

DELAWARE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Date: February 19, 2010

Time: 11:00 a.m.

Place: Delaware County E-Center
5 ½ Main Street, Delhi, NY

Present: James Thomson, Chairman
Scott White, Vice-Chairman
Glenn Nealis, Executive Director
William Willis, Economic Development Specialist
George Bergleitner, Secretary
Andrew Matviak
Tabitha Byam
William Gross

Absent: Sally O'Neill

The February 19, 2010 meeting of the Delaware County Industrial Development Agency was called to order by Chairman Jim Thomson.

A motion by, Andy Matviak second by George Bergleitner, to approve the draft minutes of the January 15, 2010 meeting; motion passed.

Financial:

Glenn Nealis reviewed the current treasurer's report. Glenn informed the board that he got word through the state that we should have a contract for our grant and we should be able to draw money down and pay back the IDA. We should be able to transfer money in April or May for the ecenter. Glenn also informed the board that loan money is getting low and he and Lori have talked about some potential sources to look at. A motion by, George Bergleitner second by William Gross, to approve the treasurer's report; motion passed.

Bill reviewed the loan report. ██████████ made six payments in December. ██████████ is struggling. Their sales are down \$████████ and she has been fighting sales taxes. She did make a payment this month. Bill told her if she sent a letter to him he would talk to the board about a loan deferment. ██████████ is going through foreclosure. There may be some negotiations there. ██████████ – Bill gave Don an option to start working with Sally or attend QuickBooks classes. He said he has taken the course and has someone working there that has gone to school and has taking Quick Books. She is going to start converting his legers to Quick Books. Don is going to pick up dishes and wants to do a buffet at least one day a week. ██████████ – They are sending us \$100 a month and the building is up for sale. ██████████ – Got caught up. Glenn ran into Melissa and she has taken some of the recommendations that we gave her. She has painted and put flyers up at the college. She said business is picking up and she is starting to get some of the college students back. ██████████ – still going through court system. ██████████ – struggling but they don't have much debt. ██████████ – Sam has sent about 3 months of payments in the last month. ██████████ – She is current with everyone except us. She would like to change her terms from a 5 year loan to a 10 year loan which would cut her payment in half. She sells kids, toys, and unique items. Board discussed. A motion by, George Bergleitner second by Scott White, to give authority to Bill and Glenn to adjust her repayment schedule and offer her 3 months of interest only; motion passed. ██████████ – sent default letter and haven't heard from him. Bill asked the board if we

should have the lawyer send a default letter. Board discussed. The board agreed to go ahead with lawyer. Work in Progress is paying slowly

The following invoices were presented for approval:

IDA	
Delaware Co. Clerks Office(Discharge of Mortgage for Molnar Financial)	34.50
NYSEG (Deposit – Airport Rd)	34.93
NYSEG (Deposit – Airport Rd)	15.49
Thomas Reider (Dec. snow Removal 724 Main St. Marg.)	180.00
Elizabeth Fronckowiak (Dec cleaning of 724 Main St. Marg.)	30.00
NYS Economic Development Council (2010 IDA Section Conference)	275.00
Harlem & Jervis (Ski Plattekill)	650.00
Coughlin & Gerhart (Hidden Inn Bankruptcy)	344.84
Del. Co. Clerks Office (Record mortgage for Ski Plattekill)	57.00
Glenn Nealis (The Desmond – IDA Section Conference)	169.86
Second Nature Construction (Additional Work and Materials Inv.)	17980.00
Del. Co. chamber of Commerce (2010 Winterfest Sponsorship Inv#440)	3000.00
Thomas Reider (Snow Removal)	155.00
Chan Squires (Service Call @ Masonic Building)	203.00
NYSEG (Marg. Ecenter)	398.93
Maple Shade Farm (Agri-Business seminars)	1700.00
Travelers (Walton IP Insurance)	812.82
Thomas Reider (January snow removal)	180.00
Elizabeth Fronckowiak (1/13/10 cleaning of Marg ecenter)	30.00
DCEC (January Bill)	1407.23
Delaware Operations (January Expenses)	1255.33

2007 Mircro Program

Hatherleigh Press, LTD	5000.00
Midtown Grill Restaurant & Bar	3519.18
Hogan's General Store	5000.00
Cardio Club	2500.00
Hometown Pizza	5000.00
Dawn's Deli & Grocery	5000.00
Delaware County Post	2000.00
Tuna III Japanese Restaurant	5000.00

A motion by Scott White, second by George Bergleitner, to approve the invoices; motion passed.

Housekeeping Resolution – Provided in written form.

IDA Section Conference – Glenn informed the board of new things for Public Authorities. The IDA is going to have to develop a mission statement. IDA is responsible for reporting to the Authority Budget Office any change in the rating of bonds that we are a pass through for. The IDA will need a finance committee to issue debt which may slow down the loan process. All of this will also apply to the LDC. Glenn further informed the board that there was a presentation on best practices for PILOT's based on a model in Erie County. Erie County changed the length of their PILOT to 7, 10, or 10 plus. It was tiered on the basis of incentives. The new abatement schedules shows how they went from 10 and 15 to 7, 10 and 10 plus. There is a greater benefit to the businesses up front in terms of the taxes they were paying but from the taxing jurisdiction they were getting more money over time. Another interesting point from Greene County was that they take a percentage of the PILOT's and keep it. We could use this to get rid of our admin fee. Greene County also used some of the money for infrastructure projects and for developing wetlands projects. Jim Thomson said he thought it made sense to take a hard look at our PILOT program. Glenn commented this is not something we can have done by the next meeting but we can slowly work on it. Jim Thomson suggested a verbal goal that by the end of 2010 we will have a new PILOT program.

Secret IDA Tax – Scott White asked if we are getting taxed on grant funds. Glenn informed the board that yes we do get taxed on grant pass through income, the money county gives us, and interest on revolving loan funds are also subject to tax. This has been brought to the attention of the Division of Budget and the Authority Budget Office. The association that represents all the IDA's has been in contact with the governors' office and is pushing against it. Glenn advised the board that the people who he has spoken to at the Division of Budget agree that it was not the legislative intent to tax money that we get appropriated for. The recommendation from [REDACTED] is to not pay this until March 25th.

AJS Building – Glenn update the board. The mortgage holder wants the IDA to pay \$ [REDACTED] for back taxes in addition to the \$ [REDACTED]. The mortgage holder said he wasn't aware of the back taxes. He said the deal is off unless the IDA will pay the back taxes. We told him the deal is off. On March 19th the county will put a claim in before the State Supreme Court or County Court and they will be granted title to the property. On that date the mortgage holder's lien is wiped out. The mortgage holder is Mike Gries Investment LLC. The owner of record of the property is Family Realty Group, LLC. Glenn talked to Spinney the county attorney. Spinney told him that on the 19th it will be county property. It will take a couple weeks to get the order by the judge in written form and then a couple more weeks for the county to file their new deed. He said if we are interested we should meet with the finance committee on the 20th and they will agree to sell the IDA the property for the back taxes. If there is a county agency that is interested in the property they'll sign it off and they don't have to go to auction. Glenn has talked to John Huff about a couple different possibilities. Board discussed different options for John Huff.

Delaware Phoenix Distillery – Bill presented. She got financing through the CWC and went through a lot of issues to get her permits to be a distillery. She's been on TV, radio, NY Times. She has been doing well with free advertising. She bought a still that is much too small. Every week she is getting further and further behind. Bill encouraged her to do a business plan to increase capacity. She found a still that could triple her output. She would like a loan to buy a bigger still so she could triple her production. She put in a steam boiler to heat the still. She hasn't touched distribution yet and she is already into April with orders. She is selling for \$55 a bottle. Scott White questioned why she is renting. Bill commented that by law you have to have a separate place to get a permit. Scott White stated that every one of these he has looked at has been highly profitable. There are only 7 of these

in NY State right now. A motion by Scott White, second by Andrew Matviak, to approve as presented and to take the house and steam boiler as collateral; motion passed.

New England Wood Pellet – A motion by Scott White, second by George Bergleitner, to approve the inducement and SEQR Resolutions; motion passed. Glenn advised the board that there will be another bond approval resolution that will come before us in March.

The floor was opened for the discussion of any Old and New business;

William Gross asked Glenn if he had called about the property next to Buffalo Dental. Glenn commented no but he talked to Chris on Friday and he said that the primary piece of property in Hancock is that piece that Don Nevin owns. Glenn said he had not talked to Don Nevin yet but he will.

Scott White asked about Steve Malone. Glenn commented that Joe Scott from Hogson Russ is looking to see if we can be a partner in a for profit entity. If the answer is yes our next step is to contact Frank Wood and ask him to create these partnership agreements.

Jim Thomson advised the board that there was an inquiry that came in from a business that does ground water pipe repair from Chicago. They are looking for a piece of property in the Bainbridge, Sidney area with easy access to 88. They are looking for approximately 6000 sq. ft. The draw back is that they need a section of the building to be 70 ft long for some equipment. Board discussed some possible locations.

George Bergleitner mentioned that he stopped into [REDACTED] George told the board that they are doing really well and are expanding but have been having problems with a neighbor. He has gone to NY State and filed a complaint that the wood in the lumber yard is causing a smell and he wants a fence put up. The fence is going to cost them thousands of dollars. The neighbor also wants fire systems and theft alarms. George wanted to advise the board that they may come to us looking for some money to put up a fence. The Village hasn't harassed him yet about it. Glenn Nealis questioned what rule does he need to put up a fence? Glenn said he would talk to planning.

Meeting was adjourned in form.

DELAWARE COUNTY LOCAL DEVELOPMENT CORPORATION

Date: January 15, 2010

Time: 11:00 a.m.

Place: Delaware County E-Center
5 ½ Main Street, Delhi, NY

Present: James Thomson, Chairman
Scott White, Vice-Chairman
William Willis, Economic Development Specialist
Glenn Nealis, Executive Director
Andrew Matviak
George Bergleitner, Secretary
Tabitha Byam
William Gross

Absent: Sally O'Neill

The January 15, 2010, meeting of the Delaware County Local Development Corporation was called to order by Chairman James Thomson.

A motion by, George Bergleitner second by Andrew Matviak, to approve the draft minutes of the December 21, 2009 meeting; motion passed.

Glenn Nealis reviewed the current treasurer's report. A motion by, George Bergleitner second by William Gross, to approve the treasurers report; motion passed.

The current loan report was reviewed. Bill updated the board that they closed on Haggerty and he hopes to be open in April. Hobart Market- Made a payment in February. H & R Block – behind but will get caught up. Enviro Energy – had a fire. After investigating they found the fire started outside the hay buster and is now being investigated for arson. They are hoping the hay buster is totaled and they can get a new one. They are selling a lot of soft wood pellets to the horse industry for horse bedding. The horse people really like the wood pellets because they can reuse them. A motion by, Scott White second by Andrew Matviak, to approve the loan report; motion passed.

The following invoices were presented for approval:

Delhi NY Main St Grant

Delaware County IDA (reimbursement of advance for Decker Advertising)	27103.00
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A motion by George Bergleitner, second by Andrew Matviak, to approve the invoices; motion passed.

Second Nature Construction – Bill presented. Second Nature Construction is doing the Tractor Supply Building and is really growing. They have an opportunity to buy a barn that has almost 6000 sq ft on the bottom and the same amount of space on the top. They want to turn the bottom into Second Nature Construction for their tools, supplies and inventory. They would like to hire a shop manager to manage and also have a cabinet shop there instead of building on site. The wife runs an antique store and would like to expand her business. She would like to keep some of her inventory on the second floor. She buys a lot of inventory at state sales and auctions. She would like to have a person there who could catalog everything and take pictures of it so she could start selling on the internet. They would also like to do auctions every few months. They would have an antiques person there full time and probably a third person who would float between the two businesses. A motion by, Scott White second by George Bergleitner, to approve the loan; motion passed.

The floor was opened for the discussion of any Old and New business; No old or new business was presented.

USDA Regulations – Glenn Nealis updated the board. The USDA has a new regulation on the IRP. We now cannot make a loan for more than \$150,000. The Jeff Haggerty loan had to be broken up between IRP 1 and IRP 2 because of that. \$150,000 is covered under IRP 2 and \$100,000 is covered under IRP 1. Previously we were told that you couldn't make a single loan greater than 33% of the amount of your loan fund. We're going to ask to combine the IRP 1 and the IRP 2 into the same account.

Meeting was adjourned in form.