

**Jefferson County Industrial Development Agency  
Board Meeting Minutes  
April 5, 2018**

The Jefferson County Industrial Development Agency held a board meeting on Thursday, April 5, 2018 in the board room at 800 Starbuck Avenue, Watertown, NY.

**Present:** David Converse, Chair, John Jennings, Robert E. Aliasso, Jr., W. Edward Walldroff, Lisa L’Huillier, Paul Warneck

**Also Present:** David Zembiec, Lyle Eaton, Peggy Sampson, Marshall Weir, Kent Burto, Donald DiMonda, Greg Gardner, Joseph Russell, Esq., Michael Lundy, Mark Arbon, Esq., Brian Sinsabaugh, Esq., Ted Cordes, Michael Lambert, and Marcus Wolf from the Watertown Daily Times

**Excused:** William Johnson

**Absent:** None

**I. Call to Order:** Mr. Converse called the meeting to order at 8:37 a.m.

**II. Privilege of the Floor:** Mr. Converse invited guests to speak.

Mark Arbon, Esq. – Attorney representing Opal Development LLC (Valentine Stores), which is a property owner in the Jefferson County Corporate Park. Mr. Arbon addressed concerns on behalf of his client that include traffic congestion and consistent use of the covenants.

Brian Sinsabaugh, Esq. – Co-counsel for Onondaga Development, LLC (PJ Simao), which is a property owner in the Industrial Park. Mr. Sinsabaugh said their concerns were addressed in the letter previously sent. They include: uses allowed by the covenants, approval by all those affected by the covenants, and the incomplete application filed with the Town of Watertown Planning Board based on a 2015 application.

**III. Minutes:** Minutes of the regular meeting held March 1, 2018 were presented. A motion to approve the minutes as presented was made by Mr. Aliasso, seconded by Mr. Warneck. All in favor. Carried.

**IV. Treasurer’s Report:** Mr. Aliasso reviewed the financials for the period ending March 31, 2018 along with the delinquent loans. The Metro Paper PILOT payment is still delinquent. Carthage Specialty Paperboard, Wright Brothers (under arrangement), and BICC Bros. (have judgment, but haven’t received any money) remain on the delinquent list. After discussion, a motion was made by Mr. Aliasso to accept the financial report of March 31, 2018 as presented, seconded by Mr. Jennings. All in favor. Carried.

**V. Committee Reports:**

**a. Loan Review Committee**

**i. Resolution Number 04.05.2018.01 for The Scrub Hub, LLC** – Mr. Aliasso pointed out that one criterion that didn’t fit was the equity contribution which is normally 10% and the applicant offered 8.5%. However, he said that the bank made up the difference.

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After review and discussion, a motion was made by Mr. Warneck to approve the attached resolution, seconded by Mr. Jennings. All in favor. Carried.

- ii. **Resolution Number 04.05.2018.02 for Mr. Rick's Bakery, Inc.** – Mr. Aliasso pointed out that the loan request didn't fit the MICRO employee criterion because the business employs more than 5 employees; but it was recommended due to the loan amount. After review and discussion, a motion was made by Ms. L'Huillier to approve the attached resolution, seconded by Mr. Walldroff. All in favor. Carried.
- iii. **Resolution Number 04.05.2018.03 for Wright Brothers, LLC** – After review and discussion, a motion was made by Mr. Jennings to approve the attached resolution, seconded by Mr. Aliasso. All in favor. Carried.

**VI. Unfinished Business:** None.

**VII. New Business:**

- 1. **Carthage Specialty Paperboard** – Mr. Cordes and Mr. Lambert appeared before the board. Mr. Cordes said that they are currently working at Carthage Specialty Paperboard (CSP), but want to create a new entity. Therefore, they applied for a loan to acquire the assets of CSP out of bankruptcy. Mr. Cordes said CSP will go through an auction process and he hopes the new entity will be the initial stalking horse bidder in order to buy the assets, maintain the business and employees. Mr. Cordes reported that CSP has not lost any customers since their Chapter 11 announcement, stating that they are very loyal and indicated that they have a strong 3 week backlog. Mr. Cordes said that the Bank has significant influence since it involves all of their assets. He said that the \$250,000 loan request would finance machine upgrades.

At 9:09 a.m. a motion was made by Mr. Warneck to enter into executive session to discuss financial information of a specific corporation, seconded by Mr. Aliasso. Board members, staff, counsel, Ted Cordes and Michael Lambert remained.

At 9:23 a.m. a motion was made by Mr. Warneck to leave executive session and reconvene the regular board meeting, seconded by Mr. Aliasso.

Mr. Aliasso asked if the new entity will receive performance guarantees from engineers, suppliers, etc. to modernize the equipment. Mr. Cordes said yes.

Mr. Walldroff asked what the strengths of the new entity will be to avoid pitfalls. Mr. Cordes said that they have a good relationship with the union and will enter into a new contract with them. He also said that they have secured a solid agreement for utilities and said that they have adjusted overhead. Mr. Lambert noted their unique story for their customization abilities and using recycled fibers.

Mr. Cordes said that they will retain the current employment level of 76 and could possibly have a slight increase.

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A motion was made by Mr. Warneck, seconded by Mr. Aliasso to approve a \$250,000 RLF to the new entity to run co-terminus with the Bank for 8.5 years at 5% with the first 6 months of Interest Only. Collateral will be a subordinated position on the assets of the business and personal guarantees of John Theodore Cordes, Michael D. Lambert, and Donald Schnackel. The loan will be contingent upon being the successful bidder out of bankruptcy along with retaining 76 employees. All in favor. Carried.

Staff will prepare and send out the resolution and counsel will prepare the commitment letter.

**2. Corporate Park –**

- a. **Covenant Review** – Mr. Warneck indicated that it may be premature to have a discussion on this item. Board members agreed.
- b. **First Student Plans** – Attorney Russell said that he received opposition letters indicating that the proposed project violates covenants in the Park, which he said any property owner in the park can call into question. He said that the Agency does not have to take a stand. He said that the covenants indicate that the Agency has to receive plans for a project in the Park, and commented that it has been done. Lastly, Attorney Russell said that the Agency has a right to enforce the covenants, but that we are not obligated to.

Mr. Lundy shared the site plan with those present. He said that the plan was approved for 80x60, but indicated that the client wants 80x80. He said that the building will mirror the image of Penski and the Car-Freshner Manufacturing Facility. Mr. Lundy said that he and his father have been building in the Park since the 1970's and noted that this is the first time he has had to appear before the IDA with plans. Mr. Lundy said that he believes the project meets the covenants as professional services. He addressed concerns about traffic congestion, saying that First Student employees will arrive between 5 a.m. – 6 a.m.; the buses will leave park between 6 a.m. – 6:30 a.m. and return mid morning and leave again mid afternoon. He said that employees will enter the east side of park and buses will exit the west side of the park.

Mr. Aliasso asked if the Town of Watertown will conduct a traffic study. Mr. Lundy indicated that the Town of Watertown didn't feel it warranted a traffic study. Mr. Lundy said that First Student has signed a letter of intent with him and they are currently working on the design.

Mr. Lundy pointed out that the covenants differ from the zoning law criteria. Mr. Warneck said that we need to work with the Town of Watertown Planning Board in developing them so they are consistent. Mr. Lundy pointed out that the covenants were created prior to planning boards' creation.

After review and discussion, a motion was made by Mr. Warneck to approve the submitted design elevations of the proposed building in the Jefferson County Corporate Park, seconded by Ms. L'Huillier. All in favor. Carried.

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Attorney Russell commented that another property owner can object, but indicated that the IDA board meeting is not the right forum.

**VIII. Counsel:**

- 1. Consider Resolution Number 04.05.2018.04 for Clayton Harbor Hotel, LLC** – After review and discussion, a motion was made by Mr. Aliasso to approve the attached resolution, seconded by Mr. Jennings. Roll call vote was taken. Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Aliasso – Yea, Mr. Walldroff – Yea, Ms. L’Huillier – Yea, Mr. Warneck – Yea, Mr. Johnson – Absent. Resolution carried.

**Executive Session** – At 10:05 a.m. a motion was made by Mr. Warneck to enter into executive session to discuss possible sale of real property, seconded by Mr. Aliasso. Board Members, Staff, and Counsel remained.

At 10:43 a.m. a motion was made by Mr. Aliasso to leave executive session and reconvene the regular board meeting, seconded by Mr. Walldroff.

- IX. Adjournment:** With no further business before the board, a motion to adjourn was made by Mr. Warneck, seconded by Mr. Aliasso. All in favor. The meeting adjourned at 10:44 a.m.

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Resolution Number 04.05.2018.01**

**RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO**  
**The Scrub Hub, LLC**

**WHEREAS**, The Scrub Hub, LLC has requested by application to this Agency a Micro Enterprise Loan in the amount of Eighteen Thousand Six Hundred Fifty Six Dollars (\$18,656.00) to expand the facility located at 19033 US Route 11, Watertown, and

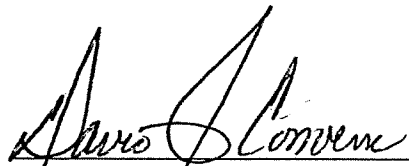
**WHEREAS**, Staff reviewed this request and recommended approval of a loan in the amount of \$18,656 for a five year amortization with a rate of 5%. There are currently 4 employees with a projection to hire 3 PT Employees over 3 years. Collateral will be a first position lien on the assets of the business and personal guarantee of Bonnie Herman. Contingencies of equity contribution and bank financing, and

**WHEREAS**, on March 30, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request and recommended approval of the loan and terms to the full Board of Directors, and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approved the request for a Eighteen Thousand Six Hundred Fifty Six Dollar (\$18,656.00) loan to The Scrub Hub, LLC with all terms and conditions as set forth in this Resolution, and be it further,

**RESOLVED**, that the Chairman, Vice Chairman, Secretary and/or Chief Executive Officer are authorized and directed to execute any and all documents necessary to carry out the purposes of this Resolution.

This resolution shall take effect immediately.

  
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David J. Converse  
Chairman

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
Resolution Number 04.05.2018.02**

**RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO  
Mr. Rick's Bakery, Inc.**

**WHEREAS**, Mr. Rick's Bakery has requested by application to this Agency a Micro Enterprise Loan in the amount of Twenty Thousand Dollars (\$20,000.00) to be used as working capital to assist in recovering from the road closure in 2017 and other unanticipated occurrences, and

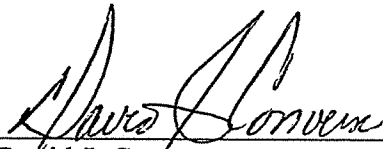
**WHEREAS**, Staff reviewed this request and recommended approval of a loan in the amount of \$20,000 for a five year amortization with a rate of 5%. There is currently 8 FT and 4 PT employees. They project to create 5 FT employees over three years. Collateral will be personal guarantees of the owners, and

**WHEREAS**, on March 30, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request and recommended approval of the loan and terms to the full Board of Directors, and

**NOW THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approved the request for a Twenty Thousand Dollar (\$20,000.00) loan to Mr. Rick's Bakery with all terms and conditions as set forth in this Resolution, and be it further,

**RESOLVED**, that the Chairman, Vice Chairman, Secretary and/or Chief Executive Officer are authorized and directed to execute any and all documents necessary to carry out the purposes of this Resolution.

This resolution shall take effect immediately.

  
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David J. Converse  
Chairman

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Resolution Number 04.05.2018.03**

**RESOLUTION FOR AUTHORIZING A MODIFICATION TO THE REVOLVING  
LOAN TO WRIGHT BROTHERS, LLC**

**WHEREAS**, Wright Brothers, LLC has requested a six-month principal moratorium and a new maturity date, and

**WHEREAS**, on March 15, 2018, the Watertown Local Development Corporation as lead agency approved the request, and


**WHEREAS**, Staff recommended a six month principal moratorium retroactive to February 1, 2018 until July 1, 2018 as well as extending the maturity date by five years. The balloon payment will be due February 1, 2023, and

**WHEREAS**, on March 30, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request and agreed to move the request to the full Board of Directors, and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approved staff's recommendation for the modification request and that all terms and conditions of the original loan remain in effect, and be it further,

**RESOLVED**, that the Chairman, Vice Chairman, Secretary and/or Chief Executive Officer are authorized and directed to execute any and all documents necessary to carry out the purposes of this Resolution.

This resolution shall take effect immediately.

  
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David J. Converse  
Chairman

**RESOLUTION NUMBER 04.05.2018.04**  
**APPROVING CERTAIN MORTGAGES FROM JEFFERSON COUNTY INDUSTRIAL**  
**DEVELOPMENT AGENCY AND CLAYTON HARBOR HOTEL, LLC**  
**TO NORTHWEST BANK**

**WHEREAS**, the Jefferson County Industrial Development Agency, Jefferson County, New York (the "**Agency**") has previously adopted a Lease/Leaseback Resolution for the Clayton Harbor Hotel, LLC Project (the "**Project**"). The Project, pursuant to that Resolution was subsequently leased to the Agency and then leased back by the Agency to the Clayton Harbor Hotel, LLC (the "**Company**"), and

**WHEREAS**, at the request of the Company, the Agency and the Company executed and delivered a certain \$14,791,855.42 mortgage (the "**Existing Mortgage**") to Northwest Savings Bank, and

**WHEREAS**, the Company has indicated that it intends to refinance the Existing Mortgage, and cross collateralize the Company's property with related properties in other areas of the state, and the Company has requested that the Agency together with the Company execute and deliver four separate mortgages to Northwest Bank which, together with mortgages on the properties in other areas of the state will secure in total and indebtedness of \$62,462,000 (the "**New Mortgages**").

**NOW, THEREFORE, BE IT RESOLVED** that the New Mortgages are hereby approved and the Agency shall join the Company in the execution thereof, and be it further

**RESOLVED** that the CEO or any other officer of the Agency is hereby authorized to execute and deliver the New Mortgages in substantially the same form as presented to this meeting and to execute and deliver all other documents necessary to carry out the intent of this resolution.

This resolution shall take effect immediately

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

<u>David Converse</u>	VOTING <u>YEA</u>
<u>John Jennings</u>	VOTING <u>YEA</u>
<u>Robert E. Aliasso, Jr.</u>	VOTING <u>YEA</u>
<u>W. Edward Walldroff</u>	VOTING <u>YEA</u>
<u>Lisa L'Huillier</u>	VOTING <u>YEA</u>
<u>Paul Warneck</u>	VOTING <u>YEA</u>
<u>William Johnson</u>	VOTING <u>ABSENT</u>

The foregoing Resolution was thereupon declared and duly adopted.



**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Resolution Number 04.05.2018.05**

**RESOLUTION FOR AUTHORIZING A REVOLVING LOAN TO  
(CARTHAGE SPECIALTY PAPERBOARD) Entity to be formed**

**WHEREAS**, Current Management of Carthage Specialty Paperboard Inc. (entity to be formed) has requested a Revolving Loan in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) to finance paper machine upgrades at Carthage Specialty Paperboard, Inc., and

**WHEREAS**, the Loan Review Committee of the Jefferson County Industrial Development Agency received the request late March 29, 2018 for their meeting on March 30, 2018. The Loan Review Committee said that they did not have time to review the request and sent it to the full board with no recommendation, and

**WHEREAS**, the Board of Directors reviewed the request and spoke to two of the three management team members during the board meeting. The Board of Directors recommended approval of a loan in the amount of \$250,000.00 to run co-terminus with the bank for 8.5 years at 5% with the first 6 months of Interest only. Collateral will be a subordinated position on the assets of the business and personal guarantees of John Theodore Cordes, Michael D. Lambert, and Donald Schnackel. There are currently 76 jobs and they intend to retain those jobs and expect a slight increase. The loan will be contingent upon being the successful bidder out of bankruptcy in order for this loan to close, and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approved the request for a Two Hundred Fifty Thousand Dollar (\$250,000.00) loan to (Carthage Specialty Paperboard) Entity to be formed with all terms and conditions as set forth in this Resolution, and be it further,

**RESOLVED**, that the Chairman, Vice Chairman, Secretary and/or Chief Executive Officer are authorized and directed to execute any and all documents necessary to carry out the purposes of this Resolution.

This resolution shall take effect immediately.

  
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David J. Converse  
Chairman