

THE AGENCY

B R O O M E C O U N T Y I D A / L D C

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY
August 19, 2020 • 12:00 p.m. • The Agency Conference Room
FIVE South College Drive, Suite 201, 2nd Floor
Binghamton, New York 13905

REVISED AGENDA

1. Call to Order J. Bernardo
2. Approve Transcript – July 15, 2020 Board Meeting J. Bernardo
3. Public Comment J. Bernardo
4. Executive Director’s Report S. Duncan
 - Updates
 - Internal Financial Report – July 31, 2020
5. Loan Activity Reports as of July 31, 2020 T. Gray

New Business

6. Resolution Approving a \$100,000.00 Emergency Loan Request from Odyssey Semiconductor Technologies, Inc. from the STEED Loan Fund Program as Set Forth in the Commitment Letter Attached Hereto as Exhibit “A” T. Gray
7. Resolution Approving a \$10,000.00 Loan Request from Marshall McMurray D/B/A Bernice Brews from the STEED Loan Fund Program as Set Forth in the Commitment Letter Attached Hereto as Exhibit “A” T. Gray
8. Resolution Accepting the FGEIS Regarding the Former BAE Site Located at 600 Main Street, Johnson City, New York and Directing the Filing and Publication Thereof as Required by Law and Regulation S. Duncan
9. Resolution Authorizing The Agency to Enter into a Contract with Chmura Economics & Analytics, LLC for a Strategic Workforce Plan for Broome County, New York, for a Period of Nineteen Weeks from Kick-off Date S. Duncan
10. Executive Session: To Discuss the Sale of Real Property S. Duncan

Old Business

11. Adjournment J. Bernardo

BOARD OF DIRECTORS

AGENDA ITEM #3: A \$10,000 loan request from Marshall C. McMurray from the STEED Loan Fund Program to assist his business with permanent working capital for use at his facility at 135 Washington Avenue, Endicott, New York.

INTRODUCTION

Mr. Marshall C. McMurray, a sole proprietor, dba Bernice Brews, has applied for \$10,000 in financing to assist him with operating expenses that include but are not limited to inventory, supplies, payroll as well as insurance and utility costs resulting from business interruption caused by the Covid pandemic. Uses and sources are as follows:

USES OF PROJECT FUNDS

Working Capital	\$	10,000	(100.0%)
TOTAL PROJECT COST	\$	10,000	(100.0%)

SOURCES OF PROJECT FUNDS

BCIDA STEED	\$	10,000	(100.0%)
TOTAL PROJECT COST	\$	10,000	(100.0%)

COMPANY PROFILE

Bernice Brews, owned by Marshall C. McMurray, was established on March 20, 2019. Bernice Brews is a community coffee shop as well as a place to meet and hold business functions. The business, located at 135 Washington Ave., Endicott, New York, has an ideal location: next to the DMV, EPAC, the Endicott Post Office, a large church and within walking distance of the Endicott business district. During the day the business functions as a traditional coffee shop complete with free Wi-Fi, featuring brewed coffee, tea, cold drinks and morning treats. In the evening and weekends however poetry readings and business meetups are offered. There is currently no small venue in the Endicott area to accommodate small group meetings. The eventual goal of the business is to also have the coffee shop provide local businesses with a reliable delivery service. Mr. McMurray's retail business, like others, was forced to shut down in March 2020 due to the COVID-19 virus. He is requesting an emergency loan to cover operating expenses and payroll until the economy fully reopens.

JOB CREATION

The total current employment for Bernice Brews is 2. The 2 full-time employees will be retained if the financing requested is approved.

ENVIRONMENTAL IMPACT

The applicant believes the project will not have a negative impact on the environment.

CASH AVAILABLE TO SUPPORT EXISTING AND NEW DEBT SERVICE

	FY21
Pension, Commissions	\$ 42,000
Rental Income	\$ 9,000
Projected Net Profit	<u>\$ 8,000</u>
Total Cash Available for Debt Service	\$ 59,000

DEBT SERVICE REQUIREMENTS OF THE PROPOSAL

Existing NBT Bank Annual Debt Service Payments.	\$ 7,992
Existing NBT Bank Annual Debt Service Payments	\$ 900
New BCIDA STEED Annual Debt Service Payments	<u>\$ 2,130</u>
TOTAL ANNUAL DEBT SERVICE PAYMENTS	\$ 11,022

RECOMMENDATION

Marshall C. McMurray purchased the property and building at 135 Washington Avenue, Endicott, New York in June 2018 and opened Bernice's Brew shortly thereafter. Bernice's Brew is a community style coffee shop offering traditional coffee shop items and services. The business also serves as an after hours meeting place for small groups as well as select business functions. Since the shop's sales rely exclusively on foot traffic and return customers the business was especially hard hit in March 2020 when it was unable to operate due to the COVID-19 business shut down. As a result of this business interruption Mr. McMurray is requesting an emergency loan to cover operating costs including inventory, supplies and payroll. A recent credit report on Marshall McMurray indicated a satisfactory credit history; Fair Isaac Score of 706. More importantly, with the new emergency financing request, the current 2 full time positions will be retained within three years and his

business will be able to reopen. Based on this and the information in the previous sections, the ALC and I would recommend a STEED financing commitment under the following terms and conditions.

Borrower: Marshall C. McMurray

Loan Amount and Fund: \$10,000 from the STEED Revolving Loan Fund

Term of the Loan: 6 years with year one principal and interest waived

Loan Interest Rate: 75% of the prime rate at the time of closing

Collateral and Security for the Loan: A first security position on all business assets including but not limited to inventory, accounts receivable and machinery and equipment.

August 19, 2020

Mr. Marshall C. McMurray
Bernice Brews
135 Washington Ave.
Endicott, NY 13760

Dear Mr. McMurray:

The Broome County Industrial Development Agency (BCIDA) has approved a \$10,000 STEED loan for use by your firm. The Borrower is Marshall C. McMurray dba Bernice Brews. The loan commitment is subject to the terms and conditions set forth below:

1. Proceeds of the STEED loan will be used solely and exclusively for working capital required as a result of the COVID-19 virus.
2. Terms of the Loan. The loan shall be for 6 years with year 1 having no principal and interest payments. Equal monthly loan repayments will consist of principal and interest.

The Borrower shall make adequate provisions to complete the proposed project, for which the loan is given, and make full advance within sixty (60) days from the date closing. If at the end of sixty (60) days following the date of closing of the loan agreement full advance of funds has not been made; the BCIDA may, but is not obliged to, notify the Borrower that his loan may be in default of the loan agreement as set forth in the closing documents.

Notwithstanding the foregoing, in addition the events of default which are otherwise applied to this loan, the documents evidencing the loan will provide that the unpaid principal balance of the loan, together with any and all accrued interest thereon and related costs, may, at the option of the BCIDA become immediately due and payable in the event: (a) Borrower applies the loan to any other purpose than that outlined in paragraph three above; (b) Borrower sells, agrees to sell, leases or agrees to lease to a third party all or substantially all of its assets; (c) Borrower assigns, transfers, or otherwise agrees to assign or transfer to a third party, the collateral which is the security for the loan; (d) Borrower terminates its business operations; (e) Control of the Borrower is transferred to or otherwise becomes vested in persons other than those in control of the date thereof; (f) Borrower defaults on any of the terms and conditions of the loan with the Borrower specified in paragraph one of the document.

3. Prepayment Privileges. Borrower shall have the privilege of prepaying the loan in whole or in part at any time without payment of premium or penalty. Partial prepayments will not alter the amount of the subsequent monthly payments, nor will it be construed as to permit the foregoing of a payment, but shall only shorten the term of the loan herein. This will be done by application of payment to the principal indebtedness in numerical payment order, as shown on the amortization schedule, which will be distributed following the closing, and which shall be maintained throughout the life of the loan.

4. Rate of Interest. The interest rate for the loan will be fixed at seventy-five percent (75%) of the lowest prime rate published in the Wall Street Journal on the day of closing, rounded up or down to the nearest quarter percent (.0025).
5. The Borrower will furnish or cause to be furnished the following at or prior to closing:
 - A. Proof of payment of current and past federal and state income taxes.
 - B. A copy of the Borrower's Certificate of Incorporation; and/or d.b.a. (if applicable).
 - C. A certified copy of the Resolution of the Board of Directors authorizing this loan (if applicable).
 - D. Insurance policies insuring against all risks of physical loss or damage to real and personal property securing the loan; business interruption/extra expense sufficient to reimburse the Borrower for any and all indirect loss, and flood insurance (where required by the existence of the hazard). Such policies of insurance shall name the BCIDA as loss payee; Borrower shall also procure and maintain during the course of the loan Comprehensive General Liability insurance in an amount not less than \$1,000,000, each occurrence for Bodily Injury and Property Damage combined. All policies of insurance issued or maintained in conjunction with this agreement shall contain a clause to the effect that no cancellation, non-renewal, or material change may be made unless at least ten (10) days prior written notice be given to the BCIDA.
 - E. Borrower additionally agrees to provide any additional information/documentation or other items as may be requested or required by the BCIDA to close the loan.
6. Financial Statements. The Borrower shall provide to the BCIDA annual financial statements in satisfactory form and substance, and certified as accurate by the Borrower.
7. Annual Reporting. The Borrower shall provide the BCIDA with the number of full-time and part-time employees employed at Bernice Brews payroll figures, and property tax information. This report will be due at closing and on or before the first day of November of each year during the term of the loan, and certified as accurate by the Borrower.
8. All compensation, bonus, and/or indirect payment by the Borrower to any corporate officer or the Borrower may be limited by the BCIDA, if they are deemed to put the company in financial jeopardy or are currently in default.
9. The collateral security for the loan shall include those items checked below:
 - A. First security position on all business assets including but not limited to accounts receivable, inventory, machinery and equipment and intangibles.
10. The Borrower agrees to allow staff of the BCIDA access to the company facility, upon proper prior notice, for the purpose of inspection and verification of the loan proceeds use.

11. The Borrower agrees to comply with all federal and state requirements concerning civil rights, the environment, prevailing wage rates, flood protection insurance and access for the physically disabled.
12. Job Creation. The Borrower (Bernice Brews) agrees to retain 2 full-time employees within 36 months of the closing of the STEED loan.
13. Acceptance of Commitment. If the terms and conditions herein are satisfactory, please sign where indicated and return to the BCIDA within 30 days of the date of the letter.
14. Closing of the within noted loan may take place within 10 days of the date hereof. If this original commitment letter is not signed and returned to the BCIDA within thirty (30) days from the date hereof, and/or if the loan is not closed within 180 days following the receipt of this letter, then the BCIDA's commitment is automatically terminated, unless the Borrower is otherwise notified by the BCIDA in writing.
15. No Material Change. Prior to loan closing and/or disbursement of loan proceeds, BCIDA may request and be provided with satisfactory evidence that there has (have) been no material adverse change(s) in the financial condition or otherwise, since the date of original application or approval, of the Borrower or Guarantor(s) that, in the opinion of BCIDA, may impair the ability of the Borrower and/or Guarantor(s) to repay the loan. Facts or circumstances constituting adverse changes include, but are not limited to, substantial business losses and changes in the personal financial condition of the Guarantor(s).
16. Release of BCIDA. The Borrower recognizes that it is seeking a loan from a non-profit organization composed of volunteers seeking to improve the community. In consideration of BCIDA reviewing the loan application, the borrower hereby expressly releases, waives, and discharges BCIDA and its directors, officers, employees and agents from any and all claims arising out of or related to this loan application or any loan the borrower may or may not receive as well as any subsequent dealings which the borrower may have with BCIDA. The Borrower understands that, without this release, BCIDA would not close the loan offered by this document.

Sincerely,

Thomas M. Gray
Senior Deputy Director of Operations

ACCEPTANCE OF AGREEMENT

The _____ day of _____ 20____, the undersigned as Owner of
Bernice Brews, does hereby approve and accept the terms and conditions contained herein.

BY: _____
Marshall C. McMurray