

THE AGENCY

BROOME COUNTY IDA / LDC

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
January 15, 2020 • 12:30 p.m. • The Agency Conference Room
FIVE South College Drive, Suite 201, 2nd Floor
Binghamton, New York 13905

AGENDA

1. Oath of Office J. Meagher
2. Nomination of Officers J. Meagher/Chairman
 - Chairman
 - Vice Chairman
 - Secretary
 - Treasurer
3. Approve Minutes – October 16, 2019 Board Meeting Chairman
4. Public Comment Chairman
- New Business**
5. 2020 Meeting Schedule - As Needed Chairman
6. Resolution to Approve the Establishment of the Broome County Business Assistance Fund (BAF) Loan Program S. Duncan
- Old Business**
7. Adjournment Chairman

**BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
BOARD MEETING
FIVE South College Drive, Suite 201
The Agency Conference Room, 2nd floor
Binghamton, New York 13905
Wednesday, October 16, 2019, 12:30 p.m.**

SYNOPSIS OF MEETING

PRESENT: J. Bernardo, W. Howard, J. Stevens, R. Bucci, D. Crocker, J. Peduto, B. Rose, C. Sacco and J. Mirabito

ABSENT: None

GUESTS: J. Solak, Binghamton, NY
J. Platsky, Press & Sun Bulletin

STAFF: S. Duncan, T. Gray, N. Abbadessa, C. Hornbeck, T. Ryan and B. O'Bryan

COUNSEL: J. Meagher

PRESIDING: J. Bernardo

The meeting was called to order at 12:57 p.m.

ITEM #1: APPROVE MINUTES FOR THE MARCH 20, 2019 BOARD MEETING: Chairman Bernardo asked if there were comments or changes to the minutes of the March 20, 2019 Board Meeting.

MOTION: To Approve the March 20, 2019 Board Meeting Minutes. On a MOTION by Mr. Stevens, seconded by Ms. Sacco, the MOTION CARRIED.

ITEM #2. PUBLIC COMMENT: Mr. John Solak, Binghamton, NY, addressed the Board regarding notice of the Governance Committee Meeting Agenda. Chairman Bernardo clarified that a decision was made at the last Board meeting to have the Governance Committee meet separately from the day of the full Board meeting to give Committee members more time to digest and evaluate matters, if appropriate. Mr. Solak inquired about the LDC meeting; Ms. Duncan responded the LDC Board meetings follow the monthly IDA Board meeting, if applicable. Ms. Duncan further stated that all notices are posted on The Agency website.

Chairman Bernardo asked if anybody else would like to speak. Hearing none, closed the Public Comment Section.

ITEM #4. 2020 LDC BUDGET: Ms. Duncan stated before you is the proposed operational budget. There are no significant changes to income. The LDC continues to receive payments from Good Shepherd Fairview Village project, bringing in regular income. The bond issuance that was closed earlier this year brought in \$151,500.00. The total income, minus expenses leaves a year-end fund balance of \$133,316.73. Ms. Duncan stated the budget includes a proposed fund transfer of \$14,325.00. Ms. Duncan then asked for questions. Mr. Stevens advised that the LDC budget was presented to the LDC Audit & Finance Committee to be brought before the full Board for approval.

MOTION: To approve the 2020 LDC Budget, as presented. On a MOTION by Mr. Stevens, seconded by Mr. Howard, the MOTION CARRIED UNANIMOUSLY.

ITEM #5. ADJOURNMENT: Chairman Bernardo requested a motion for adjournment.

MOTION: To adjourn the meeting. On a MOTION by Mr. Stevens, seconded by Mr. Bucci, the MOTION CARRIED UNANIMOUSLY, and the meeting was adjourned at 1:03 p.m.

The next scheduled meeting of the BCLDC is to be determined.

BROOME COUNTY BUSINESS ASSISTANCE FUND

Local Development Corporation (LDC) Program Guidelines and Operating Criteria

1. STATEMENT OF PURPOSE

The Broome County Business Assistance Fund (BAF) is designed to stimulate the creation and expansion of small business for the purpose of retaining and/or creating jobs and encouraging new private sector investment in Broome County.

The BAF provides low interest financing to small business concerns currently unable to fully finance their projects with equity, conventional financing, or other private and public sources.

2. GOALS AND OBJECTIVES

One of the major problems in local business development, and a significant contributing factor to local economic distress, is the problem of access to start-up funds and credit availability. Even if available, the cost and terms of the credit may prevent businesses from expanding or continuing operations. The result may be a community's loss of jobs, tax revenues and private investment.

While the BAF is not a substitute for conventional financing, it can fill in the gaps in existing local financial markets and attract additional capital, which would otherwise not be available for economic development.

3. PROGRAM DESCRIPTION

The BAF is primarily designed to support new and existing businesses in Broome County by offering low interest loans for the purchase of fixed capital assets or working capital and to assist with start-up and expansion costs.

The BAF may take a subordinated security position to a lender institution.

Loans may be converted to a grant, under circumstances approved by the Advisory Loan Committee (ALC).

The successful applicant must be able to document that the planned project will result in business retention and/or expansion, or new private sector investment in Broome County.

4. ELIGIBILITY

AREA: Broome County BAF borrowers must use loan proceeds in operations located within Broome County.

BUSINESS ACTIVITIES: Firms classified in the following for-profit industries are eligible for BAF financing:

A. **Manufacturing:** This category includes all industries having a Standard Industrial Classification of 20 through 39.

B. **Industrial/Commercial:** This category recognizes the shift from manufacturing to the service sector in today's economy. In recognition of this trend, the ALC will consider businesses including, but not limited to housing, data management, computer software, agri-business, printing, publishing, research and development, warehousing and distribution, tourism, healthcare services, and professional business services.

C. **Exception:** If warranted, a project may be presented by a business other than those mentioned for consideration, if substantial economic impact is determined by job creation and/or retention or any other special criteria that are deemed acceptable.

D. All applicants must demonstrate need for funds.

E. BAF loans will normally finance industrial, trading or commercial activities, including assistance for light manufacturing and service industries, where the opportunity for private sector job creation/retention are the greatest. However, credit will be extended at the discretion of The Agency LDC Board of Directors.

COSTS: The following costs are eligible for funding:

A. Land costs, associated with the anticipated purchase, renovation or construction of a building, including acquisition, site preparation, environmental assessment, infrastructure, engineering, legal and other related activities.

B. Building costs, including acquisition, construction, renovation, environmental, engineering, architectural, legal and other related costs.

C. Machinery and equipment, including purchase, delivery and installation and related costs.

D. Working Capital.

E. Marketing.

5. LOAN/GRANT PARAMETERS

LOAN SIZE: The maximum loan an applicant may acquire is based on the availability of funds.

PRIVATE SECTOR INVESTMENT: Loans will preferably be made in conjunction with private sector lending sources, owner equity, private equity or other private or public sources.

EQUITY: Projects may require a minimum 10% owner equity. Exceptions to this structure may be considered on a case-by-case basis.

LOAN SECURITY: All loans will be secured by the highest position available on one or more of the following assets: Land, Buildings, Machinery, Equipment, Accounts Receivable, Inventory and/or personal assets or such other assets as are deemed appropriate. In addition loans will require corporate and/or personal guarantees.

TERMS: Loans for real estate will have a typical repayment period of up to twenty (20) years. Machinery and equipment loans (on new equipment) will have a maximum term of seven (7) years, or no longer than the useful life of the assets being financed. Used equipment loans will have a maximum term of five (5) years. Other loan terms will be determined on a case-by-case basis.

INTEREST RATE: BAF loans generally have an interest rate set at seventy five percent (75%) of the lowest published (Wall Street Journal) prime rate, fixed at day of closing.

FEES AND PENALTIES: The Agency charges the following processing fees:

- A. Application fee: \$250.00. This fee is non-refundable.
- B. Closing fee: reasonable and customary legal costs, filing and recording fees may be charged.
- C. Failure to meet any of the terms and conditions of the loan may result in an increase in the interest rate of up to two (2) points above the prevailing prime rate.

6. INELIGIBLE LOANS

- A. Speculative activities, such as land banking and the construction of speculative buildings are not permitted.
- B. Loan activities and economic benefits resulting from these activities must be located within Broome County. BAF assistance will be withdrawn if for any reason the activity financed is moved from Broome County.
- C. Prohibitions concerning BAF assistance that would create a potential conflict of interest for any officer or employee of The Agency/LDC, or any current member of the LDC's loan administration staff who reviews, approves or otherwise participates in decisions on BAF loans.

Former members of the Board, former members of staff and former members of the ALC are barred from BAF assistance for a period of one (1) year from the date of termination of their service to the Board, ALC or staff position of The Agency or any of its subsidiaries. Loan activities which directly benefit individuals or people related to them by blood, marriage, or law will be prohibited, for a period of one year from the date of termination of service of such related person.

D. Proceeds from the BAF cannot be used to purchase equity in private business or subsidize payments on existing loans.

7. LEGAL REQUIREMENTS

All borrowers of the BAF must comply with the requirements of Federal and State and local laws concerning civil rights, the environment, flood protection insurance, and access to the physically handicapped.

8. DELINQUENT LOAN & COLLECTION PROCEDURES

The Agency/LDC as the Administrator of the BAF will provide its best effort to collect all monies lent under the BAF program.

Delinquent Loan Definition: All loan accounts that have not had any payment activity during a sixty (60) day period or those loans that are sixty (60) days in arrears.

The Agency will monitor the monthly repayment activity of all outstanding loan accounts and initiate normal collection procedures, i.e., notice for payments, collection calls and other legal means necessary to collect the outstanding debt. When normal procedures fail to produce the desired results, the account will be turned over for legal remedies and pursued to a conclusion.

9. PROCEDURE FOR AMENDMENT

As necessary, the ALC shall review the overall operations of the BAF Loan program. When the need for change or modification of policy arises, the ALC shall submit such recommendations to the Board of Directors of The Agency for review and subsequent action.

10. LOAN APPLICATION REVIEW

All loan applications shall be reviewed by the members of The Agency's ALC. Said committee will provide recommendations to The Agency/LDC Board of Directors for final approval.