TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
MINUTES
THURSDAY, JANUARY 24, 2013

The Town of Union Local Development Corporation met for its regular meeting on Thursday, January 24, 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, Robert Corwin, David Roth

MEMBERS ABSENT: Ross Peduto, Donald Adams

OTHERS PRESENT: Alan Pope (LDC Counsel), Elizabeth Bachura (Somethin' Sweet Candies, Inc.)

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

II. APPROVAL OF THE MINUTES

Minutes of the Annual LDC Board Meeting of December 20, 2012 were reviewed and approved.

Motion:	Diane Julian
Motion 2nd:	Steve Trichka
Motion:	To approve the minutes of the Annual LDC Board Meeting held on December 20, 2012 as written.
Vote:	All yes, motion approved.

Minutes of the Regular LDC Board Meeting of December 20, 2012 were reviewed and approved.

Motion:	Bob Corwin
Motion 2nd:	Diane Julian
Motion:	To approve the minutes of the Regular LDC Board Meeting held on December 20, 2012 as written.
Vote:	All yes, motion approved.

III. PRESIDENT'S REMARKS

President Distin welcomed Board members and all attendees to the meeting, and shared his best wishes for a happy new year. Dr. Distin thanked Ms. Bachura, owner of Somethin' Sweet Candies, Inc. (d/b/a Somethin' Sweet Gourmet) in Johnson City, New York, for attending.

IV. DIRECTOR'S REMARKS

Director Moody referenced the meeting agenda and the issues before the Board. Mr. Moody introduced Ms. Bachura, whose request for a $30,000 Microenterprise Loan was initially

reviewed at the December 20, 2012 Board meeting. At that meeting the Board and Mr. Moody expressed a desire to have additional information provided. It was thought that a presentation by Ms. Bachura would offer greater business status and planning insight.

V. OLD BUSINESS

A. Mr. Moody asked Ms. Bachura to share with Board members an overview of the status of Somethin' Sweet Gourmet and her plans for business growth. Inclusive with such growth is the projected hiring of one or two new employees.

Mr. Roth inquired about the level of business during the recent holiday season. Ms. Bachura said activity was excellent. Corporate business has lessened due to the consequences of area flooding and the modest local employment level, although she has developed client relations with community physicians to compliment her local and national customer base.

Mr. Moody referenced and affirmed with Ms. Bachura her current interaction with the Entrepreneurial Assistance Program (EAP) at Broome Community College, and her projected interaction with the Small Business Development Center (SBDC) at Binghamton University, to discuss business marketing plans, ideas, and hiring of employees.

Mr. Corwin referred to the business' financial data Ms. Bachura provided. He inquired about the absence of salary reference for her position. Ms. Bachura affirmed there was no salary listed, and noted major expenses were incurred due to flood-driven inventory loss and recovery needs.

Ms. Bachura cited her anticipated increased use of internet advertising for generating additional income. The primary goal of having a user-friendly web site is to make advertising an easy purchasing tool that keenly describes the product, and encourages customers to simultaneously visit the site and place an on-line order (instead of visiting the site and then calling the store to order). Owners of similar sites have indicated their web sites comprise 90% of all business.

Mr. Trichka inquired about the optimal means of advertising, and establishing a significant internet presence and a concurrent level of business income due to hits-to-orders ratio (particularly based on the ease of mechanically accessing a site and achieving highly visible site placement/display). He also asked what the operational duties of a new employee would be. Ms. Bachura said web site structure, vision and directness channels customer response. There is a correlation between cost level and quality of site placement. Employee responsibilities would be to receive and package orders, and perhaps production.

Mr. Roth commented on the significance of effective advertising for a small business. He referenced Ms. Bachura's modest expense level for annual advising in 2011, and asked what type of advertising was done last year. Ms. Bachura said her business performs a lot of barter trading. She said there's a major need for greater marketing. Her business has advertised with WBNG-TV. Mr. Roth asked about the property mortgage data listed on the financial data provided by Ms. Bachura. The two mortgages pertain to residences, one of which is rental property. Ms. Bachura also said she is employed outside of Somethin' Sweet Gourmet, allowing her to not take a salary and thereby use that revenue for reinvestment.

Mr. Moody asked Ms. Bachura to provide insight as to what her requested $30,000 loan would be used for (i.e. a breakdown of the projected expenses comprising the use of a $30,000 loan). Paying off credit card charges is one anticipated use of a loan. Debt payment would free up money for business reinvestment, such as developing a gift shop for offering newer products

different from but complimentary to chocolate-based sales, such as floral products (e.g. roses to sell for Valentine's Day). Other means for generating increased sales volume, due to receiving the requested LDC loan, are greater advertising (web-based, signage), and additional employee hiring (allowing Ms. Bachura to shift some of her present work time from sales to creating food products). Also, she said a loan would provide a financial cushion.

Ms. Julian asked if Ms. Bachura felt she was charging the correct prices for her products. Ms. Bachura replied that similar web advertised products have higher prices. She inferred her web site prices would reflect such pricing. Her store prices will remain, for now, at a lower level. She noted the importance of early contact with established clients to assure timely placement of orders and revenue generation prior to holidays.

Ms. Julian also sought to verify with Ms. Bachura the business cash flow projections were premised on the occurrence of the aforementioned aspects of debt payment, additional hiring, increased advertising, and enhanced timeframe communication with clients. Ms. Bachura affirmed that her cash flow projections were driven by those factors.

Mr. Roth stated and shared with Ms. Bachura the essential role of advertising in successfully promoting a business. Ms. Bachura agreed with Mr. Roth's perspective. She indicated that a loan would be a welcome infusion of money for growing her business via web site, newspaper and television means.

Mr. Corwin commented on his experience with securing electronic advertising and the correlative notable costs inherent to internet-based business promotion. Design, production, and search engine-driven categorical placement are major elements of a business' advertising expenses. Ms. Bachura concurred and noted the value of a web site and Facebook presence.

Mr. Trichka asked Ms. Bachura for a cost purpose breakdown of projected 2013 deposits, that is, the percentage of deposits that would be achieved via the internet and the percentage achieved due to store sales. Ms. Bachura anticipated the internet will generate forty percent of total deposits.

Mr. Moody posed the question that if business picks up, will Ms. Bachura be able to solely keep up with the increased pace of product manufacturing. She envisions there will likely be a need to have additional assistance in that aspect of the business.

Dr. Distin asked the Board members if there were further questions. Mr. Corwin asked Ms. Bachura if there was anything in her product line she wanted to further enlighten the Board about. She said her business' packaging is easily recognizable by clients and costs are kept low, individual products are ample in quantity to assure customer expense-product satisfaction, and attempts are ongoing to create uniquely flavored chocolate.

During discussion about optimal store location, Mr. Roth inquired about the degree of current walk-in traffic. Ms. Bachura said there is a modest amount of customer walk-ins. However, she perceives a notable increase in vehicular traffic near her store over the last two years. She noted that customers value her store's parking lot accessibility, and she also believes improved signage would generate more cash flow. Mr. Trichka concurred about the benefit that enhanced signage offers for elevating the level of business revenue.

In addition to the aforementioned business networking information, Ms. Bachura's noted her networking with two other small businesses to jointly sell their products. Ms. Julian asked if the

businesses have store fronts. Ms. Bachura said no, but plans are for those businesses to have a presence in her store. She also wholesales her products with the Goat Boy in Owego.

Dr. Distin inquired if the Board had further questions. In the absence of additional Board questions. Dr. Distin thanked Ms. Bachura for her time and information.

Board members and Mr. Moody then discussed the $30,000 loan requested by Ms. Bachura, the insight provided, and the operational aspects of small business. The interwoven needs of effective advertising, use of technology, and corresponding costs were among the loan aspects discussed. Establishing the amount of an approved loan and defining the use of that money evolved as two essential components of the Board's decision-making.

Dr. Distin requested a proposal regarding Ms. Bachura's request for a $30,000 loan. Mr. Trichka proposed approving a $20,000 Microenterprise Loan Program loan. Ms. Julian and Mr. Trichka put forward the concept that such a revised proposal could be revisited after one year's time, pending the presentation of a twelve month business activity report by the loan recipient. The Board specified that the use of the $20,000 loan would be for advertising/marketing purposes. Real estate security on both residences owned by the loan applicant, in the form of securing liens on those properties, was also required by the Board.

Dr. Distin then requested a motion to move forward with a Board-revised loan amount request from Somethin' Sweet Candies, Inc. (d/b/a Somethin' Sweet Gourmet) by forwarding such loan request to the Town of Union Planning Department for the purpose of environmental review.

Motion:	Steve Trichka
Motion 2nd:	Bob Corwin
Motion:	To approve forwarding the revised Microenterprise Loan request from Somethin' Sweet Candies, Inc. (d/b/a Somethin' Sweet Gourmet) to the Town of Union Planning Department for the purpose of environmental review, and thereby proceed with a Microenterprise Loan to Somethin' Sweet Candies, Inc. (d/b/a Somethin' Sweet Gourmet) in the amount of $20,000 at a rate of one and one-half percent (1.5%) interest rate for three (3) years. The loan is to be used for advertising/marketing expenses. The Town of Union Local Development Corporation Board will obtain as security liens on both properties owned by Somethin' Sweet Gourmet owner Elizabeth Bachura.
Vote:	All yes, motion approved.

B. Mr. Moody referenced the letter he sent to Thomas Crowley/One North Loder Enterprises, Inc. affirming the LDC Board's December 20, 2012 action to cancel the approved $200,000 Business Assistance loan commitment. The purpose of the loan was to help the applicant acquire a building and property located at 1 North Loder Avenue in the Town of Union.

C. Mr. Moody requested from the Board members whether they preferred or were disinclined to use Robert Shafer Jr.'s life insurance policy as an assignment instead of using the proceeds of Larry Shafer Sr.'s life insurance for the purpose of paying off the loans previously made to 500 North Street, LLC.

   Ms. Julian inquired if Robert Shafer, Jr. has indicated what his company intends to use the life insurance proceeds for. Mr. Corwin noted the proceeds would be used in compliance with Messrs. Shafer's cross-purchase agreements regarding the Southern Tier Stages, Inc. and the 500 North Street, LLC businesses they equally co-owned. Life insurance proceeds would be

used to buy out the deceased partner's share, and monies would go to the deceased partner's estate. Mr. Moody said the two loan balances are $69,000 and $6,000, far below the previously approved total of $167,000. Mr. Corwin remarked that Mr. Shafer is seeking a reduced assignment to correspond with the present lower level of outstanding balances. Mr. Moody said the LDC typically readjusts policy levels in such matters. He also shared that the Town of Union is in the third lien position. Ms. Julian sought verification that cash flow still exists for debt pay down, and Mr. Moody affirmatively replied. Mr. Trichka then favorably commented on the consolidation of business ownership.

Dr. Distin requested a motion to approve the Town of Union Local Development Corporation's release of assignment of the life insurance policy of the recently deceased Larry Shafer, Sr., and in exchange taking an assignment on the life insurance policy of his brother, Robert Shafer, Jr., as collateral for the previously approved Town of Union Local Development Corporation's Site Preparation loan of $67,000 and the Business Assistance loan of $100,000 made to 500 North Street, LLC.

Motion:	Steve Trichka
Motion 2nd:	Diane Julian
Motion:	To approve the Town of Union Local Development Corporation's release of assignment of the life insurance policy of the recently deceased Larry Shafer, Sr., and in exchange taking an assignment on the life insurance policy of his brother, Robert Shafer, Jr., as collateral for the previously approved Town of Union Local Development Corporation's Site Preparation loan of $67,000 and the Business Assistance loan of $100,000 made to 500 North Street, LLC
Vote:	All yes, motion approved.

VI. NEW BUSINESS

VII. OTHER BUSINESS

A. Mr. Moody referenced the recent letter from the Internal Revenue Service (IRS) that the Economic Development Office received on January 2, 2013. The IRS letter affirmed the Town of Union Local Development Corporation (LDC) has been reclassified, per the LDC Board's request, as a public charity. The LDC is no longer classified as a private foundation. He noted the ongoing and steady work which played a key role in making that reclassification possible.

B. Mr. Moody brought forth for discussion Ms. Julian's suggestion, offered at the January 24, 2013 LDC Board meeting, to fill the vacant Board seat by appointing Mr. Gary Leighton to that open position. Mr. Moody noted Mr. Leighton's established financial background, including his work within the banking industry, fifteen years as Town of Union Comptroller, and familiarity with LDC and CDBG funding. Ms. Julian shared her positive perspective about Mr. Leighton's professional experience. Mr. Pope also recommended Mr. Leighton and commented on his quality of character and proven financial expertise.

Dr. Distin then asked for a motion to approve the appointment of Mr. Gary Leighton as a member of the Town of Union Local Development Corporation's Board of Directors.

Motion:	Diane Julian
Motion 2nd:	Steve Trichka
Motion:	To approve the appointment of Mr. Gary Leighton as a member of the Town of Union Local Development Corporation's Board of Directors.
Vote:	All yes, motion approved.

VIII. ADJOURNMENT

Dr. Distin confirmed with Board members and Mr. Moody there was no further business for discussion and declared the meeting adjourned at 8:58 a.m.

Respectfully submitted,

Joseph M. Moody
Director