

TOWN OF UNION  
BROOME COUNTY, NEW YORK

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In the Matter of:

Local Development Corporation  
Board Meeting

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March 18, 2021  
3111 East Main Street  
Endwell, New York 13760

APPEARANCES:

FOR THE TOWN OF UNION

STEPHEN TRICHKA  
Board President

DIANE JULIAN  
GARY LEIGHTON  
JAMES PEDUTO  
JEFFREY L'AMOREAUX  
TIMOTHY STRONG  
MARY O'MALLEY-TRUMBLE (absent)  
Board Members

JOSEPH MOODY  
Director

ROSEMARIE POPE, ESQ.  
LDC Board Attorney

JANEEN SCHRANN, CPA  
CPA, Piaker & Lyons

RICHARD A. MATERESE  
Town Supervisor

ROB SHIMER  
Administrative Assistant

Digitally recorded proceeding,  
Transcribed by: Ria Jara  
Czerenda Court Reporting  
71 State St.  
Binghamton, NY 13901

1 (On the record)

2 MR. ROB SHIMER: I'll hit record here, too.

3 MR. JOSEPH MOODY: Okay. Go ahead, Steve. Call  
4 the meeting.

5 MR. STEPHEN TRICHKA: All right. I'm just going  
6 to pull up the agenda. All right, let's call the meeting  
7 to order. Good morning, everybody. The first order of  
8 business would be to approve the minutes of the January  
9 21, 2021 regular meeting which are up on the board here.

10 MR. MOODY: The meeting called to order at 8:00?

11 MR. TRICHKA: Yes.

12 MR. MOODY: Okay. Thank you.

13 MR. TRICHKA: And so the package you got from  
14 Joe by email has the meeting notes. So if there are any  
15 corrections to those minutes, I'd appreciate hearing them.  
16 And barring any corrections, may I have the motion to  
17 approve?

18 MR. JEFFREY L'AMOREAUX: I so move. Jeff.

19 MR. JIM PEDUTO: Jim, second.

20 MR. TRICHKA: Thank you. All in favor?

21 ALL: Aye.

22 MR. TRICHKA: Opposed? Okay. Thank you very  
23 much. And we'll just move on. Good morning, everybody.  
24 It's a gloomy morning, a gloomy foggy morning. But hope  
25 is in the air. It seems, you know, we get the vaccines,  
26 we're starting to open up a little bit. And we'll get all

1 of that. Probably there's at least a fair number of us  
2 who have had a couple of doses by the time we get together  
3 again. So, I'm looking forward to that, looking forward  
4 to going back to the office. Looking forward to looking  
5 like a normal human being every day, like Jim.

6 MR. PERDUTO: And I've been vaccinated.

7 MR. TRICHKA: I've got one dose. I've got one  
8 so far. So anyway, good morning, everybody. And let's  
9 have a good meeting. Joe, I'll turn it over to you.

10 MR. MOODY: Yeah. I'd just like to welcome  
11 Janeen Schrann who's in charge of our audit with Piaker &  
12 Lyons. Welcome, Janeen. I appreciate all the work you've  
13 done and your staff.

14 MS. JANEEN SCHRANN: Thank you.

15 MR. MOODY: Yeah. That's it.

16 MS. SCHRANN: Good morning, everyone.

17 ALL: Good morning.

18 MR. MOODY: That's all I have to say, Steve.

19 MR. TRICHKA: Okay. So we could go on. I'm  
20 guessing there's no old business?

21 MR. MOODY: No old business. No.

22 MR. TRICHKA: Okay. All right, so we're going  
23 to do business. We're on the audit prep. Janeen, I don't  
24 know if you want to share a screen to show documents or do  
25 you want me to do it? I have them all up and I'm ready to  
26 go. But if you (interposing) --

1 MS. SCHRANN: You would definitely be able to do  
2 it much quicker than me. So why don't you go ahead? I  
3 think you just have the draft of both the board  
4 communication letter. Yes, that. And then the financial  
5 statement. I don't know which one you want to prefer to  
6 go over first.

7 MR. TRICHKA: Why don't we do this first since  
8 I've got it up? We'll do that. Thank you.

9 MS. SCHRANN: Okay. On the screen is the board  
10 communication letter. It's a mandatory letter for all  
11 audits across the board regardless of the industry. And  
12 it's just there's some key points that we have to hit on.  
13 So this is no different than any letter that we've given  
14 you in the last few years. This is the letter that we  
15 would have to explain (sounds like) any difficulties we  
16 had during the audit, which of course, there were none.  
17 If there were any misstatements or corrections that we  
18 made that the board or that management had decided not to  
19 make, which of course, there was none. Any disagreements,  
20 we have to explain the management representation that we  
21 are required to get for any audit where we're saying that  
22 management does have a responsibility to the numbers and  
23 to the internal control that we are testing and auditing.

24 So I guess I should say that there is nothing  
25 alarming in this letter that we had to state. Of course  
26 sometimes, is there? No. Or yes, there is but not for

1 the LDC this year. So we did explain that -- what we are  
2 also required to do is to outline, like we do in one of  
3 the footnotes, the key estimates. And we do state that  
4 the key estimate really for the entity is the compensated  
5 absences. Because a lot of times really that is just an  
6 estimate and maybe the reserve for doubtful loans which,  
7 you know, we will talk about. We do have a footnote this  
8 year on the write-off of the bad debt for the one loan and  
9 your usage of the prior year reserve in doing so. Really,  
10 I think that there's nothing alarming in relation to this  
11 letter.

12 For government agencies, a lot of times, for  
13 your reporting bodies, you need to provide a management  
14 letter. And a management letter is typically something  
15 going to the management versus really the board explaining  
16 that, hey, here's some things that we feel that you should  
17 improve on or, you know, recommendations for doing  
18 something differently. And really, we haven't really had  
19 a management letter similar to that being issued over the  
20 last few years. However, for your reporting body, when  
21 you upload the documents, you are required to provide a  
22 management letter.

23 And for other government agencies where I have  
24 that similar situation as you guys do, that I have  
25 provided this board communication letter as -- you know,  
26 upload that as the management letter. And I think that

1 was really what my proposal was this year to do. I think  
2 in the past, you know, when I've taken your audit over --  
3 I think this is my second year.

4 MR. MOODY: Yes, I believe so.

5 MS. SCHRANN: When Anne (phonetic) fell ill and  
6 retired, I took over the account. And I think what I  
7 found is that the management letter that we were issuing,  
8 it really isn't really a management letter per se. But I  
9 think it was used as a document to upload, to fulfill your  
10 requirements.

11 So I did talk to Joe particularly about this the  
12 other day that I would suggest instead, similar to what  
13 other agencies or other entities for government that I do,  
14 that we use the board communication letter which is as  
15 close as you can get to a management letter as you would  
16 have. So this letter that is in front of us right now is  
17 the letter that I would suggest you upload as a management  
18 letter.

19 MR. TRICHKA: Okay. And Janeen, obviously, I  
20 guess this reinforced the key points that there are no  
21 material disagreements with management or anything like  
22 that.

23 MS. SCHRANN: That's correct.

24 MR. TRICHKA: Or other matters that you found as  
25 far as findings. Okay. Good. Thank you.

26 MS. SCHRANN: No. It's very good.

1 MR. TRICHKA: And so, flip over to the --

2 MS. SCHRANN: Okay. So I have -- I will present  
3 it. So if there's anything that you've found (sounds  
4 like) or if you want me to move faster, just let me know.  
5 But I'll hit the key points that I typically do in my  
6 board presentations, and then you can ask. Just jump in  
7 anytime with any questions. The first thing in the --  
8 (interposing)

9 MR. TRICHKA: Tell me what page -- where you  
10 want me to be and then I'll get there.

11 MS. SCHRANN: Okay. So you can pass the  
12 contents, the list of contents. And we'll go right into  
13 right there, the independent auditor's report.

14 Okay. So we'll start here. This is the  
15 important reason and this is the reason why you have us,  
16 is in this independent auditor's report. This is the most  
17 important thing. And when you get this report, it's paged  
18 (audio glitch) where all eyes typically go to the opinion  
19 paragraph. A few years ago they changed this so that's  
20 easier to read. It didn't have these bold-faced section  
21 like it does now. So I think that was good. But a lot of  
22 times people probably just skipped reading all of this  
23 except for the opinion page or a paragraph on page two.  
24 And it's where we are giving our opinion.

25 If you go to page two, flip to the next page.  
26 Stating right there at the top that the financial

1 statements that we are auditing, as referenced in page  
2 one, are material in all respects, the respective  
3 statement activities and cash flows. So everything was  
4 okay. So everything that would pass -- you know, you  
5 either fail or pass this. So this is, what we're saying  
6 is it was an unqualified opinion here, in all material  
7 respects. Meaning that we don't look at everything and in  
8 any audit, you don't look at everything. But everything  
9 material, we believe that we can give an opinion that's an  
10 unqualified opinion that everything is presented fairly.

11 So that is the number one thing. I mean there  
12 are disclaimers where you say, hey, I can't (audio glitch)  
13 opinion. Or there's a qualified opinion saying hey, we  
14 can't -- it's okay except for. So this was an actual  
15 unqualified opinion. It's the best opinion CPAs can  
16 provide.

17 And then the last couple of things there on your  
18 report are something similar required by government  
19 agencies such as you where we are explaining that we have  
20 the letter of internal control. So your financial  
21 statements, because you're a governmental agency, you have  
22 two different reports, auditor report. At the tail end,  
23 you have a required internal control or financial  
24 reporting letter. So that last paragraph is explaining  
25 that.

26 And then we also provide other information that

1 are not required. It's a financial statement. But we do  
2 it as a separate, I guess, a good use to a reader of this  
3 financial statement is to have an actual schedule of the  
4 loans receivable, Schedule One, page 11, which we'll talk  
5 about in a few moments. It's just other information not  
6 required we have to provide on page 11 as part of the  
7 financial statement. No, it's not a required information.  
8 However, it is useful to any reader of your financial  
9 statement.

10 So the good point is and you know, similar to  
11 last year, you have an unqualified opinion, again, the  
12 highest form of opinion that we can provide. So that is  
13 good news for you.

14 Okay. So if you flip to the next page,  
15 statements of financial position. For those of you who  
16 more often maybe see it, this would be like a balance. So  
17 you have your assets and your liabilities, so the things  
18 that you own versus the things that you owe to entities or  
19 people. So if you look, your total net assets, because  
20 it's the assets minus the liabilities, your net worth per  
21 se is \$2.4 million. It went up about \$2,000 -- \$1,700 for  
22 the year.

23 This is comparative. So if you look at the  
24 cash, the cash decreased and we'll talk about the  
25 statement of cash flows that's on page five in a few  
26 moments that actually reconcile what happened. Why did it

1 cap down from \$1.7 million to \$900,000? So we'll talk  
2 about that in a second on page five for the statement of  
3 cash flows.

4 If you just flip down through there you have, in  
5 comparing those two things, the big thing that happened --  
6 the two big takeaways that I think happened with LDC this  
7 year for you is the grants receivable. That was kind of  
8 something different than you have had before. And flip.  
9 National Paper & Plastics for you got the grant  
10 receivable. And we do have a footnote on that for the  
11 \$300,000.

12 And then I think the other takeaway was, the  
13 other big thing is the -- it is kind of big. You got a  
14 bad debt write-off in \$40-some thousand I believe. And we  
15 used or you had used \$20,000, the full allowance for  
16 doubtful accounts. And you've set-up a reserve for  
17 potential bad debts. So with that you used that full  
18 amount against that so that the impact on your bottom line  
19 was less because you had a reserve of \$20,312. And when  
20 you used that then you have just remaining, the impact,  
21 whatever is in excess of that, that hits the bottom line  
22 as a bad debt.

23 So I think, you know, Joe and I talked about it.  
24 I think Bethany (phonetic). When I reviewed it, I  
25 thought, gosh, you know, are they going to need another  
26 reserve? And in talking with Joe and the historical non-

1 bad debt write-off, we just ended up keeping it as is with  
2 no additional reserve. So what happens then, if any of  
3 these loans go bad, it's going to completely hit the  
4 bottom line and you don't have a reserve.

5 So I think however you looked at the reserve in  
6 the past, \$20,000, even if we reinstated that \$20,000, so  
7 much more could go wrong. Right? We can't really depend  
8 on that. But I think Joe was thinking that, you know,  
9 even though there's no one in default, we got great  
10 confirmations back from all the parties that we sent  
11 confirmations back. But, you know, with COVID, there's  
12 just always a lot of uncertainty, which we have a footnote  
13 for this year. So I think that's where we kind of had  
14 that conversation with Joe as part of the audit.

15 Then we have the liability section where we have  
16 the compensated absences that I spoke of earlier, paid  
17 time off, accruals, because as of 12/31, for all  
18 employees, there was paid time off that was accrued or  
19 rightfully theirs for when they take it. So that's a  
20 liability that we have set up in the liability section.

21 And then last year, I didn't present this to  
22 you. But last year, it's the first year, in 2019, that  
23 our regulatory bodies changed the way that not-for-profits  
24 and government agencies such as yours would present the  
25 financial statements and the net assets. It used to be  
26 split out by permanently restricted, unrestricted, and

1 temporarily restricted. And they categorized that down  
2 and changed that for 2019 to two different categories,  
3 with restrictions and without restrictions. And most, all  
4 of your assets, your net assets are with restrictions  
5 because they're put into providing loans and having those  
6 dollars available for future loans that you're going to  
7 insure.

8 If you flip to page four, this is really -- the  
9 statement of activities is really just the income  
10 statement. So we have operating revenues up above, not  
11 too different from last year by any stretch. And then the  
12 operating expenses, really the big change - there is that  
13 provision for loan losses, so the one writing off (sounds  
14 like) of the loans. So I think that was the big change, I  
15 guess, in the operating expenses, which ended having your  
16 change in net assets being so much less than last year.  
17 But really kind of mainly the difference is the write off.  
18 And then of course you had less interest. I think there  
19 was some deferment of interest, et cetera. So I think  
20 that changed as well.

21 So your change in net assets, it was \$1,700  
22 positive versus last year, \$26,000. So that net income or  
23 profit gets added to whatever your net asset was last year  
24 and then rolls to page three, which we just looked at for  
25 the balance sheet. So that's the reason why it's only  
26 \$1,700 difference. But that's the reason why your net

1 assets increased from last year to this year.

2 Okay. So if you flip to page five, we have the  
3 statement of cash flows. And I said that your cash had  
4 decreased from \$1.7 million down to \$900,000. And really,  
5 those first few lines explained, well, where did our cash  
6 go? So really, a big chunk of it, of course, went for  
7 additional loans this year of \$662,500 as well as the  
8 grant of \$300,000. So really, that's the big thing. You  
9 did receive cash back from those you've loaned money to.  
10 But that was only \$138,000. So that's why your net cap  
11 decreased by that significant amount.

12 All right, then if you go to page six. This is  
13 where our footnote starts. I guess I'll just hit the big  
14 areas or differences, I guess, if there's any questions  
15 last year for 2019. We had to institute the revenue  
16 recognition which you've probably heard of in other facets  
17 of your life. But the revenue recognition was a big thing  
18 that came in. It really didn't impact you guys too much.  
19 Because, of course, it's really mainly it became very  
20 confusing. And I guess very difficult to implement for  
21 entities that have construction projects. That's really  
22 where a lot of that manpower needs to be in order to  
23 implement revenue recognition. But we have done that in  
24 2019 when we were required. Of course, because of COVID,  
25 they delayed that. But you guys were already  
26 implementing. So you're completely up to date with your

1 financial statement presentation related to revenue  
2 recognition.

3 If you look to page seven under the Section H,  
4 reserved for doubtful accounts where we talked about that  
5 reserve that you had sitting on your books for potential  
6 bad debts in the past that we ended up using this year as  
7 part of the bad debt write-off. So that's just explaining  
8 because of the uncollectable debt of \$40,600, \$20,000 of  
9 it was used on a prior year reserve. And of course now  
10 that management thinks that there is no additional reserve  
11 necessary for the receivables on hand at 12/31.

12 All right, so if you flip to page eight, which  
13 is Note Four, loans receivable. This is just a roll  
14 forward that nice chart for you to see where it's giving  
15 -- we give it a summary (sounds like) of the new loans  
16 which we talked about, the statement of cash flows,  
17 repayments of prior loans or current loans, and then the  
18 write-offs just to kind of show the roll forward of your  
19 loan balance. That's, you know, in essence where all of  
20 your cash went for the current years, those new loans  
21 you've put out there.

22 Note Five is the new grant receivable. And I  
23 think what we wanted to do there is, you know, we used the  
24 document to draft this footnote that you had provided this  
25 \$300,000. And there are specific performance measurements  
26 that need to be met. And if that doesn't happen, then it

1 may convert to a loan at 4 percent interest. I don't  
2 think anyone is anticipating that happening. But we had  
3 to put that in there because that is in the document. So  
4 the balance was \$300,000 at the end of the year.

5 MR. TRICHKA: Hey, Janeen, in Note Four, and I  
6 apologize if it seems like a dumb question because I know  
7 Gary will know the answer. When we're accounting for the  
8 loans, are we accounting for loans committed or loans  
9 dispersed?

10 MS. SCHRANN: Loans dispersed.

11 MR. TRICHKA: Loans dispersed. Okay. Thank  
12 you.

13 MS. SCHRANN: Yes. I know in your minutes, you  
14 know, we read that. There are so many different  
15 conversations and agreements and, et cetera, that are in  
16 place or protect those. I think that there was something  
17 last year, wasn't there? Yes. In Note Three, you had  
18 awarded grants. And I think up to this point, no one has  
19 really taken those, right, the four \$10,000 grants?

20 MR. MOODY: That's correct. Nobody --

21 MS. SCHRANN: Right.

22 MR. MOODY: We have not dispensed any funds for  
23 those as of yet.

24 MR. TRICHKA: Okay. All right.

25 MS. SCHRANN: I think that that's all we've  
26 found when you're talking about committed. I mean on

1 those, on Note Three, we did put that in footnotes where  
2 you have committed I guess to those or awarded those four  
3 grants but I don't think that they've requested those  
4 monies to use yet. Right? But I don't know what are  
5 those, Joe. If there's any other situations like that we  
6 have to --

7 MR. MOODY: COVID delayed some things with some  
8 of those four grants that were approved. But three of  
9 those are moving forward. And I'm talking to the board  
10 today about the fourth one.

11 MS. SCHRANN: Okay. But I don't think there  
12 were others similar to that where we would have to  
13 footnote it, is that correct?

14 MR. MOODY: That's correct.

15 MS. SCHRANN: Okay. All right. So yeah, Note  
16 Four, this is a roll forward of actual loans receivable, I  
17 guess despite what you've got on the table for what's  
18 going to be coming.

19 MR. TRICHKA: Okay. Got it. Thank you.

20 MS. SCHRANN: And then if you flip to page nine,  
21 functional expenses. That was another change that we had  
22 to make for 2019, a lot of new changes for not-for-profits  
23 and government last year for 2019. So we rolled that in.  
24 It's functional expenses. It's kind of crazy that they  
25 require this. You really just have to say this is --  
26 okay, so functional expenses is similar to where people

1 would give to, let's just say American Red Cross, and  
2 everyone wants to know, "Well, hey, how much of my dollar  
3 goes to admin versus program services?"

4 So, functional expenses was something that all  
5 those not-for-profits that were voluntary health and  
6 welfare kind of entities tried to provide. But companies  
7 such as yourself, the LDC, did not have to do that,  
8 because you weren't a voluntary health and welfare. You  
9 were just a not-for-profit where you were loaning out  
10 funds.

11 However, our regulatory bodies decided that they  
12 wanted or it was required, as of '19, in order to show  
13 that. So that a reader at any not-for-profit regardless  
14 of what their industry is, that they have to do a  
15 functional expenses. Of course, it's approximation. But,  
16 you know, most of the salaries and our program services,  
17 of course, with the matching employee benefits. And then  
18 that provision for loan losses, of course, would be a  
19 program service. And then pretty much everything else is  
20 really a management in general. But that was a new  
21 requirement. Again, it's an approximation, estimation.  
22 And I think I just wanted to note why that's in there.

23 And the same thing, 0-8 (sounds like) is another  
24 new thing that was required for not-for-profits. There's  
25 been a lot of speculation and issues, of course, when you  
26 see things in the news. We always heard of Enron and

1 WorldCom, et cetera, but there's a lot of stuff that goes  
2 on with not-for-profits governmental agencies. So I think  
3 what our regulatory bodies were doing was really trying to  
4 beef up more disclosures and things, putting it into the  
5 financial statements to spark more conversation amongst  
6 not only the auditors but the board as well.

7 Liquidity and availability of financial assets,  
8 I think it's just trying to make sure that it's a healthy  
9 organization if people are contributing to not-for-  
10 profits, so they may approach (sounds like) you into a lot  
11 of different things that are required of not-for-profits.  
12 And it's just showing how liquid are you and you're  
13 showing the cash and any available assets that you've got  
14 that you could spend.

15 So, you know, a lot of your net worth. If you  
16 look at your net worth, it's \$2.5 million. However,  
17 that's really made up of some loans that are already out  
18 there. So it's not like they're liquid. It's not like  
19 you can call those loans and say, hey, we need our money  
20 back. So this is just identifying for a reader how liquid  
21 is this organization.

22 Note (inaudible), subsequent event, of course,  
23 we've got our COVID disclosure. It's standard. But, you  
24 know, because it's just an uncertainty, where it says at  
25 the very last sentence, "The full economic impacts of  
26 COVID are still unknown. And how it may impact you is

1 still an unknown. And it's a global crisis that could  
2 impact you going forward for the next operating year." So  
3 it's just something to put a reader on notice about that  
4 during this time period, we're going through a pandemic.  
5 We still are.

6 All right, the last, page 11, Schedule One.  
7 Like I said, this is not required for your financial  
8 statements. But we present this so that you've got a  
9 good, complete roll forward of the loans. If you  
10 remember, we talked about why your cash went down so much.  
11 Of course, it's those advances. Here's the detail of  
12 those advances and what parties got those advances. So  
13 you can see for a lendeer what their loan balance is and  
14 their roll forward from a prior year. And you'll see the  
15 write-off there as well.

16 Okay. And then the last two pages are required  
17 for government agencies. It's the internal control over  
18 reporting and compliance. It's a standard letter stating  
19 that we do have to look at your internal controls. And  
20 look at the walkthrough of different -- whether the  
21 revenue or cash disbursements. And just stating that,  
22 based on everything we have seen, we don't see any  
23 concerns.

24 Of course, a lot of times because the entity is  
25 small, do you have the segregation of duties that you  
26 always want? No, you don't. But you guys do a great job

1 at having other parties and overseeing and monitoring. I  
2 mean this alone, having a board meeting and caring about a  
3 presentation, is a very good factor and showing that you  
4 do have an internal control of oversight and monitoring  
5 which is so very important.

6 This is the letter similar but a shortened  
7 version of what Anne was using in the past for your  
8 management letter. But really I was talking to Joe. I  
9 didn't like that because it's not a management letter. A  
10 management letter is supposed to be a letter to management  
11 saying, hey, here's some ideas, or here's some things. So  
12 really, that board communication letter that I started my  
13 presentation with is definitely closer to a management  
14 letter. And like I said, that's what I use on my other  
15 government agencies that do have to upload documents to  
16 hit specific requirements for their oversight bodies.

17 And this letter on page 12 and 13, this is the  
18 letter that you would see if we found that there were  
19 problems in our internal control. Whether it be  
20 immaterial or, you know, material. It can be larger like  
21 a material weakness. We would have presented it here.

22 MR. TRICHKA: I think that covered it. Does  
23 anyone have any other --

24 MS. SCHRANN: Too much in detail, but --

25 MR. MOODY: No. That was great. Thank you,  
26 Janeen.

1 MR. TRICHKA: Does anybody have any questions  
2 for Janeen?

3 MS. SCHRANN: Joe does a great job. You know, a  
4 lot of times when you are getting a client from a former  
5 partner, like, oh gosh, what am I going to get myself  
6 into? But you do have -- we have a great in-charge on  
7 this - Bethany Stewart. She is pretty amazing. She's  
8 young but she passed her CPA, I think, the first time she  
9 took it. She's a very bright girl. She worked in private  
10 all the way through as a part-time bookkeeper for an  
11 entity in the local area while she was going to college.  
12 So she really learned a lot of accounting while she was  
13 going through college, which was great. So she is the  
14 person that is on your audit and we worked well together,  
15 and I think she works well with Joe. And Joseph does a  
16 great job, so it wasn't as scary as it sounded when I  
17 first learned I was doing this.

18 MR. MOODY: One thing I want to point out, I  
19 made Janeen and Bethany aware of this. Next year, 2021, I  
20 already started. The Town will be paying part of our  
21 salaries, and part will be paid by CDBG funds. So I'm not  
22 sure how that's going to change the financials. But I did  
23 want to make Janeen and Bethany aware of that moving  
24 forward.

25 MS. SCHRANN: Yeah. Well, I'm just going to --  
26 I know you don't want to pull that back up but we do have

1 it in there. I am aware of that happening with other not-  
2 for-profits and government, where there is another body  
3 that's related. So there is a section called  
4 contributions and grants where we're talking about the  
5 amounts of contributed services. I think that would be  
6 also added to that, you know, if there is some sharing of  
7 the payroll.

8 MR. MOODY: Great. Thank you.

9 MS. SCHRANN: Because it's going to be (audio  
10 glitch), you're saying, right?

11 MR. MOODY: I'm sorry. Say that again, Janeen.

12 MS. SCHRANN: It's going to be shared, I guess,  
13 by the Town of Union. Is that what --

14 MR. MOODY: Yeah. It's based on hours of  
15 putting in for CDBG funds, compared to UDAG and Town  
16 activities, so, yes, moving forward.

17 MR. GARY LEIGHTON: It's not about a one-third,  
18 two-thirds relationship?

19 MR. MOODY: It depends who we're talking about.  
20 I'd say Rob is more 50/50. I am more heavily weighted  
21 towards the Town portion and less towards CDBG.

22 MR. LEIGHTON: Okay.

23 MR. SHIMER: Yeah. I don't know if I could be  
24 50/50, Joe, to be honest. I'd probably be down towards 30  
25 or 20.

26 MR. MOODY: That can change depending on the

1 time of the year, too.

2 MR. SHIMER: Okay. Yeah.

3 MR. TRICHKA: Okay. Any other comments?

4 MS. SCHRANN: Are there any questions?

5 MR. TRICHKA: No. Thank you.

6 MR. MOODY: Thank you, Janeen.

7 MALE VOICE: All right. Janeen, thank you very  
8 much to you and the team. You and Bethany, you're really  
9 appreciated going through this, and it looks good this  
10 year.

11 MS. SCHRANN: All right.

12 MR. TRICHKA: Thank you for your effort.

13 MR. MOODY: Thank you. I appreciate --

14 MS. SCHRANN: We got some good news yesterday.  
15 They're postponing tax season deadline. So that's been  
16 very good to hear.

17 MR. MOODY: That's good.

18 MS. SCHRANN: So it was easy to get up for an  
19 8:00 AM meeting today.

20 MR. MOODY: Great. Thank you.

21 MS. SCHRANN: All right. So, I guess, we'll  
22 issue as we talk about, I guess, Joe, right?

23 MR. MOODY: Yes. So we could submit to public  
24 authorities. Yeah. Thank you.

25 MS. SCHRANN: All right. Sounds good. Thank  
26 you, everyone. Have a nice day.

1 MR. MOODY: You, too.

2 MALE VOICE: Take care you, too.

3 MALE VOICE: Take care. Thank you.

4 MR. LEIGHTON: You know one thing to point out  
5 is really our source of cash comes from loan repayments at  
6 this point in time. So that's a little over \$180,000 a  
7 year. We're not getting any more CDBG funding without --  
8 involved in a particular item. So, you know, we may,  
9 going forward as you can see, we dropped from \$1,700,000  
10 to \$900,000. We may want to be a little bit more  
11 conservative on grants. Because once that cash is gone,  
12 you're dependent on funding through the CDBG program which  
13 has decreased probably every year since I was there.

14 MR. MOODY: I definitely agree with you. The  
15 only thing I want to add is the Town was notified that we  
16 are receiving, I think, around \$31 million in stimulus  
17 monies, and a certain portion of that --

18 MR. LEIGHTON: Wow.

19 MR. MOODY: Yeah. A certain portion of that  
20 will be used for, and I was going to say this later on,  
21 but since Gary brought it up, will be used for we're  
22 thinking of economic development activities. We're not  
23 sure what that means as of yet, but it can be used for  
24 economic development activities but we're waiting for the  
25 federal government. I think it's the Treasury Department  
26 that is in charge of the stimulus money.

1 Rick and the Town Board is waiting to see how  
2 these monies can be used. Rick's on right now. He could  
3 speak to that if he wants to about the economic  
4 development portion of that as what he may know at this  
5 point which probably isn't a lot because we didn't get a  
6 lot from the Feds. But anyways, Rick, go ahead.

7 MR. RICHARD MATERESE: There is very little that  
8 I know. I'm still waiting. The devil's in the details,  
9 but I do know that about \$6 million of that money will go  
10 to the Village of Endicott and Village of Johnson City,  
11 which leaves the Town with \$26 million. Some of it got to  
12 be used for some infrastructure, water, and sewer. They  
13 suggest using some for expansion of broadband. But it's  
14 really up in the air until we get something in writing of  
15 what we can use the rest of the money for, and it will be  
16 given to us over two years. So we get half of it this  
17 year and half of it next. But, unfortunately, I don't  
18 have any other details.

19 MR. MOODY: Right. So as we know more,  
20 obviously, the LDC will be advised of what we can use this  
21 source of funds for. This is based, obviously, on what  
22 the Town wants to do with the funds also. But the thought  
23 was that we still know there's business out there, and I  
24 know you're saying about grants, but they might be grants  
25 to businesses. So, just an FYI as we move forward. But  
26 that's substantial money, so hopefully we can assist quite

1 a few businesses with that.

2 Now that being said, also, there is still maybe  
3 additional CDBG money that could be used for grants that  
4 we have -- at least been in the approval process on our  
5 grants through Sara's office, and I'll talk about that  
6 later on, also. But I think right now, you probably need  
7 to accept this in a motion, Steve, for the audit.

8 MR. TRICHKA: Yeah, yeah. Okay. Before we  
9 should vote?

10 MR. MOODY: Yeah.

11 MR. TRICHKA: Okay. So, I guess, if everyone  
12 reviewed this, the audit and financial statements for  
13 2020. Then, if there is no objection, I'd like a motion  
14 to accept the audit as presented today.

15 MR. TIMOTHY STRONG: So moved. This is Tim.

16 MR. MOODY: Tim?

17 MR. LEIGHTON: I second that. This is Gary.

18 MR. TRICHKA: Okay, good enough. And then all  
19 in favor?

20 ALL: Aye.

21 MR. TRICHKA: Opposed? None. Thank you. The  
22 motion carries.

23 MR. PEDUTO: Steve?

24 MR. TRICHKA: Yes?

25 MR. PEDUTO: Just one quick question before I  
26 move on. Maybe either Joe or Gary is in a position to

1 just kind of give me a little clarification. Assuming we  
2 don't get additional funding, and we have the amount that  
3 is coming in every year from the loans, what is our net  
4 amount that we can really loan out at this point?

5 MR. MOODY: Whatever is still available in our  
6 UDAG and CDBG - we can loan out all that. Now, the issue  
7 is, and I was going to talk about this, is we withdrew  
8 some of our loans as you see down there. We're under,  
9 matter of fact, Sara gave me a call yesterday that because  
10 of that CDBG timeliness factor that we've talked about in  
11 the past, many times in the past, she wants to see what  
12 loans we have in the pipeline, what we have approved, she  
13 wants us to spend more money.

14 Unfortunately, a few of our loans did not come  
15 to fruition for one reason or another as you see in the  
16 letters that I sent you. So we still have all of our UDAG  
17 and that's not part of the timeliness factor, but the CDBG  
18 is, and it just got bumped up by about, it looks like  
19 \$160,000, because of the two loans that were withdrawn.

20 So, I don't know if I answered your question,  
21 Jim, or not, but there is funds available and it's to the  
22 tune of --

23 MR. LEIGHTON: Generally, your cash flow less  
24 your loans committed.

25 MR. MOODY: Yes.

26 MR. LEIGHTON: So loans committed --

1 (interposing)

2 MR. PEDUTO: That answered it.

3 MR. LEIGHTON: -- and the CDBG carry out of  
4 which we have this TUBA, in which we have about \$10,000 in  
5 there, and the UDAG commitments of \$100,000. So that's  
6 \$900,000 minus \$110,000. Any other grants, we probably  
7 have to review the grant funds yet, and we don't receive  
8 the grant funds until the grants go out the door.

9 MR. PEDUTO: Thank you.

10 MR. MOODY: Yeah. I think, I give you that  
11 report every year. The annual report indicates what funds  
12 were available prior to these withdrawals.

13 MR. PEDUTO: Okay.

14 MR. MOODY: What we did at the end of the year.  
15 Okay. Anyway, Steve, do you want me to go on?

16 MR. TRICHKA: Yeah, over to other business.

17 MR. MOODY: No, we're not -- yeah. Other  
18 business, yes. So the LDC loan portfolio, that's where it  
19 indicates what funds are committed, and what funds we  
20 still, you know. We've committed the \$40,000 in the UDAG  
21 funds for the grant, and that \$10,000 still outstanding  
22 for the Pack & Mail. And then we got the \$100,000 for the  
23 OM Shirdi which is the façade loan for the former Red  
24 Carpet Inn.

25 That's the only thing we have outstanding as of  
26 the moment. As you recall, the grants that we approved,

1 those funds were never on our books. That's all going  
2 through Sara's office and those are the urgent need  
3 grants. We approved them but it goes with the Town  
4 Planning Department.

5 MR. PEDUTO: Okay.

6 MR. LEIGHTON: What's the hold-up, you know,  
7 with these guys? These grants were approved a number of  
8 months ago.

9 MR. MOODY: Like I said to Janeen, it's really  
10 the COVID. COVID held up quite a bit of it. But also we  
11 got - I will talk to you about that if you want me - to go  
12 right into -- can we first go through the discussion  
13 withdrawal letters?

14 MR. TRICHKA: Yeah.

15 MR. MOODY: Okay. So Slavik & Co., you saw the  
16 letter there that we withdrew the funds. And it just was  
17 not cost effective for him to continue with our loan, if  
18 you will. The Triple City Towing, they ran into some  
19 issues with the land acquisition. It became too  
20 cumbersome for them to move forward at that location. The  
21 Greek House Restaurant, that was the Ndarp loan. They  
22 ended up getting the grant from us. Prior to that, they  
23 weren't going to take our loan with us because they think  
24 they had SBA PPP loan or grant money/loan money. So they  
25 weren't interested in our loan at that time.

26 Same along those lines, going on to discussion

1 pending grant withdrawals. I did speak to our other Ndar  
2 loan that was approved for Pack & Mail Endwell. I spoke  
3 maybe a few weeks ago with the gentleman. He goes, oh,  
4 it's still available? Maybe I'll send an email to take  
5 advantage of it. And I've never received anything. So my  
6 recommendation is that we send them a withdrawal letter.  
7 I'm not going to continue to try to pursue this.  
8 Obviously, he is not interested. He never sent me the  
9 email. So that would be my recommendation, and I will  
10 move forward with that.

11 The other two grants that we're withdrawing for  
12 the Diane Testani, and this is just our commitment. It  
13 does not affect our bottom line because that money is not  
14 on our books. That was the COVID-urgent need grant that I  
15 just talked about. And Nick Scolaro for That's a Wrap.  
16 Neither one of those could really take advantage of the  
17 grant as they felt they should have based on what the  
18 requirements are through CDBG/HUD. So both of those, we  
19 have withdrawn from the program.

20 Every one of the other grants, according to  
21 Sara, are all moving forward with paying expenses, et  
22 cetera. So I think out of the, I think it was 21 we  
23 assisted, 19 have moved forward. Okay?

24 MR. TRICHKA: That's a good record, Joe.

25 MR. MOODY: Yeah. I think it's a very good  
26 record. So let me think. I think that was it with that.

1 Did somebody have a question?

2 MALE VOICE: What about - Joe, I'm sorry - Fat  
3 Cat Comics?

4 MR. MOODY: Oh, yeah. I'm sorry. Fat Cat  
5 Comics, yes, so that is one of our GAP loan or grants.  
6 That's on our books. We have \$40,000 of that, as you  
7 could see under the UDAG. That sale fell through.  
8 Actually, the owner of Fat Cat was approached by somebody  
9 from Downstate who was moving up here. And I guess, Mr.  
10 Wayne Evans had a difficult time finding the private  
11 lender financing to get approved in time, and she sold it  
12 to another entity. So he is out of the picture with that.

13 All we have left is Johnson City Coffee  
14 Roasting. I spoke to the gentlemen yesterday, Tom  
15 Sheredy, and they're still moving forward with it. They  
16 had some issue with a partnership. I know Rose has been  
17 on top of this with their attorney, also. I expect that  
18 to close in the next couple of months or so, hopefully,  
19 sooner.

20 Seneca Spine (phonetic), I don't have a lot of  
21 information on that. Mindful Wealth and Wellness, I think  
22 they were just about done with the construction. They  
23 emailed me. I said I have to do a walkthrough. I gave  
24 them Rose Pope's contact information. I don't know if  
25 they reached out to Rose as of yet. But I still have to  
26 do the tour to make sure the work was done as agreed.

1 That's it.

2 Seneca, I'll do a follow-up with them. I'm not  
3 sure where they stand right now to be honest with you.  
4 They may be one of the ones that were affected by COVID,  
5 most of them were. Mindful Health, everything was sort  
6 of shut down, construction and all that was delayed.  
7 Johnson City Coffee Roasting, same with them, too, they  
8 weren't going to open up in the middle of the pandemic  
9 really. So it is what it is at this point.

10 MS. ROSEMARIE POPE: Joe, it's Rose.

11 MR. MOODY: Yeah.

12 MS. POPE: Yesterday, I spoke with (audio  
13 glitch), and see if they're ready to move forward with  
14 their sending me the due diligence finding, and after your  
15 (audio glitch), it's closing.

16 MR. MOODY: Great. Thank you. So that's the  
17 update.

18 MR. TRICHKA: All right. So I think the last  
19 thing is the financial disclosures?

20 MR. MOODY: Yes. The financial disclosures, Rob  
21 and I self-mailed those out to everybody. I received  
22 three back so far - Jim, Steve, and Jeff. All others,  
23 please give them back as soon as you can. If you need me  
24 to stop over, I'd be happy to pick them up except for  
25 Gary's, and then --

26 MR. LEIGHTON: I'll give -- that's probably the

1 one you want to get.

2 MR. MOODY: Yeah. There we go.

3 MR. LEIGHTON: Make the trip.

4 FEMALE VOICE: (Interposing)

5 MR. MOODY: What's that? Yeah. But recall, I  
6 have to submit those by the 31<sup>st</sup>, I believe. And they go  
7 to the Broome County Board of Ethics. They do not get  
8 filed with the Town. They're put in one envelope and it  
9 goes to the Broome County Board of Ethics, if you will.  
10 But if you can get those to me, that will be great. If  
11 you have any trouble, let me know. You could always email  
12 in PDF to me if you like. That's okay, too.

13 I think that's it. I did have that other item  
14 about the \$31 million in stimulus funds. But since we've  
15 already talked about it, I don't really think I have  
16 anything at this moment other than that.

17 I do have, just so you're aware because of the  
18 timeliness factor with the CDBG funds, I do have two  
19 rather large projects. One is recreational that I'm  
20 hoping that the application will be forthcoming. We're  
21 having a meeting with the lender and myself and the  
22 applicant next week. So, hopefully, that will be  
23 forthcoming.

24 Now, just to let you know, Sara's timeliness  
25 factor is all based on the end of July. I don't know if  
26 we could close anything by the end of July, or even if we

1 approve it in April, especially if it's a construction  
2 project. Maybe acquisition alone, building acquisition  
3 possibly. So stay tuned on that. But I want to make you  
4 aware of that.

5 MR. LEIGHTON: What's new on that motel down by  
6 the golf course?

7 MR. MOODY: That's the \$100,000 commercial  
8 façade that we have approved. As a matter of fact, I was  
9 having a meeting with Rakesh yesterday, but he had to  
10 cancel for an emergency. He was coming up from New  
11 Jersey. He told me he's moving forward as his contractors  
12 are getting their workers' comp insurance, because they  
13 are from New Jersey and apparently they don't need it in  
14 New Jersey or something like that. So it has to be  
15 provided up to New York State. So he is saying he's  
16 starting by the end of the month. So we'll see. He's  
17 been given the dates of the Champions tour, and he said he  
18 want to be operational prior to that. I imagine he's got  
19 a crew that will come right up and bust things up. But  
20 that's just sort of speculation as of the moment.

21 Nothing's been decided. He might be going  
22 forward with this funding on his own, unless the Tioga  
23 State Bank which is now reconsidering his original  
24 approval. But if anything financially changes, I'll bring  
25 it back to the board, obviously, before we close any loan.  
26 That's all I have.

1 MR. TRICHKA: All right, any last thoughts from  
2 anybody before we close out? I appreciate everybody's  
3 time today and know it will take a while to get through  
4 the audit. But we only do it once a year. So I think  
5 we're all set. All right, are there any other comments?  
6 May I have a motion to adjourn?

7 MR. PEDUTO: So moved. Jim.

8 MR. MOODY: Jim. Second?

9 MS. DIANE JULIAN: Diane. Second.

10 MR. TRICHKA: Thank you, Diane. All in favor?

11 ALL: Aye.

12 MR. TRICHKA: Opposed? All right, the motion  
13 carries. Thanks everybody for your time this morning.  
14 We're getting through that. Looking forward to hearing,  
15 Joe, what happens with that monster grant coming in, and  
16 how much we can access them.

17 MR. MOODY: So am I, and Rick and I are all over  
18 this. Rick said I'd be his first call. Right, Rick?

19 MR. TRICHKA: We're going to hold you to that  
20 Rick. All right.

21 MR. MOODY: All right. Thank you, Tim. I  
22 appreciate you hosting it again. Thank you, Tim. Okay.

23 MS. JULIAN: Have a good day.

24 MR. MOODY: Thank you.

25 (Off the record)

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C E R T I F I C A T E

I, Ria Jara, certify that the foregoing transcript of proceedings in the Union Town LDC Board Meeting, Broome County, State of New York, was prepared using digital transcription software and is a true and accurate record of the proceedings.

*Ria Jara*

Signature\_\_\_\_\_

Date: April 1, 2021