

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
REGULAR MEETING MINUTES
THURSDAY, JUNE 25, 2015**

ATTENDANCE												
Directors	1/22	2/26	3/26	4/30	6/4	6/25	7/23	8/27	9/24	10/22	11/19	12/17
Berling, Juliet	NA	P	P	P	P	P						
David, Rich	P	P	EX	EX	P	P						
Frank, Kenneth	P	P	P	P	P	P						
Jacyna, Mary	P	P	P	EX	P	P						
Papastrat, Chris	P	P	P	P	P	P						
Sall, Ron	EX	P	P	P	P	P						
Shager, Chuck	P	P	P	P	EX	P						
Saraceno, John	P	P	P	P	P	P						
Smith, Art	P	P	P	P	P	P						
Stromhaug, Per	P	P	P	P	EX	EX						
Webb, Lea	EX	EX	EX	EX	EX	EX						
Staff												
Robert Murphy	P	P	P	P	P	P						
Joel Boyd	P	P	P	P	P	P						
Ashley Shager	NA	NA	NA	NA	P	EX						

President John Saraceno called the meeting to order at 9:11AM.

APPROVAL OF THE MINUTES OF THE JUNE 4, 2015 MEETING

C. Papastrat moved, M. Jacyna seconded to approve the minutes of the June 4, 2015 regular meeting as presented. The directors voted unanimously in favor and the motion carried.

PRESENTATION OF THE JUNE 2015 FINANCIAL REPORT

C. Shager presented the May financial report in the absence of A. Shager. Mountain Fresh Dairy was three months behind on payments and caught up in the month of June with two payments; paid March & April; owes \$5,400. R. Murphy said they were having difficulty with computer issues with the operation of plant pasteurization equipment and other challenges with getting USDA and Health Department representative assembled for a live test of the process equipment. C. Shager asked how much to show delinquent for Bubbles, LLC - an approximate \$50,000 payment was made in the last several months; a negotiated balance of \$30,000 is owed which is being paid off about \$5,000 every 6 months. Kanenas and Tom Haines paid up as of the last report, others on the delinquent are still such. \$16,000 remains as an outstanding grant for the bike racks (NY Main Street Grant); the BLDC expects to be reimbursed shortly. R. Murphy

mentioned that Patricia O'Reilly was going to be visiting to audit the 2012 New York Main Street Grant.

OLD BUSINESS:

211 Washington Street: R. Murphy said the principals with 211 Washington Street had agreed to the BLDC's counterproposal of \$75,000 to provide financing for equipment and working capital. The project has obtained Planning Commission approval and will shortly be going before the Commission on Architecture & Urban Design. Then the project will seek BLDC loan approval from City Council.

39 Munsell Street: R. Murphy said there were some hurdles with the proposed buyer's family matters, but he was trying to identify a CHDO to carry forward with the project and was going to be meeting with a builder later that day to see if the project could be fast-tracked.

3I Graphics: there was discussion at the last meeting about meeting the business' request for one year of interest-only payments to overcome a downturn in revenues. 3I has been very timely payer. At the last meeting the Board asked for more information about the cause of their problems. Partner, Eric Olsen told R. Murphy things business turned south when a key salesperson, Scott Baker, left the company and went to work for a competitor – the company has suffered since. He said there was little else that he could provide by way of financial information. J. Saraceno wanted to know if the company was winding down and wanted to see some kind of turnaround plan. R. Sall said based on his separate conversation with Olsen, the business was having real difficulty, Olsen was very committed, looking for sales staff and was trying to do its best under the circumstances. R. Murphy said 3I had been a flawless payer. Following further discussion, President Saraceno said BLDC should confirm that 3I is getting an interest-only concession from M&T Bank. Following discussion he asked for resolution authorizing the acceptance of interest-only payments and requesting 3I Graphics to submit monthly financials. C. Papastrat motioned, R. Sall seconded and the directors voted unanimously (9-0-0) in favor to approve a one year term of interest-only payments.

NEW BUSINESS:

Resolution 15-08:

R. Murphy said the principals with 211 Washington Street had agreed to the BLDC's counterproposal of \$75,000. They were unwilling to cross-collateralize with their business, SharpTech but were personally guaranteeing the loan. R. Murphy said the partners had increased their equity in the property to over \$100,000. Art Smith motioned, Mayor David seconded and the loan was approved (7-1-1); C. Papastrat opposed, M. Jacyna abstained.

Resolution 15-12, 13:

Resolution 15-12 was originally presented as a potential BLDC working capital loan to the partners in the new grocery store development. In the course of the discussion it was realized

an oversight was the need for a resolution to convey the property at 435 State Street from the BLDC to the new developers' company. Resolution 15-12 needed to become 15-13 that would be for the financing for the development company. R. Murphy said the resolution(s) would need to be rewritten and sent J. Boyd to draft them. Upon a request for an explanation of the terms of the sale of the property, K. Frank suggested the Board go into Executive Session. President Saraceno recused himself due to business interest. At 9:40 AM, C. Papastrat made a motion, K. Frank seconded and the Board voted to go in to Executive Session (8-0-1). At 9:56 AM, K. Frank motioned, C. Papastrat seconded and the Board voted to come out of Executive Session (8-0-1). C. Papastrat left the meeting shortly afterward. J. Saraceno and the Mayor had already separately left the room. K. Frank counted and said a quorum was still needed for a vote on the sale of the property but that a discussion about the BLDC loan could ensue until a quorum was regained. K. Frank said the general understanding was that the loan would be a draw-down for the physical improvements to the property. R. Sall agreed that the \$500,000 loan sought from the BLDC be structured as a construction draw-down loan, that way, should the borrowers default the BLDC would be left with an improved property - which should be a roof, environmental or structural work, a parking lot - and the borrowers would make interest-only payments on what they had borrowed and not make principal payments until construction was completed. R. Sall said City Engineering should be able to give the borrowers a checklist of what needed to be improved. K. Frank said the developers thought the structure could be saved and renovated; others had thought the former shopping center should be demolished. R. Sall said the improvements would put the BLDC in a position of being able to sell an improved property in the event of a default; in addition it would enable the BLDC to sell 10-12 W. State Street. R. Murphy agreed that it would be unwise for BLDC to provide initial financing should problems emerge and were the business venture to fail, that a checklist would be desirable. C. Shager proposed that the City loan could be used to require the owners to put some equity into the project; A. Smith said a draw schedule could be devised. A. Smith asked what the timeframe for the construction of the store. R. Murphy responded it would likely be 12-18 months. A. Smith said it would be nice to have a project sign to encourage the North Side neighborhood. R. Sall asked if the project had a chain affiliation. R. Murphy said supplier relations had been worked out and that two employees with a local grocery chain were targeted for management positions. R. Sall suggested that there be a modification of the resolution or an additional resolution detailing how the monies would be allocated. R. Murphy said the money would be sought relatively quickly. R. Sall said the construction punch list should dictate what needed to be done. R. Sall asked about the term. K. Frank if that would be consistent with the private lender.

The Mayor returned to the room at 9:47 AM. R. Murphy asked for a motion. The Mayor asked where discussion had left off with 10-12 W. State Street and the timing. K. Frank said the key issue was whether the Board conveyed it on the first day or held it to convey it, the conveyance and payment needed to occur before a Certificate of Occupancy could be issued. Discussion ensued about holding title of the property and the group agreed that securing financing would need to be very close to the conveyance. R. Sall motioned and R. David seconded the motion to approve Resolution 15-12; the motion carried (7-0-1).

R. Murphy asked for a motion to approve Resolution 15-13 to provide BLDC financing for the project: 20-year term at prime rate less 0.5%. R. Sall added and K. Frank stated that the second Resolved be amended to include, "...based on an agreed upon draw down schedule for physical improvements to the property approved by and subject to terms further defined by Corporation Council." R. Sall motioned, R. David seconded and the motion to approve Resolution 15-13 carried (7-0-1).

MAYOR'S REMARKS: none

EXECUTIVE DIRECTOR'S REMARKS: none

R. Sall motioned for adjournment, A. Smith seconded and the meeting adjourned at 10:14 AM.



Ron Sall, Secretary
Binghamton Local Development Corporation