



**OCDL Finance Committee Meeting
8:15am Economic Development Conference Room
October 9, 2014**

8:15am Call to Order

A. Approval of June 12, 2014 Meeting Minutes

Action Items

1. Eat to Live Food Co-Op

The Eat to Live Food Cooperative and Syracuse Cooperative Federal Credit Union are requesting Corporation assistance in the form of a \$75,000 guarantee on a \$150,000 Cooperative Federal Credit Union loan to the ETL Food Co-op.

Committee Action Requested: A Resolution of the Board recommending approval of the Syracuse Cooperative Federal Credit Union request to guarantee up to \$75,000 of its loan offer to the Eat to Live Food Cooperative

2. Review Annual Self Evaluation

Committee Action Requested: A Resolution of the Committee approving the self-evaluation.

3. Review/Approve 2014 Finance Committee Annual Report

Committee Action Requested: A Resolution of the Committee approving the annual report.

ADJOURN

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Finance Committee Meeting Minutes
June 12, 2014

The Finance Committee meeting of the Onondaga Civic Development Corporation was held on Thursday, June 12, 2014 at 333 West Washington Street, Syracuse, New York, 13202, in the Adirondack conference room on the 2nd floor.

Matt McAnaney called the meeting to order at 8:01 am with the following:

PRESENT:

Matt McAnaney
Len Manfrates

ALSO PRESENT:

Honora Spillane, Secretary
Christopher Andreucci, Harris Beach
Ed Kelley, Bond Schoeneck & King
Ann Hawkes, YMCA of Greater Syracuse, Inc.
Thomas Bezigan, OCDC Board Member

APPROVAL OF REGULAR MEETING MINUTES – OCTOBER 10, 2013

Upon a motion by Len Manfrates, seconded by Matt McAnaney, the OCDC Board approved the Finance Committee meeting minutes of October 10, 2013. Motion was carried unanimously.

REVIEW PROPOSED FINANCING STRUCTURE OF 2014 PROJECT

Ed Kelley stated that he is from Bond Schoeneck and King and representing the YMCA. He stated that he has been a Board member for the YMCA for about 25 years or more. He stated that Ann Hawkes is the Chief Financial Officer. He stated that the Y has been working on building a fitness facility in the greater Baldwinsville area for over 10 years. He stated that they recently acquired about a 10 acre parcel of land on River Road which is formerly part of the Timber Banks complex to construction a 100,000 square foot family fitness facility very similar to the YMCA in Fayetteville. He stated that site work has commenced, construction is ready to go, M & T has provided a commitment letter to the Y for \$17,000,000 in construction financing and they will be ready to close in about two weeks.

Ed Kelley stated that the Town of Lysander completed a coordinated environmental review which was done a long time ago with no issues. He stated that it is a Greenfield site that is being developed.

Chris Andreucci stated that the Phase 1 that he saw did not show anything.

Ed Kelley stated that this is part of a planning redevelopment for the overall area.

Chris Andreucci stated that the Board will recommend to the full board to adopt the resolution. He stated that the Board will make their own finding based on the Town of Lysander's finding. He stated that the documents have been out and there has been two turns. He stated that the documents are substantially finalized.

Chris Andreucci stated that we are substantially final in documents and it is going to be a direct purchase. He stated that there are prior bonds outstanding from 2003. He stated that they will be cross collateralized so there will be an inter creditor agreement similar to what OCDC did with St. Joes. He stated that there will be no publically offered bonds. He stated that they will be privately placed and held by the bank.

Upon a motion by Len Manfrates, seconded by Matthew McAnaney, the OCDC Finance Committee approved a resolution recommending approval of up to \$20,000,000 for the YMCA of Greater Syracuse, Inc. to the full Board. Motion was carried.

REVIEW AND APPROVE FINANCE COMMITTEE CHARTER

Honora Spillane stated that every year per PAAA standards the Finance Committee needs to review a number of documents. She stated that there are no changes to the Charter.

Upon a motion by Len Manfrates, seconded by Matt McAnaney, the OCDC Finance Committee approved a resolution approving the Finance Committee Charter. Motion was carried.

The OCDC Finance Committee adjourned the meeting at 8:06 am.

Honora Spillane, Secretary

Economic Growth Fund Application

To apply applicants should submit:

1. A signed application.
2. A project description of no more than three (3) pages including:
 - a. Description of the project, its core activities and goals
 - b. Number of persons and geographic distribution to be served directly by the project.
 - c. Detailed description of all sources and uses of funding required to complete the project as well as identifying funds that have already been committed.

**Applicants may be required to submit additional information that the Office of Economic Development deems necessary*

Organization Name:	Eat to Live Food Cooperative		
Mailing Address:	2327 S. Salina Street		
City:	Syracuse	State:	New York
		Zip:	13205
Phone:	(315) 882-3244	Fax:	
Contact Person:	Joseph Bryant II		
Email Address:	jobryant2009@gmail.com		
Executive Director/ President:	Joseph Bryant II		
Executive Director/ President's Email:	jobryant2009@gmail.com		
Title of Proposed Project:	Eat to Live Food Cooperative		
Primary Purpose of Proposed Project:	Re-open the food co-op		
Estimated Project Start Date:	November 1, 2014	Estimated End Date:	on-going
Total Project Budget:	200,000		
Amount of Funding Requested:	75,000		
Primary Purpose of Requested Funds:	To assist with re-opeing the south side food co-op		
Type of Funding Requested:	Economic Growth Fund		

I have read paragraph 4.2 of the instructions and understand that the applicant must identify in writing and
 state the reasons for withholding information it deems proprietary and is requesting not be made publicly available.

Please check here if you have marked information as confidential/proprietary.

Title  Date:



PROPOSAL TO RE-OPEN

September 16, 2014

Eat to Live Food Cooperative (ETL) is dedicated to bringing fresh, healthy, fairly priced foods and household products to county residents while fostering community nutrition, cooperative ownership, and sustainable economic growth in the Greater South Side neighborhood. Although the store is open to all shoppers, the location of the store serves to address the nutritional needs of local residents living in a designated food desert area, and to help support area farmers and distributors by purchasing all of its produce and products from the local market.

Unfortunately, the co-op had a false start in October 2013. Grants and bridge loans to the Southside Community Coalition (Coalition) were used to build and furnish the store, acquire equipment, and hire a General Manager and store staff. Thus the Coalition was only able to provide part of their planned funding to the Eat to Live Food Cooperative (board of directors) as working capital. This, coupled with the store being slow in applying for state approval to accept SNAP benefits, resulted in the majority of local residents unable to shop at the store.

After several months of planning, working with consultants, and negotiating with funders, ETL is now positioned to recover from our “false start,” implement changes based on lessons learned from our initial failure, and get the store re-opened. The tentative re-open date as stated in our business plan is November 1, 2014. (Although, now we are realistically closer to a December 1 re-open. We will have an updated business plan by October 1 reflecting this change).

Several private and government entities are willing to assist us with securing the needed funds to re-open the store: Syracuse University has conditionally agreed to forgive over \$300,000 of their bridge loan, the SCFCU has conditionally approved a \$150,000 loan to ETL, and SEDCO has agreed to guarantee \$75,000 of the \$150,000 loan from Cooperative Federal credit union (SCFCU). Additionally, we have received a small \$6,000 grant from Mercy Works which was used to pay down some of ETL debts.

However, in order to re-open the store, ETL needs to secure a \$50,000 grant AND a guarantor for \$75,000 - the remaining half of the SCFCU loan amount. Our request is that Onondaga County Office of Economic Development serve as the guarantor for \$75,000 - half of the Cooperative Federal Credit Union a loan.

History

Eat to Live Food Cooperative (ETL) initially started in 2006 as a group of residents, community leaders, and Syracuse University faculty seeking to foster access to fresh foods on the South Side of Syracuse, New York. The project was later adopted by the **Southside Community Coalition**¹ in partnership with the Syracuse University Southside Initiative Office, the Syracuse University Community Development Law Clinic, and the Groundworks Capital Coalition (a working group of various local stakeholders, coordinated by the Gifford Foundation and representing Southside residents, foundation staff, Home Headquarters, Cooperative Federal, and M&T bank). The Southside Community Coalition developed a steering committee to conduct research on community support, feasibility and potential options.

By 2007, this steering committee had settled on the idea of creating a food co-op in order to address the food-access problem while simultaneously creating a sustainable engine for community-owned, democratically-controlled, neighborhood economic development.

Phase One: Store for a Day Campaign

The steering committee began testing the food co-op concept in summer 2008, through the “*Store for a Day*” initiative. Similar to a small farmers’ market, the Stores were stationed in the heart of the South Salina business corridor.

¹ Southside Community Coalition, Inc. is a 501c3 non-profit. Their mission is to develop a cultural and business district along South Salina Street in the City of Syracuse. The Coalition serves as the “developer” of the building and passed along the building to the Eat to Live Food Cooperative Board of Directors.

The initiative saw instant success: with each event the initiative's revenues, patronage, and product variety grew, allowing the frequency to increase from periodic events, to monthly events, and finally to weekly events in 2009. These events were not only a research success but a financial success, growing a customer base of approximately 300 area residents-- many of whom returned each week-- and generating over \$7,000 in gross sales and \$3,000 in net income. The "Store For a Day" campaign therefore validated four assumptions for the steering committee:

- 1) There is a need for a fresh food in the area;
- 2) There is a demand for certain types of food, particularly fruits and vegetables traditionally favored in an African American cultural context;
- 3) There is potential for an economically sustainable business in the fresh foods market; and
- 4) There is an enthusiastic initial customer base of several hundred South Side residents.

Phase Two: Living Room Meeting Initiative

In August 2010, the steering committee concluded the Store for a Day initiative and moved on to the next phase: conducting informal community presentations in the form of *Living Room Meetings*. Through this initiative, volunteers host a dinner party with at least 10 friends and neighbors, sponsored by the food co-op organizing group. Over refreshments, a steering committee representative facilitates a discussion on the idea a Food Cooperative, explains the benefits that such an operation would bring to the South Side community, and surveys attendees regarding whether they would join a South Side food co-op.

The committee conducted 10 of these Living Room Meetings, with overwhelming success: nearly 100% of attendees indicated that they would support a South Side community food co-op, resulting in a potential membership base of over 100 individuals.

Phase 3: False Start

Eat to Live originally opened its doors on October 17, 2013. Grants and bridge loans to the Southside Community Coalition, combined with a small amount of member equity, were used to build and furnish the store, acquire equipment, and hire a General Manager and store staff. These funding sources were also supposed to supply working capital for the initial operating term, to be replenished by a small (approximately \$50,000) business loan to be obtained during year 1. However, the first round of bids on site construction came in far above budget; a second round of proposals turned out a bid that was closer to budget, but still resulted in significant overruns. The board was compelled to move forward with opening the store despite having a shortage of operating capital in order to obtain grant reimbursements which were only available after 4 FTE staff on payroll for six months. Unfortunately, the board and GM were unable to complete a revised plan and obtain additional financing before cash-on-hand was depleted. The situation was exacerbated by a very low sales volume: initial projections were not achieved due to inadequate outreach and promotions, failure to get EBT processing systems in place, lack of a café/deli department (bypassed due to construction cost overruns), poor product selection and merchandizing, and weak management controls. The GM was terminated for poor performance late in November, and by year-end the board had no choice but to close the business for restructuring.

Phase 4: Re-Launch

After several months of planning, working with consultants, and negotiating with funders, ETL is positioned to recover from our "false start," implement changes based on lessons learned from our initial failure, and get the store re-opened. The tentative re-open date is October 1, 2014.

Re-Start Strategy

The road before us is neither easy nor tested. As an organization whose core target market is a low to moderate-income food desert, ETL deviates from the traditional food cooperative model both in terms of product mix (the vast majority of food cooperatives are natural food specialty stores) and financing structure (food co-ops traditionally fund about 60% of their start-up or expansion costs with member equity and member loans, and the remainder from traditional business financing). At the same time, we differ from typical grocery markets in our cooperative ownership, democratic governance structure, grassroots origins, and our mandate

to align our operations with our unique mission – all of which are critical elements for ensuring accountability to the community, gaining resident buy-in, and conferring long-term benefits to our members and our community.

Learning how to successfully operate ETL in the intersection of these two industries is pivotal. **Our revised business plan is about learning from our mistakes and adapting from our experiences.** ETL will successfully reopen using the following strategies:

- **Accepting SNAP benefits with EBT processing at Point of Sale.** Due to unforeseen complications and staff turnover, our Electronic Benefits Transfer (EBT) system was not in place during our initial operation in Q4 2013. Without EBT processing, we were unable to accept Supplemental Nutrition Assistance Program (SNAP) benefits from customers. Given that 26% of households in Syracuse – and a much higher per cent in the area immediately surrounding the food co-op - receive SNAP benefits², this was a significant barrier to attracting customers. ETL's EBT processing contract is now in place.
- **Driving up sales with a café/deli department.** The business district in which ETL is located has no amenities that provide freshly prepared “grab and go” meals or quality coffee, and just a couple fast food franchises. Our original business plan incorporated a café space in the front section of the store to help us attract passerby traffic, but this build-out has not yet been completed due to cost over-runs in other areas.

Summary of Financial Needs

ETL has an excellent facility and all of the equipment needed to operate a grocery store. These are owned wholly by ETL and do not currently serve as collateral against any financing. Eat to Live Food Cooperative requires \$466,800 to support operating costs until the store reaches the break-even point. We have identified the following sources of funds to meet these needs:

\$150,000 Financing Package

Cooperative Federal, a community development credit union in Syracuse with a history of lending to cooperative businesses, has conditionally approved 3 different loans: \$50,000 Re-Start Bridge Loan (9 months, with interest only payments for months 1-8 and a balloon payment in month 9); \$75,000 Installment Loan (180 month mortgage); and, \$25,000 Line of Credit for ongoing cash-flow coverage

\$264,511 State Grant Reimbursements

Once ETL opens its doors, and has 4 FTE on staff for 6 months, we will be eligible for a total of \$394,000 in grant reimbursements from Empire State Development (New York State's economic development agency). These dollars were awarded to cover capital expenses associated with the build-out, and will be used to repay bridge loans extended to the South Side Community Coalition (sponsor of ETL) as well as the Cooperative Federal bridge loan and credit line described above. The balance, \$264,511, will be used for working capital until ETL achieves positive cash flow from operations. The reimbursement request can take 3 months to be processed and paid out, so we have budgeted for grant reimbursement in month 9, hence the 9-month bridge loan.

Combined with the funding sources described above, ETL has a remaining cash deficit of \$50,000 up through the ESD grant reimbursement, and also needs an organizational entity to guarantee the remaining \$75,000 (of the \$150,000) Cooperative Federal credit union loan package. The ETL board is applying to the Onondaga County Office of Economic Development for the \$75,000 loan guarantee.

² US Census Bureau, 2008-2012 American Community Survey 5-Year Estimates

Eat To Live Food Cooperative

Sources & Uses

8/27/2014

Key Assumptions	New Store
Retail sq.ft.	2,180
Total sq.ft.	3,300
Lease Rate, Triple Net, Year 1	\$0
Real Estate Taxes, Insurance	\$15,002
Total Lease Rate Year-1	\$15,002

(See Scenario Planning for Lease Rate-Schedule)

	Total Annual Sales	Sales/sq.ft.retail	Utilities/sq.ft.
Yr 1	\$16,350	\$8	\$ 1.09
Yr 2	\$298,750	\$ 137.04	\$ 6.66
Yr 3	\$459,600	\$ 210.83	\$ 7.00
Yr 4			
Yr 5			
Yr 6			
Yr 7			
Yr 8			
Yr 9			
Yr 10			

Available Parking	11
Lease signing	n/a
Co-op takes possession	n/a
Open for Business	11/1/2014

Depreciation Assumptions	Years
Building	39
Building Improvements	15
Equipment	5 to 10
Organization Development Costs	0

SOURCES

Benefits & Donations		52,302.71	11.20%
Grants [Net]	<i>effective after 4/1/15</i>	264,510.87	56.66%
Member Equity		0.00	0.00%
Member Loans		0.00	0.00%
Owners Contribution		316,813.58	67.87%
City/Community Loan	<i>Bridge Loan</i>	50,000.00	10.71%
Landlord Contribution		0.00	0.00%
Vendor Credit		0.00	0.00%
Free Fill		0.00	0.00%
External, subordinated		50,000.00	10.71%

	Installment Loan	75,000.00	16.07%
	LOC	25,000.00	5.36%
1st Position Debt		100,000.00	21.42%
Total Sources		466,814.00	100.00%
USES			
	Land	0.00	0.00%
	Building Acquisition	0.00	0.00%
	Leasehold Improvements	0.00	0.00%
	Re-Start Equipment	13,106.06	2.81%
	Re-Start Inventory	35,000.00	7.50%
	Fees	0.00	0.00%
	Pre-start promotion	500.00	0.11%
	Pre-start staffing	2,165.82	0.46%
	Operating/Admin prior to opening Taxes, Insurance and Debt Service	5,687.59	1.22%
	Holding/Site Costs Accounts Payable	22,071.61	4.73%
	Interest during project Loan closing costs	2,500.00	0.54%
	Pre-opening professional support	6,400.00	1.37%
	Working Capital allowance	379,382.92	81.27%
Subtotal Uses		466,814.00	100.00%
	Overrun Allocation	0.00	0.00%
Total Uses		466,814.00	100.00%

Pre-start cash out - Operations	\$ (17,253.41)
Pre-start cash out - Bal Sheet entries	\$ (70,177.67)
Pre-start cash in	\$ 177,302.71
CASH ON HAND @ RESTART	\$ 89,871.63

39,871.63

RE OPEN: TWO MONTHS OPERATING IN FY 1 (Nov-Dec 2014)

New Construction. Build to suit by landlord/ownership transferred.

80% of total space

12 months (Y2) property taxes, commercial liability ins, RE taxes, BOD insurance**

2 months only

Includes

Building Acquisition
Construction/Site Development, Fees, Holding Site Costs, Interest During Project

****see Asset Purchase & Depreciation schedule**

~~Startup Staffing, Startup Promotion, Business Disruption~~

Approximate balance of Mercy Works interim expense grant remaining after back-taxes paid. To be used toward A/P or insurance activation ("Uses" below); plus \$40,000 in pending grant requests

****see Grants Schedule**

none on hand

TRUE

6000

50000

***see Debt Schedule**

***see Debt Schedule**

***see Debt Schedule**

done

done

done

Cafe build out + walk-in cooler (used)

COGS for 1 month

N/A for Re Start

mailing and print materials re: grand reopening

2 weeks of labor incl. fringe

Oct-Dec 2014 prop taxes; property + commercial liability insurance: down payment + 1 mo (Sept-Oct); 2 mo pre-opening BOD insurance premium (Sept-Oct); October debt service on installment loans

****see Prop Tax Schedule**

****see Accounts Payable schedule**

"guestimate"

4 weeks IGM

Maintain acceptable cash balance. Includes limit on revolving credit line.

\$141.46 sq.ft.

\$

466,814.00

TRUE

excludes grants (available 6+ months after restart) and LOC (cash flow coverage only)



existing mini grant
GAP





2014 Annual Report of OCDC Committees Finance Committee

Committee Members & Staff

Matt McAnaney, Director

Leonard Manfrates, Director

Julie Cerio, President / Chief Executive Officer

Honora Spillane, Secretary

Kristi Smiley, Treasurer

Purpose of the Committee

The purpose of the finance committee shall be to review proposals for the issuance of debt by the Corporation, and provide recommendations to the Corporation regarding the issuance of debt.

Meeting Schedule:

The committee met 2 times on:

- 1) June 12, 2014
- 2) October 9, 2014

Fiscal Year 2014

1. Annual Self-Evaluation: The committee conducted a self-evaluation. It found _ issues. The Committee will submit its evaluations to the Governance Committee for its final review and recommendations to the Board. The Governance Committee will submit the evaluations to the full Board at the Annual Meeting on March 12, 2015.

2. Charter Review: The committee reviewed its charter on June 12, 2014. It was satisfied with the charter.

3. Disposition of Duties:

The committee discussed the final Bond resolution for the Northwest Area YMCA Project at the June 12, 2014 committee meeting. It found zero issues with the bond transaction and recommended to the Board that the resolution be approved.

The committee discussed the proposed loan guarantee for the Eat to Live Food Cooperative at the October 9 2014 meeting. It did/did not recommend approval to the Board.

The committee reviewed its charter at the June 12, 2014 meeting and its annual report and self-evaluations at the October 9, 2014 meeting. The committee found _ issues.