

Jefferson County Industrial Development Agency

800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Telephone 315-782-5865 / 800-553-4111
Fax 315-782-7915
www.jcida.com

TO: **JCIDA Loan Review Committee**
David Converse, Chair
Robert E. Aliasso, Jr.
Christine Powers
Kent Burto
John Condino

FROM: David J. Zembiec, CEO

DATE: November 21, 2023

SUBJECT: **JCIDA Loan Review Committee Meeting**

A JCIDA Loan Review Committee meeting has been scheduled for **Wednesday, November 29, 2023 at 8:00 a.m.** in the board room, 800 Starbuck Avenue, Watertown, NY.

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

Thank you.

pss

C: Lyle Eaton
Joy Nuffer
Marshall Weir
Jay Matteson
Robin Stephenson
W. Edward Walldroff
Paul Warneck
William Johnson
Lisa L'Huillier
Greg Gardner
Rob Aiken
Justin Miller, Esq.
Media

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

JCIDA LOAN REVIEW COMMITTEE

Wednesday, November 29, 2023

8:00 a.m.

AGENDA

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Loan Modification Request**
 - 1. LCO Destiny, LLC**
- IV. Other/Unfinished business**
 - 1. Sackets Harbor Brew Pub LLC d/b/a 1812 Brewing Company (RLF Request)**
- V. Adjournment**

David Zembiec

From: Lisa Weber <lisaw@timelessframes.com>
Sent: Monday, November 20, 2023 5:07 PM
To: David Zembiec
Subject: Meeting Follow Up

Dave,

Thank you for spending time earlier this month with me. It has been a crazy month transitioning a former customer who switched to a Mexican vendor back on line. It seems the Mexican vendor had different quality standards than we do here at Timeless. It has resulted in great news for us, but has been so time consuming.

As we discussed options for our ongoing struggles, I am wondering if it is possible to restructure our loan payment as a 10 year amortization with a 5 year balloon payment?

We currently have a large customer who places large orders and pays in an average of 86 days on imported goods. This creates a 121 day cash cycle for us, as we pay for the goods at China port. We are evaluating whether or not to continue working with this account.

We continue to struggle to find manufacturing labor. We can get plenty of business, but we need more labor to translate that into sales and ultimately cash flow. Last week we had 12 interviews scheduled. 1 of the 12 showed up, was hired and is doing great. The other 11 never showed up. This has been our experience all year. We continue to look for folks to join our team.

We did have several orders cut back or cancelled following the bank failures earlier in the year. This has sorted itself out as the market has calmed down. Although retailers are remaining cautious, they are buying and we are trying to balance imported goods with manufactured goods to grow our business with our current labor model.

It's been a tough year but remain committed to getting back on track. I appreciate anything you can do to help us out.

Lisa A. Weber
Chief Executive Officer
Timeless Frames and Décor
315-782-3302 ext. 21

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Resolution Number 12.07.2023.0_

**RESOLUTION FOR AUTHORIZING A MODIFICATION TO THE RLF LOAN TO
LCO Destiny, LLC d/b/a Timeless Frames**

Whereas, LCO Destiny, LLC d/b/a Timeless Frames has requested by written correspondence, a modification to their loan by requesting the JCIDA restructure the participation loan as a 10-year amortization with a 5-year balloon payment. The original loan term is a 5-year amortization, and

Whereas, Staff is recommending approval of the request, and

Whereas, November 29, 2023, the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed the request and recommended approval to the full board of directors, and

Now, Therefore Be It Resolved, by the Board of Directors of the Jefferson Industrial Development Agency that the above modification is approved, and that all other terms and conditions of the original loan remain in effect, and be it further,

Resolved, that the Chairman, Vice Chairman or 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
Loan Review Committee**

Date: 11/29/2023 Revised

Borrower: Sackets Harbor Brew Pub LLC DBA 1812 Brewing Company
Thomas W. Scozzafava - 100% owner

Amount: \$150,000.00

Project: Purchase Maggie's on the River to expand
the retail side of business for 1812 Brewing Company

Details:

1812 Brewing Company moved their 7 barrel brewing operations from Sackets Harbor to Watertown in 2020 with significant investment over the last 3 years to build production brewery and packaging plant. The 1812 Brewing Company has won numerous awards over the years for its beer not only in the US but worldwide as well. The expansion has definitely been a major asset to the increased production but the site is not appealing for retail, thus the reason to purchase Maggie's on the River. Maggie's is the only waterside restaurant in Watertown and will allow 1812 Brewing Co to showcase their products with its "beer-forward" restaurant. The prior owners had done major renovations to the 2nd and 3rd floors for additional dining space, special events and/or private parties. They also put in a 12-tap "bottoms up" beer system and a wood fired brick oven opening up new revenue streams for pizza and offering food deliveries along with packaged 1812 products. Purchasing this business will save 57 jobs and create a total of 17 new jobs over the next 3 years.

Personnel:	Current	57	hourly
	Jobs Created	17	(over 3 years)

Sources and Uses:

Personal Equity	\$378,000	Purchase of property	\$1,000,000
WSB Loan	\$622,000	Maggie's Business Assests	\$400,000
WLDC Loan	\$300,000	Working Captial	\$150,000
JCIDA Loan	\$150,000		
NCA Loan	\$100,000		
Total Project	<u>\$1,550,000</u>	Total Expenses	<u>\$1,550,000</u>

Terms:

15 year amort. loan with a 10 year call,
at 6% interest

Financials:

Financial statements provided show ability to repay
this JCIDA RLF loan.

Collateral:

Loan will be secured with a second co-proportional position mortgage with WLDC & NCA (Subordinate to WSB) on commercial property located at Maggie's on the River, Newell Street, Watertown, NY. A second co-proportional position lien with WLDC & NCA on all assests of the business and personal guaranty of Thomas W. Scozzafava as well as key person life insurance up to the amount of the loan.

Proforma- 1812 Brewing Company & Maggie's on the River

Proforma Sales	2024	2025	2026
Sales	\$ 3,140,634	\$ 3,460,814	\$ 3,866,284
COG	\$ 1,000,283	\$ 1,109,306	\$ 1,252,299
Gross Profit	\$ 2,140,351	\$ 2,351,508	\$ 2,613,985
Expenses	\$ 1,644,516	\$ 1,756,325	\$ 1,867,230
Net Profit	\$ 495,835	\$ 595,183	\$ 746,755
Depreciation	\$ 25,641	\$ 25,641	\$ 25,641
Net Available	\$ 521,476	\$ 620,824	\$ 772,396
Debt Service (existing)	\$ 77,026	\$ 77,026	\$ 77,026
Debt Service (new)	\$ 123,496	\$ 123,496	\$ 123,496
Excess Cash	\$ 320,954	\$ 497,328	\$ 648,900

Monthly Debe Svc (new)

WSB Loan	\$ 5,766
WLDC Loan	\$ 2,149
JCIDA Loan	\$ 1,266
NCA Loan	\$ 1,110
Total Monthly	\$ 10,291

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 12.07.2023.0_

**RESOLUTION FOR AUTHORIZING A
REVOLVING LOAN TO
SACKETS HARBOR BREW PUB LLC D/B/A 1812 BREWING COMPANY**

WHEREAS, Sackets Harbor Brew Pub LLC d/b/a 1812 Brewing Company has requested a Revolving Loan in the amount of One Hundred Fifty Thousand Dollars (\$150,000) to be used to purchase Maggie's on the River located at 500 Newell Street, Watertown, NY, to expand the retail side of business for 1812 Brewing Company, and

WHEREAS, Staff reviewed this request and recommended approval of a loan in the amount of \$150,000 for a 15-year amortization with a 10-year balloon at a rate of 6%. Retention of 57 hourly employees with a projection to create another 17 new jobs over the next three years. Collateral will be secured with a second co-proportional position mortgage with the Watertown Local Development Corporation (WLDC) and the North Country Alliance (NCA) subordinate to Watertown Savings Bank (WSB) on real estate located at 500 Newell Street, Watertown, NY, a second co-proportional position with the WLDC and NCA on all assets of the business, personal guaranty of Thomas W. Scozzafava as well as key man life insurance up to the amount of the loan, and a business guaranty of Maggie's on the River. The loan will be contingent upon approval of the WLDC, NCA and WSB loans, and

WHEREAS, on November 29, 2023, the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed the 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 approves the request for a One Hundred Fifty Thousand Dollar (\$150,000) loan to Sackets Harbor Brew Pub LLC d/b/a 1812 Brewing Company 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.

W. Edward Walldroff
Secretary

Inter-Agency Public Financing Programs

The following is a compilation of public financing program opportunities currently available within Jefferson County.

Please contact the agency listed for each financing program for more information regarding project eligibility and application process

An Application for Financial Assistance is enclosed.

Applicant (Company) Name: 1812 Brewing Company

Applicant Address: PO Box 6192, 981 Waterman Drive, Watertown, NY 13601

Phone: 315-788-1812

E-mail: tom@1812ale.com

Application Date: September 14, 2023

Internal Use Only

Staff Signature and Date of Submission: _____

Revised Date: _____, Revision #: _____

Completed Application Date: _____

Document Date: November 28, 2022

Application for Financial Assistance

Date of Application: September 14, 2023

Applicant (Company) Information:

Applicant Name: Sackets Harbor Brew Pub, LLC dba "1812 Brewing Company"
 Applicant Address: PO Box 6192, 981 Waterman Drive, Watertown, NY 13601
 Phone: 315-788-1812 Fax: _____
 Website: www.1812ale.com E-mail: tom@1812ale.com
 Federal ID#: 27-1451011 NAICS: 312120
 State and Year of Incorporation/Organization: New York State 2009
 List of stockholders, members, or partners of Applicant: Thomas W. Scozzafava

Individual Completing Application:

Name: Thomas W. Scozzafava
 Title: Owner & Managing Member
 Address: 251 Rowley Street, Gouverneur, NY 13642
 Phone: 315-771-3034 Fax: _____
 E-Mail: tom@1812ale.com

Company Counsel (if applicable):

Name of Attorney: _____
 Firm Name: _____
 Address: _____
 Phone: _____ Fax: _____
 E-mail: _____

Company Acknowledgment and Certification: The contents contained in this Application to the best of my knowledge and belief are true, accurate and complete.

Thomas W. Scozzafava
 Print Name

Thomas W. Scozzafava
 Signature

Managing Member
 Title

September 14, 2023
 Date

Internal Use Only:

 Signature of Agency Representative

 Date

Revised Date: _____, Revision #: _____

Document Date: November 28, 2022

Schedule B

Bankruptcy, Litigation and Felony History

Describe any bankruptcy history, litigation history having a material effect on the business solvency, or convicted felony activity associated with the owners, management, or officers of the business.

- | | YES | NO |
|--|------------|------------|
| 1. Are any of the officers, owners, or management of the business presently under indictment, on parole, or probation? If yes, describe below: | _____ | X
_____ |
| _____ | | |
| _____ | | |
| _____ | | |
| _____ | | |
| 2. Have any of the owners, officers, or management of the business ever been charged with or arrested for any criminal offense other than a minor traffic infraction? If yes, describe below. | _____ | X
_____ |
| _____ | | |
| _____ | | |
| _____ | | |
| _____ | | |
| 3. Have any of the owners, officers, or management of the business ever been convicted of any criminal offense, other than a minor traffic infraction? If yes, describe below. | _____ | X
_____ |
| _____ | | |
| _____ | | |
| _____ | | |
| _____ | | |
| 4. Has the business, its present owners, officers, or management ever been the subject of bankruptcy proceedings? If yes, describe below. | X
_____ | _____ |
| <u>I was a personal guarantor of the corporate debts of Patrick Hackett Hardware Company, which was severely impacted buy the great recession of 2008-2009.</u>
<u>The Company ceased operating via Chapter 7, and I ultimately filed myself several years later. A settlement with creditors was reached, the debts repaid and discharged.</u>
<u>Thomas W. Scozzafava</u> September 14, 2023
Signature Date | | |
| <u>Thomas W. Scozzafava, Managing Member</u>
Printed Name and Title | | |

Revised Date: _____, Revision #: _____

Document Date: November 28, 2022

Schedule C

Confirmation Documentation:

The applicant understands and agrees that if the Project receives assistance from the Agency/Corporation---either tax incentives or loans---the applicant agrees to provide the Agency/Corporation, if requested, with a copy of their 'Annual Report', their 'Annual Audit Report', their corporate or personal tax returns and/or their New York State Form 'NYS-45' (Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return), as appropriate, throughout the period that benefits are provided the company. These reporting requirements---specifically identified in Closing Documents, Loan Documents or other project specific agreements---may be used by the Agency/Corporation to assist us in verifying that commitments made as part of this application---regarding stated goals for employment or capital investment in the project---are being achieved.

Thomas W. Scozzafava

Signature of Applicant

September 14, 2023

Date

Revised Date: _____, Revision #: _____

Document Date: November 28, 2022

Schedule D

Employment Plan

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Job Title	Annual or Hourly Wages	Current Number of Positions	Jobs Created: Year One	Jobs Created: Year Two	Jobs Created: Year Three	Total Jobs to be Created
Head of Food Operations	\$65-\$75k	0	1	0	0	1
Head of Events/Social Media	\$45k	0	1	1	0	2
Head of Purchasing	\$45k	0	1	0	0	1
Assistant Brewers	\$35k	1	1	1	1	3
Production Manager	\$55k	0	0	1	0	1
Restaurant hourly	\$20-\$35k	55	3	3	2	8
Accounting	\$35k	1	0	1	0	1
TOTALS:		56	7	7	3	17

Instructions:

Column A: Insert the job titles that exist within the company at the time of application, as well as any job titles that will be established as a result of the project.

Column B: Indicate the entry level wage for each listed job title either in terms of hourly pay or annual salary.

Column C: For each listed job title insert the number of positions that exist at the time of application.

Column D: Insert the number of jobs to be created during year one of the project for each listed job title.

Column E: Insert the number of jobs to be created during year two of the project for each listed job title.

Column F: Insert the number of jobs to be created during year three of the project for each listed job title.

Column G: Indicate the total number of jobs to be created for each listed title as a result of the project. (Column D + Column E + Column F = Column G)

Use as many copies of this form as necessary.

Revised Date: _____, Revision #: _____

Document Date: November 28, 2022

Business Name and Form

- Sackets Harbor Brew Pub, LLC dba "1812 Brewing Company"
- PO Box 6192
981 Waterman Drive
Watertown, NY 13601
- 315-788-1812
- EIN: 27-1451011
- NYS Employer Reg. No.: 54-43106 9
- New York State limited liability company
- Formed in 2009
- SIC #: 2082 (Breweries)

Principals and Officers

Thomas W. Scozzafava – 100%
251 Rowley Street
Gouverneur, NY 13642
DOB: 11/13/1968

Resumes

Resumes of principals - Attached

Personal Financial Statements (Schedule Included) & Tax Returns - Attached

Including All Supporting Data

Copies of personal tax returns for the last three (3) years - Attached

Bankruptcy, Litigation, Felony History (Schedule Included)

Attached

Physical Description of Project

See attached Presentation

Thomas W. Scozzafava
Chairman & Chief Executive Officer
1812 Brewing Company, Inc.

Mr. Scozzafava has over 30 years of experience in venture capital and buyout investing with the last 15 years focused within the restaurant and beverage industries. Since 2007, Mr. Scozzafava has been the Chairman and CEO of 1812 Brewing Company.

Prior to acquiring 1812 Brewing Company, Mr. Scozzafava was a senior Director of Prudential's Merchant Banking Group, where he helped find, evaluate, negotiate, and structure leveraged buyouts of over \$100 million in companies in industries that included telecommunications, media, business services, and manufacturing industries. Mr. Scozzafava also held a senior management position at Prudential Security's employee limited partnerships, where he completed approximately 40 venture capital and LBO investments. Prior to joining Prudential, Mr. Scozzafava was member of Lehman Brothers' Merchant Banking Group, where he analyzed leveraged buyout and growth equity investments across various industries. Mr. Scozzafava began his career with GE Capital Corporation, where he completed the company's Financial Management Program while serving various analyst positions with GE Investments, GECC Vendor Financial Services, and Kidder Peabody.

From 2006 to 2007, Mr. Scozzafava co-founded and served as Vice President of Acquisitions at GreenShift Corporation, a clean-technology investment company. Mr. Scozzafava was also a founder of WiseBuys Stores, Inc. in 2003, which was acquired by Hackett's in 2007.

In March 2006, New York State Governor George E. Pataki appointed Mr. Scozzafava to the Board of Trustees to the New York State Power Authority ("NYPA"). Mr. Scozzafava also sat on the Governance and Audit Committees of NYPA, whose mission is to provide clean, economical and reliable energy while promoting energy efficiency and innovation. NYPA had revenues of over \$2.7 billion in 2007.

Mr. Scozzafava received a Bachelor of Arts cum laude (3.7 GPA) with concentrations in Economics and Mathematics with Honors distinction from Hamilton College in 1992. Mr. Scozzafava was accepted into Columbia University's Master's Program of Applied Mathematics in 1994 but elected not to pursue an advanced degree in Mathematics.

Since entering the hospitality industry, Mr. Scozzafava has deepened his knowledge of the industry with both hands-on experience and through the following:

- UC Davis' *Intensive Brewing Science for Practical Brewing* – Davis, CA
- Lallemand Biofuels and Distilled Spirits' *The Alcohol School* - Toulouse, France
- French Culinary Institute's *Artisan Breads Certificate* - NYC
- San Francisco Baking Institute – *Artisan Baking I and II Certificates*

Employment Plan (Schedule Included)

See attached.

Project Costs and Financing Sources

Provide details on total project costs and sources of financing. Indicate the order of lien preference and all sources of financing (include participants, amounts, percent of total, interest rate, and term). IN ALL CASES, where other lenders are proposed in the capital structure of the project, attach commitments from banks or other lending institutions. Where funding from these programs are the only lending source, provide documented evidence of the unavailability of other funding.

Profit and Loss Statements/Balance Sheets

For existing businesses, provide profit and loss statements and balance sheets for the last three (3) fiscal years. Attached.

Projected Profit and Loss Statements

Provide projected profit and loss statements for three (3) years. Statement must include projected interest payments and depreciation expenses. Describe assumptions on which projections were based. The projections should be supported by and be relevant to the narrative.

Projected Cash Flow Statement

Provide projected cash flow statements, by month, for the first year of operation of the project.

Note:

Security Collateral

Attached Currently I have Sackets Harbor Brew Pub's asset list. I have requested Maggie's.