**North Country Alliance Local Development Corporation**

**Loan Review Committee Meeting**

**January 11th, 2018**

**Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Thursday, January 11th, 2017 at 2:00 PM via conference call. Dial information 1-800-977-8002 Participant Code 368009#.

**Present:** Tom Plastino**,** Ross Pancoe, Brian Gladwin, Ron Bacon, Tom Plastino, Deb McAtee, Steve Hunt, and Al Dunham

**Excused:**  Marijean Remington and Ron Charette

**Others:** Michelle Capone (DANC), Sue Matton (GNCC), Matt Siver (DANC), Don Rutherford (WLDC), and Patrick Kelly (SLC IDA)

**Call to Order:** The meeting was called to order at 2:03 PM

1. **New Business:** 
   1. M. Siver started off by presenting French Point Associates balloon payment refinance request of a maximum of $93,000 ($45,750.75 WLDC, $44,614.25 NCA) or approximately $90,365.00 for 5 years at 5%. M. Siver gave an overview of the request, indicated that all other terms and conditions will remain the same, and mentioned that Watertown Local Development Corporation was the participating lender and sponsor for the project. Don Rutherford was on the line to support the request. The committee had a brief question on why updated taxes were not provided and M. Siver indicated that the company switched accounting firms and the taxes were out for extension. M. Siver indicated that he did receive the interims from 2017, however, it was not in time to distribute to the committee. The committee took no further issue with the request and a motion was made by B. Gladwin with a second from R. Pancoe with an abstention from D. McAtee. T. Plastino asked D. McAtee the reason for abstention and she indicated she is the banker for their bank loan. S. Hunt also indicated that he is on the Watertown Local Development Corporation board.
   2. M. Siver gave an overview of the Romalato’s (Gus Romeo) workout request. Principal moratorium retroactive beginning May 1, 2017 through August 1, 2018. Interest only payments will be made retroactive to NCA and WLDC from May 1, 2017 through August 1, 2018.Essentially Mr. Romeo has fallen on health issues and financial issues as a result. Mr. John Doldo, his cousin and respected business man in the community, indicated that he Gus provided a letter allowing for him to take over his finances and to work with the lenders to get a workout to help get his finances back in order. M. Siver indicated that the workout request is not ideal, but it is the NCA’s best chance at receiving payment without legal action. R. Bacon asked Don Rutherford if Mr. Doldo had power of attorney and Don indicated that he did not and only had the power to negotiate Gus’s finances. R. Bacon asked what we had for collateral and Don indicated that the NCA has a 2nd mortgage position with the WLDC on the business real estate. Don indicated the last collateral change was the release of Todd Badalato’s guarantee so Mr. Romeo could lease the building to generate revenue and make the Watertown Savings Bank, NCA, and WLDC payments. A motion was made by R. Bacon with a second from D. McAtee to approve the request.
   3. M. Siver presented the request from Demer’s Properties, LLC (R/E Holding Company) for 5 Trade, LLC. Dba Adams Glass. M. Siver gave an overview of the request for $193,750 for 15 years at 4.5%. M. Siver indicated that Sue Matton from the Plattsburgh Chamber of Commerce was on the phone as the loan sponsor to the NCA for the request. Sue Matton gave an overview of the project and her knowledge of the owners. R. Bacon asked why we are considering a 15 year term for the request when the bank is doing a 10 year term. M. Siver indicated that the bank is doing a 20 year amortization with a 10 year term so that was the rationale for the 15 year term. R. Bacon indicated that since the bank is doing a 10 year term we should match the 10 year term. Overall the committee agreed that the NCA should consider a 10 year term instead of the 15 year term. R. Bacon indicated that he thought the NCA was under collateralized with the property located at 5 Trade Road at 85% loan to value and floated the idea of potentially taking additional real estate collateral that the Demer’s own personally. The committee debated on whether this was necessary. B. Gladwin indicated that Chris and Jill Demers were rock solid customers and business owners and the former owner had personal issues that caused the business to suffer prior to the sale to the Demers. The neglect from the prior owner can be seen in the actual financial statements. R. Bacon insisted that the committee should consider a shorter term of 10 years and additional collateral for approval. D. McAtee floated the idea of either having the Demers inject an additional 10% of cash into the project totaling 20% or a 2nd mortgage position on their personal residence located at 1522 Lake Shore Road, Chazy NY. A motion was made by A. Dunham and a second was made by S. Hunt with B. Gladwin abstaining to approve the loan with a 10 year term and the contingency of either the injection of 20% equity into the project or a 2nd mortgage on their personal residence.
   4. M. Capone presented a request for LKR Enterprises for $50,000 for 5 years at 5% for working capital. M. Capone noted that Patrick Kelly the loan sponsor for the project was on the call to discuss the request. M. Capone noted that the loan review committee approved interest only payments from January through March last month and LKR paid the January payment in full the interest only period would be from February through April 2018. M. Capone reminded the committee about the nature of the UDC funds as a grant and the funds are not required to be paid back. She noted that the NCA has not been utilizing the UDC funds because the state did not give the NCA admin funds, which recently changed. M. Capone gave an overview of the businesses situation where the subject store for the project in Star Lake is doing well and not the cause of the financial issues for the company. The Boonville and Watertown locations are the stores that are causing the financial stress for the company. Patrick Kelly also discussed the issues with the company and the fact they have a large number of payables that are aged which the proposed working capital loan would help clean up. Watertown Savings Bank, Mark Bellinger, floated the idea of the company taking advantage of technical assistance from Bowers and Company. R. Bacon asked if the company provided any projections with the request and M. Capone indicated that they had not. R. Bacon asked if the company plans on injecting their own funds as cash equity into the project and M. Capone indicated that the $15,000 would be from operations and not from their personal funds. B. Gladwin indicated that the payables with their vendors that are delinquent are of major concern and they should be reaching out to those vendors to work out the payment of those payables. The committee questioned the company’s ability to keep the company going after the majority of the payables are caught up and whether the NCA is throwing good money after bad money. Ultimately the committee refrained from taking any action on this request and indicated that they needed additional information in regard to projections and understanding of payables.
   5. M. Siver presented a request to slightly change the collateral position for a previously approved request for A Taste of Design. The slight change in the collateral would be from a 1st co-proportional mortgage and assignment of rents and leases with the JCIDA and a 1st co-proportional lien position on the business assets with the JCIDA to the NCA having a sole 1st mortgage and assignment of rents and leases with a 1st lien position on business assets. The committee did not take any issue with this request. A motion was made by B. Gladwin with a second from R. Pancoe.
2. **Adjournment:** The meeting was adjourned at 3:00 PM.

The next North Country Alliance Loan Review Committee meeting is scheduled to be held on February 8th, 2018 at 2 PM.