

St. Lawrence County Industrial Development Agency
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Patrick J. Kelly
Chief Executive Officer

PROJECT ACTIVITY REPORT

Project: LC Drives Rural Business Development Grant and IDA-LDC River Valley Bridge Loan
Project Address: 65 Main Street, Box 21, Peyton Hall
Potsdam, New York 13676
Application Date: April 13, 2018 (RBDG) and May 10, 2018 (Bridge Loan)
Board Approval Date: March 28, 2018 (RBDG) and May 4, 2018 (Bridge Loan)
Assistance Date: May 29, 2018 (Bridge Loan) and July 17, 2018 (RBDG)

Project Overview:

LC Drives has developed technology to revolutionize the electric motor business. Getting this first motor into production will dramatically change the ability to raise large private capital as well as start generating a revenue stream.

The company has applied for an award (sponsored by the IDA) from the USDA Rural Business Development Grant (“RBDG”) Program for \$57,850. The RBDG grant will enable the company to acquire equipment which will be purchased through a lease agreement with the IDA. The equipment will allow LC Drives to expand and test the range of its 20” diameter motor which is being developed for a number of potential markets, including hybrid electric bus traction and marine propulsion applications.

Empire State Development (“ESD”) awarded the Company a \$500,000 capital grant that the Company cannot draw down until it has expended \$2,500,000 in Project-eligible expenses and has met prescribed employment targets. The Company has certified that it has started the drawdown process and assured ESD that it has met both its expenditure and employment goals. Since the Company does not expect ESD to reimburse it for the \$500,000 award for up to 5-6 months, it has applied to the St. Lawrence River Valley Redevelopment Agency for a bridge loan of \$100,000 for the Project in order to bridge part of the \$500,000 award.

Actions Taken:

Proposed Financial Assistance:

St. Lawrence County Industrial Development Agency (RBDG)	\$57,850
St. Lawrence River Valley Redevelopment Agency (Bridge Loan)	\$100,000

Economic Indicators:

Jobs Maintained and Generated – The project will assist in the retention of 16 jobs at wages that are higher than minimum wage rates. More mechanical and technological jobs, like the ones at LC Drives, provide diversification in the workforce and employment opportunities for local college graduates.

Revitalized Properties - The Company is interested in locating its operation in Damon Hall, part of the Clarkson University Incubator Center. Damon Hall is located on the old downtown Clarkson campus and has been vacant for nearly 20 years.

Loans Leveraged: The Company has secured commitments to bridge the other \$400,000 of the Empire State Development award from other development agencies, and the Company will covenant to repay the entire amount of the RVRDA/IDA-LDC loan within 15 days of its receipt of ESD’s reimbursement. The bridge loan will help provide part of the financing that will allow the Company to set up a manufacturing operation in Clarkson’s Damon Hall facility.