

**Wayne Economic Development Corporation
Loan Review Committee
May 18, 2022 at 1 pm
Zoom Videoconferencing and
9 Pearl Street, 2nd Floor, Lyons, NY 14489**

Meeting Minutes

The meeting started at 1:02 pm with introductions.

Committee members present included Corey Kayhart, Farm Credit East attended via Zoom. CJ Britt, LNB and Amanda McDonald, LNB were present in person. Absent Committee member was Kevin Groff. Additional attendees included Brian Pincelli, CFO; Katie Bronson, COO; Ariel Cardiel, Economic Development Specialist; and Deb Hall, Clerk. Applicant in attendance was Jake Lagoner from Ten Decade / Lagoner Farms in Williamson.

Ms. Bronson introduced Mr. Lagoner and asked him to explain his project to the committee. Ten Decade is an outgrowth of the family farm that has been in business for 5 generations. Business has changed over the years and in 2003 they grew into retail by adding a farm market. In 2015, they started Embark Craft Ciderworks which is a hard cider production line. They are now making over 100,000 gallons of hard cider and another 100,000 gallons of juice for other cider producers. Ten Decade is seeking a GAIN loan to purchase the mobile canning line they currently rent from a mobile provider at a used equipment purchase price of \$127,500. This purchase will allow them an estimated savings of \$50,000 annually in labor costs. Mr. Lagoner anticipates a ROI of 2 years or less. Not only will ownership of the line save money but it will reduce lost time outages and allow them to produce and can products with in-house staff.

Mr. Lagoner further explained that the maintenance of the line was minimal and the life of the line could be as long as 20 years. It is 5 years old now and they expect to get at least 10 years of usable life. A new canning line cost is \$200,000 with a one year wait time. Because the unit is mobile, and they have been using it through a vendor, they are confident that they have the room to store and assemble the line as needed. After his presentation, Mr. Lagoner left the meeting (1:16 pm).

The Loan Review Committee went into Executive Session to discuss the applicant's credit and financials and to review the Loan Review Committee Memorandum.

Ms. Bronson informed the committee that the ownership of Ten Decade & Lagoner Farms is now 50/50 with Jake and his wife Mitzi. Ms. McDonald asked about the underwriting and analysis of the businesses history. Ms. Bronson reported that the Debt Coverage Ratio is a bit low but explained the fact that they contract to buy some produce early for next year's production. Mr. Kayhart supported the project in that a break even line showed positive trends by repurposing in house labor. The committee unanimously recommended approval of the GAIN loan along with personal guarantees and appropriate liens.

The next project was a revised application from Kidtopia Ontario, LLC. In the absence of the owner, Ms. Bronson explained that the application approved in March for \$142,000

Microenterprise loan was revised due to the sale of personal property that was previously assigned as collateral for the loan. As a result of this collateral sale, the loan amount was reduced to \$73,000. The owner pledged new collateral of \$40,000 cash from the sale of the property as set aside in a restricted account. Mr. Kayhart questioned the “set-aside” cash and Ms. McDonald asked about the use of the total amount of proceeds from the sale. Ms. Bronson explained that sale proceeds would go toward other debt of up to \$100,000 and that the owner was also applying for NYS funding since Wayne County qualifies as a “day care desert.” Mr. Kayhart suggested making the loan contingent on pay off receipts from the sale proceeds. Ms. Bronson also reported that the interest rate had increased since the first approval and that the owner’s credit score was over 700.

The committee unanimously agreed on approval of the loan with the stated contingency of reporting the use of the property sale proceeds on existing debt.

In other business, Ms. Bronson updated the committee on the new round of Pitch Competitions for both students and adults. She reported the early payoff of a loan given to Parable Yoga. Mr. Pincelli updated the committee on a \$1 million Revolving Loan Fund grant from EPA that will engage the committee in reviewing projects related to brownfield clean up. Ms. Cardiel informed the committee that there will be more applications to review in the coming month. Lastly, Ms. Bronson stated that the WEDC / WCIDA board had a new board member representing the county board of supervisors, Mr. Phil Eynor from the Town of Huron.

Hearing no other business, the meeting ended at 1:40 pm.