

M I N U T E S
Jamestown Local Development Corporation
November 17, 2021

A meeting of the Jamestown Local Development Corporation was held on Wednesday, November 17, 2021 at 5:00 p.m.

Members Present: Vicki McGraw
Kim Ecklund
Kris Sellstrom
Tom Nelson
Tony Dolce
Pete Schiera (via Zoom)

Others Present: Crystal Surdyk, Director of Development
Stephanie Wright, Economic Development Coordinator
Ben Haskin, Counsel

- Scott Clark - Falcon Conveyer
- Patrick Smeraldo – Collaborative Children’s Solutions

Tony Dolce called the meeting to order.

Kim Ecklund made a motion, seconded by Vicki McGraw to approve the minutes from the September 15, 2021 board meeting.

6 AYE 0 NAY

Carried.

Kim Ecklund made a motion, seconded by Kris Sellstrom, to approve the JLDC Financial Reports through October 31, 2021.

6 AYE 0 NAY

Carried.

Stephanie Wright introduced Scott Clark from Falcon Conveyor.

Falcon Acquisitions LLC is the holding company of the manufacturing building located at 111 Cheney Street in Jamestown, and the future home of Falcon Conveyor LLC, a new manufacturing company operating in the steel belt conveyor industry. The owner of both LLC's is Douglas (Scott) Clark.

Douglas (Scott) Clark is the owner and CEO of both Falcon Acquisitions (FA) and Falcon Conveyor (FC). Both were established in early 2021. He completed his graduate studies at Cleveland State University earning a Master's in Business Administration (MBA). His undergraduate studies were in engineering (BSMET) at the University of Akron where he earned his Bachelor's degree.

Scott has worked in the material handling field for over 30 years, 27 of which were in the conveyor industry. During his career he has held positions of increasing responsibility. The positions include Designer, Mechanical Engineer, Project Engineer, Customer Service Manager, Aftermarket Manager and seven (7) years as the Engineering Manager. All of these positions were with one of the largest international steel belt conveyor companies in the world, Mayfran International in Ohio. Mayfran International in the US is a \$55 Million manufacturer of Material Handling Conveyors for Stamping Systems, Machine Tools and Swarf Handling equipment for the Automotive Industry.

The steel belt conveyor industry that has seen little advancement in technology in the past 75 years. Scott's vision for FC is to be creative in providing solutions to problems that have plagued the conveyor industry. His innovative solutions will be protected by patents which will give FC one of its several competitive advantages that will allow market penetration. The market is attractive with an estimated \$115 million annual sales.

Over the next three months FC will be building prototypes. The builds will consist of conveyor frames, pans and drives. These builds will be sourced at Allmetal Press & Fabrication which is a local sheet metal fabricator. The electrical controls will also be sourced locally. The conveyors will then be assembled and tested at FC. Having the floor space to assemble and test will be a great selling tool as most competitors do not have the floor space available.

Ultimately materials, commercial components, hardware, and fabrication will all be outsourced in the Jamestown area. FC will generate approximately 10-12 jobs and subcontracting will also generate 10-12 jobs over the next three years. Once FC is able to procure manufacturing equipment the outsourced jobs will be brought into FC, thus giving FC greater cost control.

With Scott's experience, FC will be positioned in the market as an innovative, high value manufacturing company that is armed with a significant cost advantage by locating in Jamestown and diversifying with FA. Along with the patents, FC will also have a competitive advantage in salaries as the cost of living is low. The revenue from FA generated by renting and leasing space in stories 2-5 will ultimately pay the expenses for the loan, thus giving FC another significant competitive advantage.

The United States / Canada / Mexico steel belt conveyor market is estimated at \$115 million per year. With modest projections of 0.75% of the market for the first year increasing to 2% over the next two years, revenue will be totaling near \$5 million.

Profit margins will be in the 30% range and with earnings at \$1.5 million EBIT (earnings before interest and taxes) range. This will allow for reinvestment in manufacturing equipment and research and development.

At the revenue levels projected, \$3+ million will be injected into the local Jamestown economy through the sourcing of jobs, subcontractors and materials over the next 3 years. Note: This includes the creation of over 20 manufacturing jobs.

FC will begin to generate revenue in Q3/Q4 2022.

<u>Debt Service:</u>	<u>Principal</u>	<u>Payment</u>
JLDC (10yr @ 4.25%)	\$ 93,750	\$ 960.35
CCIDA (20yr @ 4%)	\$154,000	\$ 933.21
Zone Capital Corp (5yr @ 4%)	<u>\$ 50,000</u>	<u>\$ 920.83</u>
Totals	\$297,750	\$ 2,814.39

This loan is recommended based upon the following factors:

- The project meets the purpose of the JLDC Jobs and Private Investment in job creation.
- The applicant’s projected ability to service the debt with the revenue generated by leasing space in the building and revenue generated by Falcon Conveyors.
- The purchase of real estate (assessed at \$400,000) will provide for additional manufacturing in a vacant building.

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

A JAMESTOWN LOCAL DEVELOPMENT CORPORATION JOBS AND PRIVATE INVESTMENT loan in an amount not to exceed ninety-three thousand, seven hundred-fifty dollars (\$93,750) at a 4.25% fixed rate of interest for a term of (10) years with collateral as follows:

1. A co-equal loan first position with Chautauqua County Industrial Development Agency and Zone Capital Corporation on the building located at 111 Cheney Street, Jamestown, New York.
2. A co-equal first position on all present and future machinery and equipment, furniture and fixtures, accounts receivable and all assets with Falcon Acquisitions, LLC with cross-collateral on Falcon Conveyor, LLC shared with Chautauqua County Industrial Development Agency and Zone Capital Corporation.
3. A personal guarantee from Douglas Scott Clark.

Scott mentioned he has met with Allpress and Metal Fabrication on Allen St. They are very interested in building the conveyors.

Tony Dolce mentioned the business is unique and he loved that an old building was being utilized and with the possibility of expansion, there are plenty of other buildings.

A motion to approve the loan was made by Kris Sellstrom and seconded by Vicki McGraw.

6 AYE 0 NAY

Carried.

There were two Fund for Downtown Programming applications to discuss.

Patrick Smeraldo from Collaborative Children's Solutions was introduced to discuss the Holiday Parade.

The parade will be on Saturday, December 4, 2021. He mentioned it was going to be a holiday weekend. They are collaborating with Toys 4 Tots and there will be a Mistletoe Mile from Baker Park to City Hall. The parade will come down Third Street, there will be a ceremonial tree lighting and fireworks. He was very appreciative of the Chamber for assisting by registering all parade participants. Currently, there about 35 groups registered and more joining every day.

He thanked the Mayor and the Department Heads for all their help and support. All necessary permits have been obtained, just waiting for the insurance from the fireworks company.

Their application is to cover expenses so they can break even. CCC is requesting \$3,403.00.

The fireworks have been completely funded by five area credit unions.

Patrick is very proud to have kids involved in the event. Students from the high school have done the posters. WNY News Now is going to be streaming from the parade and some students will be shadowing them. JHS Band will be participating and students from the Honor Society will be volunteering.

He is working to contact all downtown businesses and looking to have all vendors be from Jamestown.

A motion to approve the application was made by Kim Ecklund and seconded by Kris Sellstrom.

6 AYE 0 NAY

Carried.

The second Fund for Downtown Programming application was from the National Comedy Center for Riverside Saturdays.

Crystal Surdyk mentioned this application has come before the board previously, but there were some questions. Further clarification has now been received.

The total application is for \$136,000.

The line item for the liquor license was removed.

There was a question on labor costs. It was determined that no City workers provided labor.

Kim Ecklund still had concerns about the amount of the application and feels like it would eat up a large portion of the fund's budget. It wouldn't allow for other smaller events to be funded.

Vicki McGraw was concerned that the event was held before approval of the application. They held the event anyway and it wasn't contingent on our funding.

Kim felt that this is similar to an event that was held previously. Repetitive events shouldn't be funded. It was only expanded from previous years.

Crystal explained that the board has the authority to fund all, a portion or none of the application.

Crystal reported that if this application was completely funded, the remaining funds would be \$273,114.00.

Kim noted that a lot of people attended this event and it did bring a lot of people downtown. Tom Nelson agreed and would like to see the event continue.

Vicki and Tony mentioned that we would be paying for equipment that the NCC can use in years to come. Kim would like to see the City be able to use this equipment as well, if we pay for it. If we had a movie night on Tracy Plaza, we should be able to use the screens.

Kim wanted further clarification regarding regulations on repetitive events. Crystal mentioned that as we are moving away from State funds to our own funds, the Board put together own language regarding stipulations for funding.

Tony would like to make sure we have funding available for smaller events like the Holiday Parade.

Kim suggested funding \$35,000.

Kim Ecklund made a motion to fund the National Comedy Center application for \$35,000 with a contingency that the City can use the dual projector/screen system. The motion was seconded by Vicki McGraw.

6 AYE 0 NAY

Carried.

Crystal stated that she will write an updated administrated plan for the Fund and email the Board members for any changes and submit a draft for approval at the next meeting.

No further business and no need for an executive session.

A motion to adjourn the meeting was made by Kris Sellstrom and seconded by Kim Ecklund.

6 AYE 0 NAY

Carried.

Respectfully submitted,

Beth Kresge
Office Manager