

**Jefferson County Industrial Development Agency
Loan Review Committee Meetings Minutes
October 27, 2020**

Present: Robert Aliasso, Chair, David Converse, John Jennings

Absent: None

Also Present: Don Alexander, Lyle Eaton, Peggy Sampson, Calvin & Rhonda McNeely, and Kent Burto (8:48 a.m.)

- I. Call to Order:** Chair Aliasso called the meeting to order at 8:03 a.m.
- II. Pledge of Allegiance**
- III. RBM Manufacturing Corp.** – A request for additional working capital in the amount of \$200,000. In November 2019 the IDA Board approved the original loan in the amount of \$200,000, at interest only for six months; due to the COVID-19 pandemic the interest only was extended through December 2020. Staff is recommended combining the two loans for one loan of \$400,000, interest only for twelve months, then 3% for five years (exception to normal terms). Collateral will be a second position lien on the assets of the Corporation and personal guarantees of Richard C. McNeely and Rhonda McNeely. There are currently 13 jobs and they are projecting to create 21 additional jobs over three years.

Mr. Aliasso asked the McNeelys about their salary projections. He said he did some quick calculations and noted that they didn't add up. Mrs. McNeely said that not all of the jobs reported were full time equivalents. She said that she will adjust the projections and send them to Mr. Eaton.

Mr. McNeely said that he sold two of the franchises earlier this year when the pandemic started. He has since signed two more commitments and is having several conversations with prospects.

Mr. Converse asked what they see in different areas in regard to local zoning laws. Mr. McNeely said that they have to follow local traffic laws.

Mr. Converse said that the IDA is subordinate to Watertown Savings Bank for the first loan and asked if they have notified the bank that they are seeking additional money. Mr. McNeely said no. Mr. McNeely indicated that his WSB loan documents did not prohibit additional debt.

Mr. Jennings asked how many franchises have to be sold each year to break even. Mr. McNeely said 10. He said that they now own their own software and it's a big part of the package. He said the franchise agreements are for 10 years and anticipate the trucks lasting 5 years.

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After review and discussion, a motion was made by Mr. Converse, seconded by Mr. Aliasso to move the request (exception to normal terms) to the full board at the next monthly meeting. All in favor.

Mr. and Mrs. McNeely left the meeting.

- IV. Above Reality Virtual Sports Complex** – Mr. Eaton said that the business has been unable to open during the pandemic because they are considered a theatre. He said that the Watertown Local Development Corporation is the lead agency and is also writing off the loan and noted that bankruptcy proceedings have begun. He said the loan will be written off effective September 30, 2020.

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

V. Other/Unfinished Business:

- 1. NYS REDI Grant Program** – Mr. Aliasso said that he sent an email to the full board and indicated that he spoke with County Legislator Chairman Scott Gray to see if the County is still on board with using county sales tax exemptions for these projects. Mr. Aliasso said that there are over 60 projects in Jefferson County, and he is wondering how the 5% local contribution is accounted for. Mr. Eaton said that the paperwork he saw indicated that the State will deduct the 5% from the applicant's total award.

Mr. Alexander pointed out the following:

- 64 projects qualified in Jefferson County
- \$8.2M in state grants represents \$410,000; IDA would give up \$160,000 in application fees
- Question on legal fees and the cost to the IDA for the projects
- How will the IDA be able to process these projects in time and get approvals from all of the affected taxing jurisdictions?

Mr. Aliasso suggested a resolution forgoing an application but develop a program to follow for the projects. He said that we first need to legally determine if the IDA can accomplish certain things related to these projects.

Mr. Alexander said there are three possible options:

1. Issue a PILOT to forgo property taxes
2. Lend money (to be processed in-house and forgo the application fee)
3. Sales tax abatement (if the project has not started)

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Mr. Aliasso said that he would coordinate with each Town instead of the 64 applicants individually. Mr. Converse said that we need more information from the State.

- VI. Adjournment:** With no further business before the committee, Mr. Converse made a motion to adjourn the meeting, seconded by Mr. Jennings. The meeting adjourned at 9:05 a.m.

Respectfully submitted,
Peggy Sampson