

Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Telephone: (315) 782-5865 or (800) 553-4111 Facsimile (315) 782-7915
www.jcida.com

Notice of Board Meeting

Date: November 17, 2022

To: John Jennings
David Converse
W. Edward Walldroff
Paul Warneck
William Johnson
Lisa L'Huillier

From: Chairman Robert Aliasso

Re: Notice of Board of Directors' Meeting

=====

The Jefferson County Industrial Development Agency will hold their monthly Board Meeting on **Thursday, December 1, 2022 at 8:30 a.m.** in the board room at 800 Starbuck Avenue, Watertown, NY.

The live stream link will be available at www.jcida.com.

Zoom:
<https://us02web.zoom.us/j/84355250468?pwd=R0t4VjRPdGJBZDJrL2JQYVVjKytDdz09>
Meeting ID: 843 5525 0468
Passcode: 011440
1-929-205-6099 US (New York)

Please confirm your attendance with Peggy Sampson pssampson@jcida.com at your earliest convenience.

pss

c: David Zembiec, CEO
Marshall Weir
Lyle Eaton
Jay Matteson
Joy Nuffer
Robin Stephenson
Christine Powers
Greg Gardner
Kent Burto
Rob Aiken
Justin Miller, Esq.
Media

BOARD MEETING AGENDA
Thursday, December 1, 2022 - 8:30 a.m.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Privilege of the Floor**
- IV. Minutes – November 3, 2022**
- V. Treasurer’s Report – November 30, 2022**
- VI. Committee Reports**
 - a. Alternative Energy Ad Hoc Committee**
 - b. Loan Review Committee**
 - i. Resolution No. 12.01.2022.01 for Colleen’s Cherry Tree Inn**
 - ii. 103 General Smith Dr., LLC**
 - c. Governance Committee**
 - i. Resolution No. 12.01.2022.03 for Annual Internal Policy and Procedure Review**
 - ii. Summary Results of Confidential Evaluation of Board Performance**
 - d. Nominating Committee**
- VII. Unfinished Business**
 - 1. 146 Arsenal Street update**
- VIII. New Business**
 - 1. MLR Realty, LLC – Watertown Savings Bank Subordination Request**
- IX. Counsel**
 - 1. Reassignment request from Wilna PV, LLC**
- X. Adjournment**

**Jefferson County Industrial Development Agency
Board Meeting Minutes
November 3, 2022**

DRAFT

The Jefferson County Industrial Development Agency held their board meeting on Thursday, November 3, 2022 in the board room at 800 Starbuck Avenue, Watertown, NY.

Present: Robert E. Aliasso, Jr., Paul Warneck, Lisa L'Huillier, David Converse, William Johnson, W. Edward Walldroff, John Jennings

Excused: None

Absent: None

Also Present: Anthony Fiorentino (C&S Companies)
Zoom: Justin Miller, Esq., Craig Fox (Watertown Daily Times)

Staff Present: David Zembiec, Marshall Weir, Lyle Eaton, Peggy Sampson, Jay Matteson, Joy Nuffer, Robin Stephenson

- I. Call to Order:** Chairman Aliasso called the meeting to order at 8:30 a.m.
- II. Pledge of Allegiance**
- III. Privilege of the Floor:** Chairman Aliasso invited guests to speak. No one spoke.
- IV. Minutes:** Minutes of the meeting held October 6, 2022 were presented. A motion to approve the minutes as presented was made by Mr. Converse, seconded by Mr. Johnson. All in favor. Carried.
- V. Treasurer's Report:** Mr. Warneck reviewed the financials for the period ending October 31, 2022. He noted the new line item 'Gain on Property Acquisition' on the revenue side for the property that we received from the City of Watertown for the YMCA project at 146 Arsenal Street. He said that revenue is down dramatically as well as expenses, which has to do with grant income and the money flowing through us for the YMCA project.

Mr. Warneck said he wonders if the number for the line item '146 Ars Building Improvements' on the balance sheet will be changing as the project progresses since we own the building and there is a \$20M project being completed. Mr. Eaton said that he will work with Bowers & Company on how to handle it.

Mr. Warneck reviewed the delinquent loans. He pointed out that the MICRO bad debt allowance was increased. Mr. Converse asked if there has been any response to the demand letters. Mr. Eaton said that Harris Beach recently sent out the demand letter to Standard Machine and indicated that there was no response from the Barber Shop. After discussion, a motion was made by Mr. Warneck to accept the financial statement as presented, seconded by Ms. L'Huillier. All in favor. Carried.

VI. Committee Reports:

- a. **Alternative Energy Ad Hoc Committee** – Mr. Warneck said that Staff, Attorney Miller, Mr. Johnson and himself met recently to discuss how to enter solar projects on the assessment rolls. He said that they will be scheduling a meeting with folks from the Real Property office in the near future.

VII. Unfinished Business:

1. **146 Arsenal Street update** – Mr. Zembiec said the project is progressing. Even though they've had a few delays, it is still on schedule overall. He noted that National Grid is running a gas line to the site for a new generator.
2. **Resolution No. 11.03.2022.01 for Amendment to Convalt LDA** – Attorney Miller said that we have a Land Development Agreement (LDA) with the applicant to sell the 88-acre parcel property for the project. He said that they are looking to undertake some pre-closing development activities such as clearing, grubbing, scraping, and putting in some gravel. He said there is risk that comes along with it since it's IDA property and concerns that we would have with general risk with contractors on our land, permitting activities and also that they are paying for those contractor activities to occur and any other issues for them to improve our land. He said that he set up an amendment to the LDA that expands their license rights to undertake this scope of work with a list of contingencies that are intended to protect the agency as the landowner. He said that the contractor will have to show insurance and Hari will have to present all the contracts to us for review. He said that there are indemnities protecting the IDA. He said that if any mechanics liens are filed, we can terminate the LDA. He said the amendment is as protective as it could be.

Chairman Aliasso asked if the improvements remain with the land. Attorney Miller said it's a good point and said that it is understood that he is improving our land for his convenience. Attorney said it was a good comment and a release statement can be included in the amendment.

Mr. Converse asked if the agreement covers us if the company no longer exists and liens are put against our property. Attorney Miller said that is always a risk, but he included language that the contract for the improvements needs to be fully bonded and said that there is lien release and indemnities. He pointed out that we also have a \$1M loan into the project, so we have skin in the game already. Chairman Aliasso asked if we will have similar protections if there is a lack of payment, and a contractor places a lien on the property. Attorney Miller said the LDA has license rights that are limited to going out and testing, drilling, poking, and doing feasibility things. There is protective language in the LDA that says liens placed on the property will have to satisfy them within 30 days or bond over to our satisfaction.

Mr. Walldroff asked if Hari has agreed to all of the contingencies. Mr. Zembiec said yes. Mr. Zembiec asked Attorney Miller if the improvements language will be added to the to Exhibit A to the resolution. Attorney Miller said yes.

DRAFT

Mr. Warneck said last month there was a report on the appraisal of Hari's assets to protect us. He asked if they would roll over if there was a claim against us since the appraisal of the equipment would more than cover what we have into it now. Mr. Zembiec said that collateral is not tied to this, but to the working capital bridge loan.

Mr. Warneck asked if Hari needs to rush to get the trees cut down before winter. Mr. Zembiec said no issue just clearing and putting gravel down. Mr. Warneck said he thinks it's a good thing to get him started as long as we are protected.

Attorney Miller noted that he also added a mandatory lien release from their contractor upon components of the work being completed, so they will issue a direct lien release to the IDA.

Chairman Aliasso asked if they are required to follow the prevailing wage rate even though he is using his own money. Attorney Miller said that right now he is improving IDA property so it's a good point. He said that he will double check with his legal department.

Attorney Miller said that before the project authorizing resolution is drafted for board consideration, he will have Lyle and Dave go back to see if the project has more than 30% of public funds associated with it.

Mr. Walldroff asked what the project cost estimate is. Mr. Zembiec said it is \$64M.

Chairman Aliasso read the purpose of the resolution. He said that counsel will add additional language that will specify that any improvements will remain with the land and will consider and suggest language if prevailing wage is required. He asked for a motion to discuss the resolution. A motion was made by Mr. Warneck, seconded by Mr. Jennings. Roll call vote. Mr. Aliasso – Yea, Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Johnson – Yea, Ms. L'Huillier – Yea, Mr. Walldroff – Yea, Mr. Warneck – Yea. Carried.

VIII. New Business:

1. **Turn Lane at Corporate Park** – Mr. Zembiec said that National Grid moved utility lines and has finalized the design for gas line relocation, which has now been reviewed and approved by DOT. He said that work will start next spring.
2. **Committee Meetings** – Mr. Zembiec said that staff will be reaching out to schedule governance, nominating and personnel committee meetings to be held later this month.

IX. Counsel: None.

- X. **Adjournment:** With no further business before the board, a motion to adjourn was made by Mr. Warneck, seconded by Ms. L'Huillier. All in favor. The meeting adjourned at 9:02 a.m.

Respectfully submitted,

Peggy Sampson

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Income Statement for the Eleven Month Period Ending November 30, 2022

Prepared by Lyle Eaton, November 21, 2022

UNRECONCILED

| | Current Year Budget | Year-to-Date Total | Current Month | Previous Month | Balance Remaining |
|-------------------------------------|------------------------|-----------------------|-----------------------|---------------------|-----------------------|
| Revenues | | | | | |
| Application & Process Fees | \$ 11,000.00 | 26,250.00 | \$ 0.00 | 0.00 | (15,250.00) |
| Bond Admin Fee | 6,000.00 | 3,000.00 | 0.00 | 0.00 | 3,000.00 |
| FTZ Annual Fee | 1,200.00 | 0.00 | 0.00 | 0.00 | 1,200.00 |
| PILOT/Sale Leaseback Fees | 1,227,142.00 | 1,006,867.33 | 0.00 | 328,347.00 | 220,274.67 |
| Fee Income - RLF Program | 24,474.00 | 50,659.84 | 3,618.56 | 3,618.56 | (26,185.84) |
| Fee Income - Micro Program | 13,389.00 | 29,361.72 | 2,097.26 | 2,097.26 | (15,972.72) |
| Gain on Property Acquisition | 0.00 | 118,000.00 | 0.00 | 118,000.00 | (118,000.00) |
| Grant Income - Federal ARPA | 0.00 | 3,351,000.00 | 0.00 | 0.00 | (3,351,000.00) |
| Interest Income | 2,481.00 | 743.29 | 0.00 | 11.13 | 1,737.71 |
| Interest Income - RLF Program | 29,085.00 | 25,340.52 | 124.13 | 5,247.13 | 3,744.48 |
| Late Payment Penalty RLF | 0.00 | 114.42 | 0.00 | 0.00 | (114.42) |
| Interest Income - City Fund | 3,600.00 | 1,945.39 | 0.00 | 0.00 | 1,654.61 |
| Interest Income - Micro Prog. | 9,650.00 | 9,683.60 | 270.41 | 464.89 | (33.60) |
| Late Payment Penalty - Micro | 0.00 | 330.78 | 0.00 | 0.00 | (330.78) |
| Grant Income | 0.00 | 300,000.00 | 0.00 | 0.00 | (300,000.00) |
| Miscellaneous Income | 1,500.00 | (160,309.07) | 0.00 | 588.00 | 161,809.07 |
| YMCA Income | 0.00 | 41,684.35 | 0.00 | 2,566.75 | (41,684.35) |
| YMCA Grant Income | 0.00 | 2,843,380.28 | 0.00 | 1,312,140.14 | (2,843,380.28) |
| Overhead Recovery | 0.00 | 91,225.00 | 0.00 | 0.00 | (91,225.00) |
| Total Revenues | 1,329,521.00 | 7,739,277.45 | 6,110.36 | 1,773,080.86 | (6,409,756.45) |
| Operations | | | | | |
| Office Expense | 2,036.00 | 3,777.51 | 200.00 | 120.45 | (1,741.51) |
| Admin Services Exp | 792,260.00 | 733,271.00 | 58,985.00 | 58,985.00 | 58,989.00 |
| Electric Service | 0.00 | 734.96 | 0.00 | 0.00 | (734.96) |
| Depreciation Expense - Siding | 40,739.00 | 19,011.44 | 1,357.96 | 1,357.96 | 21,727.56 |
| D&O Insurance | 19,000.00 | 19,028.94 | 1,300.66 | 1,300.66 | (28.94) |
| Commercial Insurance | 36,354.00 | 30,815.78 | 635.71 | 635.71 | 5,538.22 |
| FTZ Expense | 1,250.00 | 1,250.00 | 0.00 | 0.00 | 0.00 |
| Legal- Retainer | 0.00 | 19,500.00 | 0.00 | 1,500.00 | (19,500.00) |
| Legal - Unrestricted | 50,000.00 | 22,762.45 | 0.00 | 0.00 | 27,237.55 |
| Legal YMCA | 10,000.00 | 18,949.85 | 0.00 | 0.00 | (8,949.85) |
| Accounting & Auditing | 16,000.00 | 11,400.00 | 0.00 | 0.00 | 4,600.00 |
| Coffeen Park Taxes | 1,800.00 | 1,743.44 | 0.00 | 0.00 | 56.56 |
| Airport Park Taxes | 1,200.00 | 1,056.39 | 0.00 | 0.00 | 143.61 |
| Fees Expense | 3,000.00 | 110.00 | 0.00 | 0.00 | 2,890.00 |
| Grant Expense - Federal ARPA | 0.00 | 2,351,000.00 | 0.00 | 0.00 | (2,351,000.00) |
| Grant Expense YMCA | 0.00 | 2,843,380.28 | 0.00 | 1,312,140.14 | (2,843,380.28) |
| Bad Debt--RLF | 190,000.00 | (19,699.50) | 0.00 | 0.00 | 209,699.50 |
| Bad Debt--Micro | 31,000.00 | 59,358.25 | 0.00 | 59,358.25 | (28,358.25) |
| RLF Program Expense | 24,474.00 | 50,659.84 | 3,618.56 | 3,618.56 | (26,185.84) |
| Microenterprise Program Exp | 13,389.00 | 29,361.72 | 2,097.26 | 2,097.26 | (15,972.72) |
| RLF Audit Expense | 800.00 | 0.00 | 0.00 | 0.00 | 800.00 |
| 146 Arsenal Bldg Maintenance | 0.00 | 1,057.19 | 0.00 | 0.00 | (1,057.19) |
| Plowing 146 Arsenal | 0.00 | 15,900.00 | 0.00 | 0.00 | (15,900.00) |
| IDA 146 Arsenal Bldg Expense | 0.00 | 27,143.18 | 76.75 | 724.29 | (27,143.18) |
| Building Depreciation | 29,321.00 | 51,200.74 | 8,076.64 | 8,076.64 | (21,879.74) |
| 146 Arsenal Gas | 0.00 | 7,962.72 | 0.00 | 0.00 | (7,962.72) |
| 146 Arsenal Electric | 0.00 | 37,766.77 | 0.00 | 1,532.07 | (37,766.77) |
| 146 Arsenal Water | 0.00 | 3,972.75 | 0.00 | 268.89 | (3,972.75) |
| Miscellaneous - Unrestricted | 200.00 | 103.23 | 0.00 | 0.00 | 96.77 |
| Total Operations | 1,262,823.00 | 6,342,578.93 | 76,348.54 | 1,451,715.88 | (5,079,755.93) |
| Total Revenue | 1,329,521.00 | 7,739,277.45 | 6,110.36 | 1,773,080.86 | (6,409,756.45) |
| Total Expenses | 1,262,823.00 | 6,342,578.93 | 76,348.54 | 1,451,715.88 | (5,079,755.93) |
| Net Income Over Expenditures | \$ 66,698.00 | 1,396,698.52 | \$ (70,238.18) | 321,364.98 | (1,330,000.52) |

For Internal Use Only

Jefferson County IDA
Balance Sheet
November 30, 2022

ASSETS

| | | |
|--------------------------------|----|---------------------------|
| Current Assets | | |
| General Checking | \$ | 1,663,052.56 |
| Savings Account | | 258,433.29 |
| Microenterprise Account | | 103,589.66 |
| City Loan Account | | 287,872.58 |
| Revolving Loan Fund Account | | 2,445,157.68 |
| Miscellaneous Receivable | | 21,477.05 |
| Acct Receivable - Rogers | | 17,519.31 |
| RLF Loans Receivable | | 1,997,104.40 |
| Microenterprise Loans Rec. | | 185,157.40 |
| Allowance for Bad Debt-RLF | | (190,000.00) |
| Allow. for Bad Debts-MICRO | | (90,000.00) |
| Prepaid Expense | | 18,513.25 |
| | | <hr/> |
| Total Current Assets | | 6,717,877.18 |
| Property and Equipment | | |
| Accum Depr - Building | | (1,066,907.80) |
| Accum Depr. Equipment | | (52,269.66) |
| Accumulated Depreciation Sidin | | (25,801.24) |
| | | <hr/> |
| Total Property and Equipment | | (1,144,978.70) |
| Other Assets | | |
| IT Server | | 6,050.00 |
| Equipment | | 13,366.00 |
| Corp. Park Improvements | | 209,995.14 |
| Airport Property | | 884,326.02 |
| Intangible Asset | | 53,195.00 |
| WIP Airport | | 332,170.51 |
| WIP Intersection | | 244,973.52 |
| Woolworth Building | | 505,000.00 |
| Rail Siding CCIP | | 244,434.00 |
| Land 146 Arsenal | | 126,577.50 |
| 146 Ars Building Improvements | | 3,264,556.08 |
| | | <hr/> |
| Total Other Assets | | 5,884,643.77 |
| Total Assets | \$ | <hr/> <hr/> 11,457,542.25 |

LIABILITIES AND CAPITAL

| | | |
|-------------------------------|----|--------------|
| Current Liabilities | | |
| RLF Loan Payable | \$ | 700,000.00 |
| Due HUD - RLF Interest | | 863.01 |
| Due HUD - MICRO Interest | | 7.77 |
| Due HUD - CITY Loan Interest | | 2.44 |
| Maintenance Reserve Convergys | | 14,445.48 |
| Maintenance Expense Convergys | | 25,927.57 |
| ARPA Airport Sewer | | 1,208,000.00 |
| Car Freshner Signage | | 11,000.00 |
| | | <hr/> |
| Total Current Liabilities | | 1,960,246.27 |
| Long-Term Liabilities | | |
| Due NYS/IAP L.T. | | 180,159.78 |
| Deferred Revenue - Rogers | | 18,000.51 |

Unaudited - For Management Purposes Only

Jefferson County IDA
Balance Sheet
November 30, 2022

| | | |
|--------------------------------|---------------------|-----------------------------|
| Total Long-Term Liabilities | | <u>198,160.29</u> |
| Total Liabilities | | 2,158,406.56 |
| Capital | | |
| General Fund Bal - Unrestrict. | 1,826,227.59 | |
| Fund Bal - RLF Restricted | 4,419,309.27 | |
| Fund Bal - Micro Restricted | 414,850.76 | |
| Fund Bal - City Restricted | 262,489.22 | |
| Cap. Impr. Convergys | 979,560.33 | |
| Net Income | <u>1,396,698.52</u> | |
| Total Capital | | <u>9,299,135.69</u> |
| Total Liabilities & Capital | \$ | <u><u>11,457,542.25</u></u> |

Jefferson County IDA
General Checking Cash Receipts Journal
For the Period From Nov 1, 2022 to Nov 30, 2022

Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.

| Date | Account ID | Transaction | Line Description | Debit Amnt | Credit Amnt |
|----------|----------------------------|-------------|--|-----------------|------------------|
| 11/3/22 | 125001 100001 | 1245 | Invoice: 3732 JEFFERSON COUNTY INDUSTRIAL | 2,097.26 | 2,097.26 |
| 11/3/22 | 125001 100001 | 2195 | Invoice: 3731 JEFFERSON COUNTY INDUSTRIAL | 3,618.56 | 3,618.56 |
| 11/17/22 | 207005 205602 100001 | 19645 | DUE MICRO DUE SHLDC PAINFULL ACRES | 989.37 | 565.35 424.02 |
| | | | | <u>6,705.19</u> | <u>6,705.19</u> |

**Jefferson County IDA
Miscellaneous Receivables
As of Nov 30, 2022**

Filter Criteria includes: 1) Includes Drop Shipments. Report order is by ID. Report is printed in Detail Format.

| Customer ID Customer Bill To Contact Telephone 1 | Invoice/CM | 0 - 30 | 31 - 60 | 61 - 90 | Over 90 days | Amount Due |
|---|------------|--------|----------|---------|--------------|------------|
| CONVALT CONVALT ENERGY, LLC | 3669 | | | | 27,486.30 | 27,486.30 |
| CONVALT CONVALT ENERGY, LLC | | | | | 27,486.30 | 27,486.30 |
| YMCA YMCA EX DIRECTOR DENISE YOUNG | 3778 | | 2,566.75 | | | 2,566.75 |
| YMCA YMCA | | | 2,566.75 | | | 2,566.75 |
| Report Total | | | 2,566.75 | | 27,486.30 | 30,053.05 |

**Jefferson County Industrial Development Agency
Revolving Loan Fund Receivables
November 30, 2022**

| | Recipient | Date Issued | Loan Amount | Current Balance | Payment Amount | Current Status | Purpose of Loan |
|---|------------------------------|-------------|-----------------------|-----------------------|----------------|----------------|------------------------------------|
| 1 | Convalt | 07/13/22 | \$850,000.00 | \$850,000.00 | \$2,625.00 | Current | Participation (SHLDC) Bridge loan |
| 2 | JCIDA | 08/01/21 | \$2,000,000.00 | 700,000.00 | \$0.00 | Current | 146 Arsenal Remediation |
| 3 | MLR, LLC | 07/01/07 | \$250,000.00 | 5,827.04 | \$1,307.83 | Current | Expand Warehouse |
| 4 | Meadowbrook Terrace | 08/01/12 | \$250,000.00 | 72,339.97 | \$2,879.32 | Current | Working Cap During Construction |
| 5 | RBM Manufacturing | 11/22/19 | \$400,000.00 | 368,847.39 | \$7,187.48 | Current | Working Capital Additional 11/2020 |
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| | Total RLF Receivables | | \$3,750,000.00 | \$1,997,014.40 | | - | |

November 30, 2022

| | Recipient | Date Issued | Original Amount | Current Balance | Payment Amount | Current Status | Purpose of Loan |
|--|------------------------------|-------------|-----------------|-----------------|----------------|----------------|------------------------------------|
| | Colleens Cherry Tree Inn | 5/1/2019 | \$40,000.00 | \$23,015.96 | \$1,421.18 | 3 Months | Expand Restaurant - Ice Ceram Shop |
| | R. L. Gould & Son, LLC | 3/1/2019 | \$40,000.00 | \$14,368.93 | \$750.30 | Current | Open UPS Store |
| | Tl Area Habitat For Humanity | 4/1/2018 | \$40,000.00 | \$6,654.18 | \$754.85 | Current | Open ReStore |
| | Painfull Acres | 3/1/2018 | \$40,000.00 | \$16,898.50 | \$565.35 | Current | Amish Furniture Store |
| | Pink Kettle | 2/23/2022 | \$24,800.00 | \$21,839.68 | \$468.01 | Current | Retail Beverages |
| | Sarah's Barber Shop | 3/1/2020 | \$10,000.00 | \$6,867.40 | \$188.71 | Demand Letter | Barber Shop |
| | The Scrub Hub | 4/1/2018 | \$18,656.00 | \$2,061.89 | \$352.06 | Current | Scrubs Clothing |
| | Standard Machine | 8/21/2021 | \$40,000.00 | \$37,352.70 | \$749.30 | Demand Letter | Fabrication |
| | Taste of Design | 4/1/2007 | \$40,000.00 | \$14,487.32 | \$277.54 | 2 Months | Coffee Shop |
| | Therartpy | 7/1/2021 | \$10,102.00 | \$7,649.48 | \$190.64 | Current | Art Therapy |
| | Willowbrook | 7/28/2021 | \$40,000.00 | \$33,961.36 | \$754.85 | Current | Purchase Golf Club |
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| | | | | | | | |
| | Total MICRO Receivables | | \$343,558.00 | \$185,157.40 | | - | |

Jefferson County IDA
Cash Disbursements Journal
For the Period From Nov 1, 2022 to Nov 30, 2022

Filter Criteria includes: Report order is by Date. Report is printed in Detail Format.

| Date | Check # | Account ID | Line Description | Debit Amount | Credit Amount |
|--------------|---------|--------------------------------------|---|----------------------------|------------------|
| 11/2/22 | 7848 | 200001 100001 | Invoice: 2371 JEFF COUNTY LDC | 58,985.00 | 58,985.00 |
| 11/2/22 | 7849 | 200001 200001 200001 100001 | Invoice: 17024-10/22 Invoice: 45157-10/22 Invoice: 45150-10/22 NATIONAL GRID | 729.58 203.66 598.83 | 1,532.07 |
| 11/10/22 | 7850 | 200001 100001 | Invoice: 7-930-47642 FEDERAL EXPRESS CORP. | 45.23 | 45.23 |
| 11/10/22 | 7851 | 200001 200001 100001 | Invoice: 0011-10/22 Invoice: 1851-10/22 CITY OF WATERTOWN COMPTROLLER | 268.89 43.38 | 312.27 |
| 11/15/22 | 7852 | 200001 100001 | Invoice: 36197 WESTELCOM | 76.75 | 76.75 |
| 11/17/22 | 7853 | 200001 100001 | Invoice: 11/22 PAINFULL JEFFERSON COUNTY INDUSTRIAL | 565.35 | 565.35 |
| 11/17/22 | 7854 | 200001 100001 | Invoice: 11/22 PAINFULL* SACKETS HARBOR LDC | 424.02 | 424.02 |
| Total | | | | 61,940.69 | 61,940.69 |

**Jefferson County Industrial Development Agency
Loan Review Committee Meeting Minutes
November 23, 2022**

Present: David Converse (Chair), Rob Aliasso, Christine Powers, John Jennings, Kent Burto

Excused: None

Also Present: David Zembiec, Marshall Weir, Lyle Eaton, Peggy Sampson, Joy Nuffer, Robin Stephenson, Bill Johnson, W. Edward Walldroff, Alex Morgia (via phone), Lisa L'Huillier

- I. Call to Order:** Chair Converse called the meeting to order at 8:00 a.m.
- II. Pledge of Allegiance**
- III. Colleen's Cherry Tree Inn (CCTI) Loan Modification Request** – A request for a loan modification to the existing MICRO loan. In the written request, Ms. Bellinger cited the ongoing coronavirus pandemic and personal setbacks for the reason for falling behind on the loan payments. The current balance on the \$40,000 loan made in 2019 is \$23,626.53 which includes late fees and interest as of November 30, 2022. Staff recommended re-amortizing the outstanding balance of \$23,626.53 for 10 years at 5% with an option for a 5-year call, at which time staff will review the situation to see if they are in a position to pay the balloon in full. The modification will be contingent upon CCTI bringing their JCLDC COVID loan current. Ms. Nuffer said that she has is halfway there on bringing that account current.

Ms. Powers asked how far behind they are (dollar amount). Ms. Nuffer said approximately \$3,500. Ms. Powers asked if they would be able to catch up. Staff does not believe that they can with their current loan structure (winter months are interest only [\$120/mo.] and summer months are full P&I[\$1,400/mo.]). Ms. Nuffer said that staff is recommending level payments year-round.

Chairman Converse pointed out that they have been responsive. He asked if there is other financing. Mr. Eaton said that they have a loan with Watertown Savings Bank and indicated that he thinks they are current with them. Ms. Powers confirmed.

Ms. Powers asked if staff had requested 2022 interim statements. Ms. Nuffer said no, but indicated that she will request them.

A motion was made by Mr. Aliasso to recommend the request to the full board of directors, seconded by Mr. Burto. Mr. Jennings asked if this would set precedent. Mr. Eaton said we've done this before. All in favor.

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- IV. 103 General Smith Drive LLC RLF Request** – A request for a \$200,000 RLF to be used as a bridge loan to purchase Ontario Place Hotel in Sackets Harbor, NY. It was noted that Mr. Morgia is not putting in any money and the 10% down payment required by the seller will come from the bridge loan. It was noted that Mr. Morgia's intent is to keep operating as a hotel.

Alex Morgia joined the meeting via phone at 8:13 a.m.

Mr. Morgia said he plans to purchase the hotel in Sackets Harbor. He said that other prospective buyers want to turn the hotel into apartments. The current owner is John Maxon. Mr. Morgia indicated that the family has not been running the hotel in the winter or around holidays. He said that Mr. Maxon's brother and his wife drive up from Rochester a few days a week to run the hotel.

Mr. Morgia said the purchase price is \$1,700,000 for the hotel and vacant lot. There are 18 modernized rooms and 10 rooms that need updates. He said the seller is financing the sale. He is requiring 10% down, interest only at 3.5% for five years. Mr. Morgia, his fiancé and her sister will be the buyers. Mr. Morgia said the fiancé's sister will run the day-to-day. He believes the hotel can be run more profitably, and said that they will actively market the hotel and hold special event deals.

Mr. Morgia said the reason he is requesting the bridge loan is because he recently purchased a building in Ogdensburg with other partners that has depleted his cash. He said that he has already signed the purchase and sale agreement (PSA) with the seller which stipulates a closing date by December 15th.

Mr. Morgia said that he spoke to Steve Hunt (Empire State Development) about applying for a tourism loan/grant. He was notified that it will be a three-month process. Mr. Burto asked if Mr. Morgia plans to use the state loan to repay the bridge loan. Mr. Morgia said yes. Mr. Burto asked what will happen if they don't receive the loan/grant. Mr. Morgia said that he has approximately \$125,000 coming in per month and will be able to repay the bridge loan. He said that if the bridge loan/purchase does not happen in December, that will give him time to build up more cash.

Mr. Burto asked why the seller won't give Mr. Morgia a six month note. Mr. Morgia said that he asked, but the seller feels that he has been more than generous in the purchase and sale agreement.

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Mr. Weir noted that the seller could entertain other offers if this deal does not close this year. Mr. Aliasso said that hitting the closing date might be impractical. Mr. Morgia said that he could ask the seller for an extension beyond December 15th, which he believes is more likely if the process is underway.

Mr. Aliasso asked if we will have a lien on the property. Mr. Eaton said there will be a second mortgage and we'll have to engage our legal counsel for this transaction.

Ms. Powers asked if staff has a copy of the PSA. Mr. Weir said yes.

Mr. Aliasso asked if it could be a possibility to put equity in, so the loan is not completely funded with public money. Mr. Morgia said that he would be willing to put in a small amount and indicated that it could be larger if the closing occurs after this year.

Chairman Converse said that he has not had enough time to review the financials since this request was sent yesterday afternoon.

Mr. Zembiec said acknowledged the short notice and said staff had debated whether to even bring it to committee. Had it been for long-term financing, they would not have done so. However, given the request is for a short-term bridge loan, the importance of keeping an operating hotel in Sackets Harbor, and Mr. Morgia's business track record, staff felt it warranted consideration.

Ms. Powers noted that there is an overview, but indicated that she didn't see specific assumptions. Mr. Morgia said that he doesn't have specifics, and was basing off his knowledge of monthly stays, special events, etc. He indicated that if nothing changes then it will be a break-even deal.

Mr. Aliasso asked Chairman Converse if the Loan Committee can move the request to the full board without a recommendation since the request was just sent out yesterday and will allow more time to collect more information. Chairman Converse said yes and indicated that he personally can't make a recommendation at today's meeting.

Ms. L'Huillier entered the meeting at 8:45 a.m.

Ms. Powers said that she doesn't see debt service in the proforma. Mr. Morgia said he will supply the information.

Mr. Morgia ended his phone call from the meeting at 8:47 a.m.

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Ms. Powers said that she is in favor of the deal because it is a short-term bridge loan. However, she is not sure the whole deal will close this year. Mr. Aliasso said that he is slightly in favor of the bridge loan, but would like to see some equity contribution. Chairman Converse said that he has a hard time with the deal since there is no equity contribution at all. Chairman Converse and Mr. Burto both agreed that the committee has a fiduciary duty while considering use with public money.

Ms. Powers asked if we will request and wait for an appraisal. Mr. Zembiec said in a typical request for long-term financing there would be a bank involved and there would already be an appraisal.

Ms. Powers suggested that the interest rate should at least be prime. Mr. Aliasso agreed that it shouldn't be 5%.

Committee members agreed that the bridge loan is for tourism since it's the only hotel in Sackets Harbor. They suggest lowering the loan amount to \$150,000 at 10% interest for six months. They also want to see the P&L that includes debt service and ask for an appraisal.

Mr. Aliasso wondered if the Sackets Harbor LDC would be willing to lend money in this transaction. Mr. Zembiec said that there might be a timing issue and said that he thinks Mr. Morgia is on their board of directors, creating a conflict, which is why he probably came to us.

Ms. Powers asked if we know the assessment. Ms. Nuffer looked up the information on the County Real Property website. Ms. Powers said the Fair Market Value is \$1,200,000 and the assessment is listed as \$1,000,000.

Mr. Converse said there should be a stipulation that the bridge loan will not exceed 6 months and will not have an option for extension. He said that we could also have a stipulation that we would be paid if the tourism loan/grant is awarded.

A motion was made by Mr. Aliasso to move the request to the full board of directors without a committee recommendation, seconded by Mr. Jennings.

**Jefferson County Industrial Development Agency
Loan Review Committee Meeting Minutes
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V. Other/Unfinished Business – None.

VI. Adjournment: With no further business before the committee, Mr. Aliasso made a motion to adjourn the meeting, seconded by Mr. Jennings. The meeting adjourned at 9:08 a.m.

Respectfully submitted,

Peggy Sampson

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 12.01.2022.01

**RESOLUTION FOR AUTHORIZING A MODIFICATION TO THE MICRO
ENTERPRISE LOAN TO CCTI, LLC (COLLEEN'S CHERRY TREE INN, LLC)**

WHEREAS, Colleen Bellinger (owner) has requested a modification to the Colleen's Cherry Tree Inn, LLC (CCTI) MICRO loan. She indicated that she has fallen behind due to the ongoing Coronavirus pandemic and personal setbacks, and

WHEREAS, the current balance on the \$40,000 loan made in 2019 is \$23,626.53 which includes late fees and interest as of November 30, 2022, and

WHEREAS, Staff reviewed the request and recommends re-amortizing the outstanding balance of \$23,626.53 for 10 years at 5% with an option for a 5-year call, at which time Staff will review the situation to see if they are in a position to pay the balloon in full. The modification will be contingent upon CCTI bringing their JCLDC COVID loan current, and

WHEREAS, on November 23, 2022 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request and agreed to move staff's recommendation 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 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.

W. Edward Walldroff
Secretary

**Jefferson County Industrial Development Agency
Governance Committee Meeting Minutes
November 15, 2022**

The JCIDA governance committee meeting was in the board room at 800 Starbuck Avenue, Watertown, NY on Tuesday, November 15, 2022.

Present: W. Edward Walldroff, William Johnson, Paul Warneck

Excused: None

Absent: None

Also Present: David Zembiec, Peggy Sampson, Robin Stephenson
Zoom: Justin Miller, Esq.

- I. **Call to Order:** Mr. Walldroff called the meeting to order at 1:35 p.m.
- II. **Proposed Bylaws:** Committee members reviewed the current bylaws. Per discussion between staff and counsel, Attorney Miller made the following suggestions:

Article II – Board of Directors

Section 1

Add 'between three and' after be in line one

Section 2a

Add ',with a copy provided to the JCBOL' after Secretary in line two

Article VI – Meetings

Section 1

Add 'and conducted in accordance with the Open Meetings Law of the State of New York ("OML")' after year in line two

Section 2

Add 'and conducted in accordance with the OML' after Agency in line three

Section 3

Add 'shall be conducted in accordance with the OML and may also' after meeting in line three

Section 6

Add 'of the full board' after majority in line two

A motion was made by Mr. Warneck to move the proposed bylaws to the full board of directors, seconded by Mr. Johnson. All in favor.

- III. **Proposed Mission Statement/Performance Measurements:** Committee members reviewed the current mission statement. It was decided to list only the mission statement (Advance the job opportunities, health, general prosperity and economic welfare of the people of the County and to improve their recreation opportunities, prosperity and standard of living) instead of the three pages of background information. A motion was made by Mr. Warneck to recommend the proposed mission statement to the full board of directors, seconded by Mr. Johnson. All in favor.
- IV. **Review Current/Proposed Policies and Procedures:** Committee members reviewed the following policies: Disposition of Real Property Guidelines, Investment Policy with Internal Controls, and Procurement Policy. There were no changes.

**Jefferson County Industrial Development Agency
Governance Committee Meeting Minutes
November 15, 2022**

Proposed Lending/Collection Policy and Procedures – Committee members review the proposed policy. The proposed Reserve for Bad Debt section language is as follows: Customer account balances are considered on a case-by-case basis. Management individually reviews all accounts receivable balances and based on an assessment of current creditworthiness, estimates the accounts, if any, that will not be collected, and uses this amount to establish the annual reserve.

A motion was made by Mr. Warneck to recommend the proposed policy to the full board of directors, seconded by Mr. Johnson. All in favor.

- V. Annual Confidential Board Evaluations:** Committee members reviewed the summary results of confidential evaluation of board performance. Mr. Walldroff recommended a board discussion at an upcoming meeting for lines 5, 10, and 15.

A motion was made by Mr. Warneck to send the results to the full board of directors, seconded by Mr. Johnson. All in favor.

VI. Other

- VII. Adjournment:** With no further business before the committee, a motion to adjourn the meeting was made by Mr. Warneck, seconded by Mr. Johnson. The meeting adjourned at 1:45 p.m.

Respectfully submitted,

Peggy Sampson

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 12.01.2022.03
For Annual Internal Policy and Procedure Review

WHEREAS, on November 15, 2022 the JCIDA Governance Committee met to review the listed policies and procedures. After review and discussion, they recommended the following internal policies for the Board's consideration:

- Proposed Bylaws
- Proposed Mission Statement & Performance Measurements
- Disposition of Real Property Guidelines
- Investment Policy with Internal Controls
- Procurement Policy
- Proposed Lending/Collection Policy and Procedures

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approves the above internal policies and procedures 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.

W. Edward Walldroff, Secretary

**BYLAWS
OF THE
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Adopted April 7, 2011

Amended

December 1, 2011

April 5, 2012

October 4, 2012

August 29, 2013

October 5, 2017

November 4, 2021

December 2, 2021

Proposed

ARTICLE I - THE AGENCY

Section 1. NAME. The name of the Agency shall be "The Jefferson County Industrial Development Agency" (JCIDA).

Section 2. MISSION STATEMENT. To advance the job opportunities, health, general prosperity, and economic welfare of the people of the County and to improve their recreation opportunities, prosperity and standard of living.

Section 3. SEAL OF AGENCY. The seal of the Agency shall be in the form of a circle and shall bear the name of the Agency and the year of its organization.

Section 4. OFFICE OF AGENCY. The office of the Agency shall be at 800 Starbuck Avenue, Suite 800 in the City of Watertown, New York, but the Agency may have other offices at such other places as the Agency may from time to time designate by resolution.

Section 5. FISCAL YEAR. The fiscal year of the Agency shall commence on the first day of January of each year and end on the last day of December.

ARTICLE II - BOARD OF DIRECTORS

Section 1. BOARD MEMBER APPOINTMENTS. There shall be between three and seven board members for the JCIDA. All board member appointments are made by the Jefferson County Board of Legislators (JCBOL). All board members shall serve at the pleasure of the JCBOL.

Section 2. - RESIGNATIONS AND REMOVAL OF DIRECTORS.

(a) Any Director of the Agency may resign at any time by giving written notice to the Chairman or the Secretary, with a copy provided to the JCBOL. The resignation by or removal of a member of the Agency from the Agency board shall have the effect of resignation or removal of that Director of the Agency. Any such resignation shall take effect at the time specified therein or, if no time is specified, then on delivery. Acceptance of the resignation shall not be necessary to make it effective.

ARTICLE III - OFFICERS

Section 1. OFFICERS. The officers of the Agency shall be a Chairman, a Vice Chairman, a Secretary, a Treasurer, and at the option of the Agency, an Assistant Secretary, and an Assistant Treasurer.

Section 2. CHAIRMAN. The Chairman shall preside at all meetings of the Agency. Except as otherwise authorized by resolution of the Agency the Chairman or board approved designee shall sign all agreements, contracts, deeds, and any other instruments of the Agency. At each meeting the Chairman or board approved designee shall submit such recommendations and information as he/she may consider proper concerning the business, affairs and policies of the Agency.

Section 3. VICE CHAIRMAN. The Vice Chairman shall perform the duties of the Chairman in the absence or incapacity of the Chairman; and in case of the resignation or death of the Chairman, the Vice Chairman shall perform such duties as are imposed on the Chairman until such time as the Agency shall appoint a new Chairman.

Section 4. SECRETARY. The Secretary shall review the records of the Agency, and shall review the record keeping procedures of the Agency and storage of such records. The Secretary shall ensure that the seal of the Agency is stored in a safe place and he/she, except as otherwise authorized by resolution of the Agency, shall have power to affix such seal to all contracts and other instruments authorized to be executed by the Agency.

Section 5. ASSISTANT SECRETARY. The Assistant Secretary shall perform the duties of the Secretary in the absence or incapacity of the Secretary; and in the case of the resignation or death of the Secretary, the Assistant Secretary shall perform such duties as are imposed on the secretary until such time as the Agency shall appoint a new Secretary.

Section 6. TREASURER. The Treasurer shall oversee the care and custody of all funds of the Agency. The Treasurer or board approved designee shall sign all instruments of indebtedness, all orders, and all checks for the direction of the Agency. Except as otherwise authorized by resolution of the Agency, all such instruments of indebtedness, orders and checks shall be counter-signed by the Chairman. Treasurer shall oversee with the Comptroller regular books of accounts showing receipts and expenditures, and shall render to the Agency at each regular meeting an account of his

transactions and also of the financial condition of the Agency. He/she shall give such bond for the faithful performance of his duties as the Agency may determine.

Section 7. ASSISTANT TREASURER. The Assistant Treasurer shall perform the duties of the Treasurer in the absence or incapacity of the treasurer; and in case of resignation or death of the Treasurer, the Assistant Treasurer shall perform such duties as are imposed on the Treasurer until such time as the Agency shall appoint a new Treasurer. He/she shall give such bond for the faithful performance of his duties as the Agency may determine.

Section 8. ADDITIONAL DUTIES. The officers of the Agency shall perform such other duties and functions as may from time to time be required by the Agency, by the bylaws of the Agency, or by the rules and regulations of the Agency.

Section 9. APPOINTMENT OF OFFICERS. All officers of the Agency are appointed by the Board of Directors as recommended by the Nominating Committee.

Section 10. VACANCIES. Should any office become vacant, the Agency shall appoint a successor from among its membership at the next regular meeting, and such appointment shall be for the unexpired term of said office.

ARTICLE VI - MEETINGS

Section 1. ANNUAL MEETING. The annual meeting of the Agency shall be held at the first meeting of the fiscal year and conducted in accordance with the Open Meetings Law of the State of New York ("OML").

Section 2. REGULAR MEETINGS. Regular meetings of the Agency may be held at such times and places as from time to time may be determined by resolution of the Agency and conducted in accordance with the OML.

Section 3. SPECIAL MEETINGS. The Chairman or CEO of the Agency may, when he/she deems it desirable, call a special meeting of the Agency for the purpose of transacting any business designated in the call. The call for a special meeting shall be conducted in accordance with the OML and may also be delivered to each member of the Agency or may be mailed, faxed or e-mailed to the business or home address of each member of the Agency at least two days prior to the date of such special meeting. Waivers of notice may be signed by any members failing to receive a proper notice. At such the call, but if all the members of the Agency are present at special meeting, with or without notice thereof, any and all business may be transacted at such special meeting.

Section 4. QUORUM. At all meetings of the Agency, a majority of the members of the Agency shall constitute a quorum for the purpose of transacting business; provided that a smaller number may meet and adjourn to some other time or until the quorum is obtained.

Section 5. ORDER OF BUSINESS. At the regular meetings of the Agency the following shall be the order of business.

1. Call to Order
2. Pledge of Allegiance
3. Privilege of the Floor
4. Approval of the Minutes of the previous meeting
5. Treasurer's Report
6. Committee Reports
 - Executive Committee
 - Governance Committee
 - Loan Review Committee
 - Audit/Finance Committee
 - Nominating Committee
7. Unfinished Business
8. New Business
9. Counsel
10. Adjournment

All resolutions shall be in writing and shall be copied in a journal of the proceedings of the Agency.

Section 6. MANNER OF VOTING. The voting on all questions coming before the Agency shall be by consensus requiring a majority of the full board to pass or deny an action.

ARTICLE V - COMMITTEES

Section 1. EXECUTIVE COMMITTEE. The Executive Committee shall consist of the officers of the Agency and the immediate past chairman. The Executive Committee shall exercise the powers of the Board of Directors in the interim between meetings of the directors with general power to discharge the duties of the Board of Directors except as such power from time to time may be limited by the Board.

A majority of the Executive Committee shall constitute a quorum for the transaction of business.

The Executive Committee shall keep books of separate minutes and report their action at the next meeting of the Board of Directors or as often as they may be required by the Board.

Section 2. GOVERNANCE COMMITTEE. The Governance Committee shall be appointed by the Chairman and approved by the Board of Directors. The purpose of the committee is to (a) keep the Board informed of current best practices in corporate

governance, (b) review corporate governance trends for applicability to the JCIDA, (c) update the JCIDA's corporate governance principles and governance practices, and (d) advise the Jefferson County Board of Legislators on the skills, qualities and professional or educational experiences necessary to be effective Board members. The Governance Committee shall be comprised of at least three members that are well versed in these areas of Corporate Governance.

Section 3. LOAN REVIEW COMMITTEE. The Loan Review Committee shall be appointed by the Chairman and approved by the Board of Directors. The purpose of the Loan Review Committee is to follow the adopted Lending Policy to review applications and business plans and make recommendations to the Board of Directors for loans and other incentives such as lease-leasebacks and PILOTs.

Section 4. AUDIT COMMITTEE. The Audit Committee shall be appointed by the Chairman and approved by the Board of Directors. The purpose of the committee is to (a) assure that the authority's board fulfills its responsibilities for the authority's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and (b) provide an avenue of communication between management, the independent auditors, the internal auditors, and the board of directors. The Audit Committee shall be comprised of at least 3 members.

Section 5. NOMINATING COMMITTEE. The Nominating Committee shall be appointed by the Chairman and approved by the Board of Directors. The purpose of the Nominating Committee is to recommend officers for the Agency to be appointed at the regular monthly meeting of the Agency prior to the start of each fiscal year.

Section 6. FINANCE COMMITTEE. The Finance Committee shall be appointed by the Chairman and approved by the Board of Directors. It will review the Agency's budgets, proposals, and contracts. The Committee shall be composed of no less than three and no more than five members.

Section 7. AD HOC COMMITTEES. The Ad Hoc Committee(s) shall be appointed by the Chairman and approved by the Board of Directors. The Ad Hoc Committee(s) may be formed as needed at any regular meeting of the Agency.

ARTICLE VI - INDEMNIFICATION

Section 1. Authorized Indemnification. Unless clearly prohibited by law or Section 2 of this Article, the Agency shall indemnify, defend and hold harmless any person ("Indemnified Person") made, or threatened to be made, a party in any action or proceeding, whether civil or administrative, investigative or otherwise, including any action by or in the right of the Agency, by reason that he or she, whether before or after adoption of this Section, (a) is or was a Member or officer of the Agency, or (b) is serving or served, in any capacity, at the request of the Agency, as a Member or officer of any affiliate of the Agency. The indemnification shall include, but shall not be limited to,

all judgments, fines, penalties, amounts paid in settlement (provided the Agency shall have consented to such settlement) and reasonable expenses, including attorneys' fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

Section 2. Prohibited Indemnification. The Agency shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the person whose actions are the basis for the action or proceeding) establishes, or the Members in good faith determine, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained a financial profit or other advantage to which he or she was not legally entitled.

Section 3. Advancement of Expenses. The Agency shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Agency, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Agency, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 2 of this Article. An Indemnified Person shall cooperate in good faith with any request by the Agency that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts among the interests of the parties.

Section 4. Indemnification of Others. Unless clearly prohibited by law or Section 2 of this Article, the Agency may approve indemnification as set forth in this Article for a person who is or was employed by the Agency or who is or was a volunteer for the Agency, and who is made, or threatened to be made, a party in any action or proceeding, as the result of such employment or volunteer activity.

Section 5. Determination of Indemnification. Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Members shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these By-laws. Before indemnification can occur the Members must explicitly find that such indemnification will not violate the provisions of Section 2 of this Article. No Member with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Members is not obtainable, the Members shall act only after receiving the

opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-laws.

Section 6. Binding Effect. Any person entitled to indemnification under these By-laws has a legally enforceable right to indemnification which cannot be abridged by amendment of these By-laws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 7. Insurance. The Agency is not required to purchase Members' and officers' liability insurance, but the Agency may purchase such insurance if authorized and approved by the Members. To the extent permitted by law, such insurance may insure the Agency for any obligation it incurs as a result of this Article or operation of law and it may insure directly the Members, officers, employees or volunteers of the Agency for liabilities against which they are not entitled to indemnification under this Article as well as for liabilities against which they are entitled or permitted to be indemnified by the Agency.

ARTICLE VII - AMENDMENTS

Section 1. AMENDMENTS TO BYLAWS. The bylaws of the Agency shall be amended only with the approval of at least a majority of all of the members of the Agency at a regular or a special meeting, but no such amendment shall be adopted unless at least seven days written notice thereof has been previously given to all members of the Agency.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MISSION STATEMENT

Advance the job opportunities, health, general prosperity and economic welfare of the people of the County and to improve their recreation opportunities, prosperity and standard of living.

Adopted April 7, 2011
Amended:
October 1, 2015
October 6, 2016
October 1, 2020
Proposed 12/1/22

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
LENDING/COLLECTION POLICY AND PROCEDURES**

Amended: June 3, 2010,
September 6, 2012
Amended 11/6/14
Amended 3/5/15
Amended 12/3/15
Reviewed 10/1/20
Proposed 2022

1. GENERAL STATEMENT

The Jefferson County Industrial Development Agency (JCIDA) functions, among other activities, as a lending institution, making loans for economic development purposes to qualified applicants. Loan procedures will be reviewed periodically to insure that all rules and regulations are being complied with.

The JCIDA will review applications for need of JCIDA funds, appropriateness of project and ability to attain the stated goals.

The Board of Directors (BOD) has the ability to approve exceptions to the lending policy in order to enhance the agency's ability to stimulate economic development and help spur job creation/retention.

2. LENDING AREA

The loans will be made to businesses and industries situated in or having a significant positive economic impact in Jefferson County.

3. TYPES OF LOANS

The JCIDA may lend funds to businesses and/or non profit entities for the following purposes:

Business/real estate acquisition
Working Capital
Fixed assets
Inventory

There must be a positive economic benefit to Jefferson County as defined by:

- a. job creation
- b. job retention
- c. community redevelopment
- d. community enhancement
- e. generate positive net cash flow as defined – businesses that generate a substantial portion of their revenue from sales outside the County

4. DESCRIPTION OF LOAN PROGRAMS

Currently, the JCIDA oversees three loan programs. These programs are defined in Exhibit A.

5. EQUITY CONTRIBUTION OF BORROWER

A minimum equity contribution of 10% of the total eligible project costs is required of the Borrower. The equity contribution required for a start-up business may be greater, depending upon the circumstances. The equity contribution can be in the form of cash or substantial equity in collateral being offered.

6. INTEREST RATES AND REPAYMENT TERMS

Interest rates on the JCIDA loans will be determined by the Board of Directors. The interest rates will generally range from prime minus 3 to prime plus 2 and will generally be on fixed rate basis adjusted every 5 years, when applicable. Recommendations will be made to the Loan Review Committee for applicable loans. Repayment terms for real estate loans will generally range from 10 to 20 years; repayment terms for machinery and equipment purchases will generally range from seven to 10 years. Each RLF and Microenterprise loan will include a balloon payment at the end of a five (5) year period equal to the remaining principal and interest charges.

7. CLOSING FEES

The Borrower shall pay all costs connected with the issuance of the loan.

Specific fees are outlined in Exhibit A for each loan program.

8. DOCUMENTS

The JCIDA will require the completed written business plan and application to include three years of personal financial statements, three years of tax returns and/or business financials. Closing documents necessary to perfect its security interest are required by its commitment letter to fully comply with all Federal regulations and will include personal guarantees.

9. RESPONSIBILITY OF LOAN REVIEW COMMITTEE

The Chairman will appoint up to three representatives of the Board to serve on this Committee for the purpose of initially determining the eligibility of a prospective loan and analysis of the application for presentation to the Board. Upon completion of this analysis the committee will provide a recommendation to the Board at the next scheduled meeting.

10. RESPONSIBILITY OF BOARD OF DIRECTORS

The Board will maintain an active Loan Review Committee. The Board will act on the recommendations of the Committee at their regular scheduled meetings. The Chief Executive Officer will prepare a letter advising the Borrower of the Board's decision. If approved, the letter, among other things, will set forth the general and specific terms and conditions under which the JCIDA is willing to grant the loan; such as the interest rate, repayment period, expected collateral, etc. The letter will also advise the proposed Borrower that he will be obligated to pay all costs incurred by the JCIDA in connection with his application, even if the loan does not close as expected. The letter must include an acceptance of the letter within two

weeks. The offer shall expire in 120 days from the date of the letter allowing a reasonable time for the proposed Borrower to meet the terms and conditions of the loan. An extension of the letter must be approved by the Board of Directors. For JCIDA loans for projects which will have construction financing, the commitment shall be for the anticipated construction period plus two months, and the construction must start within 180 days. An extension of the commitment must be approved by the Board of Directors. The Chief Executive Officer will present to the Board a written report of all delinquent accounts for the Board's review.

11. COLLECTION PROCEDURE

The following collection policy will be administered by the JCIDA:

A. 15 days delinquent

When a loan is 15 days delinquent, a late payment notice is sent by the staff to the Borrower requesting the loan be brought current or may otherwise be placed in default.

B. 30 days delinquent

When a loan is 30 days delinquent, a telephone call is made to the Borrower from the JCIDA staff in order to define the reason for the delinquency. The regular monthly billing is sent to the Borrower, which will include two months payment due plus a late fee, as stated in the Note. A second delinquent letter will be sent requesting the loan be brought current as is subject to be placed in default. **The JCIDA Staff reserves the right to submit any delinquency to a nationally accredited Credit Reporting Agency if a delinquency has not been cured within 30 days following transmittal of the default letter.**

C. 60 days delinquent

A third delinquent letter will be sent demanding the loan be brought current immediately; otherwise, the loan is subject to being placed in default and will be turned over to JCIDA attorney within a certain period of time. At this time, the staff will determine the best collection course to pursue.

12. REPORTS TO BE KEPT

The original loan documents should be kept in the Office of the JCIDA. In addition to these, the following reports are to be kept and updated as needed:

1. current financial reports – updated annually
2. evidence of insurance (includes hazard insurance and flood insurance, if required by the loan documents) – updated annually
3. UCC-1 Financing Statements – updated every five years
4. Annual Employment Report
5. Periodic site visits
6. Annual financial statements and/or personal financial statements and tax returns

It is the responsibility of the JCIDA staff to attempt to receive and update the above documents.

13. ENVIRONMENTAL RISK CONSIDERATION

To reduce the JCIDA's potential liability the JCIDA will require Environmental Site Assessments which satisfy the standards set forth by the United States Environmental Protection Agency's "All Appropriate Inquiry" Final Rule, 40 C.F.R. Part 312.

14. APPRAISALS

The loan amount cannot exceed the appraisal of real estate or equipment unless approved by the Board. All real estate loan requests will require an acceptable appraisal report determined by the loan review committee.

15. RESERVE FOR BAD DEBT

Customer account balances are considered on a case-by-case basis. Management individually reviews all accounts receivable balances and based on an assessment of current creditworthiness, estimates the accounts, if any, that will not be collected, and uses this amount to establish the annual reserve.

EXHIBIT A

JCIDA Loan Programs

| |
|---|
| <p style="text-align: center;">Jefferson County Industrial Development Agency (JCIDA) Microenterprise Loan Fund</p> |
|---|

| | |
|--------------------------------|--|
| Purpose: | The loan fund targets small businesses to create and retain job opportunities, for low to moderate-income residents, in all sectors of the local economy. The program provides equal access to public loan funds and stimulates small business development activity, through start-up and expansion projects. |
| Area of Availability: | Businesses in Jefferson County. |
| Eligible Activities: | Business owners must be income eligible or plan to create jobs that will be held by income eligible individuals. |
| Employment Eligibility: | Businesses having five (5) or less employees including the owner(s). |
| Funding Uses: | Acquisition of machinery and equipment, working capital, furniture, fixtures, and real property. |
| Funding Limitations: | Loans can be up to \$40,000 (including any amounts provided for technical assistance), and will not exceed 40% of total project costs, which ever is less. Multiple loans can be made with a maximum aggregate amount not to exceed \$120,000. |
| Equity Participation: | Equity participation of at least ten (10) percent of the total project costs. |
| Interest Rate: | Generally, interest rates range from Prime minus 3% to Prime plus 2%. Rates determined on a project specific basis and reviewed after five years. |
| Repayment Terms: | <p>Amortization of the loan shall not exceed 12 years. The loan will be amortized over a 12 year period to include a balloon payment at the end of a five (5) year period equal to the remaining principal and interest charges.</p> <p>Applicant agrees to provide timely repayment of any loan associated with this application according to the terms and conditions found in Loan Documents and as agreed to by participating parties. Staff reserves the right to submit any delinquency to a nationally accredited Credit Reporting Agency if a delinquency has not been cured within 30 days following transmittal of a default letter.</p> |
| Loan Fund Requirements: | <p>Start up business owners (20% or more ownership) are required to participate in the Entrepreneur Training Course provided by the New York State Small Business Development Center sbdc@sunyjefferson.edu within one year of the loan closing and provide the JCIDA with a certificate of completion. If the business owner does not meet the requirement within one year of loan closing, the loan will default to the default interest rate as it states in the Note.</p> |

Existing business owners may be required to participate in the Small Business Development Center classes.

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| <p>Jefferson County Industrial Development Agency (JCIDA) Microenterprise Loan Fund – Cont.</p> |
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Application Deadline: Must be submitted by the fifteenth day of the month and will be reviewed by the board on the first Thursday of the following month.

Fees: Application fee of \$100.00 is payable to the JCIDA at the time the application is submitted. A loan closing fee of 1.5% is due at the time of closing. A ½% fee is for any loan modification request is due at the time of request.

Point of Contact: Lyle Eaton
800 Starbuck Avenue, Suite 800
Watertown, NY 13601
315-782-5865

| |
|---|
| Jefferson County Industrial Development Agency (JCIDA) Revolving Loan Fund (RLF) |
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| | |
|--------------------------------|--|
| Purpose: | The loan fund targets manufacturing and eligible service businesses. |
| Area of Availability: | Businesses in Jefferson County. |
| Eligible Activities: | Manufacturing businesses either start-up or expanding; however, deviation for service based businesses will be addressed on a case by case basis. Also, entities that will enhance the community and economic development initiatives of the County. |
| Employment Eligibility: | None. |
| Funding Uses: | Fixed assets, working capital and inventory. |
| Funding Limitations: | Loans generally range from \$25,000 to \$250,000 or 40% of the total project costs, whichever is less. Multiple loans can be made with a maximum aggregate amount not to exceed \$500,000. |
| Equity Participation: | Equity participation of at least ten (10) percent of the total project costs. |
| Interest Rate: | Generally, interest rates range from Prime minus 3% to Prime plus 2%. Rates determined on a project specific basis and reviewed after five years. |
| Repayment Terms: | <p>Loans shall be amortized as follows: Working capital – up to five (5) years; Equipment 7 to 10 years; and Real Estate 10 to 20 years. The loan will include a balloon payment at the end of a five (5) year period equal to the remaining principal and interest charges.</p> <p>Applicant agrees to provide timely repayment of any loan associated with this application according to the terms and conditions found in Loan Documents and as agreed to by participating parties. Staff reserves the right to submit any delinquency to a nationally accredited Credit Reporting Agency if a delinquency has not been cured within 30 days following transmittal of a default letter.</p> |
| Application Deadline: | Must be submitted by the 15 th day of the month. |

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|---|
| <p>Jefferson County Industrial Development Agency (JCIDA) Revolving Loan Fund (RLF) – Cont.</p> |
|---|

Fees: Application fee of \$250.00 is payable to the JCIDA at the time the application is submitted. A loan closing fee of 1.5% is due at the time of closing. A ½% fee is for any modification request is due at the time of request.

Point of Contact: Lyle Eaton
800 Starbuck Avenue, Suite 800
Watertown, NY 13601
315-782-5865

Watertown Economic Growth Fund (WEGF)

| | |
|--------------------------------|--|
| Purpose: | The loan fund targets eligible businesses in all sectors. |
| Area of Availability: | Businesses located within the Watertown City Limits. |
| Eligible Activities: | All business sectors are eligible to apply. |
| Employment Eligibility: | None. |
| Funding Uses: | Fixed assets and working capital. |
| Funding Limitations: | Limited to a maximum of 40% of the total project costs or \$250,000 whichever is less. |
| Equity Participation: | Equity participation of at least ten (10) percent of the total project costs. |
| Interest Rate: | Rates are determined on an individual project basis and reviewed after five years. |
| Repayment Terms: | <p>Loans shall be amortized as follows: Working capital - up to five (5) years; Equipment 7 to 10 years; and Real Estate 10 to 20 years. The loan will include a balloon payment at the end of a five (5) year period equal to the remaining principal and interest charges.</p> <p>Applicant agrees to provide timely repayment of any loan associated with this application according to the terms and conditions found in Loan Documents and as agreed to by participating parties. Staff reserves the right to submit any delinquency to a nationally accredited Credit Reporting Agency if a delinquency has not been cured within 30 days following transmittal of a default letter.</p> |
| Application Deadline: | Must be submitted by the 15 th day of the month. |
| Fees: | Application fee of \$250.00 is payable to the JCIDA at the time the application is submitted. A loan closing fee of 1.5% is due at the time of closing. A ½% fee is for any modification request is due at the time of request. |
| Point of Contact: | Lyle Eaton 800 Starbuck Avenue, Suite 800 Watertown, NY 13601 315-782-5865 |

Summary Results of Confidential Evaluation of Board Performance

2022 Results in **Bold**, 2021 Results in ()

| | Criteria | Agree | Somewhat Agree | Somewhat Disagree | Disagree |
|----|---|-----------------|-----------------|-------------------|----------|
| 1 | Board members have a shared understanding of the mission and purpose of the Authority. | 7 (6) | (1) | | |
| 2 | The policies, practices and decisions of the Board are always consistent with this mission. | 7 (5) | (2) | | |
| 3 | Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles. | 7 (4) | (3) | | |
| 4 | The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually. | 7 (7) | | | |
| 5 | The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission. | 5 (4) | 2 (3) | | |
| 6 | The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest. | 7 (7) | | | |
| 7 | Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues. | 7 (7) | | | |
| 8 | Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions. | 6 (7) | 1 | | |
| 9 | The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete. | 6 (6) | 1 (1) | | |
| 10 | The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law. | 5 (6) | 2 (1) | | |
| 11 | Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members. | 7 (7) | | | |
| 12 | Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken. | 6 (6) | 1 (1) | | |
| 13 | Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required. | 7 (7) | | | |
| 14 | The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually. | 7 (7) | | | |
| 15 | The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur. | 5 (5) | 2 (2) | | |
| 16 | Board members demonstrate leadership and vision and work respectfully with each other. | 7 (7) | | | |

Name of Authority: Jefferson County Industrial Development Agency

Date Completed: _____



Watertown Savings Bank



111 CLINTON STREET - WATERTOWN, NY 13601 315-788-7100

November 22, 2022

David J. Zembiec, CEO
Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, NY 13601

Re: MLR Realty, LLC

Dear Mr. Zembiec:

Watertown Savings Bank has approved a \$5,000,000 construction to permanent mortgage to MLR Realty, LLC located at 901 Rail Drive in the City of Watertown, NY 13601. In order to sustain the growth of Renzi Foodservice and increase their local workforce, the Borrower has determined that an expansion to their facility is necessary. The expansion will provide additional space for loading/unloading goods as well as to hold their staging equipment. Specifically, the addition of a 9,000 square foot refrigerated dock with 8 unloading doors, a 4,000 square foot renovation for an equipment room, and sitework for the addition of a road, tractor trailer parking, and employee parking.

As a result, we are requesting JCIDA's subordination to the new \$5,000,000 debt, for a total amount of \$6,925,273 to include WSB's outstanding balances on the commercial mortgages dated August 31, 2012 and April 11, 2016.

In concurrence with the Borrower's records, the balances are as follows:

| | | |
|----------------------|-------------------|--------------------|
| 1 st mtg. | - WSB | \$ 273,198 |
| 2 nd mtg. | - WSB | \$1,652,075 |
| 3 rd mtg. | - WSB* | \$5,000,000 |
| 4 th mtg. | - SBA 504/Pursuit | \$1,428,660 |
| 5 th mtg. | - WLDC | \$ 69,409 |
| 6 th mtg. | - JCIDA/DANC | <u>\$ 146,014</u> |
| | Total: | <u>\$8,569,356</u> |

*Contingent on approval of each agency.

Please be advised that a new appraisal has been ordered; however, the previous appraisal on file for the last expansion project indicated a market value of \$13 million. This provides a total combined LTV of 66% when including the pending \$5 million request and outstanding debt with all lenders. Therefore, it is anticipated that the new appraisal will reflect an increased value and further reduce the LTV risk.

Thank you for your time and assistance through this process. Should you have any questions or need further information, please feel free to contact me directly.

Kind Regards,

Christina M. Grimshaw
AVP Commercial Credit Analyst

Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, NY 13601
(315) 782-5865

2022 Board Attendance

[illegible]