

**TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
MINUTES
THURSDAY, FEBRUARY 15, 2018**

The Town of Union Local Development Corporation met for its regular meeting of Thursday, February 15, 2018 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 8:29 A.M.

MEMBERS PRESENT: Diane Julian, Robert Corwin, Gary Leighton, Mary O'Malley-Trumble

MEMBERS ABSENT: Stephen Trichka, James Peduto, Rosemarie Pope (LDC Counsel)

OTHERS PRESENT: None

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

II. APPROVAL OF THE MINUTES

A. Minutes of the Annual LDC Board Meeting of December 21, 2017 were reviewed and approved.

Motion: Bob Corwin
Motion 2nd: Gary Leighton
Motion: To approve the minutes of the Annual LDC Board Meeting held on December 21, 2017 as written
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

Minutes of the Regular LDC Board Meeting of March 23, 2017 were reviewed and approved.

Motion: Gary Leighton
Motion 2nd: Bob Corwin
Motion: To approve the minutes of the Regular LDC Board Meeting held on March 23, 2017 as written
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

Minutes of the Regular LDC Board Meeting of February 16, 2017 were reviewed and approved.

Motion: Bob Corwin
Motion 2nd: Mary O'Malley-Trumble
Motion: To approve the minutes of the Regular LDC Board Meeting held on February 16, 2017 as written
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

Minutes of the Annual LDC Board Meeting of January 5, 2017 were reviewed and approved.

Motion: Gary Leighton
Motion 2nd: Bob Corwin
Motion: To approve the minutes of the Annual LDC Board Meeting held on January 5, 2017 as written
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

Minutes of the Special LDC Board Meeting of January 5, 2017 were reviewed and approved.

Motion: Mary O'Malley-Trumble
Motion 2nd: Gary Leighton
Motion: To approve the minutes of the Special LDC Board Meeting held on January 5, 2017 as written
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

Minutes of the Special LDC Board Meeting of November 30, 2016 were reviewed and approved.

Motion: Bob Corwin
Motion 2nd: Mary O'Malley-Trumble
Motion: To approve the minutes of the Special LDC Board Meeting held on November 30, 2016 as written
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

III. VICE PRESIDENT'S REMARKS

- A. Vice President Julian positively reflected upon the Board's 2017 accomplishments and extended a cordial welcome to all meeting attendees.

IV. DIRECTOR'S REMARKS

- A. Director Moody shared his thoughts about the contributing role the LDC continues to play in helping town businesses evolve and further grow.

V. OLD BUSINESS

- A. Mr. Moody referenced the February 9, 2018 Broome County Supreme Court appearance that included himself, Counselor Pope and the owner of Unforgettable Parties. Counselor Pope will provide a legal update of the Unforgettable Parties recovery status at the next LDC Board meeting.
- B. Mr. Moody shared with the Board an update about Training Sessions offered to Board members by the New York State Authorities Budget Office. He reviewed the provided documentation, and said Board members are asked to take the hourly on-line Training Session upon appointment or re-appointment. He noted the near-term offering of sessions on February 21, 2018 and February 28, 2018. After training session participation, Board members shall provide documentation to the LDC Office certifying the completion of webinar training. The Authorities Budget Office will e-mail certification to participants satisfying the Public Authorities Law requirement for directors to partake in training.

VI. NEW BUSINESS

- A. Mr. Moody presented Board members with a resolution stating a request by Mr. Mark Berghorn of HealthWear Rental, Inc. for Town of Union Central Business District Loan Program financing in an amount of \$50,000.00. The loan is to be paid back over a 10 year period at 2% interest. The loan is to assist in acquisition of property and a building located at 400 North Street in Endicott, New York. He said that due to needed building renovation work the loan terms offer a six month deferment of principal payment, thereby requiring payment of interest only during that six month period (should the applicant desire to utilize such an option). Mr. Moody indicated this loan is a deviation outside the LDC's normal Central Business District designation. He noted the applicant's strong financial background, steady growth and lack of debt. The applicant intends to create 14 full-time equivalent (FTE) positions, but would be required to create only 2 FTE positions based on the loan amount. The LDC would have second lien position behind Tioga State Bank. He said the bank may require an appraisal. The building intended for acquisition by HealthWear Rental, Inc. is currently partially occupied by Jewels of Java, LLC. Ms. Julian inquired if acquisition of life and hazard insurance policies is anticipated. Mr. Moody affirmed the applicant will secure insurance coverage. He also said the town's Community Development Department has completed the environmental review process, and the North Street property complies with accepted standards. Mr. Moody summarized the aforesaid aspects of loan approval included the LDC's second lien position behind Tioga State Bank, securing of health insurance and hazard insurance by the applicant, and Director review of an appraisal (if required by the bank) and a bank commitment letter. Vice President Julian then asked if the Board had further questions. Due to the completion of Board review and discussion of the proposed resolution, she requested a motion to approve the loan request.

Motion: Gary Leighton

Motion 2nd: Bob Corwin

Motion: To approve the request by Mr. Mark Berghorn of HealthWear Rental, Inc. for Town of Union Central Business District (CBD) Loan Program financing in an amount not to exceed \$50,000.00 to be paid back over a 10 year term at 2% interest with no call (with an offer of deferring the first 6 months of principal payments, and thereby requiring payment of interest only during that 6 month period, upon loan applicant request). The purpose of the loan is to assist in the acquisition of property and a building located at 400 North Street, Endicott, New York in the Town of Union

Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

- B. Mr. Moody presented for Board discussion a new loan request by Dr. Kenneth McLeod of Sonostics, Inc. Mr. Moody noted the LDC Board approved a prior loan to Sonostics, Inc. on September 30, 2016 in the amount of \$200,000.00. The loan closing was then held on November 18, 2016. Mr. Moody affirmed payments by Sonostics, Inc. to the LDC have been timely, resulting in a current balance of about \$168,000.00. Also, Sonostics, Inc. has already created five of the required eight jobs applicable to the \$200,000.00 loan.

As a start-up business, maintaining adequate cash flow is a primary concern of Sonostics, Inc. and, consequently, serves as a key reason for the additional loan request. Mr. Moody shared his perspective that, unlike a foremost purpose of the banking industry, the function of the Town of Union LDC is not to serve as a long-term working capital institution. He

said Sonostics, Inc. is also seeking additional funding from other non-banking sources. The new loan request before the LDC Board, as made by Dr. McLeod, seeks new or amended Emerging Enterprise/Emerging Market Entrepreneurial (E3) Loan Program financing in an amount of \$40,000.00 to \$90,000.00. The former amount of \$40,000.00 would apply if the LDC re-issues the original loan amount of \$200,000.00 (approved by the LDC Board on September 30, 2016) starting over at \$200,000.00, and the latter amount of \$90,000.00 would apply if a re-issued loan is increased to \$250,000.00. The requested additional loan is to be paid back over a 7 year term at 0% interest for the first year, 1% interest for years two and three, and 2% interest for years four through seven.

The Board members and Mr. Moody then further discussed the financing request. Mr. Moody said, besides the new loan request made by Dr. McLeod, other potential financial assistance options for LDC Board consideration may include (1) deferring current full monthly payments or (2) requiring monthly interest only payments. Either of those two actions would help to alleviate any shortfall in cash flow without the LDC providing new monies. Following discussion among Mr. Moody and Board members Julian, Corwin, Leighton and O'Malley-Trumble, it was decided the LDC's offer of assistance to Sonostics, Inc. would be to require payment of interest only for a six month period. The monthly payments would be frozen at the \$139.00 amount due on March 1, 2018 and would apply to the March-August, 2018 period. After six months of interest only payments, the LDC Board will review the financial status of Sonostics, Inc., including its raising of additional investor (non-bank) financing, for possible LDC Board consideration of extending the interest only arrangement. Mr. Moody and the Board agreed that, for an interest only payment arrangement to be effective, it is necessary for the LDC Attorney to draft a modification to the existing loan agreement and to secure all necessary signatures on that document. It was stated that Board action regarding offering of interest only payments for the March-August, 2018 period shall be stated in resolution form.

Vice President Julian then inquired if Board members desired greater discussion regarding Dr. McLeod's request. Due to the conclusion of discussion, Ms. Julian asked for a motion to approve LDC offering of assistance to Sonostics, Inc. – via deferring of payment of the full monthly loan payment, and to instead require monthly interest only loan payments of \$139.00 over a six month period (March-August, 2018) – and potential LDC revisiting of Dr. McLeod's request after the six month period of March-August, 2018.

Motion: Bob Corwin

Motion 2nd: Mary O'Malley-Trumble

Motion: To approve LDC offering of assistance to Dr. Kenneth McLeod of Sonostics, Inc. – via deferring of payment of the full monthly loan payment, and to instead require monthly interest only loan payments of \$139.00 over a six month period (March-August, 2018) – and to potentially revisit the request after the March-August, 2018 period for possible LDC consideration of extending the monthly interest only payment arrangement.

Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

VII. OTHER BUSINESS

- A. Mr. Moody requested Board authorization for the LDC Director to prepare and present to the Village of Endicott a \$5,000.00 UDAG Fund-Revolving Loan Program check. The Town of Union LDC, as a conduit between the New York State Department of Taxation &

Finance and the Village of Endicott, recently received and deposited on January 24, 2018 a \$5000.00 New York State Department of Taxation & Finance reimbursement check in the Town of Union LDC'S UDAG-Revolving Loan Program checking account. The LDC check pertains to a New York State Department of State Grant (Project #TM61297) awarded to the Village of Endicott, and reimbursement to the Village of Endicott for payment made by the Village on November 30, 2017 to Young Explosives Corporation for a Thursday, November 16, 2017 Holiday Fireworks display. Following the completion of discussion by Mr. Moody and Board members, Vice President Julian requested a motion to authorize LDC Director Moody to prepare and present to the Village of Endicott a \$5,000.00 UDAG Fund-Revolving Loan Program check.

Motion: Mary O'Malley-Trumble
Motion 2nd: Gary Leighton
Motion: To approve LDC Board authorization for Director Moody to prepare and present to the Village of Endicott a \$5,000.00 UDAG Fund-Revolving Loan Program check.
Vote: All yes, motion approved [4 - Yes, 0 - No, 2 - Absent].

- A. Mr. Moody and Board members discussed potential candidates for consideration of appointment to the vacant LDC Board position. The discussion included pending interaction with potential new Board members.

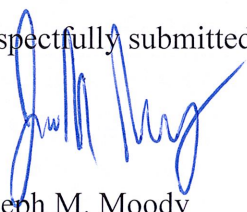
VIII. ADJOURNMENT

- A. Vice President Julian asked Board members and Director Moody if they had additional topics to consider. Due to the completion of discussion and consideration of all presented and desired Board matters, Ms. Julian requested a motion to adjourn the meeting.

Motion: Gary Leighton
Motion 2nd: Mary O'Malley-Trumble
Motion: To adjourn the regular LDC Board meeting of February 15, 2018.
Vote: Motion approved [4 - Yes, 0 - No, 2 - Absent].

The meeting was adjourned at 9:13 a.m.

Respectfully submitted,



Joseph M. Moody
Director