

**Wayne Economic Development Corporation
Loan Review Committee
January 23, 2023 at 11:00 am
In person and Zoom Videoconference**

Meeting Minutes

The meeting started at 11:00 a.m. with committee member Amanda McDonald, LNB present in person. Corey Kayhart, Farm Credit East attended by Zoom. Also absent was Committee member Kevin Groff. Additional attendees included Brian Pincelli, CEO; Katie Bronson, COO; Jamie Corteville, CFO; Ariel Camp, Economic Development Specialist; and Deb Hall, Clerk. Applicants in attendance via Zoom were Brad Kennedy, Kyle Kennedy and Laurie Kennedy from K2 Brewing, LLC. Ms. McDonald made a motion to accept previous meeting minutes. Mr. Kayhart second. Minutes were accepted.

Ms. Camp introduced the Kennedys and asked them to explain their project to the committee. Ms. Kennedy explained that the two brothers, Brad and Kyle, are the founders of Kennedy Brothers Brewing which started 5 years ago at 1221 Empire Blvd. in Webster. This location is a tap room and restaurant. Their beer brand became more popular through the COVID period. They realized they do not have enough room to advance production at their current location. The former Freewill building in Walworth, which they are looking to purchase and renovate into a production facility, tap room, community kitchen and conference rooms in multiple phases. The facility is 70,000 sq. ft. total. The WEDC loan request of \$500,000 would be used to renovate half of the facility into a production facility to meet the demand they have for production distribution. The facility has been rezoned to light industrial, and the assessment has been lowered by the town assessor. Ms. Kennedy performs the accounting and office management. The brothers handle sales, marketing, and production.

Mr. Kayhart asked what would happen to their existing facility once the Walworth facility was complete. Brad stated they would consider a renovation of the upstairs room in Webster to offer private party space. He also stated that the Walworth facility would be their primary production location. Mr. Kayhart asked about the two locations competing for customers. Kyle stated that they do have some regulars from Wayne County but that the Walworth facility is 20 minutes further east and that much closer for Wayne County residents from Sodus and points east. Ms. Kennedy stated that a summer event in Walworth identified a large interest from locals. Brad indicated that their room capacity and production capacity are both maxed out right now. The hope to expand distribution once production picks up.

Ms. Bronson asked about the accuracy of their reported creation of FTE jobs. Brad stated that FTE equivalency was reviewed and estimated based on some full-time and many part-time employees. He recognized that employees were needed in order to grow. Most would be utilized in tap room, as servers and party hosts. Some would be utilized in production and sales.

At 11:25 a.m., the Kennedys left the meeting and the committee entered Executive Session to discuss personal financial and credit history of the individuals and corporations involved in the project. Executive Session ended at 12:10 p.m. with recommendations from the Loan Committee regarding the project. Recommendation to the full board included, 1.) to establish lien positions consistent with all collateral and similar to other lending institutions; 2.) to establish personal guarantees from the parents, Mr. and Mrs. Kennedy who have been involved with the company since inception.

Ms. Camp then discussed questions coming from the Indus 31 LLC loan request. A request from the developer stated the desire to exclude personal income tax information disclosure, to exclude life insurance as collateral and to negotiate lower closing fees. Ms. Bronson stated that the project was originally funded as a KFC restaurant and Hotel on one parcel of land. The IDA requested separation of parcels for PILOT program specific to the hotel parcel. However, in lieu of personal income tax there could be a lien on the KFC parcel which is completed and operational. The collateral of life insurance is typically on the day-to-day management, and in this case, the applicant is the developer, not the management company. Ms. McDonald stated that the guarantors should have to provide tax information and signed financial statements, and upon review of primary funding documents, discovered that a family trust is also a 12% guarantor. The recommendations from the Loan Committee as response to applicant requests are, 1.) to request second position on the KFC property in lieu of life insurance policy collateral; 2.) to match primary funding guarantees or establish unlimited liability to the owners.

Ms. Camp then discussed the Kidtopia project in Ontario where rooms in the facility are approved by the state before being open to the public. Kidtopia is on their last room and requesting permission to take a \$4000 loan against the owner's life insurance, which is collateral to the active loan. Loan proceeds would be used to renovate the room for use. The Loan Committee recommended approval of this use of collateral against the loan.

Respectfully submitted,

A handwritten signature in black ink that reads "Deb Hall". The signature is written in a cursive, flowing style.

Deb Hall, WEDC assistant secretary