

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: February 21, 2024

SUBJECT: **JCIDA Loan Review Committee Meeting**

A JCIDA Loan Review Committee meeting has been scheduled for **Wednesday, February 28, 2024 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.
Joseph Frateschi, Esq.
Media

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JCIDA LOAN REVIEW COMMITTEE

Wednesday, February 28, 2024

8:00 a.m.

AGENDA

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Hale's Bus Garage, LLC (Loan Request)**
- IV. Other/Unfinished business**
- V. Adjournment**

Jefferson County Industrial Development Agency

Loan Review Committee

Date: 2/28/2024

Borrower: Hale's Bus Garage, LLC
Stephen Hale, 100% Owner

Amount: \$250,000 JCIDA CITY Loan

Project: Renovation of existing building, expansion of existing building and purchase of equipment at 1067 Marble St, Watertown, NY

Details:

Funding for this project will be used for renovations and expansion of existing facility located at 1067 Marble St, Watertown, NY. Hale's Bus Garage, LLC recently purchased the assets of Freeman Bus Corp and Marble Street Garage LLC. Both the WLDC and WSB had substantial credit exposure to the former companies. These debts were in default and but for Hale's purchase both WLDC and WSB would have incurred losses.

Prior to the purchase, Mr. Hale had a thorough inspection of the property done. At that time, he was made aware of several issues that now need to be addressed as there was further deterioration over the spring and winter months. In addition to the necessary repairs, Mr. Hale is looking to add an approximate 4,000 sqft addition to accommodate the growing repair business and to provide height to lift heavy-duty equipment.

With the installation of the bigger/higher bays Hale's will open opportunity for more contracts. Mr. Hale has spoken with Enterprise Trucks and currently has 30 trucks to repair but with the new bay that could go up to 100 trucks, would be a contract worth \$500,000. He is in contract with U-Haul for their repairs as well as negotiated with DOT to gain more work once the new bays are installed. More recently Steve states "I am about to win a 5 college bid in the North Country". These contracts show the need for the new bays in our area.

Company History

Hale's Bus Garage LLC began operation in 2006. The business is owned 100% by Stephen Hale. It is one of the largest local charter bus rental companies in NYS and with this purchase has expanded into Northern NY.

In the beginning of 2023 Hale's Bus Garage purchased 5 buses from Freeman Bus for \$260,000. Mr. Hale subsequently negotiated with Mr. Pettersen and Mr. Freeman to purchase the assets of Freeman Bus and Marble Street Garage.

Hale's has been a large fleet of luxury motorcoaches and specialty vehicles. All of their touring coaches came equipped with exceptional amenities for convenience and comfort. These include WIFI throughout the cabin, clean bathrooms and power outlets throughout the cabin. Their drivers are all 19-A certified and have been religiously screened and approved by the US Department of Transportation, NYS Department of Transportation, and Federal Motor Carrier Safety Administration. They provide touring coaches for all types of occasions and excursions and can accommodate any size group. All of their vehicle fleet have beautiful interiors, great viewing windows, comfortable reclining seats and air conditioning.

Personnel:	Current Jobs	24
	Job Created	21 over 3 years

Sources and Uses:

		% of Total		
Personal Equity	\$ 500,182	19.6%	New Addition	\$1,150,107
WSB Loan	\$1,557,385	60.9%	Infrastructure Work	\$ 239,094
WLDC Loan	\$ 250,000	9.8%	Renovations	\$1,038,900
JCIDA Loan	\$ 250,000	9.8%	Equipment	\$ 54,066
			Soft Cost	\$ 75,400
Total Sources	\$2,557,567		Total Uses	\$ 2,557,567

Terms:	15 year amortization with a 10 year call at 6%. Interest-only payments for the first year, full payment thereafter. Interest rate will be reviewed after 5 years. Funds will be advanced to take out WSB construction financing once a certificate of completion is issued. Construction will take 1 year to complete.
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Financials:	Financials provided show the ability to repay this JCIDA CITY loan
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Collateral: Loan will be secured with a second co-proportional position mortgage with WLDC (subordinate to WSB) on commercial property located at 1067 Marble St., Watertown, NY. A second co-proportional position lien with WLDC on all assets of the business and personal guaranty of Stephen E. Hale as well as key man life insurance up to the amount of the loan.

Projected Proforma – Hale’s Bus Garage, LLC

	2024	2025	2026
Income	\$ 16,000,000	\$ 18,500,000	\$ 21,000,000
Expenses			
Fuel	\$ 1,536,000	\$ 1,776,000	\$ 2,016,000
Insurance	\$ 1,280,000	\$ 1,480,000	\$ 1,680,000
Subcontractors	\$ 576,000	\$ 666,000	\$ 756,000
Repairs & Maintenance	\$ 128,000	\$ 148,000	\$ 168,000
Wages	\$ 3,968,000	\$ 4,588,000	\$ 5,208,000
Interest	\$ 825,600	\$ 954,600	\$ 1,083,600
Other	\$ 4,486,400	\$ 5,187,400	\$ 5,888,400
Total Expenses	\$ 12,800,000	\$ 14,800,000	\$ 16,800,000
Net Income (before depreciation)	\$ 3,200,000	\$ 3,700,000	\$ 4,200,000

Projected Cash Flow – Hale’s Bus Garage, LLC

	2024	2025	2026
Cash on Hand (Beginning of Year)	\$ 2,184,071	\$ 2,509,671	\$ 3,264,271
Sources of Cash			
Net Income	\$ 3,200,000	\$ 3,700,000	\$ 4,200,000
Change in Other Assets/Liabilities	\$ 0	\$ 0	\$ 0
Total Cash Available	\$ 5,384,701	\$ 6,209,671	\$ 7,464,271
Uses of Cash			
Capital Purchase	(\$ 1,500,000)	(\$ 1,700,000)	(\$ 1,900,000)
Principal Payments	(\$ 1,374,400)	(\$ 1,245,400)	(\$ 1,116,400)
Change in Other Assets/Liabilities	\$ 0	\$ 0	\$ 0
Total Uses of Cash	(\$ 2,874,400)	(\$ 2,945,400)	(\$ 3,016,400)
Net Cash Increase/ (Decrease)	\$ 325,600	\$ 754,600	\$ 1,183,600
Cash on Hand – End of Year	\$ 2,509,671	\$ 3,264,271	\$ 4,447,871

Monthly Debt Service (new)

WSB Loan	\$ 12,084
WLDC Loan	\$ 1,791
JCIDA CITY loan	\$ 2,110

Total Monthly	\$ 15,985
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Contingencies:

- Loan approvals of both WSB and WLDC
- Key man life insurance up to the amount of the loan

Recommendation:

Staff recommends based on excellent cash flow to service the debt, experienced high quality company with long track record, supporting real estate expansion thus increasing assessment and tax revenue, supporting the retention and creation of up to 45 jobs over the next three years and excellent repayment history of company and owners personal debt.

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: HALE'S BUS GARAGE, LLC

Applicant Address: 1067 MARBLE STREET

Phone: 315-853-8670

E-mail: STEPHEN@HALETRANSPORTATIONGROUP.COM

Application Date: 2-07-24

Internal Use Only

Staff Signature and Date of Submission: _____

Revised Date: _____, Revision #: _____

Completed Application Date: _____

Document Date: November 28, 2022

**HOLD HARMLESS AGREEMENT AND APPLICATION DISCLAIMER
CERTIFICATION PURSUANT TO NEW YORK STATE
FREEDOM OF INFORMATION LAW ('FOIL')**

Through submission of this Application for Financial Assistance (this "Application"), the Company acknowledges that the Agency, as a public benefit corporation, is subject to the New York State Freedom of Information Law ("FOIL") and Open Meetings Law ("OML"), as codified pursuant to the Public Officers Law ("POL") of the State of New York (the "State"). Accordingly, unless portions hereof are otherwise protected in accordance with this Certification, this Application, including all Company-specific information contained herein, is subject to public disclosure in accordance with applicable provisions of the POL, Article 18-A of the General Municipal Law ("GML") and the Public Authorities Accountability Act of 2005, as codified within the Public Authorities Law ("PAL") of the State. **Specifically, this Application may be disclosed by the Agency to any member of the public pursuant to a properly submitted request under FOIL and the Agency is further required to affirmatively disclose certain provisions contained herein pursuant to the GML and PAL, including the identification of the Company, general project description, location proposed capital investment and job estimates.**

Notwithstanding the foregoing, the Company, pursuant to this Certification, may formally request that the Agency consider certain information contained within this Application and other applicable supporting materials proprietary information and "trade secrets", as defined within POL Section 87(2)(d). To the extent that any such information should qualify as trade secrets, the Company hereby requests that the Agency redact same in the event that formal disclosure is requested by any party pursuant to FOIL. Application Sections or information requested by Company for Redaction*:

N/A

(* - Please indicate specific sections within Application that the Company seeks to qualify as "trade secrets". Additional correspondence or supporting information may be attached hereto. Please also note that notwithstanding the Company's request, the Agency shall make an independent determination of the extent to which any Information contained herein may be considered as such)

In the event that the Agency is served with or receives any subpoena, request for production, discovery request, or information request in any forum that calls for the disclosure of the Application, in entirety, specifically including but not limited to any demand or request for production or review of Company-designated trade secrets, the Agency agrees to notify the Company as promptly as is reasonably possible, and to utilize its best efforts to: oppose or decline any such request; preserve the confidentiality and non-disclosure of such requested confidential material; and maintain such information and prevent inadvertent disclosure in responding to any such discovery or information request. The Company understands and agrees that all reasonable costs, including attorney's fees, associated with any such formal undertaking by the Agency to protect the trade secrets from disclosure shall be reimbursed by the Company to the Agency.

Revised Date: _____, Revision #: _____

Document Date: November 28, 2022

Application for Financial Assistance

Date of Application: 2-04-24

Applicant (Company) Information:

Applicant Name: HALE'S BUS GARAGE, LLC
 Applicant Address: 1067 MARBLE STREET WATERTOWN, NY 13601
 Phone: 315-853-8670 Fax: 315-853-5708
 Website: HALETRANSPORTATIC E-mail: STEPHEN@HALETRANSPORTATIC.COM
 Federal ID#: 39-2067004 NAICS: 485510
 State and Year of Incorporation/Organization: NY 2004
 List of stockholders, members, or partners of Applicant: STEPHEN E. HALE 100%

Individual Completing Application:

Name: STEPHEN E. HALE
 Title: MEMBER
 Address: 37 KIRKLAND AVE CLINTON, NY 13323
 Phone: 315-853-8670 Fax: 315-853-5708
 E-Mail: Stephen@haletransportationgroup.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.

STEPHEN E. HALE

Print Name

Signature

MEMBER

2-04-24

Title

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
_____ |
| _____ | | |
| _____ | | |
| _____ | | |
| _____ | | |
| _____ | | |

Signature

Stephen E. Hale

Member

Printed Name and Title

02-04-24


Date

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.



Signature of Applicant

02-04-24

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
MANAGER	ANNUAL	2	0	1	1	2
SHOP MANAGER	ANNUAL	1	0	1	0	1
MECHANICS	HRLY	5	0	1	1	2
CLEANERS	HRLY	2	0	1	1	2
OFFICE ASST.	HRLY	2	1	0	1	2
DRIVERS	HRLY	12	4	4	4	12
TOTALS:		24	5	8	8	21

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

Form NCA IA

Signature of Applicant

Date

02-04-24

"The following information is required by the Federal Government in order to monitor compliance with Federal Laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname."

Ethnicity:

Hispanic or Latino _____
Not Hispanic or Latino ☒

Race: (Mark one or more)

White ☒ Black or African American _____
American Indian/Alaska Native _____ Asian _____
Native Hawaiian or Other Pacific Islander _____Gender: Male ☒ Female _____

Revised Date: _____, Revision #: _____

Document Date: November 28, 2022

DRAFT

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Resolution No. 03.07.2024. __

**RESOLUTION FOR AUTHORIZING A CITY LOAN FUND TO
HALE'S BUS GARAGE, LLC**

WHEREAS, Hale's Bus Garage, LLC has requested to this Agency a loan in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) to be used to renovate, expand and purchase equipment at 1067 Marble Street, Watertown, NY, and

WHEREAS, Staff recommends a \$250,000 City Loan at 6%, interest only for the first 12 months for a 15-year amortization with a 10-year call. The interest rate will be reviewed after 5 years. This will be a participation loan with the Watertown Local Development Corporation (WLDC). The WLDC will be lead agency. There are currently 24 employees with a projection to create another 21 jobs over three years. Collateral will be secured with a co-proportional second position mortgage with Watertown Local Development Corporation (WLDC), subordinate to Watertown Savings Bank (WSB) on real estate located at 1067 Marble Street, a co-proportional second position with WLDC on all assets of the business, personal guarantee of Stephen E. Hale as well as keyman life insurance up to the amount of the loan. The application fee is waived since the WLDC already collected the fee. The funds will be advanced to take out WSB construction financing once a certificate of completion is issued. Construction will take 1 year to complete. The loan will be contingent upon approval of the WLDC (\$250,000) and WSB (\$1,557,385) loans, and

WHEREAS, on February 28, 2024 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed the request and recommended approval, 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 Two Hundred Fifty Thousand Dollar (\$250,000) loan to Hale's Bus Garage, LLC with all terms and conditions as set forth in this Resolution, and be it further

RESOLVED, that the Chairman, Vice Chairman 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 Waldroff, Secretary