Motion: A. Dunham

Second: R. Bacon

NCA LRC Approved: 05/09/2023

**North Country Alliance Local Development Corporation**

**Loan Review Committee Meeting**

**March 10, 2023 at 11:00 AM**

**Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Friday, March 10, 2023, at 11:00 AM via WebEx. Meeting number (access code): 2633 224 7822. Tap to join from a mobile device (attendees only)

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**Present:** Brian Gladwin, Marijean Remington, Steve Hunt, Ron Bacon, and Al Dunham

**Excused:** Ross Pancoe

**Others:** Dave Zembiec (JCIDA), Matt Siver (DANC), and Michelle Capone (DANC)

**Call to Order:** The meeting was called to order at 11:02 AM by Brian Gladwin

1. **New Business:** 
   1. Approval of Minutes from February 8, 2023
      1. Motion: A. Dunham
      2. Second: B. Gladwin
      3. Motion Approved 03/10/2023
2. **Loan Review Request – War Cannon Spirits, LLC – Bridge Loan – Interest Only extension from March 1, 2023 through July 1, 2023** – B. Gladwin indicated that he thought this request was fairly straight forward with a good borrower and a project that has been successful after four bridge loans. M. Siver gave an overview of the request and told the committee that Paul B. is waiting on the reimbursement from the last portion of his grant and based on the Essex County IDA’s understanding and Paul’s he is meeting all the requirements for reimbursement in June 2023. War Cannon Spirits bridge loan became due in February 2023 for the full amount of $200,000 and the request is to extend the interest only period from March 1, 2023 through July 2023 to give him time to receive the reimbursement and payoff of the bridge loan.
   * 1. Motion: R. Bacon
     2. Second: B. Gladwin
     3. Motion Approved 03/10/2023
3. **Loan Review Request – Adirondack Foothills, LLC. – Request for $150,000 for 5 years and a 10 year amortization and 6 months interest only at WSJ prime minus 1% with a floor of 5% fixed at closing.** M. Siver presented the request to committee and indicated that he worked with Mr. Sligar to obtain additional detail on the fuel costs, pricing, and supplier information, additionally he received information on the life insurance policies for Corey and Robert, along with more detail on the as completed appraised value of the convenience store. M. Siver mentioned that the as completed appraisal came back with a verbal value from Don Coon to Watertown Savings Bank in the minimum amount of $575,000. Jeff Fallon from WSB gave the underwriter the verbal appraisal information. A. Dunham asked if M. Siver determined who would be the fuel supplier and he mentioned that he did, Christman Fuels, who is related to Corey Higgins, and R. Bacon mentioned it was in the write-up. M. Siver mentioned that there was no cash value in the life insurance policies for collateral and Rob Sligar provided a list of properties that we may consider using, however, he hoped that the appraised valuation would be enough for collateral. B. Gladwin thought that the greater detail helped and that this is a tired business that will be refreshed for the surrounding population and the assumptions Robert Sligar made in regard to the fuel and how it functioned made sense. M. Remington agreed along with R. Bacon and they appreciated the additional detail provided, however, they thought it was appropriate to keep the 6 month interest only period, to match the bank, and Robert Sligar could come back and ask us for an extension if needed. M. Siver mentioned that the 6 month interest only period made sense.
   * 1. Motion: S. Hunt
     2. Second: R. Bacon
     3. Motion Approved: 3/10/2023 – 6 month interest only period
4. **Loan Review Request – Sally Port View, LLC (Three Mile Bay Adventures, LLC).** **Loan Requested Amount and Term Remained Unchanged in the amount of $112,500 1st 6 months interest only $100,000 5 year term with 20 year amortization and $12,500 with a 5 year term with a 20 year amortization at WSJ Prime minus 1% with a floor of 5% fixed at closing.** M. Siver brought back their original project that was approved by the NCA Loan Review Committee and Board due to changes in the sources and uses of funds. The proposed project did not receive the Empire State Grant Funds in the amount of $1,425,000 in addition to the bridge loan financing for that grant. As a result Mr. Bennett changed the scope of work for the project to reduce the support facilities and leave the revenue generation facilities the same. Mr. Bennett proposes a reduction in the construction amount from the original $6,207,695 to$5,775,035, a reduction of $432,660, an increase in his owner/equity contribution of $242,589, and a reduction in the construction contingency from $620,695 to $366,197, due to the reduced scope of support facilities, to make up for the loss in grant funds for the project. Additionally Mr. Bennett has been approved for an increase in financing from the JCIDA from $112,500 to $250,000 with all other sources of financing from Pursuit/WSB remaining the same from the previous project. The approval of the revised Pursuit commitment is pending and is contingent on the updated appraisal for the revised scope of work and submission of the changes to the Small Business Association. Mr. Bennett provided the public lender’s with a copy of the revised appraisal on March 1st, 2023 and the as completed appraisal comes to roughly $7.7 million with the reduced support facilities.Mr. Bennett provided evidence of the reduced cost of the support facilities in the form of a contract/schedule of values from the contractor Goutremout Brothers Construction reflecting the $5,775,035 construction amount including utilities signed February 15th, 2023. M. Remington asked D. Zembiec what the construction time frame was for the project and D. Zembiec indicated that construction will start as soon as possible and extend to completion in January 2024. M. Remington asked if that was a realistic time frame and D. Zembiec mentioned that based on the contractors quotes and revised schedule he believed it was a realistic time frame. R. Bacon asked why the interest expense contingency was removed from the sources and uses as the interest expense contingency is important considering his time frame for construction to operations and revenue generation if something happens that results in an extended time frame he could be in trouble with a reduced construction contingency and no interest expense category. The committee asked where the additional owners equity was coming from and D. Zembiec mentioned that he has over $100,000 in a gift from his wife’s family, additionally M. Capone mentioned that Pursuit was verifying his equity contribution and he was also receiving $100,000 in working capital line of credit from Watertown Savings Bank that is not included in the sources and uses due to his personal residence securing the loan. Additionally M. Capone mentioned that he will also be eligible for a vets program loan of $250,000 after construction. B. Gladwin thought that R. Bacon had a point that the interest expense should not simply drop off and to verify with Pursuit that an interest expense line item is included in the project. The committee agreed with that assessment and tabled the loan request to ensure that there was an interest only expense included in the sources and uses for the Pursuit financing and the verification of owners cash/equity into the project. M. Siver said he would follow up in that regard and bring the requested information back to the committee.
5. **Strategic Plan Discussion – B. Gladwin** – B. Gladwin mentioned that he is gearing up to start work on the strategic plan items tasked such as; expand and deepen lender engagement and ensure loan fund sustainability. B. Gladwin mentioned that this is on his radar and he plans to bring more substance in April. M. Remington thought that these topics were important and looks forward to seeing action on these items and it may make sense for B. Gladwin to touch base with R. Aiken ahead of the annual meeting for an update on the strategic plan. M. Siver mentioned that M. Capone and himself will be working on items that will help B. Gladwin with a Banking RFP/Audit RFP and applying for more funds through USDA IRP to help recapitalize the NCA loan funds for lending.

**Adjournment:**

* + 1. Motion: B. Gladwin
    2. Second: A. Dunham
    3. All approved 03/10/2023

The next North Country Alliance Loan Review Committee meeting is scheduled to be held as needed.