

M I N U T E S
Jamestown Local Development Corporation
June 13, 2016

The annual reorganization meeting of the Jamestown Local Development Corporation was held on Thursday, June 13, 2016 at 5:00 p.m. in the Mayor's Conference Room, 4th Floor, Municipal Building.

Members Present: Mayor Samuel Teresi
Gregory Rabb
John Whittaker (arrived late)
Justin Hanft
George Spitale
Randal Ordines

Members Absent: Russell Diethrick, Jr.
Kim Ecklund
Tony Dolce

Others Present: Vince DeJoy, Director of Development
Stephanie Wright, Economic Development Coordinator
Mark Marchincin, Financial Analyst
Dennis Phillips, Jamestown Post Journal
Sue Marlinski, Nouveau Salon
Kevin Budin, Hamister Group
Sam Price, JLDC Council

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

The first order of business was the election/ratification of JLDC Board Members.

Mayor Samuel Teresi (By Virtue of Office)
Gregory Rabb (By Virtue of Position as City Council President)
Tony Dolce (By Virtue of Position as City Council Finance Committee
Chairman)
Kim Ecklund (City Council Representative Appointed by Mayor
Teresi/Confirmed by City Council)

JLDC Meeting Minutes
June 13, 2016

Agency Representatives:

Russell Diethrick : Jamestown Area Chamber of Commerce
John Whittaker: Jamestown Renaissance Corporation
Justin Hanft: Manufacturers Association of the Southern Tier

At Large Representatives (Appointed by the JLDC Board):

Representative of Labor Community: George Spitale
Business Community (Management) Representative: Randall Ordines

A motion was made by Gregg Rabb and seconded by Justin Hanft to approve JLDC Agency Representatives.

5 AYE 0 NAY

No discussion.

Carried.

Gregg Rabb moved to keep the current officers and it was seconded by George Spitale. Officers will remain as:

President: Samuel Teresi (By Virtue of Office)
Vice President: Gregory Rabb (By Virtue of Office)
Treasurer: Russell Diethrick, Jr.
Secretary: John Whittaker

5 AYE 0 NAY

No discussion.

Carried.

Randy Ordines moved to designate Vincent DeJoy as Executive Director of the Jamestown Local Development Corporation, seconded by George Spitale.

5 AYE 0 NAY

No discussion.

Carried.

JLDC Meeting Minutes
June 13, 2016

John Whittaker arrived at meeting.

George Spitalo moved and Justin Hanft seconded, to approve the agreement between the Jamestown Urban Renewal Agency (JURA) and Jamestown Local Development Corporation (JLDC) in the amount of \$100,000 for calendar year 2016 for staffing purposes.

6 AYE 0 NAY

Carried.

A discussion was held regarding the designation of Key Bank, Community Bank, M&T Bank and First Niagara as depositories of the Jamestown Local Development Corporation and that they be authorized and directed to honor checks, drafts or other orders for the payment of money drawn in the Jamestown Local Development Corporation (JLDC).

Randy Ordines moved to accept the bank designations, seconded by Justin Hanft.

6 AYE 0 NAY

No discussion.

Carried.

George Spitalo sponsored a motion, seconded by John Whittaker to authorize the Mayor/President of the Agency, the City Finance Director, and the City Comptroller to serve as signatories on all JLDC financial accounts as well as transfers and authorizing Vincent DeJoy, Executive Director, and Mark Marchincin, Financial Coordinator, to make transfers for the Jamestown Local Development Corporation.

6 AYE 0 NAY

No discussion.

Carried.

It was discussed that instead of setting a monthly placeholder meeting date, board member would just be called as needed.

JLDC Meeting Minutes
June 13, 2016

A motion to approve the November 25, 2015 meeting minutes was sponsored by Russ Diethrick and seconded by John Whittaker.

6 AYE 0 NAY

No discussion.

Carried.

George Spitale made a motion, seconded by John Whittaker to approve the JLDC Financial Reports dated November 2015 – May 2016.

6 AYE 0 NAY

No discussion.

Carried.

There was a discussion about adopting a Conflict of Interest Policy for JLDC board members. Members will fill out form and return as soon as possible. This is required by our audit. Motion was made by Greg Rabb and seconded by Randy Ordines.

6 AYE 0 NAY

No discussion.

Carried.

There was a discussion about adopting a Whistleblower Policy for JLDC board members. Motion was made by Greg Rabb and seconded by John Whittaker.

6 AYE 0 NAY

No discussion.

Carried.

JLDC Meeting Minutes
June 13, 2016

George Spitale made a motion to enter into an Engagement Contract with Mr. John S. Trussalo, Certified Public Accountant, P.C. for the annual JLDC audit. It was seconded by Randy Ordines. The cost for the audit is \$3600.00

6 AYE 0 NAY

No discussion.

Carried.

The Board acknowledged the receipt of the audit by John S. Trussalo, Certified Public Accountant, P.C. Mark Marchincin noted that there were no irregularities in the audit. Motion made by Justin Hanft and seconded by John Whittaker.

6 AYE 0 NAY

No discussion.

Carried.

Two loan reports have been submitted.

The first is from H.H. Jamestown, LLC. – Jobs and Private Investment Tier II

Kevin Budin from Hamister Development Group, representing H.H. Jamestown, LLC., was introduced to the Board.

Vince DeJoy discussed the loan application for H.H. Jamestown, LLC. He stated that we have been working with the Hamister Group very closely since they purchased the property in November of 2013. Loan is to H.H. Jamestown, LLC - a single entity subsidiary of the Hamister Group. Project occupant is Double Tree by Hilton and the owners are H.H. Jamestown, LLC. Project Address is 150 West Fourth Street. This is a \$14.191 million dollar project. Equity is almost \$2.9 million dollars from Hamister Group. Bank loans about \$8.4 million. Array of municipal loans – thus far, the Chautauqua County Industrial Development Agency, through their Altec loan fund approved a \$900,000 20 year loan at 4% interest, the Zone Capital Corporation approved \$100,000 loan. Today, we will be discussing a \$350,000 loan at 4.25 % for 10 years with JLDC. The Western Region Corp is the other municipal player, a \$500,000 loan application has been submitted to them. Other project equity is \$1,065,712.

JLDC Meeting Minutes
June 13, 2016

The Projected costs are Real Property Acquisition at \$2,023,450.00, Construction & FF&E at \$9,710,404.00, Legal, Design, Misc. at \$1,632,766.00 and Financing Costs at \$824,486.00 with a Total Project Cost of \$14,191,106.00

It is projected that the project will create 32 jobs.

The DoubleTree by Hilton hotel renovation project consists of the acquisition and complete renovation of the former Ramada Inn, located at 150 West Fourth Street, in Downtown Jamestown. Full renovations to the building's guestrooms, common areas, back of the house, pool, banquet, bar and restaurants, ballroom and meeting rooms are included within the project scope of work, with a refresh and upgrade to the building's exterior façade.

The property will feature standard and suite-style guestroom configurations, 144 rooms in all located on the third through eighth levels. The guestrooms will be completely gutted during the renovation, leaving no finishes or fixtures from the current condition.

The hotel will feature a conference room located on the ground floor. On the second floor meeting space will be made available along with two banquet rooms and three smaller meeting rooms.

A fitness center will be constructed on the hotel's second floor, which currently houses office space. The hotel's indoor pool will undergo reconstruction in order to be ADA-compliant. Other amenities will include a full-service business center with two computer workstations, and a gift shop.

Improvements to the exterior include cosmetic upgrades to the brick, replacement of the roof, and replacement of glass glazing portion of the windows. Guestroom HVAC will also be replaced.

Renovations will begin of late 2016, early 2017 with completion date of later 2017.

HH Jamestown, LLC, a single purpose entity set-up for the sole purpose of executing this project. HH Jamestown, LLC is an affiliate of Hamister Group, LLC, which provides management services to HH Jamestown, LLC. Hamister Group, LLC is located at 10 Lafayette Square, Suite 1900, Buffalo, New York. This project will represent the Hamister Group's first expansion into the Jamestown market.

A market study of the DoubleTree by Hilton prepared by HVS Consulting & Valuation of Wilmington, Delaware. In the first full year of operation, the DoubleTree by Hilton is forecasted to generate a total revenue of \$3,724,061 with a 49% occupancy rate.

A review of personal financial statements and the detailed forecast of income and expenses provided in the application was completed by the JLDC staff. Vince wanted to thank Stephanie Wright for providing analysis and putting together this very complicated application.

JLDC Meeting Minutes
June 13, 2016

A review of the applicants' individual credit profiles was completed and found to be satisfactory.

HH Jamestown currently has an open Line of Credit with PNC Bank to fund the building carrying costs until receipt of their project construction loan.

It is recommended that this loan request be approved based on the fact that the project meets the purpose of the Jamestown Local Development Corporation Tier II Jobs and Private Investment Loan Program, the applicant's projected ability to service the debt and the addition of this business provides an additional draw for the Downtown market and extended stay opportunities for visitors.

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

A JLDC Tier II Jobs and Private Investment Loan Program in an amount not to exceed \$350,000 at a 4.25% fixed rate of interest for a term of ten (10) years with collateral as follows:

1. A shared second mortgage position with Greater Jamestown Zone Capital Corporation, Chautauqua County Industrial Development Agency and Western Region Corporation in the real property located at 150 West Fourth Street, Jamestown, New York.
2. Assignment of lease for any rental of restaurant or retail space on the property.
3. A subordinate security position on furniture, equipment and fixtures with an inventory list provided by owner.
4. Funding is strictly contingent on all other financing in place for the entire project.
5. The personal guarantee from Mark Hamister.

Project applicant will have to demonstrate ability to bridge all financing. Loan will not be disbursed until project is completed

City Council will need to approve this loan based on the policy of any loan over \$100,000 needs City Council approval. Sam Teresi noted that pending approval today the loan will go to finance committee next Monday night and then to the full Council the following Monday (June 27th) for final review and action

Kevin Budin thanked the board for considering the application. He noted that everyone has been great to work with and they are eager to get the project underway. They are excited to work with local partners.

Greg Rabb asked if other municipal loans had been approved. Vince stated that the only the Western Region loan was not completed and that was in the application process.

Sam Teresi noted it was a big project for downtown Jamestown.

George Spitale asked about the parking ramp. Sam Teresi stated that the ramp is owned by the city and the walkway is owned by the developer.

JLDC Meeting Minutes
June 13, 2016

George Spitale asked about the new positions. Kevin Budin stated there would be eight (8) full time salaried department head positions and twenty-four (24) part time positions which would be full time equivalent.

Justin Hanft asked if there were any plans to work with local manufactures. They have had discussions with a local furniture vendor. Everything will go through a bid process and he encourage local vendors to participate.

There has been an approved franchise and management company agreement with Hilton. Design plans have been approved by Hilton

Stephanie Wright began discussion of second loan.

This loan is for Nouveau, a hair salon, which currently resides at 4 W 3rd Street in the Empire Building. Will be moving to 4th and Pine Building. This will be a Job and Private Investment Tier I loan.

Stephanie introduced Sue Marlinski, owner and operator, of Nouveau.

Nouveau will be leasing the southeast corner space on the first floor, nearly 2,200 square feet. The project for which they are seeking funding consists of build-out necessary to transform the building's office space into a ten station salon with additional space for spa services. This new space will hold a maximum of ten (10) stylists and spa operators which will provide additional employment opportunities at Nouveau for five (5) new operators.

Buildout cost is \$120,000 and equipment cost at \$22,000. Total project cost of \$142,000. Loan is being bridged by Sue Marlinski personally. Project financing will be JLDC Jobs and Private Investment Tier 1 loan for \$50,000 at 4% for 10 years. Zone Capital Corporation has already approved a loan in the amount of \$35,000 at 4.25% for 10 years. Sue is also working with Jamestown Renaissance Corporation (JRC) for an improvement grant of \$20,000 and a JRC lease incentive grant of \$5000. Remaining cost is coming from Paul Marlinski of Western NY CPM.

Sue has had a 34 year career in the salon business and has been in the Empire building for almost twenty years. This is her fifth salon in downtown and her first time ownership.

The project for which they are seeking funding consists of build-out necessary to transform the building's office space into a ten station salon with additional space for spa services. This new space will hold a maximum of ten (10) stylists and spa operators which will provide additional employment opportunities at Nouveau for five (5) new operators.

JLDC Meeting Minutes
June 13, 2016

The build-out will consist of a complete demolition of all existing partition walls, doorways, suspended ceilings, and multi-layered flooring material. All existing plumbing water lines and drain lines that are no longer needed will be removed. Deteriorating plaster and drywall throughout existing area and cabinetry and countertops will be removed.

To transition the old office space into a new state-of-the-art salon several changes will need to be made to the current configuration. All new plumbing and electrical will be installed to serve the operations of the salon that include a mixology room, shampoo area, pedicure spa, make up area, spa area, ten (10) stylist stations, and a reception desk, waiting room, handicapped accessible bathroom, kitchen and laundry room. To create these spaces all new partition walls will be constructed. Drop ceilings, vinyl plank flooring and tile will be added to create a signature look for the salon. New cabinetry and countertops with stainless steel sinks will be installed in each salon/spa areas to support individual operations. All new LED lighting will be mounted throughout the floor plan and salon stations will be fitted with special fixtures. New appliances will be provided in the kitchen and laundry rooms as well as a new on-demand hot water tank to conserve energy and provide unlimited hot water for the entire salon operation. The design of the new salon allows for an increase in stylists who rent space and in services that are not currently offered at the present location.

The equipment that will be purchased to support the new salon operation includes waiting room furniture, laser art privacy screens, decorating accessories, spa room furniture, laser wall art prints, and Keller International salon equipment.

A review of the applicant's projected sales for the next three years of operation along with proformas and three years of tax returns (personal taxes including Schedule C – Profit or Loss From Business), has been completed among the Jamestown Local Development Corporation staff, and found to be sufficient revenue to support the debt service of this loan.

Nouveau does now and will continue to receive rents from the stylists for the booths they operate. There are now eight (8) "renters" paying \$100 per week. That fee will be increased by three percent per year over the next three years. The total income from the rents that will service the debt for the first year operating in the new location is \$38,400. Renovations will create a total of 10 booths increasing potential rent income by twenty-five percent (25%).

Owner/Operator of Nouveau, Susan Marlinski, receives a personal income from the salon that will also support the debt service of this loan. In addition, Nouveau operates a retail boutique that will provide additional revenue to support this debt.

A review of the applicant's individual credit profiles was completed and found to be satisfactory. Banking relationship with Community Bank and Northwest Savings Bank.

JLDC Meeting Minutes
June 13, 2016

It is recommended that this loan be approved based on the fact the project meets the purpose of the Jamestown Local Development Corporation Jobs and Private Investment Tier I Loan Program, the applicant's projected ability to service the debt and 34 years of prior successful operations and the addition of this business and services provide an additional draw for the Downtown market.

It is further recommended a loan in an amount not to exceed \$50,000 at a 4% fixed rate of interest for a term of ten (10) years with collateral as follows:

1. A pro-rata shared assignment of rents from Nouveau with Greater Jamestown Zone Capital Corporation in the amount of \$50,000.
2. A pro-rata shared first security mortgage position in the real property located at 20 Englewood Avenue, Jamestown, New York with Greater Jamestown Zone Capital Corporation. The property has a City assessed value of \$ 77,000 and an appraised value of \$87,500 as of 2014.
3. A pro-rata shared first priority security position on all new equipment, furniture, fixtures, and furnishings of Nouveau with Greater Jamestown Zone Capital Corporation acquired as part of this project purchased with this Jamestown Local Development Corporation Jobs and Private Investment Tier I loan.
4. This loan is contingent on approval of a Greater Jamestown Zone Capital Corporation loan. Which has already been completed.
5. An automatic deduction for loan payment from Susan Marlinski.
6. Personal guarantee from Susan Marlinski.

Sam Teresi welcomed Sue Marlinski and she stated she was very excited and hoped everyone is going to be wowed by the new space. She feels it is going to be phenomenal for downtown. This will be a full service salon for men and women. She thanked the Board for considering her application.

Sam Teresi stated that the space that Nouveau will be vacating already has a potential new tenant. This is great for 4th St, downtown Jamestown and the community.

Greg Rabb asked about space in the new building and Sue Marlinski stated that the salon will occupy 2500 square feet of the 4th and Pine Building. They are planning to be out of the old space by end of July with a projected opening date in the next 4 weeks.

Justin Hanft asked about the average tenure of the Nouveau staff. Sue stated that she is very lucky and her turnover is very low. Her staff has been with her between 8 and 26 years.

JLDC Meeting Minutes
June 13, 2016

George Spitale made a motion to go into executive session to discuss the loans that were just presented. The motion was seconded by Randy Ordines.

6 AYE 0 NAY

No discussion.

Carried.

George Spitale made a motion to resume open session, seconded by Randy Ordines.

6 AYE 0 NAY

No discussion.

Carried.

Sam Teresi asked for a vote for the H.H. Jamestown, LLC project at 150 West Fourth Street, pending other financing, collateral, closing conditions and City Council approval. A motion to approve the loan was made by Greg Rabb and seconded by Randy Ordines.

6 AYE 0 NAY

No discussion.

Carried.

Sam Teresi asked for a vote approve a loan to Sue Marlinski for Nouveau at 4th and Pine. A motion to approve was made by George Spitale and seconded by John Whittaker.

6 AYE 0 NAY

No discussion.

Carried.

JLDC Meeting Minutes
June 13, 2016

There being no further business George Spitale moved and John Whittaker seconded the motion to adjourn the meeting.

6 AYE 0 NAY

No discussion.

Carried.

Respectfully submitted,

Beth Kresge
Office Manager