To approve the minutes of the Regular LDC Board Meeting held on June 20, 2013 as written.
Vote:	All yes, motion approved.

III. PRESIDENT'S REMARKS

Dr. Distin said the meeting was his first chance to work with Mr. Leighton as a Board member. He expressed his pleasure in having that opportunity and welcomed Mr. Leighton, and other Board members and all attendees, to the meeting.

IV. DIRECTOR'S REMARKS

Mr. Moody provided Board members with an overview of the agenda, and suggested discussing the agenda's Other Business issue as the meeting's first topic.

V. OTHER BUSINESS

A. Mr. Moody reviewed the LDC Loan Portfolio distributed prior to the meeting.

Discussion pertaining to Digicon Imaging, Inc. ensued. Counsel Pope shared insight about the pending company auction sale. He said a significant aspect of the auction sale is that the new owner will be buying subject to the first mortgage. In addition to the purchase price to buy out the foreclosed second mortgage, the new owner should also plan on having cash available to immediately pay the $300,000-$350,000 first mortgage. Mr. Pope has explored the possibility of the town teaming with the county IDA to bid on the foreclosed second mortgage. However, the

concurrent amount of the first mortgage and the IDA's inability to co-finance at such a level negates any possibility of town participation in the auction sale. Also, Mr. Pope has sought to learn of the property's overall worth. A 2006 or 2007 appraisal by the bank, which is in second position, indicates the property was valued at $700,000-$750,000 at that time. He cautioned the value determination occurred near the point when the company's financial problems began. Consequently, the current value may be substantially less than the previously stated amount. This second scenario would likely require about $500,000 in town financing. Moreover, there would be a need for marketing. In both instances, town involvement would seem to be impractical. Mr. Pope offered to provide a more detailed report via e-mail to Mr. Moody for distribution to Board members. Mr. Moody sought verification that the town LDC lien will remain. Mr. Pope affirmed the lien should remain, and he also said the town has received a personal guarantee. Indications are the second mortgage will be paid in full.

Mr. Moody then referenced various loan recipients listed on the portfolio who have recently paid off their loans. Those businesses include 500 North Street, LLC; Dr. Lauren Brady (Valley Chiropractic Center); Innovation Associates, Inc.; NG Growers, Inc.; Progressive Tool Co., Inc. and The Retlaw Group, LLC. Also, two recent loan approvals – Binghamton Brewing Co. and Engineering Manufacturing Technologies, LLC – are shown as encumbered funds of $20,000 and $140,000, respectively.

VI. OLD BUSINESS

A. Mr. Moody stated that Counsel Pope had followed up on the discovery at the previous Board meeting of loan applicant Ross' background. Mr. Ross attended that prior meeting, and he had encouraged the Board to speak with his probation officer. At the previous meeting Mr. Pope shared with Mr. Ross that due diligence requires the Board Attorney to perform such communication work and to report back to the Board.

Dr. Distin then requested a motion for the Board members to enter into Executive Session to hear Mr. Pope's report of confidential information obtained since the prior Board meeting. The Board went into Executive Session at 8:06 a.m.

Motion:	Diane Julian
Motion 2nd:	Steve Trichka
Motion:	To approve having the Board enter into Executive Session to hear Mr. Pope's report of confidential information obtained since the prior Board meeting.
Vote:	All yes, motion approved.

Subsequent to the completion of Mr. Pope's report and Board discussion on the business aspects of the report, Dr. Distin asked for a motion to exit from Executive Session.

Motion:	Diane Julian
Motion 2nd:	Steve Trichka
Motion:	To approve exiting from Executive Session to proceed with consideration of the Microenterprise Loan Program loan request by Raul R. Ross (Real Life Board Games) in the amount of $20,000 to be paid back over a three (3) year term at 1.5% interest.
Vote:	All yes, motion approved.

After the Board exited from Executive Session at 8:13 a.m., Mr. Moody asked Board members if they had additional questions or concerns. Mr. Trichka stated he was concerned about the

business plan being robust enough to support a level of growth essential for loan repayment. He also was skeptical about the job growth aspect of the plan, and apprehensive about the lack of available collateral in general. Mr. Moody shared Mr. Trichka's perspective.

Since there was no further Board discussion on the matter, Dr. Distin requested a motion for a Board vote on the Microenterprise Loan Program loan request by Paul R. Ross (Real Life Board Games) in the amount of $20,000 to be paid back over a three (3) year term at 1.5% interest.

Motion:	Steve Trichka
Motion 2nd:	Donald Adams
Motion:	To deny a Microenterprise Loan Program loan to Paul R. Ross (Real Life Board Games) in the amount of $20,000 to be paid back over a three (3) year term at 1.5% interest.
Vote:	Motion to deny a Microenterprise Loan Program loan to Paul R. Ross (Real Life Board Games) was approved (Yes - 5, No - 0, Abstained - 1).
Abstained:	Diane Julian

VII. NEW BUSINESS

VIII. ADJOURNMENT

Dr. Distin asked the Board members and Mr. Moody if there was any other business to discuss. There being none, he requested a motion to adjourn the meeting.

Motion:	Don Adams
Motion 2nd:	Diane Julian
Motion:	To adjourn the Regular LDC Board meeting of July 18, 2013.
Vote:	All yes, motion approved.

Dr. Distin declared the meeting adjourned at 8:18 a.m.

Respectfully submitted,

Joseph M. Moody
Director