

BOARD OF DIRECTORS MEETING

County of Chautauqua Industrial Development Agency

BWB Building
201 West Third Street, Jamestown, NY
2nd Floor Board Room
&
Fredonia Technology Incubator
214 Central Avenue, Dunkirk, NY
1st Floor Conference Room

October 25, 2022
10:01 a.m.

Michael Metzger	Chairman
Gary Henry	Secretary
Brad Walters	Member
Kevin Muldowney	Member
Steven Thorpe	Member
Sagan Sheffield- Smith	Member
Jay Churchill	Member

Also in attendance:

Mark Geise	Administrative Director/CEO
Richard E. Dixon	Chief Financial Officer
Milan K. Tyler, Esq.	Counsel
Greg Peterson	Counsel
Carol Rasmussen	CCIDA Staff
Kristine Morabito	CCIDA Staff
Crystal Erhard	CCIDA Staff
Jeanette Lo Bello	CCIDA Staff
Rosie Strandburg	CCIDA Staff
Kayla Strandburg	CCIDA Staff
Jason Toczydlowski	CCIDA Staff
P.J. Wendel	County Executive
Nate Aldrich	CCIDA Staff
Monica Simpson	CCIDA Staff
Jonathan Epstein	Post Journal/Observer

Absent Board Member(s):

Hans Auer	Treasurer
Dennis Rak	Vice Chairman

Meeting was called to order by Mike Metzger, Chairman, at 10:01 a.m.

Mike Metzger - Good Morning. I would like to call the County of Chautauqua Industrial Development Agency Board of Director's Meeting to order and its being held at the BWB Building at 201 West Third Street, Jamestown New York. We

do have quorum. We are at the second floor Board Room. We have other people from our team located at the Fredonia Technology Incubator at 214 Central Avenue in Dunkirk New York first floor conference room. We are also electronically via livestream and zoom. It is October 25, 2022 and it is shortly after 10:00 a.m. and we do have quorum. Roll call please.

Board

Aye – Unanimous.

Mike Metzger

Let the record show that there are seven members in attendance. I will entertain the motion to approve the September 27, 2022 minutes which thanks to Jeanette you have received previously.

Brad Walters

So moved.

Mike Metzger

I have a motion by Brad do I have a second?

Jay Churchill

Second.

Mike Metzger

I have a second by Jay. Thank you. Any changes, corrections, comments? Hearing none, all those in favor.

Board

Aye – Unanimous.

Mike Metzger

Opposed/ abstained? Motion carried unanimously. Congratulated Rich Dixon for winning an award. A very prestigious well deserved award that he received – a C-level Executive Award – Congratulations – well deserved – it's a tribute to all the hard work and effort that you've done for this organization. Thank you very much Rich. I would like to ask our Executive Director Mark Geise to introduce our new Board Member – Sagan Sheffield Smith.

Mark Geise

Yes. Thank you Mr. Chairman. Sitting beside me is Sagan Sheffield-Smith. She is replacing Dennis Rak. At the last meeting we talked about Dennis's tenure with the CCIDA and how he had communicated in years back that at some point he was going to be time for him to move on. We have an awesome replacement. Sagan actually works for Dennis at Double A Vineyards and she is the Chief Financial Officer there. Gave a brief description of her position, her work history education and community involvement. With that I would like to welcome Sagan to our group.

Sagan Sheffield- Smith

Thank you very much. I am excited to be here.

Mike Metzger

Thank you very much. It's a pleasure to have you and we look forward to working with you. Glad to see another Fredonia alum on the Board. Now I would like to move to New Business 31. We are going to have a presentation by Rosie please.

Rosie Strandburg

Thank you Mr. Chairman. The Loan Committee on October 13th reviewed an application from 14 Main LLC dba the See Zurh House. The application was filled out by Bruce Scroxton and Andrew Haney who are looking to do fifty fifty ownership. They are looking to purchase the See Zurh House which opened in 1960 which was purchased by the current owners in 1984 and are now selling it to Mr. Scroxton and Mr. Haney. Mr. Scroxton has been interested in purchasing the business for about thirty years and has gone back and forth with the current owners on purchasing the building and he was finally able to come to an agreement with them. They are looking to keep the charm of the restaurant, most of the menu items will stay but they are going to install a brick oven for pizza and they are going to open up the kitchen so that you can see them cooking. They are going to add ADA accessible bathrooms and a ramp outside. Access to the upstairs is not going to be currently addressed – there really isn't a good way to change access to the upstairs but they are going to keep the same flow for the upstairs as well. They are requesting a loan from our AL Tech Fund which has been defederalized which allows us to assist them. The loan is for \$124,000 for machinery and equipment and \$126,000 in working capital for a total of \$250,000. They are going to have 4% interest rate on both working capital and the machinery and equipment loan. The machinery and equipment loan will be for ten years and the working capital loan will be for seven years. They currently have 17 part-time employees and plan to keep those same employees and are looking to hire an additional five to six fulltime with an additional nine par time employees. They did receive financing from Catt. County Bank for the purchase of the building and the business itself. Mr. Scroxton is injecting personal funds so we would be coming in as the additional funds. Discussed collateral. It's also worth noting that the See Zurh House is one of the few businesses that stay open year round in Bemus and they of course support the Tourism in the summer months. Are there any questions?

Rich Dixon

What was the bank amount and what was his equity injection?

Rosie Strandburg

The bank amount is for \$350,400.00 and the injection was is for \$89,600.00. They do plan on injecting more as the business progresses. They do plan on making more updates but at this point, this is just the basic

Mike Metzger

What is the timing? When we spoke at Loan Committee, they were doing some renovation in opening the kitchen. So what the current timing?

Rosie Strandburg

The upstairs is going to be open right away. Downstairs they are going to fix the bathrooms right away. They are able to do a lot of the work themselves. They have background in construction. Mr. Scroxton I should stay, has a background in construction and friends who can help. So the upstairs will be open right away. They are going to go back to the Sunday football TV watching lunches and as far as the downstairs kitchen, I believe that is going to progress as they go. The plan is to have it open by next summer – opening up the kitchen.

Mike Metzger

Great. Thank you.

Rich Dixon

It's very exciting with that project for Bemus with the Hotel Lenhart. Also Rosie has been working with the owners of the building on the corner right across from Ellicottville Tapas Bar. She has been working with them on getting them a grant from OCR and they are going to be open there too. They have some nice things going on there.

Mike Metzger

That was the old gas station.

Rosie Strandburg

Yes. That was the old gas station so like Rich said, Tapas Bar, Wine Bar, a Bakery and I believe they'll have Airbnb's upstairs or apartments.

Rich Dixon

That grant is through the Office of Community Renewal. Rosie helped them get that.

Rosie Strandburg

Certainly supporting the continued growth of Bemus.

Gary Henry

What's are interest rate on the AL Tech?

Rich Dixon

Four percent. This one will be because it was DE federalized it could change if the Loan Committee recommended it - to do something different if the Loan Committee recommended it - we could do something different.

Rosie Strandburg

The Loan Committee did recommend this for approval through the AL Tech Fund.

Mike Metzger

Also, the Board can ask the Loan Committee to readdress our interest rates or the Board can just change it. That's something given the current climate, that we are going to have to take a look at. It's a good point Gary.

Rich Dixon

Its interesting Gary. Not that I have been here a long time, but when I came, I was making more money on the CD's for the AL Tech Fund then I was making on the loans. Even the six month CD's were paying five to five and a quarter percent and we were only getting four percent out of our loan fund. Our purpose isn't to make money it's to lend it out.

Jay Churchill

What is a competitive bank rate now?

Mike Metzger

It's going to change again.

Rich Dixon

Its prime plus two right now.

Mike Metzger

We're fortunate in having our loan committee – is pretty much comprised of all the local banks.

Rich Dixon

We talked to a business today where it was 6 ¼ on a refi they were going to get and we talked about that to. We are going to get a lot of people coming to us that just want to refi and that's not why we are here. We want to save you some money but we are trying to create jobs. If they have to refi because they can't handle it that's a different story. Just to lower someone's rate – I suspect we will get more of those requests as interest rates go up.

Jay Churchill

That's fixed?

Rich Dixon

Yes.

Jay Churchill

So even though we have the power to change it - the interest rate and prime goes up were not changing that?

Mike Metzger

We only change it on future loans not existing loans. So once we have committed a fixed rate through the period. Good questions especially given the current climate. Great job Rosie. Brad if you could please introduce New Business 1A.

Brad Walters 1

Resolution 10-25-22-01 Of The Members of County of Chautauqua Industrial Development Agency To Approve An AL TECH Loan to 41 Main, LLC d/b/a The See Zurh House

Mike Metzger

Thank you. I have a motion by Brad. Do I have a second?

Jay Churchill

Second.

Mike Metzger

Seconded by Jay. Any further discussion? Greg, anything you would like to note regarding this resolution?

Greg Peterson

No. It is very standard. What is are we doing with life insurance?

Rosie Strandburg

The bank didn't request any so we are going to go ahead and waive it as well.

Greg Peterson

Thank you.

Good question. Any other questions for Greg or for Rosie? Roll call vote please.

Board

Aye – Unanimous.

Mike Metzger

Let the record show that there are seven votes in the affirmative. Motion carried unanimously. Let's move to our Executive Director's Update. Mark please.

Mark Geise

I have a few items I wanted to update the Board on. I will go through those fairly quickly. If you have any questions let me know. I'm sure you are aware that we have had an audit that has been taking place with the Authority Budget Office. I would say that I think it's going fairly well. We believe they are going to come back one more week for further auditing and then it will produce a final report probably sometime in January and they will share that with us. We will have an opportunity to respond before they finalize that report. Wells – I'm sure you are already aware that 319 employees are being laid off as of January 1st. We've been working with the Department of Labor and WIB on trying to find a soft landing for those employees – 60% of which are all Spanish speaking. We had an in person meeting with Wells HR team on September 16th and we talked about their plan moving forward. One was a rapid response orientation which they held on October 8th. They had three sessions and they had an interpreter there. Unfortunately, only about 25 showed up for that session. They are also doing individual resume assistance helping the affected workers create or tune up their resumes. There were fourteen appointments with those folks and they are continuing to work with employees to get more resumes created. On December 1st they are going to have a job fair. They are going to invite the local manufacturers and the affected employees and do like a matchmaking session where these employers will be looking for certain types of individuals and they will be able to go there with their resumes in hand and hopefully find an appointment there. The good news is that there are a number of employers who are looking for people. No question about it. Wanted to give you an update on Electrovaya. As you are aware they purchased the Hyde and Hyde building. Several months ago we approved a mortgage tax recording exemption for that purchase. We have been working with them for a couple of years on putting a project together, of course, there is a big confidentiality component to what we do and they announced in October that they were in fact moving ahead with setting up a lithium ion battery technology a manufacturing company. The Hide and Hide building is \$137,000 sq. ft. and sits on 52 acres. Their intent is to manufacture these batteries with one hundred percent renewable energy. The state provided them with an Excelsior job program benefits. That was \$4 million dollars' worth of tax credits and they also received \$2.5 million dollars through the Regional Council Capital Fund Program ESD. They are going to be creating 250 new jobs and they expect to produce more than 1 gigawatt of battery and energy storage systems over the next five years. In July they got a New York Power Authority allocation of 1.5 megawatts of low cost hydropower under the Power Authority's Industrial Economic Development Program. Finally, they are looking at investing about \$75 million dollars in that plant and they expect to open in phases starting in late 2023. That's pretty good news. Of course that building has been empty for several years. It's a beautiful building and I'm glad we can be a part of bringing that back to life. The White Inn as you know – Steve St. George purchased that building and he is going to be bringing that back to life. He's going to be investing to the tune of four and a half million dollars or so into that building. Nate's been very involved. He has been the Program Manager on that. He has done a great job. They received an ESD grant for just under \$520,000.00 back in July. They are still waiting for their letter from them which is sort of holding them up from doing any work at this point. Then about a week and a half ago they submitted a restore New York grant application for one and a half million dollars and they are also working on an OCR grant for it and perhaps some historic tax credits, but we will see how that goes. That's moving along and again they are waiting to get official notice from ESD before they move ahead with anything so you might not see stuff happening for a little bit there yet. The other thing I wanted to mention is that Dan Heitzenrater is going to be replacing Hans Auer on our Board. That should be confirmed tomorrow night at the Legislature meeting and if you don't know Dan, he's a great guy. He is the President of the County Chamber of Commerce. He worked with the County Executive's office. I'm really excited to have him join our Board. At the next meeting I will introduce him. So that is all I have unless anyone has any questions.

Brad Walters

I heard you say that Wells was laying off 319?

Mark Geise

Yes.

Brad Walters

How many are they retaining?

Mark Geise

I think they were north of 700. Rich do you know off the top of your head?

Rich Dixon

That's about right Mark. It was less than half I think.

Mark Geise

Yeah. A little less than half. The whole thing there is that they had 26 production lines, five of which were the new lines that we helped them with, and those five lines were producing more than the other 21 lines put together. According to them they were throwing away a lot of product and they weren't satisfied with the quality and it wasn't economical for them to continue on with those other 21 lines. I actually think they are going to keep one old line so they will keep six. Over the next year and a half they are going to assess how those are doing and look to potentially invest in some new lines in Dunkirk. Any other questions?

Mike Metzger

Thank you Mark. Any questions for Mark? Let's move now to the Treasurers Report.

Rich Dixon

As we discussed last meeting we had received the letter that I have to the Board from the Authority Budget Office requesting that as we move forward that Chautauqua Region Economic Development Corporation would be separated out of IDA's report – we talked about that – I think that's a good thing as far as the reporting goes – will create a little more work- we will have to have a CREDC Board Meeting every month now as well as the IDA Meeting. We will probably be just review the financials. There isn't a lot going on. For the rest of this year we are going to keep the reporting as it is. I will have the CREDC meeting today – we'll be approving that budget separate from the IDA budget. Then when we start Mike in January we review the end of the year and February we don't have a report but in March we approve the audit. Then in April we look at the first quarter of the year. That first quarter of the year we will be looking at two separate budgets and two separate reports, but until then we are going to have one. Rich reviewed and discussed Treasurers Report.

Mike Metzger

Should we, since you've just seen the budget – it's fairly the same as our performance in prior years, would you like to entertain the acceptance of the proposed 2023 – I'm first going to ask for a motion to approve the Treasurers Report as presented.

Jay Churchill

Motion.

Mike Metzger

I have a motion by Jay. Do I have a second?

Steven Thorpe

Second.

Mike Metzger

A second by Steven. Any further discussion on the Treasurers Report? Excellent job as always Rich. Thank you. Hearing none. All those in favor?

Board

Aye – Unanimous.

Mike Metzger

Opposed or abstained? Motion carried. What's the Board's feeling on moving on the budget today or waiting until the next meeting?

Rich Dixon

The State of New York requires me to submit my budget to them by November 1st for both CREDC and the IDA.

Mike Metzger

Well then that makes it easy.

Rich Dixon

I will say that Kayla and I will have this much earlier next year. We've always done it in October but because it is so complicated, we will probably get it to the Board in September next year. It just gives me a little more time if I wait to know what's going on. Still, we always change our budget in July anyway or August after we review the June numbers and we don't have to report that to the state of we change our budget. The requirement is that we give them our best guess on November 1st of what the next year is going to look like.

Mike Metzger

In all fairness, you've been going through a very rigorous audit.

Rich Dixon

Yes we have. Very rigorous.

Mike Metzger

I'll ask for a motion to approve the CCIDA budget

Gary Henry

So moved.

Mike Metzger

Thank you Gary. Do I have a second?

Steven Thorpe

Second.

Mike Metzger

Seconded by Steven.

Mike Metzger

Any further discussion? All those in favor.

Board

Aye – Unanimous.

Mike Metzger

Opposed or abstained? Motion carried unanimously. It's hard to separate CREDC out once we put it back in.

Rich Dixon

Yes it is.

Mike Metzger

I liked it because it showed it showed the overall picture of the Boards responsibility.

Rich Dixon

I will say Mike we are still going to have one audit. That would be ridiculous to separate them because it is separated in the audit as well. It would make no sense to spend another eight thousand dollars to have separate audits. We have a single audit now which is the most astringent audit you can get as you know. CREDC is included in that. I would recommend that we keep that.

Mike Metzger

They would reference it.

Rich Dixon

Yes.

Mike Metzger

At this time I would entertain a Motion to go into Executive Session, for the purposes of discussing the financial or credit history of a particular person or corporation, and to discuss matters relating to the proposed acquisition, sale or lease of real property. In particular, I would like to discuss the status of our loan portfolio and the financial and credit status of some of our borrowers. Also, we will discuss certain possible property acquisitions and dispositions and I believe that discussing them in open session would substantially affect their value. Do I hear such a Motion....

Steven Thorpe

Motion

Mike Metzger

Thank you Steven. Do I have a second?

Jay Churchill

Second.

Mike Metzger

Motion made by Steven and seconded by Jay. All those in favor.

Board

Aye – Unanimous.

Mike Metzger

Opposed or abstained? Motion carried unanimously.

Executive Session

Start Time: 10:37 a.m.

Executive Session

End Time: 11:04 a.m.

Mike Metzger

Let the record show that no official actions were taken during Executive Session. Do we have any Old Business? Hearing none, our next CCIDA Board Meeting will be November 22, 2022 at 10:00 a.m. It will be in both the locations, the BWB Building and the Fredonia Technology Incubator. As always I want to thank the staff and the volunteer members for the excellent work.

The meeting is adjourned. This meeting is adjourned at 11:05 a.m.

(Assistant) Secretary

(Vice) Chairman