

**TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
MINUTES
THURSDAY, SEPTEMBER 22, 2016**

The Town of Union Local Development Corporation met for its regular meeting on Thursday, September 22, 2016 at the Town of Union Office Building, located at 3111 East Main Street, Endwell, NY 13760.

I. THE MEETING WAS CALLED TO ORDER AT 8:00 A.M.

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

MEMBERS ABSENT: Stephen Trichka

OTHERS PRESENT: Rose Pope (LDC Counsel)

STAFF PRESENT: Joseph Moody (LDC Director)

GUESTS PRESENT: Ken McLeod, Kyle Washington

II. PRESIDENT'S REMARKS

Vice-President Julian shared welcoming comments.

III. DIRECTOR'S REMARKS

Director Moody introduced our two guests from Sonostics, Inc., Mr. Ken McLeod and Mr. Kyle Washington.

IV. APPROVAL OF THE MINUTES

Minutes of the Regular LDC Board Meeting of August 25, 2016 were reviewed and approved.

Motion: James Peduto

Motion 2nd: Kay Adams

Motion: To approve the minutes of the Regular LDC Board Meeting held on August 25, 2016 as written

Vote: All yes, motion approved.

V. OLD BUSINESS

A. Counselor R. Pope, advised the Board of the postponement of litigation with Coco Mojo until December 2016 based on Tricia Dwyer agreeing to paying \$103 monthly to the LDC starting on October 1, 2016.

B. Mr. Moody informed Board Members that he should have the Strategic Industry Grant (SIG) Pilot Program proposed guidelines at the next regular LDC Board Meeting.

C. Mr. Leighton mentioned that the LDC Board should consider, at a future Board Meeting, a motion to charge-off the entire loan balance for Rspoor Enterprises, LLC., pending the outcome of the October 13th M&T Bank foreclosure and sale of the property & building at 3006 Wayne Street.

VI. NEW BUSINESS

A. Mr. Moody discussed the subordination request from Tim Connolly of Connolly Companies, LLC., in the amount of \$150,000.00 in the form of a new first mortgage with NBT Bank for 2713 East Main Street, Endwell, NY. Mr. Moody added that the LDC current balance with Connolly Companies, LLC., is down to about \$101,000.00 from the original loan amount of \$140,000.00, and that the loan recipient has always been an excellent payer and has previously fulfilled the job requirement as agreed.

Motion: James Peduto

Motion 2nd: Gary Leighton

Abstained: Diane Julian

Motion: Approving the subordination request in an amount not to exceed \$150,000.00 with NBT Bank, leaving the Town LDC in a 2nd position mortgage lien behind the new 1st mortgage with NBT Bank with all other terms and condition of the original LDC loan remaining unchanged.

Vote: Motion approved [5 - Yes, 0 - No, 1 - Abstained, 1 - Absent].

B. Mr. Moody reviewed the LDC Loan Portfolio with the Board and indicated that except for the two loans previously mentioned in the meeting, Coco Mojo and RSpoor Enterprises, that LDC loan portfolio looks strong as there are no other delinquent loans at this time.

C & D. Mr. Moody mentioned that he will be discussing items C a \$50,000.00 CBD loan request from Southern Tier Leasing, LLC., and item D a \$50,000.00 E3 loan request together as one each shares the same principals and each loan is really contingent upon the other. Mr. Moody went over the particulars of the loan requests. Both requests fall within acceptable LDC loan guidelines for the CBD and E3 programs. Ms. Adams wanted clarification on the ownership make-up of real estate holding company and the start-up business. Mr. Moody indicated that Mr. Daniel Buchanan and Mr. James Tiesi are supposed to each have 50% ownership in each of the two companies. Mr. Moody added that the last he knew Mr. Glenn Wilson was going to contribute funds to the technology company but did not want to personally guarantee anything and therefore removed himself from VFCU application not only on the real estate component but also with the start-up

business. Mr. Moody said he will confirm that is still the case and let the LDC Board know. Mr. Moody indicated that the applicants must also confirm there is adequate parking at the site and must also go thru the site plan approval process with the Town Planning Department, so if the LDC eventually approves the funding requests there will be a number of contingencies and approvals prior to the LDC closing any loan.

The LDC Loan Committee/Board Members reviewed the loan requests and offered their recommendation in support of the loan application going to the next step, which was to proceed with the environmental review to be conducted by the Town of Union Planning Dept./Community Development Dept. prior to offering any approval, commitment or obligation of LDC CDBG loan funds.

E. Mr. Moody opened the discussion by reviewing elements of the Sonostics \$250,000.00 E3 loan request. Mr. Ken McLeod presented the history of the company and the particulars on the loan request. Mr. McLeod advised the LDC Board that the business is currently housed in the BU Incubator in the Bio-Tech Bldg. on the campus, but must vacate the space by end of next month. Mr. McLeod and Mr. Washington talked about 20% growth and the project is projected to breakeven in 18 months. Mr. McLeod added that Sonostics already distributes out of the Huron Campus so being in close proximity to the Huron Campus would be helpful. Mr. McLeod went on to talk about the technology involved with the particular product and because they are non-medical claims right now that FDA approval is not required. Mr. McLeod went on to say that the technology being developed has much greater potential uses like as a treatment for Alzheimer's, wound healing, hypertension, dementia, Parkinson's disease, so there is definitely greater long term applications that may even be more financially rewarding. Mr. Washington added the price per device is \$599.00 and cost to produce it is currently \$160.00 with hope to get that down to \$100.00 a unit. Mr. Washington added there are units that look like it but not the same technology. Mr. McLeod mentioned published clinical trials. Mr. Washington mentioned that Mr. McLeod has started 12 medical device companies and that 3 are now publically traded. Mr. McLeod discussed what role EB5 would play with securing foreign investors. Mr. Moody mentioned two previous loans that Sonostics, Inc., has had with BCIDA one of which at \$125,000.00 has since been paid off, and another one at \$100,000.00 that has maybe a balance of \$12,000.00 left on it per his discussions with the BCIDA. A number of other questions were asked by the Town LDC Board Members all of which were answered by Mr. McLeod and Mr. Washington.

The LDC Loan Committee/Board Members reviewed the loan request and offered their recommendation in support of the loan application going to the next step, which was to proceed with the environmental review to be conducted by the Town of Union Planning Dept./Community Development Dept. prior to offering any approval, commitment or obligation of LDC CDBG loan funds.

F. Mr. Moody discussed the subordination request for Gobbo Enterprises, LLC., from Jim Lavo of VFCU in the amount of \$67,000.00 in the form of a new first mortgage with VFCU

at 100 Oak Hill Avenue, Endicott, NY. Mr. Moody added that the LDC current balance with Gobbo Enterprises, LLC., is in the form of a façade loan and has an outstanding balance of \$6,995.00, which is down from the original loan amount of \$9,125.00, and that the loan recipient has always been a very good payer. The intent of the new bank loan is to consolidate the 1st mortgage that is with a private lender, and the 2nd mortgage that VFCU currently has on the property, along with \$7,256.00 in new money for a total of \$67,000.00, which would actually put the Town LDC in the 2nd mortgage lien position instead of the 3rd position when all is said and done. Mr. Leighton asked what the credit union appraised value was? Mr. Moody said Mr. Lavo indicates in his letter that it was valued at \$150,000.00.

Motion: Gary Leighton

Motion 2nd: Kay Adams

Motion: Approving the subordination request in an amount not to exceed \$67,000.00 with VFCU, putting the Town LDC in a 2nd position mortgage lien position behind the new 1st mortgage with VFCU with all other terms and condition of the original LDC loan remaining unchanged.

Vote: Motion approved [6 - Yes, 0 - No, 1 - Absent].

VII. OTHER BUSINESS

- A. Mr. Moody mentioned LDC loan recipient, Unforgettable Parties, opened a temporary seasonal second location in the Oakdale mall to test the waters. Ms. Adams mentioned the Hooper Road location is difficult do to the set back.
- B. Mr. Moody mentioned that he had to have a sign created for \$165.00 by Carr2.0 printing for the recent GBBE trade show at the Hilton in Binghamton.
- C. Mr. Mentioned he requested a civil service Account Clerk-OC list from BC via the Town's HR Dept., but only had a list of three and two were not interested in the 19.5 hour, P/T position at \$12.73 hour. Mr. Moody indicated that he did interview one individual from the list that was interested but didn't think he would be a good fit for the office as the gentleman may be just using the position as a stepping stone to something else. Mr. Moody said he will continue his search, but it hasn't been easy locating someone that only wants 19.5 hours with no benefits.

VIII. ADJOURNMENT

Motion: Mary O'Malley-Trumble

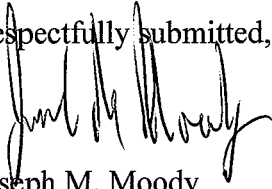
Motion 2nd: Robert Corwin

Motion: To adjourn the meeting of September 22, 2016

Vote: All yes, motion approved.

The meeting was adjourned at 9:15 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe M. Moody", written over the text "Respectfully submitted,".

Joseph M. Moody
Director