

NFC DEVELOPMENT CORP.
Minutes of Meeting
Monday, May 21, 2012
City Hall – Room 17
Niagara Falls, New York

Present: Mayor Paul Dyster
Council Member Anderson
Council Member Choolokian
Council Member Fruscione
Council Member Grandinetti
Council Member Walker
Mr. Joseph Casale
Ms. Jacqueline Henwood
Mr. Michael Hooper
Ms. Janet Markarian
Ms. Lucy Muto
Ms. Doreen O'Connor
Mr. Paul Parise
Mr. Jeffrey Paterson
Mr. Frank Roma
Ms. Anne Sawicki
Dr. Jacob Smith
Ms. Lee Whittaker

Absent: Mr. Jamie Johnson

Staff

Present: Richard Zucco
Craig Johnson
Gail Bimont
Maria Brown
Joe Collura
Tom Tedesco
Clara Dunn

Others

Present: Tracie Zortman, Royal Cafe
Robert Sweet, National Development Council

The meeting was called to order by Mayor Dyster at 4:03 p.m. A quorum was present.

Agenda Item #3 Approval of Minutes of Meeting held December 5, 2011

Council Member Grandinetti made a motion to approve the minutes of the meeting held December 5, 2011, second was made by Mr. Parise. **Unanimously approved.**

Agenda Item #4 Election of N.F.C. Officers (Chairman, Vice Chairman, Treasurer, Secretary)

Mayor Dyster reviewed the list of the 2010 officers: Chairman – Mayor Dyster, Vice Chairman – Council Member Grandinetti, Treasurer – Council Member Walker, and Secretary – Doreen O'Connor and then asked for nominations for 2012. Council Member Anderson made a motion to approve the current slate of officers, second was made by Ms. Markarian. **Unanimously approved.**

Agenda Item #5 Adopt Banking Resolution and Authorized Signers

Mr. Zucco reported that the adoption of a new banking resolution is necessary. Banking cards will be circulated to all Officers. The resolution authorizes Officers to sign the standard form resolutions that every bank requires with Board officers.

Council Member Grandinetti made a motion to adopt the banking resolution and authorize signers, second was made by Ms. Sawicki. **Unanimously approved.**

Agenda Item #6 Appointment of Membership Vacancies

Mr. Zucco reported that there are a minimum of four vacancies on the NFC Membership Committee and would like recommendations from the Board for new appointees. Mr. Patterson recommended an Ad Hoc sub-committee be formed to research and recommend appointments. He volunteered to sit on that committee with Council Member Grandinetti and Mr. Parise.

Council Member Grandinetti made a motion to approve the new Ad Hoc Sub-Committee, second was made by Ms. Sawicki. **Unanimously approved.**

Agenda Item #7 Vote to Approve Players Subway Grant Extension

Mr. Zucco reviewed the status of the Players Subway Grant noting the original grant contained an April 16, 2012 starting date. The project has been delayed due to bank financing and Players is requesting an extension of the start date to August 1. The completion date of Dec. 31, 2012 will not be extended.

Mr. Parise made a motion to approve the grant extension to August 1, 2012, second was made by Council Member Grandinetti. **Unanimously approved.**

Agenda Item #8 Loan Status Report and Overview

Mr. Zucco reviewed the Grant and Loan Status Report as presented in the Board Package. Mr. Casale requested a status report on the current loans.

Agenda Item #9 Vote to Approve Grant/Loan Request for Royal Café

A grant/loan application request for Royal Café was presented to the Board for approval. It was noted that there had been no financials provided and the Loan Committee had not reviewed the loan. After discussion, the request was referred to the Loan Committee for further review and recommendation.

Agenda Item #10 Vote to Approve Auditors/State Authority Budget Office – Additional Services

Mr. Zucco reported that the NFC auditors will be providing additional services dealing with State Authorities Budget Office compliance and will need Board approval to cover the additional amount.

Council Member Grandinetti made a motion to approve the additional audit services, second was made by Mr. Casale. **Unanimously approved.**

Agenda Item #11 Vote to Adopt ABO Required Policies

Mr. Zucco presented the Code of Conduct, Code of Ethics, Compensation Policy, Conflict of Interest Policy, Property Disposition Policy, and Investment Guidelines which the NFC Board is required to adopt as policy.

Council Member Grandinetti made a motion to approve said policies, second was made by Council Member Walker. **Unanimously approved.**

Agenda Item #12 Vote to Approved Contract with National Development Council

Mr. Robert Sweet of the National Development Council reported that his company has provided many services to the City of Niagara Falls including technical assistance, advancing economic development objectives, bonding authority related assistance, new market tax assistance and other related activities. He reviewed the scope of services provided to the City in the past and hopes to further these activities in the future.

Council Member Grandinetti made a motion to renew the NDC contract in the amount of \$72,000, second was made by Ms. Muto.

POLLED VOTE

IN FAVOR **14**

OPPOSED **2** (Council Member Choolokian, Council Member Fruscione)

ABSTENTIONS **1** (Council Member Anderson)

MOTION APPROVED

Agenda Item #13 Old Business

None

Agenda Item #14 New Business

None

Agenda Item #15 Adjournment

There being no further business, the meeting was adjourned at 4:40 p.m.

NFC Directors SUMMARY

**Proposed NFC Direct Loan/Micro Enterprise Grant
request for:**

The Royal Café

Date: July 9, 2012

Part I. Project Description

**Part II. Business Description/summary/
Employment projections/ Sources/Uses
of funds/Collateral**

Part III. Loan/grant analysis/Need

Part IV. Recommendation/Terms and Conditions

NFC Directors Summary

For:

The Royal Café

Direct Loan/Micro Enterprise Grant request

Part I Project Description

Ms. Tracie Zortman and her husband have purchased 311 Hyde Park Blvd. The building has been vacant for several years. Ms. Zortman plans on investing in renovations to create an urban type café in a business district that currently does not have anything like this. Ms. Zortman needs the NFC funding assistance in order to complete the renovations which will include (new plumbing, electrical, heating and new handicapped accessible bathrooms as well as new equipment and inventory necessary for the completion of the business. The total project cost is approximately \$150,000.

Part II Business Description

Niagara Rapid Enterprises, Inc. (The Royal Café) is a Woman-Owned Business Corporation. The Royal Café will serve breakfast and lunch. In addition to traditional specials, The Royal Café will serve daily specials for both breakfast and lunch. They plan to be open for business Monday through Saturday from 6:30am until 3:00pm. Catering for either on site events or pick up will be available as well. The Royal Café also plans to offer a special lunch promotion for the tour operators who would like to offer their clients a quality dining experience while visiting Niagara Falls. The project will create 5 new jobs.

Business Summary

Business Summary

Name: Niagara Rapid Enterprises, Inc. π Proprietorship- No
Years in Operation: 0 π Partnership- No
Start-up? Yes Corporation –TF-2984863
New Ownership? n/a D.B.A. The Royal Cafe
Address: 311 Hyde Park Blvd., Niagara Falls, NY
Loan Type NFC Direct Loan and Micro Enterprise Grant

Management/Ownership

Name: Tracie Zortman Position: Owner
Age: n/a Salary: NA
Experience: Ms. Zortman brings ten years of business experience to the Royal Café. She has been the general manager for Niagara General Contractors, responsible for all accounting, billing, accounts payable, payroll scheduling and customer service. She currently does all the food preparation for the Embassy Athletic Club. In addition, she has recently completed the City's Entrepreneurial Training Program.

Name: _____ Position: _____
Age: _____ Salary: _____
Experience: _____

Employment Projections

Present: 0 FTE
Projected:* 5 Full-time Equivalent:

*SUBMITTED EMPLOYMENT

City of Niagara Falls

Financial Underwriting

Sources/Uses of Funds

Proposed Sources and Uses

Uses of Funds		Sources of Funds	
Acquisition	\$20,000	Bank	\$0
Renovations	\$50,000	NFC Loan	\$30,000
Machinery & Equipment	\$47,000	Equity/Cash invested	\$110,000
Operating Expenses, Inventory, Leasehold Imp. Office Equipment, Supplies, Etc.	\$28,000	NFC Grant	\$10,000
Investment to Date			
Working Capital	\$5,000		
TOTAL	\$ 150,000	TOTAL	\$150,000

Recommended Sources and Uses – SAME AS ABOVE

Uses of Funds		Sources of Funds	
Acquisition	\$20,000	Bank	\$0
Renovations	\$50,000	NFC Loan	\$30,000
Machinery & Equipment	\$47,000	Equity/Cash	\$110,000
Operating Expenses	\$28,000	NFC Grant	\$10,000
Investment to Date			
Working Capital	\$5,000		
TOTAL	\$150,000	TOTAL	\$150,000

Part III

Loan Analysis/Need

This application is for a Direct Loan and a Micro Enterprise grant. This will be a new start-up diner/urban type café. Ms. Zortman, along with her husband Kenneth Zortman have purchased 311 Hyde Park Blvd. which has been vacant and blighted for a number of years.

As a new business, traditional funding is very difficult to obtain. Ms. Zortman needs NFC financing to fill the funding gap. This Loan and Micro Enterprise grant will provide the necessary financing in order for her to complete renovations and allow her to acquire the needed equipment and inventory.

A review of the projects revenue shows sufficient income to cover the debt service on the loan. Ms. Zortman's credit score is in the low 600's with no negative comments.

Part IV

Recommendation/Terms/Conditions

Based on a review of the project and projected financials, Staff recommends the approval of this loan and grant with the following conditions:

- 1) NFC to provide the following funding:
 - a) A direct loan in the amount of \$30,000.
This will be for a seven year (7) term at a 5% interest rate, with a monthly payment of \$424.02.**
 - b) A \$10,000 Micro Enterprise Grant****
- 2) Ms. Zortman to provide a personal guarantee.**
- 3) One new FTE must be hired over the next three years.**
- 4) The restaurant must remain operational for a period of three years or the grant will become due and payable.**
- 5) A 1% administrative fee shall be deducted from the proceeds of the Loan and Grant.**

Proposed NFC grant

for:

Yvonne's Bakery & Café

NFC Directors SUMMARY

Date: July 2, 2012

Part I. Project Description

**Part II. Business Description/summary/
Employment projections/ Sources/Uses
of funds/Collateral**

Part III. Loan/grant analysis/Need.

Part IV. Recommendation/Terms and Conditions

NFC Directors Summary

For

Y'vonne's Bakery & Café

Micro Enterprise Grant request

Part I Project Description

Yvonne's bakery and Café became a dream of Lakea Strong five years ago while working on a wedding cake with her grandmother Mrs. Yvonne Ennis. Watching her in her creative and artistic skillful way of decorating a wedding cake for a couple with one thing in mind and that was to please the couple by making their wedding cake a dream come true. Unfortunately several years ago Lakea's grandmother passed away which devastated her family because Mrs. Ennis was the glue that kept them together. Yvonne's Bakery & Café is Lakea's way of honoring her grandmother. Creating a place that will allow her spirit to live on in Niagara Falls, Yvonne's will be a place that will provide an atmosphere of love, servitude and spirituality.

Yvonne's took its name in January 2012 by the owner Lakea A. Strong. Lakea is looking to lease a retail store which she will use to market and merchandise her products. The central location will be 447-449 3rd Street, Niagara Falls, N. Y. and will provide easy access from most points of origin throughout the Niagara Falls area for those who will recognize Y'vonne's as a destination point, as well as provide local community residents with convenient access to freshly roasted coffee. Lakea's goal is to attract Christian coffee drinkers seeking a non-secular environment in Niagara Falls as well as people of all ages and backgrounds who are looking to enjoy the unique upscale and innovative environment that Yvonne's will provide. Although Yvonne's will face competition on several fronts, the good news is that Yvonne's does not face direct competition from other cafes in the market. There no independently operated Christian cafes in the City. Companies like Starbucks, Tim Horton's and DiCamillo's offer the usual traditional donuts, cookies muffins, lemon pound cake or very dry banana bread. The competitive edge that Yvonne's has is the diverse coffee flavors and unique baked goods, the innovative, out-of-the-box thinking for our diverse customers taste buds.

Part 11 Business Description

Y'vonne's Bakery & Café will operate as an S Corporation which will shield the owner Lakea Strong from issues of personal liability and double taxation. The location is right along the street of several hotels and heavy tourist traffic. This building was recently renovated everything is updated brand new and has plenty of parking. The hours of operation will be Monday-Thursday 6:30 am-8:30 pm Friday 6:30 am-11:30 pm, Saturday 6:30 am-12:00 am and every 4th Sunday for

Sunday's Soul Full Open Mic. Lakea will prep all of the baked goods the day prior and bake fresh the next morning for their customers. Y'vonne's will sell quality freshly roasted coffee, teas and beverage related items to the discriminating coffee drinkers. Bakery items will include cakes, pies, pastries, cookies and cupcakes as well as food items for light breakfast and lunch; croissants, crepes, bagels, muffins, fresh fruit and soups and sandwiches. A children's menu will also be offered. Customers will be able to order selected baked goods to order for enjoyment in their homes or offices. She will employ five part-time employees.

Business Summary

Business Summary

Name:	Yvonne's Bakery & Cafe	π Proprietorship-Yes
Years in Operation:	New start-up	π Partnership-No
Start-up?	yes	Federal ID # 74-3249798
New Ownership?	yes	D.B.A.
Address:	447-449 3 rd St.	
Loan Type	NFC Micro Enterprise grant and loan	

Management/Ownership

Name:	Lakea Strong	Position:	Owner
Age:		Salary:	NA

Experience: 2010 received her Associates Business Adm., currently working as an Operations Mgr. at NFMMC Community Health Clinic, previously worked at Boston Market, Red Lobster, has worked as a prep cook, line cook, bartender, hostess and waitress. With the administrative skills from NFMMC and her restaurant skills has provided her the knowledge to run a successful business

Name: _____ Position: _____
Age: _____ Salary: _____
Experience: _____

Employment Projections.

Present: Owner will be full time

Projected:* 5 PT Full-time Equivalent: 2

*SUBMITTED EMPLOYMENT

City of Niagara Falls

Financial Underwriting

Sources/Uses of Funds

Proposed Sources and Uses

Uses of Funds		Sources of Funds	
Acquisition	\$0	Bank	35,000
Renovations	0	NFC Loan	20,000
Machinery & Equipment	34,072.73	Equity/Cash invested	7,400
Operating Expenses, Inventory, Leasehold Imp. Office Equipment, Supplies, Etc.	29,899.30	NFC Grant	10,000
Investment to Date			
Working Capital	8,840		
TOTAL	\$72,812.03	TOTAL	\$72,400

Recommended Sources and Uses – SAME AS ABOVE

Uses of Funds		Sources of Funds	
Acquisition	\$0	Bank	\$0
Renovations	0	NFC Loan	
Machinery & Equipment	1	Equity/Cash	
Operating Expenses		NFC Grant	
Investment to Date			
Working Capital			
TOTAL		TOTAL	

Part III. Loan Analysis/Need

This grant is for a Micro Enterprise grant and loan, a new start-up business for Lakea Strong

Our financial assistance will help Lakea close gap financing, purchase equipment, make minor leasehold improvements and will allow working capital on hand.

As a relatively new business, traditional funding is very difficult to obtain. This Micro Enterprise grant/loan will be combined with other funding sources from an agreement with First Niagara Bank

Part IV Recommendation/Terms/Conditions

Staff recommends the approval of this grant with the following conditions:

- 1) NFC to provide the following funding:**
 - a) A direct loan in the amount of \$20,000. This will be for a term of 7 years and annual interest at 5%, for a monthly payment of \$282.68.**
 - b) A \$10,000 Micro Enterprise Grant**
- 2) Lakeya Strong to provide a personal guarantee**
- 3) One new FTE must be hired over the next three years.**
- 4) Yvonne's Bakery & Cafe must remain operational for a period of three years or the grant will become due and payable.**
- 5) A 1% administrative fee shall be deducted from the proceeds of the Grant.**