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Motion: B. Gladwin
Second: R. Bacon
NCA LRC Approved 10/7/2019

North Country Alliance Local Development Corporation
Loan Review Committee Meeting
September 5th, 2019 at 2PM
Minutes

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Thursday, September 5th, 2019 at 2:00 PM via conference call. Dial information 1-800-977-8002 Participant Code 368009#.

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

Excused: Franz Philippe

Others: Matt Siver (DANC) and Eric Virklker (Lewis County IDA: Loan Sponsor)

Call to Order: The meeting was called to order at 2:04 PM by Tom Plastino

I. New Business:

- a. Meeting Minutes (Approval of Minutes August 1st, 2019)
 - i. Motion: M. Remington
 - ii. Second: A. Dunham
 - iii. All Approved

- II. Subordination Request – Long Lake Hotel Corporation – T. Plastino indicated that while we wait for Eric Virkler to join the call for the primary loan request we would start with the Subordination Request for Long Lake Hotel Corporation. The North Country Alliance Board of Directors approved a loan on March 21st, 2018 for \$60,000 for 10 years at 4.5% to the Long Lake Hotel Corporation, d/b/a Adirondack Hotel, in order to make improvements to its septic system at its facility in Long Lake, NY. The loan closed on 10/22/2018. The Borrower is making full payments and is current on the loan. The Borrower is refinancing with her primary lender, Community Bank. She has a mortgage balance of \$165,000 as of 8/11/19 with Community Bank. She has spent a significant amount of her own funds over the past few years. In 2011 the area experienced a 100-year flood that cost over \$125,000 in damages to the building that was not covered by her insurance. In 2015, the business was required to undertake a septic and grease tank upgrade by DEC. Ms. Young is requesting \$200,000 in equity from the property. The Community Bank mortgage would be for \$365,000.**

As collateral, the North Country Alliance approved a co-proportional third mortgage and assignment of rents and leases behind two Community Bank mortgages totaling \$224,081. The NCA is in a co-proportional third position with DANC, \$60,000 each, and the Hamilton County IDA, \$137,463. At that time we had a loan-to-value at cost of 43%.

The full market value for 2019 per Hamilton County is \$725,400. An appraisal has been ordered by Community Bank. Our loan-to-value is as follows based upon the full market taxable value and the new bank loan amount:

Full Market Taxable Value	\$725,400
Community Bank	\$365,000
Total Value Collateral after 1 st lien	\$360,400

DANC/NCA/Hamilton County	\$270,000
LTV	.75

Ms. Young is requesting that the NCA subordinate to the new Community Bank loan in the amount of \$365,000 conditioned upon the appraisal having a minimum value of \$635,000 to provide a 1:1 LTV.

The committee felt that it was important for the original loan sponsor, Christy Wilt of the Hamilton County IDA to be on the phone for the request and they also asked for updated financials for the business. M. Remington questioned how the business was doing as when she drives by she does not see as much activity as she has in the past. M. Siver indicated that to his knowledge the business has been functioning well. B Gladwin asked if the NCA checks flood maps for proposed projects and M. Siver indicated that we do for USDA and they are in the project files. M. Siver indicated that the initial analysis was done by M. Capone and the request was approved by DANC and is pending approval from the Hamilton County IDA. M. Siver indicated he would distribute the interim financials to the NCA loan review committee and ask Christy Wilt to be on the call and he would bring the request to the October 2019 meeting. All agreed that would be a good course of action.

- a. Motion to Table: M. Remington
- b. Second: B. Gladwin
- c. Motion approved 09/05/2019

III. Loan Review Request – Homes for Humanity Holdings I, LLC. for \$90,000 for 10 years at WSJ Prime minus 1% with a floor of 5%, fixed at closing. M. Siver gave a brief overview of the previous loan approved by the NCA Board of Directors in November 2016. He indicated that NYS Health Department approval took a significant amount of time and now the facility is approved for the new ownership. M. Siver indicated that the

majority of the original contingencies appear to be satisfied. M. Siver then turned it over to E. Virkler for additional follow up and questions. B. Gladwin touched on the subordination of collateral to the NCA and then asked if the payments to the seller will also be subordinated to the NCA. M. Siver indicated that the collateral and payments were originally approved for the loan in 2016 and will be contingencies for the loan this time around. M. Remington asked if the seller was clear on the conditions and M. Siver indicated that to his knowledge the seller is aware the he will have to subordinate his collateral position and payment position if the NCA was to stop being paid. D. McAtee indicated that as a banker she would get an inter-creditor agreement spelling that out. M. Remington indicated that we should touch base with the seller to make sure they are clear on the conditions. M. Siver indicated the he would work with E. Virkler to do so. B. R. Bacon asked why there was less than 10% equity injection into the project and M. Siver indicated that he worked with the previous approved figures and less than 10% was previously approved. M. Siver indicated he would touch base with Barrington Edie Sr. to make the equity injection 10% from \$43,000 to \$43,600 in addition to the issues with the subordination of payments and collateral. R. Bacon touched on the business itself and the projections and indicated that he did not believe they would come to fruition due to the past performance. M. Siver followed up with details provided in the notes on personal expenses, increased payment to the owner, payment of a note to the owner on top of that, in addition to the food vendor switch as ways the business can improve cash flow for the proposed project. R. Bacon asked what the average per month rate for the facility was and based on the projections Barrington Edie Sr. was showing an average of approximately \$5,000, although currently they are averaging lower as they have some non-private pay clients that will eventually phase out. T. Plastino asked the rest of the committee if they had an issues or concerns and the majority of them echoed issues that Brian previously addressed. T. Plastino also asked E. Virkler why the LCIDA did not plan on participating in this version of the project and E. Virkler indicated that it simply had to do with timing and due to an initial miscommunication with M. Siver. The committee indicated that as long as the seller is on board with the subordination contingencies they would be comfortable approving the request.

- a. Motion: B. Gladwin
- b. Second: M. Remington
- c. Approved 09/05/2019

IV. Adjournment: The meeting was adjourned at 2:55 PM.

The next North Country Alliance Loan Review Committee meeting is scheduled to be held Thursday October 3rd, 2019 at 2:00 PM.