

**Jefferson County Industrial Development Agency
Loan Review Committee Meetings Minutes
August 28, 2018**

Present: Robert Aliasso, David Converse, John Jennings

Also Present: Don Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, William Johnson, Paul Warneck, Brian Topping and Christine Grimes Topping (Main Street Crafts and Drafts), Ben Rankin and Amber Larsen (Long Falls Paperboard), and Marcus Wolf from the Watertown Daily Times

- I. **Call to Order:** Chair Aliasso called the meeting to order at 8:02 a.m.
- II. **Pledge of Allegiance**
- III. **Main Street Crafts and Drafts LLC** – A request from the MICRO Enterprise Loan Fund in the amount of Seven Thousand One Hundred Fifty Dollars (\$7,150) to be used to establish a DIY Crafts and Art Bar in Sackets Harbor, NY. Staff reviewed the request and recommended approval of a loan in the amount of \$7,150 for a five year amortization with a rate of 5%. The owners will operate the business for the first three years and anticipate hiring 2 employees in year three. The owners have provided a list of the equipment they own; valued at \$7,628. A UCC will be filed covering all of the assets of the business and personal guarantees of Brian Topping and Christine Grimes Topping will be required. The loan will be contingent upon participation by the Sackets Harbor Local Development Corporation for \$7,150.

The owners provided some background on their seasonal business. They said that they opened mid to late July and have had a lot of foot traffic. Mr. Topping said that they have 20 different projects to choose from and one drink is provided. They pointed out that the projections did not include food and drink sales. They plan to target weddings next year.

After review and discussion, a motion was made by Mr. Converse, seconded by Mr. Jennings to move the loan request to the full board of directors at the next monthly meeting. All in favor. Carried.

Mr. and Mrs. Topping left the meeting.

Mr. Rankin and Ms. Larsen entered the meeting.

- IV. **Long Falls Paperboard** – A request from the Revolving Loan Fund in the amount of Three Hundred Thousand Dollars (\$300,000) to purchase and run the Carthage Mill subsequent to Chapter 11. Staff has reviewed the request and recommended the following exceptions to the RLF limit, 6% interest and interest only for 12 months and then a four year amortization. Agency funding to be termed out after Bond Issue.

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Total project amount is to be determined. They will maintain approximately 74 FTEs and increase slightly over three years. Collateral will be co-proportional second position on the assets of the Corporation. The loan will be contingent upon participation by the North Country Economic Development Fund (NCEDF) and the North Country Alliance (NCA).

Ben Rankin said that there has been a wonderful amount of community support. He identified his other partners as Mike Cammenga, who worked for the VP of Operations at the Carthage Mill for several years, and Phil Farmer whom he has worked with for several years. Mr. Rankin said that they are both qualified for leadership roles. He said that the Carthage Mill is a good mill, with good employees, but needs some capital infusion and new leadership. He said there are a number of problems, but the market is not one of them. Mr. Rankin said that there will be a solution to the wastewater issue if they acquire the Mill. At this time, it appears that the outside warehouse space will still need to be utilized. He said the machine makes specialty packaging, matte board, and cap closure board.

Mr. Rankin explained the auction process. He said that the current owners of the Carthage Mill have to set the stalking horse bidder, if the court agrees an auction will be scheduled and a closing will take place. He said that it should be an eight week process once the stalking horse bidder is identified and approved.

Mr. Aliasso asked what the loan will pay for. Mr. Rankin said it is for equipment upgrades.

Mr. Warneck asked about the status of the other funding agencies. Mr. Eaton said that the IDA is the first to consider the request and that the NCEDF and NCA will consider their requests in September.

The draft resolution was modified by changing the retained employee number from 88 to 74 and indicated that the total project amount is to be determined.

After review and discussion, a motion was made by Mr. Converse, seconded by Mr. Jennings to move the loan request to the full board at the next monthly meeting. All in favor. Carried.

Mr. Rankin and Ms. Larsen left the meeting.

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V. Other/Unfinished Business:

- 1. BICC Brothers (Jake's Wayback Burgers)** – Staff recommended approval to write off this account that has a balance due of \$20,453.25 and will continue to pursue all legal actions and collection efforts. After review and discussion, a motion was made by Mr. Jennings, seconded by Mr. Converse to move the recommendation to the full board at the next monthly meeting. All in favor. Carried.
- 2. Carthage Specialty Paperboard** – Staff recommended approval to write off this account that has a balance due of \$196,119.95. After review and discussion, a motion was made by Mr. Converse, seconded by Mr. Jennings to move the recommendation to the full board at the next monthly meeting. All in favor. Carried.
- 3. Reserve for Bad Debt Allowances for 2018-2019** – Mr. Aliasso said that Mr. Eaton suggested \$210,000 for RLF and \$22,000 for MICRO. After review and discussion, a motion was made by Mr. Converse, seconded by Mr. Jennings to send the recommendation to the full board. All in favor. Carried.
- 4. Apex – Galloo Island Wind** – Mr. Aliasso wanted to discuss the Interrogatory/Document Request form that recently came out. He said that he is a strong believer in perception and wants to protect the Agency and asked if a response should be made by board members. After discussion, it was decided to put it on the next board agenda for discussion by the full board. All in favor. Carried.

- VI. Adjournment:** With no further business before the committee, Mr. Converse made a motion to adjourn the meeting, seconded by Mr. Jennings. All in favor. The meeting adjourned at 9:49 a.m.