

# 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](http://www.jcida.com)

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

**FROM:** David J. Zembiec, CEO

**DATE:** March 20, 2024

**SUBJECT:** **JCIDA Loan Review Committee Meeting**

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A JCIDA Loan Review Committee meeting has been scheduled for **Wednesday, March 27, 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](mailto: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

# **Jefferson County Industrial Development Agency**

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## **JCIDA LOAN REVIEW COMMITTEE**

**Wednesday, March 27, 2024**

**8:00 a.m.**

### **AGENDA**

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Drouin Distribution Ltd. (Loan Request)**
- IV. Other/Unfinished business**
- V. Adjournment**

## Jefferson County Industrial Development Agency

### Loan Review Committee

**Date:** 3/27/2024

**Borrower:** Drouin Distribution Ltd.  
Reefertilizer Inc.  
Joey Drouin, Mike Drouin, Peter Maher

**Amount:** \$ 40,000 JCIDA Micro Loan

**Project:** Working capital to attend trade shows

**Details:** Reefertilizer Tradeshow Expansion Project

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#### Overview

Reefertilizer is a simple, effective, three-step fertilizer and nutrients system that makes it easy for anyone to grow cannabis at home. While our roots are in Canada – we have seen most of our growth come from the US market. In 2021 we caught the attention of America's largest independent L&G distributor BFG Supply and began doing their East Expo in 2022 with much success. As our brand's exposure increased, the stigma around cannabis began to lessen, and more states decided on legalization – we began to hear from more distributors. Currently, we are now working with: BFG Supply, Arett Sales, Orgill, ACE Hardware, and True Value Company.

In November 2023 – to take advantage of these new opportunities – we decided to move our main warehouse from Canada to Jefferson County in Upstate New York, and to set up a C-Corp called Drouin Distribution Ltd. to help facilitate Reefertilizer's wholesale revenue growth and continued US expansion.

#### Objective

- Expand the brand's reach through retail channels (L&G / Hardware Tradeshow)
- Increase Tradeshow attendance from 2 to 5
- Add 30+ new Ace Hardware locations
- Add 30+ new True Value Hardware locations
- Increase wholesale revenue by 2.5X in 2024
- Raise yearly wholesale revenue to 200K by 2026

### Phases of Work / Timeline

**Phase 1 – Preparation (*April to June*):** Get flights, hotels, and booths lined up for tradeshow. Finalize any new booth designs and/or repairs and maintenance to be done. Train new staff on brand strategy and key product selling points.

**Phase 2 – Show Logistics (*July to September*):** Line-up booth shipping, and the delivery of promotional materials to tradeshow venues. Contact hotels to confirm accommodations and make any necessary meeting reservations.

**Phase 3 – Work the Floor (*August to October*):** Meet with retailers, sales team, and key decision makers. Collect as much data as possible from store/franchise owners. Make as many corporate connections as possible to open future doors.

**Phase 4 – Follow-ups (*October to November*):** Onboard new retail partners with product info sessions and brand kit. Set-up meetings with distributor sales team members and organize store visits in Spring.

**Phase 5 – Order Placing / Fulfillment (*December*):** Prepare inventory projection needed to cover wholesale and DTC sales for next 12 months. Reach out to fertilizer blenders and packaging providers. Get tradeshow orders fulfilled by late-December.

### Evaluation Metrics

- Number of new retailers added
- Orders placed at shows / Orders placed in following Spring
- Additional inventory purchased by distributors
- Retailer sentiment on cannabis (compared to previous years)

**Personnel:** Creating Jobs      2

### Sources and Uses:

		% of Total		
JCIDA Micro	\$ 40,000	50%	Working Capital	\$ 80,000
Cash Equity	\$ 40,000	50%		
<b>Total Sources</b>	<b>\$ 80,000</b>		<b>Total Uses</b>	<b>\$ 80,000</b>

**Terms:**                      5 year amortization at 6%    \$ 773.31/mo    \$9,279.74/yrly

**Financials:** Financials provided show the ability to repay this loan as well as their personal equity into the total project.

**Projected Proforma – Drouin Distribution, Ltd.**

	2024	2025	2026
Income	\$ 246,748	\$ 329,557	\$ 412,304
COG	\$ 76,149	\$ 99,917	\$ 123,787
<b>Gross Profit</b>	<b>\$ 170,599</b>	<b>\$ 229,641</b>	<b>\$ 288,518</b>
Expenses	\$ 160,568	\$ 192,546	\$ 223,337
<b>Total Net</b>	<b>\$ 10,030</b>	<b>\$ 37,095</b>	<b>\$ 65,181</b>

**General Assumptions to the Projections:**

- DTC sales continue to grow between 10%-15% yrly
- Gross margin stay above 65%
- Increase wholesale revenues by 2.5x in 2024
- Increase wholesale revenues by 200k in 2026
- ACE Hardware & True Value drive wholesale revenue growth
- Advertising spend continues to be 16% of revenue
- General expenses increase at yrly rate of 4%-6%

**Collateral:** Loan will be secured with a lien on all assets of the business and personal guarantees of Joey Drouin, Mike Drouin with cross-corporate guarantees with Drouin Distribution Ltd, and Reefertilizer Inc. along with key man life insurance in the amount of the loan.

**Contingencies:**

- Cross-corporate guarantees with Drouin Distribution Ltd, and Reefertilizer Inc.
- Key man life insurance in the amount of the loan

**Recommendation:**

Staff recommends funding based on financials showing the business' ability to service the debt, along with supporting the creation of up to 2 jobs within the next 3 yrs

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Resolution Number 04.04.2024.01**

**RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO  
DROUIN DISTRIBUTION LTD.**

**DRAFT**

**WHEREAS**, Drouin Distribution Ltd. requested by application to this Agency a Micro Enterprise Loan in the amount of Forty Thousand Dollars (\$40,000.00) to be used to for working capital to help facilitate Reefertilizer's wholesale revenue growth and continued US expansion, and

**WHEREAS**, Staff reviewed this request and recommended approval of a loan in the amount of \$40,000 for a five-year amortization with a rate of 6%. Projected to create two jobs within the first three years. The total project cost is \$80,000. The loan will be secured with a lien on all assets of the business, personal guarantees of Joey Drouin and Mike Drouin, cross-corporate guarantee with Reefertilizer Inc. along with key man life insurance in the amount of the loan, and

**WHEREAS**, on March 27, 2024, 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 approved the request for a Forty Thousand Dollar (\$40,000.00) loan to Drouin Distribution Ltd. with all terms and conditions as set forth in this Resolution, and be it further,

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

This resolution shall take effect immediately.

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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:** Drouin Distribution Ltd.

**Applicant Address:** 22419 Fisher Rd., Watertown, NY 13601

**Phone:** (613) 299-5633

**E-mail:** [REDACTED]

**Application Date:** March 4th, 2024

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**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\*:

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(\* - 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



## **Business Name & Form**

Business Legal Name: Drouin Distribution Ltd.

Address: 22419 Fisher Rd.  
Watertown, NY 13601

Telephone: (613) 299-5633

Federal EIN: 36-5093653

Type of Entity: C-Corp

Year of Organization: 2024

Industry SIC Code: 5261

## Principals & Officers

Name: Joey Drouin  
Role: CEO  
Address: [REDACTED]  
Ottawa, ON K1Z 7B9  
Ownership %: 45%

Name: Mike Drouin  
Role: VP - Operations  
Address: [REDACTED]  
Victoria, BC V8N 4C1  
Ownership %: 45%

Name: Peter Maher  
Role: VP - Sales  
Address: [REDACTED]  
Fort Collins, CO 80521  
Ownership %: 3% Vested – Up to 10% based on performance

## 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<br>_____ |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| 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<br>_____ |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| 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<br>_____ |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| 4. Has the business, its present owners, officers, or management ever been the subject of bankruptcy proceedings? If yes, describe below.   | _____ | X<br>_____ |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |
| _____   |       |            |

Signature

**Joey Drouin, Director**

Printed Name and Title

March 4th, 2024

Date

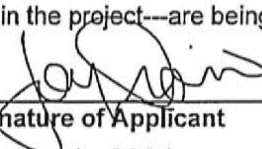
Revised Date: \_\_\_\_\_, Revision #: \_\_\_\_\_

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\_\_\_\_\_  
March 4th, 2024\_\_\_\_\_  
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
Warehouse Helper	\$15	0	1	TBD	TBD	1
NY State Sales Rep	\$15 + Com	0	0	1	0	1
TOTALS:			1	1		2

#### 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