

**Minutes for the March 12th 2010 Special meeting of the Directors of
The Village of Lancaster Community Development Corporation**

At 8:04 am on the morning of March 12th 2010, President Jeffrey Stribing convened a special meeting of the Directors of the VLCDC in the second floor board room of the Municipal Building, 5423 Broadway, Lancaster, New York. Also present were Vice President Richard Young, Secretary Craig McRae, Treasurer John Mikoley, and Directors Robert Giza, Edward Myszka and Dawn Gaczewski. Consultants Mark Aquino and Stanley Keysa also attended, as did businessman Alan Kurtzman.

Jeff Stribing reported that the purpose of the meeting was to consider the results of meetings with officers of 16 Central, Inc., owner of the building housing the New York Store, as well as research by Stan Keysa and Mark Aquino.

Jeff reminded all that the board had indicated a willingness to extend a loan to the New York Store at its last meeting, to assist the landowner in coming up with the 50% match needed for to participate in the New York State Main Street grant program for façade restoration. During his discussions, the landowner said he had estimates from Jeff Ingersoll ranging from \$140,000 to \$180,000, depending on the work included, and that the landowner sought a \$10,000 grant in addition to a low-interest loan. He said that, in consultations with Stan Keysa, Stan had raised a question whether such a grant could be made legally. Stan subsequently provided Jeff with an opinion (copy attached) stating that the VLCDC could not make a grant of corporate income and earnings. Mark Aquino separately reached the same conclusion.

Jeff apologized for having misled anyone on the subject, saying he had been told at several seminars that local development corporations could make such grants. Stan Keysa pointed out that the VLCDC could act as a pass thru for grants from other sources, such as federal CDBG funds, or funds from the NYS Housing Trust, but could not make such grants of its own funds. Mark added that it was not permissible to create a loan with the stated intent that a portion be forgiven on a preplanned basis. Stan noted that, in any event, this board could not bind a future board to make such a commitment.

Discussion followed on a range of issues, including the advisability of creating a private local investment corporation, recalling the advice of the architect from Perry, NY that interested local parties found it more attractive to contribute funds to a corporation which might eventually bring them a return than to make a donation for the betterment of the CBD. Stan Keysa reported that he had met Tom Van Nortwick, a state housing official, last Friday and that Van Nortwick was concerned over the slow pace of use of the NYSMS grant moneys, warning that they needed to be fully expended by August or could be lost, and that failure to spend the funds would impact adversely on future grant opportunities.

Alan Kurtzman addressed the board, indicating that he is ready to start in April if the VLCDC and 16 Central, Inc can reach an agreement. He engaged in discussions with

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March 10th 2010

To: Jeffrey Stribing, President, VLCDC
Mark Aquino, Esq., management consultant

From: Stanley Jay Keysa, Esq.

You asked whether the Village of Lancaster Community Development Corporation could make a grant to a private corporation. It is my opinion that it may not legally do so.

The grant would have been to a private corporation that owns a building in the central business district to assist in meeting the "matching share" required for receipt of a façade restoration grant from the New York Main Street Grant Program. Worthy as that purpose might be, it appears that it would exceed the legal authority of the VLCDC as being in violation of the following strictures:

Paragraph Sixth of the Restated Certificate of Incorporation for the VLCDC states, in part:

"All Income and earnings of such corporation shall be used exclusively for its corporate purposes or accrue and be paid to the New York Job Development Authority."

Paragraph Seventh (b) of the same certificate provides, in part:

"No part of the net earnings of the corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation and except that the corporation is hereby authorized pursuant to section 1411 (e)(2) of the Not-for-Profit Corporation Law to repay loans and repay contributions ..."

Section 1411 (e)(2) of the New York Not-for-Profit Corporation Law provides, in part:

"... no part of the income or earnings of such corporation shall inure to the benefit or profit of, nor shall any distribution of its property or assets be made to any member or private person, corporate or individual, or any other private interest ..."

Please call me at 861-1226 if you have any further questions.

John Mikoley on the potential terms, before leaving the room at 8:25 am. More discussions followed as to amount, scope, rates, and protections.

John Mikoley then moved to offer to 16 Central, Inc. a loan of \$35,000 for 25 years at a rate of 2% annual interest, payable interest only, due on sale or transfer, to be secured by note and first mortgage on the property, following title examination by Mark Aquino. If this offer is accepted by the landowner, the various officers are authorized to execute all necessary documents. His motion was seconded by Dawn Gaczewski and was duly passed, 6 ayes to 1 nay, the directors voting as follows:

Jeff Stribing:	aye	Dick Young	nay
Craigg McRae:	aye	John Mikoley	aye
Bob Giza	aye	Dawn Gaczewski	aye
Edward Myszka	aye		

Edward Myszka moved to adjourn at 8:42 am; his motion was seconded by Bob Giza and unanimously approved.

Respectfully submitted,



Craigg McRae
Secretary