

## MINUTES OF MEETING HELD MAY 29, 2020

### THE MEMBERS OF THE BOARD OF DIRECTORS OF THE WARREN COUNTY LOCAL DEVELOPMENT CORPORATION

A Special meeting of the Members of the Board of Directors of the Warren County Local Development Corporation (LDC) was held on May 29, 2020 at 10:00 a.m. in the Committee Room at the Warren County Municipal Center.

The meeting was called to order by Peter McDevitt, Chairman of the Warren County Local Development Corporation at 10:00 a.m.

The following Directors were present:

Peter McDevitt	Eugene Merlino
Craig Leggett	Brad Magowan
Matthew Simpson	

The following Directors were absent:

Others Present:

Ed Bartholomew, CEO, Warren County Local Development Corporation  
Kevin Geraghty, Warren County Supervisor  
Claudia Braymer, Warren County Supervisor  
Dennis Dickinson, Warren County Supervisor  
Brad Magowan, Warren County Supervisor  
Ryan Moore, Warren County Administrator  
Robert Terwilliger, First Assistant County Attorney  
Tammie DeLorenzo, Assistant to the County Administrator  
Don Lehman, Warren County Director of Public Affairs  
Wayne LaMothe, Warren County Planner  
Patricia Tatic, Warren County Assistant Planner  
Kristy Miller, Confidential Secretary to the County Administrator  
Donnie DeVito, CEO, KIRSH Helmets  
Aaron Lynds, KIRSH Helmets  
Jeff Killeen, KIRSH Helmets

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Chairman McDevitt called the meeting to order. He continued with the agenda regarding consideration of a request for one loan approval under the LDC loan program. Mr. Bartholomew welcomes the officers of KIRSH Helmets; Don DeVito, CEO; Aaron Lynds, CFO; and Jeff Killeen, part of the Advisory Group. He advises that Mr. DeVito came to the EDC (Economic Development Corporation) to talk about their research and development with creating a more protective helmet, but the EDC was not at a point to loan money for research and development. Therefore, through their own hard work they reached out and were provided with funding for their research. He explains that Mr. DeVito has always indicated a commitment to be in Warren County for their manufacturing and Mr. DeVito came back to the LDC several weeks ago to discuss their request for a loan to allow them to go from a research and development phase to implementing and actually manufacturing helmets.

Mr. DeVito addresses the committee to provide an overview for KIRSH Helmets. He advises the Jason Kirshon is the founder of the company who created the technology over the last 10 years. He explains that his role has been to move this technology from the innovation, which Mr. Kirshon patented into an industrialized product. He continues to explain that the company's technology and patent portfolio have been developed with great work and effort. He indicates that through a solid base of shareholders they were able to raise approximately \$2 million and now that they have moved from innovation into an industrialized product they are ready to launch the technology and decided to move their key manufacturing piece to Warren County last year. He explains that they have supporting relationships with suppliers in Warren County and advises that they have the only motorcycle helmet that is made entirely in the United States with all their parts coming from New York and parts of the Northeast. He continues to explain that he came to discuss with Mr. Bartholomew about their current status and making the transition from research and development to production with the need of machines and manpower, in hopes that the LDC would support their investment. Mr. DeVito indicates that over the next year, KIRSH Helmet will spend about \$1 million in the County alone and about 20% of that is what they are asking the LDC to loan. He advises that they are very confident about their ability to pay-back the loan, to use the money wisely and execute their business plan. Mr. DeVito explains that they have very experienced individuals within the company, one being Jeff Killeen who is a serial entrepreneur as well as Aaron Lynds, CFO, who is extremely experienced in working on innovation and technology. He continues to explain that he realizes that we are all affected by the current pandemic and they see many advantages in what the pandemic does for their business, such as their helmet being the one and only made in the United States. Others are made in Asia and Europe with that manufacturing supply chain being much disrupted from the pandemic.

Aaron Lynds addresses the committee and advises that his background has been with General Electric for 30 years as the CFO and finance leader, mostly in the industrial businesses. He indicates that he spent the earlier part of his career in the plastic business where he worked on the scaling of manufactories and the last 7 years of his career he had the pleasure of working at GE Global Research Center where he helped build and setup five research centers around the world; one in Brazil, one in Germany, one in India, and a couple in the United States. With this experience he learned the importance of good leadership, a lot of discipline around what costs are and what they could be as well as some agility. He explains that the current pandemic that we are facing is a great example of how you have to have a robust business model, you have to understand what happens, what are your other alternatives are and your options. He continues to explain that he has seen a lot of new technology being developed and if it makes it into product, sometimes the market shifts like it has right now in the airline industry and you need to know how to respond. He states that the detail, the attention and having a good team are probably your best weapons to respond. He indicates one of the things he likes about KIRSH is that the technology is a great example of known technologies being put together in a novel way to solve a real problem.

Jeff Killeen addresses the committee and states that he is a Warren County resident who is an investor in the company as well as an advisor. He explains that his professional background consists of being the CEO of four technology based start-up companies over the past 25 years and he looks at KIRSH as the start off cycle and the innovation cycle of a high potential opportunity. He continues to explain that he looks for a separation of where interesting ideas, interesting product concepts and great business ideas come from in new companies and he believes that KIRSH represents both of those. He advises that it is a market innovation idea by

intellectual property, which is really important and it has a well-staged company launched plan. Mr. Killeen indicates that he decided to invest in KIRSH and join Mr. DeVito as an advisor as the company met a series of criteria that he thinks are important both for any company, but also for anyone choosing to be part of the financing process. He explains that KIRSH checks off the boxes that will guarantee success, the first being a huge unmet global need for protective head gear in high performance activity markets with a patent protection portfolio. The second thing he looks for in companies is if the idea is a one trick pony or a stable of stallions and with that regard the business plan starts with a motorcycle market with a very innovated helmet design, but is also goes into twenty-six other vertical markets including construction helmets, sports helmets, military helmets, police, and EMS helmets creating a global market that this patent technology can address. He continues to explain that he also looks for proof of concept and KIRSH is ready to go in the motorcycle market that has a dealer network, it has an ecommerce strategy, it has a club strategy, and it is primed to go with orders in the pipeline that this loan will help trigger. He advises that the operating team has been assembled from world class operators in the motorcycle market including the former VP of strategy for Harley Davidson now being KIRSH's VP of strategy. He indicates that this company is perfect for Warren County for a source of new employment that everyone should be proud of as this company scales out globally. He explains that with the current pandemic it does get in the way to a degree, which KIRSH has adjusted their sales force for, but even though it is a sad opportunity it is an opportunity in that the supply chains around the world have been crushed due to the pandemic. He continues to explain that when the States begin to open up, motorcycling is an activity that can be done through social distancing, which will increase the demand for product that KIRSH can capitalize on.

Supervisor Braymer apologizes for dropping in on the middle of their presentation and indicates that she appreciates all the information they have already done and provided. She questions where the facility is located in Warren County and Chairman McDevitt advises that they are located off Big Boom Road in the Town of Queensbury.

Chairman McDevitt advises that he spoke to a good friend of his and this friend asked him what kind of patent protection KIRSH has and after their presentation he now realizes that they have certainly done their job in that aspect.

Mr. DeVito explains that they have seven issued patents, which are utility patents, design patents and manufacturing processing patents. He continues to explain that they have also recently filed two continuation patents to extend their claims on the manufacturing process. He advises that they have six provisional patents that they filed internationally through the patent treaties for another fifty-six countries, which they filed and expect to get approval on and issued this year.

Director Magowan thanks the officers and appreciates their presentation as well as the extensive work that they have done getting this far. He explains that he is a motorcycle rider and their product is the closest thing for having the lightness and safety that you need instead of getting a non-DOT helmet. He continues to explain that he thinks their product is awesome looking and he has been following their product for a while now and thinks it is great. He advises that this product is an essential item that is needed and he is looking forward to working with them.

Director Leggett welcomes and thanks the officers. He explains that he was doing a little research on their product and the impact study on worldwide businesses and indicates that it

looks like a pretty impressive helmet that will be very much needed. He questions if they are currently producing and selling these helmets and Mr. DeVito advises that they are making helmets now at the facility. He explains that the helmets that they are now making are in the process of final testing and they will begin delivering helmets to their independent agents across the country and from there to the dealers this month. He continues to explain that they have certified the helmets internally for DOT, but they have also chosen to do an external third party certification process prior to shipping. He advises that according to their plan they believe they will be delivering several thousands of helmets to customers within the next few months. He explains that there are some critical pieces of machinery that they would like to have that would be used for continued research and development for their next helmet, but also to conduct quality assurance testing in house in order to save them time and money. He continues to explain that they would have to hire additional manpower to do final assembly, which would consist of veterans and people with disabilities. He reiterates that the funds they are asking for are to pay for some of the equipment and to hire the manpower that they need in order build for their launch. Mr. Leggett questions if the expansion is part of the funds they are asking the LDC to loan them and Mr. DeVito confirms that is part of their plan. Mr. Lynds advises that they are looking to add equipment for testing, which is extremely important as having the ability to do testing in house allows them to make changes on designs very quickly. He indicates that having additional equipment like the manufacturing robot that they currently use would be extremely helpful to have and that is another plan that they have in place for part of the expansion.

Chairman McDevitt asks Mr. Bartholomew if the number of employees that KIRSH plans to hire the first year will be 7 full-time, the second year 14 full-time and the third year being 16 or 17 full-time. Mr. Lynds confirms that those numbers are what they are anticipating for the facility in Queensbury and advises as they go through the year they will expect some seasonality, such as one to two shifts through the peak areas of the year.

Mr. Bartholomew explains that the application that was submitted and what the Board is considering is a loan of \$167,513 over a period of 4 years, an interest rate of 4.5% with interest only payments for a period of 6 months and a loan agreement would be prepared by the First Assistant County Attorney, Robert Terwilliger. He continues to explain that this is very important for the company and is the very first time that the LDC is assisting a company that has been moving from a research and development start-up plan to actual implementation. He advises that traditional financing is not always available for this type of transition and the LDC fund is one of the entities that can make this type of project happen. He states that he believes the KIRSCH Helmets has set the bar very high in terms of the criteria by putting together the management team that they have, the advisory team and also the amount of vendors that they are reaching out to right here in Warren County.

Director Magowan states that he believes this is something that will really come together and is very excited about their product.

Chairman McDevitt advises that having an American made product that is fully manufactured in this country is an exciting development.

Mr. DeVito explains that they have been working with the veterans' program that is located in Mr. Bartholomew's building and they are prepared to hire people from there. He continues to explain that they will have a need to do workforce development education and they have received some workforce development funds, but a continuation of that would be very helpful and getting additional funds for education and training for the staff as they come in

would be beneficial. He indicates that the training that they can produce is documentation and video, which is the same stuff that they need to use to educate the dealers and apparel managers across the country in order for them to understand how KIRSH makes their products and how different this innovation is. Therefore, they will need additional funds to educate their workforce and if it's possible to do that, they would be very appreciative.

Director Simpson thanks the officers of KIRSH for bringing this to the LDC and it is very exciting to hear about their business plans and their future in Warren County.

Director Merlino advises that their plan is very impressive and is the best information the LDC Board has received before lending money. He explains that he has a personal connection with helmets and is looking for the veterans' helmets and the football players' helmets, as he has a son who played football for the Army, which he is very proud of, but unfortunately he now has a brain injury. He continues to explain that his son is 55 years old and started playing when he was little up until college and he believes this is a great thing for the future and for generations to come in order to keep that sport going.

Supervisor Braymer advises the officers of KIRSH that SUNY Adirondack and Local 773 have a workforce development program and maybe that is something they could look into. Mr. DeVito advises that they are working with local community colleges and plan to work with SUNY Adirondack as they develop the workforce here. He indicates that they plan on having a lot of interns come in to learn the process and then have the opportunity to continue to work with their company.

Director Leggett asks about the security for the loan and Mr. Bartholomew advises that there will be personal guarantees, liens on all business assets, the owner shareholders' stock lien will be subordinate to the LDC lien, and the LDC will be receiving financial reports on a regular basis.

Wayne LaMothe, Warren County Planner, addresses the committee and indicates that he has not seen the business proposal, but that it all sounds good and he is also a rider and asks that in their marketing plan if there is a projection or thoughts of branding, such as taking the label off the corporate labels or is it going to remain a brand in of its self. Mr. DeVito explains that their technology is so unique and they believe as well as the experts that they work with also believe that the KIRSH brand will carry itself in the market place and the impact technology inside the liner is what really becomes the ingredient. He continues to explain that when it comes to sports and athletics it is their plan to commercialize that technology through partners where they would license the technology and KIRSH would be the sole manufacturer of the liner. He advises that they have several partners right now that are major global players in the construction helmet and safety helmet business that they are discussing innovation with. For instance, they have one of the biggest bicycling companies that came to KIRSH and asked them to work with them to develop a new interior for their helmets to be able to innovate and use their liner for their new line of helmets.

Chairman McDevitt thanks the officers from KIRSH for their presentation.

Director Simpson makes a motion to approve the loan for KIRSH Helmets and Director Merlino seconds the motion. The following motion was unanimously carried:

RESOLVED, that upon consideration of loan application and supporting documents, and upon recommendation of the Business Review Committee, the Warren County Local Development Corporation (“LDC”) hereby approves the loan application for KIRSH Helmets, with the following terms:

Loan Amount: \$167,513

Term & Rate: 4 year loan with 4.5% interest with interest only payments for the first 6 months

Secured Collateral: 1<sup>st</sup> position on all machinery and equipment purchased through this loan and situate at 75 Big Boom Road, Queensbury, NY. Shareholders’ debt shall be subordinate to the extent of this loan with covenant that “no repayment to officers who are shareholders until the LDC loan is paid in full” and personal guarantees from Jason E. Kirshon; Donald A. DeVito and KIRSH Helmets.

Director Leggett advises that in reviewing their website he sees that they have setup a COVID Response and are contributing \$20 from each sale being contributed to help with the COVID relief and indicates that he finds that very impressive for their social responsibility as a business.

Mr. Bartholomew continues with the agenda regarding loan approvals under the Rapid Response Recovery Loan Fund. He advises that they initially received 14-15 applications of which five of them he was able to assist with the Payroll Protection Plan, which afforded them a little more flexibility with the SBA. He indicates that two of them have already received funding with the other three being in the process of receiving funding. He continues to explain that at this current time there are three applications that were reviewed that deal with assistance for working capital, such as payroll, rent and inventory. He asks for an Executive Session to discuss the financial worthiness of credit for those three applicants. Motion made by Director Simpson and seconded by Director Merlino. The motion carries unanimously.

Executive session was declared from 10:50 a.m. to 11:11 a.m.

Committee reconvened and Chairman McDevitt stated no action was taken in Executive Session.

Chairman McDevitt asked for a motion to approve a loan in the amount of \$12,500 for Celtic Attitudes located in Glens Falls, NY. Motion was made by Director Magowan and seconded by Director Simpson. The following motion was unanimously carried:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the Warren County Rapid Recovery Loan for Celtic Attitudes located in Glens Falls, NY in the amount of \$12,500 with a 4% interest rate and bases on a loan term of 48 months with no prepayment penalty and principal and interest payments deferred for 6 months, and be it further

RESOLVED, that the Chairman of the Warren County Local Development Corporation be, and hereby is, authorized to execute the Agreements in accordance with the terms resolved herein above, in a form approved by the County Attorney.

Chairman McDevitt asked for a motion to approve a loan in the amount of \$12,500 for The Dog Cabin located in Lake George, NY. Motion was made by Director Simpson and seconded by Director Merlino. The following motion was unanimously carried:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the Warren County Rapid Recovery Loan for The Dog Cabin located in Lake George, NY in the amount of \$12,500 with a 4% interest rate and bases on a loan term of 48 months with no prepayment penalty and principal and interest payments deferred for 6 months, and be it further

RESOLVED, that the Chairman of the Warren County Local Development Corporation be, and hereby is, authorized to execute the Agreements in accordance with the terms resolved herein above, in a form approved by the County Attorney.

Mr. Bartholomew advises that he will gather more data, information and details on the redemption revenue stream and provide a packet to the Board members to decide on how the LDC would like to proceed.

As there was no further business to come before the LDC Board, motion was made by Director Simpson to adjourn the meeting, seconded by Director Magowan, and carried unanimously.

Chairman McDevitt adjourned the meeting at 11:15 a.m.

Dated: June \_\_\_\_, 2019

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Brad Magowan, Secretary