

**A special meeting of the Victor Local Development Corporation (LDC) was held on Thursday, February 4, 2010 at the Village Hall, 60 East Main Street.**

<b>MEMBERS PRESENT:</b>	President	John Holden
	Vice President	Bryan Powers
	Secretary/Treasurer	Steve Van Dyke
	Director	Thomas Walker
	Director	Jack Marren
	Executive Director	Kathy Rayburn
	Minutes Clerk	Suzanne Paquin

**ABSENT:** Reid Holter, Attorney

**OTHERS PRESENT:** None

Meeting was called to order by President John Holden at 8:00am.

Salute to the flag.

**LDC Revolving Loan Application**

Mr. Holden stated that the purpose of the meeting is to discuss the loan application of Dominic Calabrese, Taste of Italy Deli & Market, in the amount of \$25,000. Ms. Rayburn provided the Board with copies of the loan application and supporting documents prior to the meeting. Mr. Holden noted that he, Mr. Walker, Ms. Rayburn, Reid Holter, and David Denz, Regional Small Business Development Center (SBDC), have met and discussed the proposed loan.

Mr. Denz put together a portfolio with balance sheets, cash flow statements, and business projections specific to Taste of Italy. Ms. Rayburn passed this portfolio around to the Board. Ms. Rayburn stated that in the future, any loan applications that are received, she will direct them to Mr. Denz for this service as it was very helpful.

Mr. Holden stated that Mr. Denz noted that the first businesses to go out of business are restaurants and markets. Mr. Holden also stated that Mr. Denz noted that Mr. Calabrese is very dedicated to the business and works seven days a week and that he felt this would be a good loan. Mr. Calabrese currently has no outstanding loans. Mr. Holter will do a formal lien search once the Board decides whether to approve the loan or not.

Ms. Rayburn stated that Mr. Calabrese needs working capital as he has put all of his cash into the business. He has had requests from his customers to expand on the products he carries. He would like to carry more grocery items and offer prepared meals in the evenings. Ms. Rayburn provided the Board with a breakdown of what the

\$25,000 would be used for: new kitchen equipment, store equipment, some remodeling, inventory items, and working capital.

Mr. Walker noted that the equipment that Mr. Calabrese currently has is almost new. There would be a lien on the existing equipment and also one on any new equipment purchased.

Ms. Rayburn noted the terms of the loan that the loan committee decided on:

- Amount - \$25,000
- Length – 4 years
- Interest Rate – 2.75%, ½ point below prime
- Monthly Payment - \$550.60

Ms. Rayburn stated that Mr. Calabrese does not own any real estate and he and his wife would sign a promissory note along with a personal guarantee. Ms. Rayburn noted that the loan is risky, due to the type of business, but the business is good, customers are asking for more and Mr. Calabrese could do even better with a little expansion & marketing.

Mr. Holden read comments from Reid Holter, Attorney:

“If the Board decides to proceed –

1. The LDC will take a lien on the existing and newly purchased equipment
2. I will obtain a lien search to confirm the borrower’s representation that there are no liens (before ‘closing’ the loan)
3. The Corporation, Taste of Italy, will borrow the money and sign a promissory note
4. Both the owner of the Corporation and his wife will sign personal guarantees
5. The Corporation will give the LDC a lien (through a UCC filing) on all existing equipment and equipment to be acquired (but not on leasehold improvements)
6. To the extent that part of the loan is for the purchase of new equipment, we will fund the loan by paying the seller(s) for the equipment”

Mr. Holden noted that it was a good idea to have all the invoices pertaining to equipment paid by the LDC.

Discussion followed regarding the amount that would be paid to Mr. Calabrese at the time of closing and what would be paid through the LDC towards equipment & remodeling.

The Board decided that the LDC would pay invoices for: the kitchen equipment, \$8,500; the store equipment \$2,300; & the remodeling expenses \$4,450. At the time of closing a check will be issued for the inventory \$5,100 & the working capital \$4,650.

Mr. Holden noted Taste of Italy’s sales for September 2009-January 2010: food & drink total sales (gross) - \$36,095; deli - \$7,099; and grocery - \$15,976, for a total revenue

of \$59,170. Expenses for the same time frame were \$18,350. Net operating was a negative \$115.

**Resolution #10-10LDC**

**LDC Revolving Loan to Dominic Calabrese, Taste of Italy, 23 East Main Street**

On motion of Bryan Powers, seconded by Steve Van Dyke, the following resolution was ADOPTED 5 AYES 0 NAYS

**Resolved,** to grant the Loan Application of Dominic Calabrese, Taste of Italy, under the Revolving Loan Fund program. The amount of the loan shall be \$25,000.00 at 2.75% interest (approximately ½ point below the current prime), the monthly payment shall be \$550.60, and the length of the loan shall be four (4) years; the purpose of the loan includes the purchase of new equipment & remodeling and for operating capital, the loan shall be secured by a lien on both new and existing equipment and shall be guaranteed by Mr. Calabrese and his wife. To the extent the loan is intended to finance the purchase of new equipment, the loan funds shall be disbursed directly to the sellers of the equipment. The loan is subject to the borrower executing loan documents prepared or approved by counsel for the LDC and is subject to receipt by LDC of satisfactory proof that the security interests against the equipment of the borrower shall have priority over all other liens.

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**Adjournment**

Meeting was adjourned on motion at 8:38am.

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Suzanne Paquin, Minutes Clerk