

M I N U T E S
Jamestown Local Development Corporation
October 19, 2016

A meeting of the Jamestown Local Development Corporation was held on Wednesday, October 19, 2016 2015 at 5:000 p.m. in the Mayor's Conference Room, 4th Floor, Municipal Building.

Members Present: Mayor Samuel Teresi
Tony Dolce
George Spitale
Justin Hanft
Randy Ordines

Members Absent: Kim Ecklund
John Whittaker
Gregory Rabb
Russell Diethrick, Jr.

Others Present: Vince DeJoy, Director of Development
Stephanie Wright, Economic Development Coordinator
Dennis Phillips, Jamestown Post Journal
Sam Price, Council
Paul Sommers, Ed Shultz Real Estate, LLC

Mayor Samuel Teresi called the meeting of the Jamestown Local Development Corporation to order and asked the secretary to note the board members, staff and media present.

A motion to approve the June 13, 2016 meeting minutes was sponsored by George Spitale and seconded by Randy Ordines.

5 AYE 0 NAY

No discussion.

Carried.

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A motion to approve the financial reports for June – September 2016 was made by Tony Dolce and seconded by George Spitale.

5 AYE 0 NAY

No discussion.

Carried.

Mayor Teresi discussed the Conflict of Interest Disclosure Statement that is required for all public officials. He asked that the Board members fill them out and return them as soon as possible.

Mayor Teresi also discussed the Whistleblower Policy for JLDC that needed to be reviewed and adopted by the Board. Randy Ordines made a motion to adopt the policy, which was seconded by Justin Hanft.

5 AYE 0 NAY

No discussion.

Carried.

Mayor Teresi discussed an additional document that needed to be reviewed and adopted by the Board. The Acknowledgment of Fiduciary Duty is required by New York State to be signed, submitted to the State budget office and keep on file.

Randy Ordines moved to adopt the policy and it was seconded by Tony Dolce.

5 AYE 0 NAY

No discussion.

Carried.

Vince DeJoy discussed a Unanimous Consent Resolution that needed to be ratified. This came about as the result of loan to Richard S. Bedoar that went into default. The applicant asked to arrange a settlement to accept the principal balance and release our security position on his mortgage. Currently, we are still working with legal team to conclude. This is a payment in full of the principal balance of the loan (\$16,000.89) with penalties and accrued interest waived.

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George Spitale made a motion to approve and was seconded by Tony Dolce.

5 AYE 0 NAY

No discussion.

Carried.

Mayor Teresi mentioned that it was 1981 when JLDC was formed. Several months ago it was advised by Corporation Council and City Bond Council that the by-laws and certificate of incorporation be reviewed. Everything is in good order, but there was recommendation that some of the language be updated. City Council authorized submission of updates to the Department of State. When received back, the Board will be updated and provided with copies of updated by-laws and certificate of incorporation.

Vince DeJoy discussed the consideration of a City of Jamestown Direct Economic Development Loan. It is being brought to JLDC for review. Paul Sommers from Shultz Real Estate, LLC was introduced.

Vince discussed that this was a project that has been worked on since early in 2016. They received word that site selectors were looking for a site in WNY for light manufacturing. He stated that we worked hard to convince them to come here. We highlighted the economic development and quality of life reasons to locate to Jamestown. Thankfully we had right site and developer available at the right time.

When reviewing the loan, we realized that it didn't fit into our normal loan program. This will be a direct loan from the City. Shults Real Estate is requesting \$500,000 to complete all necessary upgrades to facility for the tenant at 255 Fluvanna, the former Quality Markets building. 40,000 square feet will be renovated. A little over 23,000 square feet will be remaining available in building for other future potential tenants.

This is a \$2.2 million project. \$475,000 for building acquisition. \$1.726 million for associated build out costs to conform to all New Flyer specifications.

A great deal of work has been done with architects, engineering staff and the NYS Department of Transportation working with the City regarding zoning variances and entrances to the site. It's been a great collaborative effort with the Chautauqua County IDA, City of Jamestown, New Flyer and Shults Real Estate.

Mayor Teresi also wanted to mention that Empire State Development Corporation was a great partner.

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New Flyer is a manufacturer in the transit industry with a Headquarters in Winnipeg, Manitoba and a US facility in St. Cloud, Minnesota. The Jamestown, New York facility will employ at least 35 people that will be performing assembly operations for dashboard electronics and transmission components.

Accepting the new venture to build out the space, SRE (Shults Real Estate) and the City of Jamestown began working together to meet the new tenant's specifications for light-manufacturing and bring this project into fruition. With the guidance of the Department of Development and Department of Public Works, SRE followed recommendations to engineer necessary drainage improvements, adjust traffic flow patterns as per Department of Transportation's (DOT) stipulations, and to design a new appealing lot appearance providing green space, handicapped accessible entrances, and environmentally sound lighting that will improve the appearance of the Fluvanna Avenue retail corridor.

In June the City Zoning Board of Appeals granted a use variance to SRE to allow for a light manufacturing company in a district zoned for commercial manufacturing. Speaking to the Zoning Board, Clark Johnson of Kessel Construction, said that no heavy equipment would be used in the manufacturing process at the Fluvanna site. Rather, parts will be shipped to the site which will be assembled at the location.

On August 4, 2016, the President's Advisory Council for Economic Development, (PACED) Committee at Jamestown Community College met to review a Start-Up New York application, and recommended to the JCC Board of Trustees to sponsor a new business to Jamestown, New Flyer of Winnipeg, Manitoba, Canada; that would be expanding their operations to 255 Fluvanna Avenue, Jamestown, New York, providing thirty-five (35) new jobs. Final certification for New Flyer to be accepted into the Start-Up NY program is forthcoming, and is awaiting approval from the Commissioner.

New Flyer as the lease tenant provided an extensive specific scope of work and site specifications for the former Quality Market space. SRE is required to make extensive changes and upgrades to the once commercial supermarket space with the specification of a highly polished concrete floor. All mechanical, electrical, HVAC, and plumbing need to be upgraded and reinforced for the needs of light-manufacturing. Restrooms need to be expanded and upgraded to serve a larger workforce and staff. All entrances need ramps and need to be expanded to make handicapped accessible. The front entrance will need to have a complete refurbishment to install an automatic door for accessibility. As per site plan recommendations, SRE will need to repair masonry and concrete on the exterior of the building. In the parking lot asphalt needs to be cut out and green space needs to be added. The parking lot entrance needs to be relocated and narrowed as per DOT stipulations. Improvements need to be made to the loading and unloading areas to meet site plan recommendations for new use.

Once these site improvements are made, New Flyer can open its doors to business and employment in Jamestown in late November to December of 2016.

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Shults Real Estate has been one of the most prolific companies in local real estate investment making significant upgrades and new construction at all of the Shults affiliated facilities on Washington Street and Fluvanna Avenue starting in 2009 and continuing until the present. Tim Shults and Edmond Shults Jr. have demonstrated their commitment to the Jamestown market and its customers with the most convenient, efficient, and customer friendly dealership facilities in Southwestern New York.

The Shults name is also respected for its leadership in corporate citizenry, demonstrated within its organization where it provides high paying jobs and quality benefits for its dedicated associates, and by its visible and substantial work in the community at large in a variety of charitable and social leadership undertakings.

Shults Real Estate has been one of the JLDC's most valuable clients with a history of five Jobs and Private Investment loans totaling \$775,000.00 all repaid as scheduled.

A review of the applicant's projected income from leasing space to New Flyer and Shults Auto Group is \$226,439 annually with \$187,655 coming from New Flyer and \$38,784 coming from Shults Auto Group. This is sufficient revenue to support the debt service of this loan as well as this project.

A review of individual credit profiles was completed for Tim Shults and Edmund Shults, Jr. and found to be satisfactory.

The applicant maintains a banking relationship with M&T Bank, One Fountain Plaza, Buffalo, New York, and Five Star Bank, 284 East Fairmount Avenue, Lakewood, New York.

This loan is recommended to the City Council based upon the following factors:

1. The project meets the purpose of the other loan programs operated for the City by the Jamestown Local Development Corporation.
2. The applicant's projected ability to service the debt and history of repayment.
3. The addition of this business will provide thirty-five (35) new jobs.

It is further recommended that the loan request be approved as follows.

A direct economic development loan from the City of Jamestown in an amount not to exceed \$500,000 at a 4.25% fixed rate of interest for a term of ten (10) years with collateral as follows:

1. A second security mortgage position behind Allied Bank in the real property located at 300 Fluvanna Avenue, 311 Fluvanna Avenue, and 254 Fluvanna

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Avenue, Jamestown, New York. The assessed value of this property package is \$ 3,200,000.

2. Personal guarantees from Tim M. Shults and Edmond R. Shults, Jr.
3. A third security mortgage position behind first position M&T Bank and second position Chautauqua County Industrial Development Agency in the real property located at 255 Fluvanna Avenue, Jamestown, New York. Appraisal to be provided by SRE upon its completion.

Mayor Teresi asked Paul Sommers to speak about the project.

Paul stated how excited they are about this project. They are using local tradesman except in the cases of very specialized applications that needed to be done very quickly. The schedule is engines will start arriving for assembly on November 7th and the electrical component section should start November 14th.

Paul stated that The Shultz Real Estate owner equity component is now going from about \$201,000 to \$581,000 They have had the roof of the building inspected and while there are no current leaks or issues, they have decided that a new roof (20,000 sq ft) will be installed over the critical electrical area this year and will then follow up with an additional 20,000 ft next year.

We are recruiting and training locally and we see this as being one of the stars of the New Flyer Company. We have a 15 year lease, but we have 5 year renewals. We would like to have this be a permanent company here in Jamestown.

He complemented JLDC staff for their hard work on a project that is moving very fast and the math is changing. They really helped him put together this project.

New Flyer is servicing a contract with NYNTA. Bus components for NYC buses. Largest manufacture of the specialty bus design in the Americas. They are clearly the leader in the East Coast Market.

NYS Legislature and NYC Transit Authority authorized a component requirement. If NY Transit is buying buses, a component must be built in NYS. We are the beneficiaries of this requirement. They were looking for a location in far Western New York and serviced by a NYS highway. We had the right space, the right developer and the right public resources.

The 35 jobs are being recruited locally. New Flyer is coming here to train at the site and at Jamestown Community College. Paul thought the job count would increase to 45 quite quickly. All full time positions.

Mayor Teresi asked to go into Executive Session to discuss any questions anyone might have about the loan.

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A motion to go into Executive Session was made by George Spitale and seconded by Randy Ordines.

5 AYE 0 NAY

No discussion.

Carried.

A motion to resume open session was made by Tony Dolce and seconded by Randy Ordines.

5 AYE 0 NAY

No discussion.

Carried.

A motion to recommend to City Council a loan not to exceed \$500,000 at 4.25% fixed rate interest for term of 10 years to Shultz Real Estate, LLC with previously stated collateral was made by Randy Ordines and seconded by Tony Dolce.

5 AYE 0 NAY

No discussion.

Carried.

There being no further business Tony Dolce moved and Randy Ordines seconded the motion to adjourn the meeting.

5 AYE 0 NAY

No discussion.

Carried.

Respectfully submitted,

Beth Kresge
Office Manager