



## Binghamton Local Development Corporation September 1, 2014 – August 31, 2015

Richard C. David, Mayor

Robert C. Murphy, Executive Director

Binghamton Local Development Corporation  
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[www.binghamton-ny.gov](http://www.binghamton-ny.gov)

September 1, 2014 - AUGUST 31, 2015

John Saraceno, President/Treasurer

Richard David, Director

Chuck Shager, Director

Patricia Cummings, Director (left March 2015)

Per Stromhaug, Director

Chris Papastrat, Director

Juliet Berling, Director (began February 2015)

Arthur Smith, Vice-President

Ron Sall, Secretary

Jennie Skeadas-Sherry, Director (left Jan.2015)

Ken Frank, Director

Mary Jacyna, Director

Lea Webb, Director (left August 2015)

**Staff**

Robert Murphy, Executive Director

Ashley Shager, ED Specialist (left July 2015)

Sabina Mora, ED Specialist (left March 2015)

Joel Boyd, Assistant Director

Lesley Cornwall, ED Specialist (started July, 2015)

## MISSION

The Binghamton Local Development Corporation (BLDC) was founded in 1982 as a public benefit corporation to promote employment and economic development in the City of Binghamton. Its mission as adopted by the BLDC Board of Directors is:



**BINGHAMTON LOCAL  
DEVELOPMENT CORPORATION**

*To further sustainable development in the City of Binghamton by attracting new business, retaining and growing established businesses, building industrial and commercial capacity, promoting employment and fostering entrepreneurship and innovation.*

## GOVERNANCE

The BLDC is a 501(c)(3) non-profit corporation directed by a board of municipal and business leaders. Of the twelve Directors appointed to the Board in 2015, four serve by virtue of their elected or appointed positions in City government: The City of Binghamton Mayor, the City of Binghamton Director of Planning Housing & Community Development, the City of Binghamton Finance Director/Comptroller and the City of Binghamton Corporation Counsel. Five additional Directors are appointed by the Mayor to serve two-year terms. The President of the Binghamton City Council appoints two members to serve one-year terms, one each from the majority and minority party. The City of Binghamton Director of Economic Development serves as the BLDC's Executive Director. In the 2014-2015 fiscal year, the BLDC Board held 11 regular meetings and the annual meeting.

## COMMITTEES

The purpose of the Finance Committee is to oversee the BLDC's debt and debt practices and to recommend policies concerning the BLDC's issuance and management of debt and to review and provide recommendations regarding BLDC loan financing.

The purpose of the Governance Committee is to keep the Board informed of current best practices in corporate governance and update the BLDC's governance principles and practices.

The purpose of the Audit Committee shall be to assure that the corporation's board fulfills its responsibilities for the corporation's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting.

The purpose of the Strategic Priorities Committee is to develop on behalf of and in collaboration and consultation with the Board, key strategic goals and actions, such as identifying and pursuing grant opportunities and recommending the BLDC's annual marketing plan.

Each year the City of Binghamton executes an agreement with the BLDC to manage the City's low-interest loan fund, grant programs and economic development activities. The BLDC's revenue sources include the annual CDBG allocation for BLDC operations, interest income and commitment fees generated from CDBG loan fund, interest income and commitment fees generated from the Urban Development Action

Grant (UDAG) loan fund, as well as grant programs such as the New York State Main Street Grant and the New York State Entrepreneurial Assistance Program.

## Loan Programs

### MICROENTERPRISE LOAN PROGRAM

The Microenterprise Loan Program targets small and start-up businesses. Loans are offered in an amount less than \$25,000 with a 5-year term and a fixed interest rate of prime rate (per rate published in the Wall Street Journal) plus 0.5%. Microenterprise loans can be used for the purchase of fixed assets, working capital and inventory. UDAG funds provide the source for Microenterprise loans. In an attempt to make our loan program more accessible to new business owners, M/WBE and Veteran-owned start-ups under Mayor David's leadership, the BLDC authorized the Executive Director and President to authorize rapid response loans not to exceed \$5,000 to business who meet BLDC objectives and the general requirements of the Microenterprise Loan applications.

### COMMERCIAL FAÇADE IMPROVEMENT LOAN PROGRAM

The Commercial Façade Improvement Loan Program targets exterior building improvements particularly in the City's historic districts. The BLDC finances up to 75% of total project capped at \$100,000, at prime rate up to a 5-year term; prime plus 0.5% up to a 10-year term (prime rate as published in the Wall Street Journal). Borrower's equity contribution and non-BLDC funding must be invested and documented prior to any BLDC funds being advanced; 1/3 draw can be made with presentation of verifiable invoices, interest only payments begin on aggregate principal advanced; the second 1/3 draw with verifiable invoices; final 1/3 draw following invoices and inspection by City Building Department; then, principal and interest payments begin. UDAG funds provide the source for Commercial Façade Improvement loans.

### REVOLVING LOAN PROGRAM

The Revolving Fund Loan Program is available to a proprietorship, partnership or a corporation engaged in commercial activity. BLDC will finance up to 40% of total project cost capped at a maximum of \$250,000. Loans are collateralized by fixed assets for a term compatible with bank lending or depreciable life of machinery/equipment based on specific projects up to 20 years, at an interest rate of prime rate as published in the Wall Street Journal less 0.5%. The rate is fixed on the date of formal Board approval. Jobs hiring individuals from low-to-moderate income brackets as defined annually by HUD must be created within 3 years of securing funding at a ratio of 1 job per \$35,000 of funds borrowed. Loans may be used for buying a building, purchasing machinery or fixtures; development, rehabilitation, renovation or improvement of land, buildings and facilities; or other eligible activities within the project scope. CDBG funds provide the source for Revolving Fund loans.

### SPECIAL PROJECT LOAN PROGRAM

The Special Project Loan Program provides flexibility for the BLDC to partner in projects that have a significant economic impact, meet a defined need or address a strategic focus, such as mixed use development, blight reduction, or green/sustainable development that may not fit into one of the other loan programs. Special Project loans may be structured more creatively to take advantage of other funding sources and project scenarios. UDAG funds provide the source for Special Project loans.

### ENERGY EFFICIENCY LOAN PROGRAM

The Energy Efficiency/Green Jobs Loan Program is dedicated to the start-up/expansion of Building Performance Institute (BPI) certified businesses within the City of Binghamton and City of Binghamton small businesses that want to make energy efficiency improvements to their property. The fund is supported from two sources: \$60,000 from the USDA Rural Business Enterprise Grant and \$60,000 from the BLDC's CDBG Revolving Loan Fund. The minimum loan amount is \$5,000, the maximum is \$80,000 and for every \$35,000 loaned, the borrower must create at least one full-time job. The loan requires 10% owner equity and carries a 3% fixed interest rate.

### BUSINESS RESTART LOAN PROGRAM

The Business Restart Loan Program is a special reserve account of \$100,000 to provide below market rate loans to small businesses impacted by natural disasters that are in need of assistance with reopening their businesses. This loan program was created initially as a temporary fund in response to the significant flooding event on September 7, 2011 which affected the operations of many small businesses. In May 2012, the Board approved making the reserve fund and loan program permanent. The Restart Loan Program provides local qualified businesses up to \$10,000 to cover restart costs including the purchase/repairs of business equipment, paying fees for professional service related to flood damage and covering capital shortfalls as a result of the flood. BLDC waives the usual application fees and no equity investment is required under this program. The rates are 1% fixed interest for the 1 year term and 3% fixed interest for terms greater than one-year. All loans will include deferment of principal and interest payments for the first three months from the date that the loan proceeds are disbursed. The loan balance then will be amortized over the remaining term of the loan.



**Name of Loan Applicant: SYED ALI AND ADAM IBRAHAM**

**Address of Loan Applicant: 14 Vanderver Avenue, Suite 255, Port Washington, NY 11050**

**Loan Amount: \$24,500**

**Total Project Cost: \$1,843,000**

**Loan Fund: Microenterprise Loan Fund Program**

**Racial/Ethnic Composition of Business Owners with majority**

**interest (51% or more): White**

**M/WBE Status: No**

**Project Description:**

Syed Ali and Adam Ibrahim bought 73 Court Street to assist with the redevelopment of the mixed-use 19<sup>th</sup> century commercial structure that once hosted McDonald's as a first floor tenant (now The Place on Court Bar). The prior owner gutted the upper stories of the back section in order to rent to students. He had a fire and was unable to move ahead with plans resulting in this section not being particularly well maintained. Syed Ali and Adam Ibrahim were forced to close on the property earlier than anticipated to prevent a tax foreclosure. The purchase price was \$600,000 and the expedited closing put them in need of financing to cover soft costs – building surveys and architectural plans, so the BLDC issued a Microenterprise loan to help them through this funding period. These funds are to be repaid on or before the issuance of the Certificate of Occupancy of the building

**Project Status: This BLDC loan closed on May 5, 2015.**



**Name of Loan Applicant: S2 PROPERTIES, LLC & BINGHAMTON GARAGE, LLC D/B/A THE GARAGE**

**Address of Loan Applicant: 94 Eastwood Drive, Johnson City, NY 13790**

**Loan Amount: \$75,000.00**

**Total Project Cost: \$375,000.00**

**Loan Fund: Special Projects/Revolving Fund Loan (CDBG)**

**Racial/Ethnic Composition of Business Owners with majority interest (51% or more): White  
**M/WBE Status:** No**

**Project Description:** The applicants, Tim and Daniel Sharp of S2 Properties, LLC & Binghamton Garage, LLC, requested a BLDC Special Projects/Revolving Fund loan to provide capital for equipment and leasehold improvements to the structure at 211 Washington Street for an American themed eatery and bar called "The Garage".

**Project Status: This BLDC loan closed on October 6, 2015.**



**Name of Loan Applicant: ONE NORTH DEPOT, LLC**

**Address of Loan Applicant: P.O. Box 1554, Binghamton, NY 13902**

**Loan Amount: \$200,000.00**

**Total Project Cost: \$673,149.00**

**Loan Fund: \$100,000.00 Special Projects/Revolving Fund Loan (CDBG) and \$100,000.00 Façade Improvement Fund loan**

**Racial/Ethnic Composition of Business Owners with majority interest (51% or more): White M/WBE**

**Status:** No

**Project Description:** The applicant, Josh Bishop of One North Depot, LLC requested a BLDC Special Projects/Revolving Fund loan and a Façade Improvement Fund loan for the revitalization and restoration of a blighted historic structure located on North Depot Street. The applicant needed to make emergency repairs to the North facade of the building to make the structure more attractive to commercial lenders in order to develop the building into affordable apartments to house professionals and students as well as commercial storefront space, office space and work space. The applicant has agreed to pay off this loan once commercial funding is available.

**Project Status: This BLDC loan has not been closed but is expected to close in late December, 2015 or early January, 2016.**





**Name of Loan Applicant: FDG REAL PROPERTY HOLDINGS, LLC**

**Address of Loan Applicant: 73 Court Street, Binghamton, NY 13901**

**Loan Amount: \$350,000.00**

**Total Project Cost: \$1,843,000.00**

**Loan Fund: \$250,000.00 Special Projects/Revolving Fund Loan (CDBG) and \$100,000.00 Façade Improvement Fund loan**

**Racial/Ethnic Composition of Business**

**Owners with majority interest (51% or more):**

White **M/WBE Status:** No

**Project Description:** The applicants, Syed Ali and Adam Ibrahim of FDG Real Property Holdings, LLC, requested a BLDC Special Projects/Revolving Fund loan and a Façade Improvement Fund loan to provide capital for the renovation of an apartment building on 73 Court

Street. The renovated mixed use building has 12 apartments with 32 bedrooms as well as an approximately 4,000 sq. foot commercial space on the first floor. The project includes using state of the art wired-in projection theater and a unit-wide distributed audio system in each loft. The project also includes a URI for a green roof in the amount of \$300,000.00.

**Project Status: This BLDC loan closed on November 20, 2015.**

In 2014-15, the BLDC served as the grant administrator for the New York State Entrepreneurial Assistance Program of Empire State Development Corporation. The prime contractor for this program is the Broome Enterprise Triad consisting of SUNY Broome Community College, the Broome County Urban League and Broome-Tioga Workforce New York. The 60-hour class was conducted by SUNY Broome staff and contract professionals covering a range of topics including marketing, finance, and market analysis which result in participants producing a completed business plan. The program provides individualized and specific assistance to start-ups and newly opened businesses and ongoing support through weekly and monthly meetings with the client advisory group. The Fall 2014/2015 training resulted in 14 graduates.

## 2012 NY Main Street Grant

The BLDC closed its second NYS Office of Community Renewal Main Street Grant. The \$250,000 grant provided matching funds for façade improvements, commercial and mixed use development including affordable housing units in a targeted district. The BLDC focused on Chenango Street from Court to Henry, Henry Street between Chenango and State, and State Street from Henry to Lewis. Six projects were selected based on criteria established by the state and the BLDC Strategic Priorities Committee, they included: 201 and 213 State Street, 23 and 60 Henry Street, and 34 and 40 Chenango Street. The projects created four new market rate residential units and all six structures include commercial and façade improvements. \$15,000 of the grant was reserved for streetscape improvements within the district which included lighting for the streetscape and decorative bicycle racks for the downtown area which attracted front page attention in the Press & Sun Bulletin.

## Technical Assistance

The Binghamton Local Development Corporation staff serve as a concierge for businesses starting and expanding in the City. Services include:

- Location Assistance
- Monitoring and Facilitating Review by the Planning Commission, Zoning Board, Commission on Architecture & Urban Design and Department of Building and Code Enforcement
- Assistance Navigating Local, State and Federal Grant and Loan Programs
- Business Plan Workshop

The BLDC works closely with the Small Business Development Center, the Entrepreneurial Assistance Program at SUNY Broome and SCORE to assist clients in developing solid business plans and financial projections to ensure success.

**Performance Measure 1:**

**To provide programs promoting maximum employment, improved job opportunities and training within the City of Binghamton. We commit to creating more opportunities for employment annually to small, minority, and women owned businesses in the City.**

- The BLDC offers a Microenterprise Loan Program, Revolving Loan Program and Special Projects Loan Program that incentivizes new job creation and assists existing businesses retain and expand their workforce.
- The BLDC approved a \$24,500.00 loan to Syed Ali and Adam Ibrahim, a project that is expected to result in two full-time jobs within a 3-year period. In addition, the BLDC approved a \$350,000.00 loan to FDG Real Property Holdings, LLC, and although this loan did not require job creation, it is anticipated that the project will generate at least 3 full-time jobs in addition to dozens of construction jobs.
- The BLDC approved a \$75,000.00 loan to S2 Properties, LLC & Binghamton Garage LLC d/b/a The Garage, a project that is expected to result in the creation of three professional full-time jobs.
- 14 students graduated from the Entrepreneurial Assistance Program which involves 60 hours of training for to start-ups and newly opened businesses resulting in a completed business plan.
- The BLDC also worked in conjunction with Binghamton University for interns working on various economic development projects throughout the City.

**Performance Measure 2:**

**To provide funding for startup businesses through loans and our business plan competitions.**

- The BLDC approved a \$24,500 Microenterprise Fund Loan to Syed Ali and Adam Ibrahim, to assist in the purchase of 73 Court Street to assist with the redevelopment of the mixed-use 19<sup>th</sup> century commercial structure downtown.
- The BLDC approved a \$75,000.00 loan to S2 Properties, LLC & Binghamton Garage LLC d/b/a The Garage, a project that is will help establish a new unique American themed restaurant on a vacant lot located at 211 Washington Street in downtown Binghamton.
- The 2014 Business Plan Competition resulted in seven finalists. Idea Kraft was the winner and received a \$5,000 grant to expand their operations in the City of Binghamton.

**Performance Measure 3:**

**To disseminate information; furnish advice, technical assistance, and liaison with federal, state, and local authorities for small businesses.**

- The BLDC hosted an informational workshop to support local businesses: the Business Plan Development Workshop in connection with the BLDC Business Plan and the Digital Marketing for Small Business Workshops.
- The BLDC disseminated information via two media campaigns that advocated for buying local.

- The BLDC assisted multiple businesses with its concierge service, in the planning review process, CAUD approvals, Waterfront Advisory Committee approvals, and building and construction permitting and review.
- The BLDC responded to dozens of inquiries regarding site location assistance in the city resulting in multiple business openings and re-locations.
- The BLDC responded to inquiries related to SBA programs, NYBDC backed funding, NYSERDA programs and met with representatives of state and local government to learn about and advocate for business development programs.
- The BLDC visited with numerous businesses to learn about the firm's products, level of satisfaction with City services and the various programs that the BLDC offers. The BLDC has also reached out to businesses in other cities and states to bring new business to the City.

**Performance Measure 4:**

**To cooperate and coordinate with municipalities and local governments, community groups, agencies, and other non-profit corporations to further the mission of the BLDC.**

- The BLDC regularly participated in SUNY BEST, a consortium of workforce development, economic development and higher education stakeholders in Greater Binghamton.
- BLDC regularly coordinates economic development activities, including existing and potential loan and grant opportunities with Binghamton University, SUNY Broome, SCORE, NYS Small Business Development Center, the Agency - the Broome County IDA, the Southern Tier Regional Economic Development Council, the Greater Binghamton Chamber of Commerce and local financial institutions.
- Worked with STREDC team in numerous scoping and project identification meetings held at BU, Buffalo and Albany.
- The BLDC continued its assistance and participation in the 2015 Chris Thater Memorial Race. The event consisted of cycling, a 5K run and an outdoor expo. The BLDC's Live on the Waterfront summer music festival provided six Friday evening shows to bands from Binghamton and BU. In addition the BLDC worked with the City and private volunteers to plan, coordinate and fund the first LUMA festival in downtown Binghamton which resulted in audience of 20,000 and a huge success.

**Performance Measure 5:**

**Provide funding for construction, building improvements and other uses, industrial, commercial, or manufacturing buildings or plants within the City of Binghamton.**

- The BLDC provided a \$350,000.00 loan to FDG Real Property Holdings, LLC to assist in the renovation of 73 Court Street for the redevelopment of the mixed-use 19<sup>th</sup> century commercial structure downtown.
- The BLDC provided a \$75,000.00 loan to S2 Properties, LLC & Binghamton Garage LLC d/b/a The Garage, for the renovation of an empty garage building at 211 Washington Street in order to open a new American themed restaurant in downtown Binghamton.

- The BLDC approved a \$200,000.00 loan to One North Depot, LLC for the revitalization and restoration of a blighted historic structure located at 1 North Depot Street in order to provide affordable apartments to house professionals and students as well as commercial storefront space.
- Through its concierge service, the BLDC provided technical assistance and support to multiple projects involving construction and renovation during the planning review process.

**Section 2800 (1)(a)(9) and Section 2800 (2)(a)(9) of Public Authorities Law require all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.**

The importance of an adequate system of internal control is to: (a) promote effective and efficient operations so as to help the authority carry out its mission; (b) provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; (c) promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; (d) encourage adherence to management's policies and procedures for conducting programs and operations; and (e) ensure compliance with applicable laws and regulations. Furthermore, a successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

Internal controls are the policies, practices, attitudes, guidelines and other actions adopted by the authority that, when followed, provide reasonable assurance that staff understand and properly carry out their responsibilities, that appropriate professional and ethical conduct is observed, and that the authority will honor its purpose and mission.

This statement certifies that the Binghamton Local Development Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the fiscal year ending August 31, 2015 and that management and staff throughout the organization understand and are aware of the policies and practices in place to ensure that the authority is effective and to address the risks that are relevant to the operation. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.