Motion:

Second:

**North Country Alliance Local Development Corporation**

**Loan Review Committee Meeting**

**June 6, 2023 at 11 AM**

**Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Tuesday, June 6th, 2023 at 11 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, Ross Pancoe, and Al Dunham

**Excused:** Ron Bacon

**Others:** Matt Siver (DANC) and Michelle Capone (DANC)

**Call to Order:** The meeting was called to order at 11:04 AM by Brian Gladwin

1. **New Business:**
	1. Approval of Minutes from May 9, 2023
		1. Motion: B. Gladwin
		2. Second: A. Dunham
		3. Motion Approved 06/06/2023
	2. NCA Strategic Planning Discussion – B. Gladwin started out the discussion in regard to the NCA’s Strategic Plan and the two (2) main initiatives in regard to increase lenders and capitalization of the loan fund the Loan Review Committee has been tasked with as a part of that plan. The first initiative is identify lenders we aren’t currently working with; past, inactive, new; credit unions, or lenders in specific industries and the second is identify additional funding sources and pursue specific under resourced sectors and or programs with those funding sources. M. Remington commented on the increase in lenders and engagement portion and recommended that the Loan Review Committee work with the Communications/Membership Committees so the organization has a coherent approach to those lenders membership and lending activities. M. Capone believed that was a good idea although engagement with those lenders on a deeper level on programs and lending she felt did not need to be coordinated with those other committees and can incorporate outreach for programs, gap financing, and discussions on loan volume, in addition to new lender education for the credit unions who used to be less prevalent in the commercial lending sector. R. Pancoe mentioned that he thought the outreach was important as a non bank lender in many cases we make assumptions of what people know about various organizations and the tools available to them for lending. R. Pancoe thought that outreach as a grass roots effort now that the pandemic is over is important and to get out in front of those lenders. M. Capone mentioned that she used to travel to all the banks in the past and we got away from doing that since the pandemic. M. Capone mentioned that she thought with the increase in interest rates the NCA is more competitive and more desirable. M. Capone mentioned that she is working on an application for USDA IRP funds and B. Gladwin thought that the mention of additional funding was a good pivot to loan fund capitalization. M. Capone expanded on the process for applying to USDA IRP and expressed her dismay at some write-offs for the fifth USDA IRP loan that the NCA has at the current time. M. Capone thought that it was important to recapitalize the fund as loanable funds are getting low and we need to identify additional resources for recapitalization beyond USDA IRP such as; the Northern Border Regional Commission has a revolving loan fund component for lending, and New York Power Authority. A. Dunham asked M. Capone if IDA’s were as active in these arenas as they used to be and M. Capone expressed they are, however, they are doing different levels of lending than the NCA and NCA is doing larger lending than many of the IDAs or other organizations such as AEDC. B. Gladwin asked M. Capone how much the NCA should target for USDA IRP funds to recapitalize the loan fund and M. Capone thought the NCA should target between $500,000 and $750,000. She also mentioned that USDA IRP funds have a higher lending maximum now of $400,000, although she does not believe it would be prudent to extend loans that large. M. Capone indicated that whatever amount the NCA applies to from USDA IRP needs a matching component of 10% and in the past the NCA has approached local banks for the match. The committee had discussion on the size of the loan amounts and the committee generally agreed that we should keep our largest loan around $250,000 and the thought would be to work that larger loan amount into the new work plan while applying for funds between $500,000 and $750,000. M. Capone also mentioned that the new work plan would also require staff and M. Capone noted that previously USDA IRP staff expressed to her that the NCA could apply for a waiver of staff due to our nature of our organization and the history of executing USDA IRP loans. The committee discussed and agreed that the NCA should target $750,000 in revolving loan funds from UDSA IRP. B. Gladwin proposed a motion to apply for $750,000 in USDA IRP funds and ask for an increase to $250,000 per loan in the new work plan to be submitted to USDA IRP.
		1. Motion: B. Gladwin
		2. Second: A. Dunham
		3. Motion to apply for $750,000 USDA IRP with larger loan amounts up to $250,000 in the new work plan. Motion approved 06/06/2023
	3. NCA Portfolio Management Policy – M. Capone presented the Portfolio Management Policy and indicated to the committee that she was going to give the broad overview with the major changes for discussion. M. Capone mentioned that the NCA had this policy for a long time. M. Capone touched on the Loan Review Committees responsibility and the Board of Directors and in the past the language was geared towards putting the majority of the responsibility for modifications to loans and refinancing on the Board of Directors for approval and the new modified language would allow the NCA Loan Review Committee to have the ability to modify terms etc and execute the modifications with board approval at the next meeting. The change would allow the streamline of modifications and tasks that could be completed with NCA loan review committee approval and an update to the board of directors. M. Capone discussed removing the language on risk rating because we haven’t really done the rating and the benefits of doing a rating is not necessarily needed as our portfolio is small enough we know the borrowers and the risky vs. not risky loans. M. Remington asked if we should be doing a risk rating and M. Capone echoed her comment on the size of our portfolio and knowing the risky vs not risky borrowers. M. Capone thought that the only benefits of risk analysis would be if we charged different interest rates or it impacted their ability to borrow in the future etc. which we don’t currently do. M. Remington thought it would be good to modify the language of 4 © to indicate that the loan review committee will regularly review the loan portfolio loan status updates with an authorized representative. M. Capone kept presenting the policy and M. Remington asked who conducted the site reviews. M. Siver indicated that the loan sponsors conduct the site reviews although he helps if needed. M. Capone mentioned that overall the major changes include late fee language modified to reflect that the NCA’s late fee language from the commitment letter of payments received by the NCA after the 10th of the month are considered late, and subject to a late charge of 6% of the amount due. The NCA may waive late fees at its discretion, and she recommended that the Bridge Loan and Working Capital Loan Program be extended without a sunset indefinitely. B. Gladwin made a motion to recommend and accept the Portfolio Management Guidelines with slight changes.
		1. Motion: B. Gladwin
		2. Second: R. Pancoe
		3. Motion Approved 06/06/2023
	4. NCA Loan Review Committee Request – RLE Howell Property, LLC. requesting $66,000; 20 years at WSJ Prime minus 1% with a floor of 5% fixed at closing. The request would have a 2nd mortgage and assignment of rents and leases behind Watertown Savings Bank mortgage in the amount of $204,000 and a blanket lien on all business assets of Howell Enterprises, Inc. Personal Guarantees of Trisha and Mitchell Howell. M. Siver mentioned that WSB/NCA have an appraisal dated January 2023 that placed a valuation of $272,000 on the real estate giving the NCA a 1:1. He mentioned that their personal credit and corporate credit were good and overall they appeared to be good borrowers. R. Pancoe and B. Gladwin had questions in regard to the net loss in FY 2022 and M. Siver mentioned that Trisha Howell had indicated that they had fleet vehicle issues that increased operating expenses. R. Pancoe and B. Gladwin acknowledged that however thought that there was more going on there and asked for additional information on the net loss and its cause. R. Pancoe asked if they were on a cash basis or accrual basis for accounting and M. Siver believed it was an accrual basis but would find out. B. Gladwin asked if M. Siver knew about their reputation in the industry and he said he did not, however, M. Remington indicated that she did have experience with them as a subcontractor and they did good work. B. Gladwin thought that those were good comments, it looked like a good request with the principals having a decent financials, however he asked if the committee was comfortable approving without answers to the FY 2022 loss questions. M. Remington thought that it would be okay to table the request and have the additional questions answered and circulated via email for committee approval if satisfactory. B. Gladwin agreed that would be a good route and made a motion to table the request for additional information.
		1. Motion: B. Gladwin
		2. Second: R. Pancoe
		3. Motion to Table Approved: 06/06/2023
2. The next North Country Alliance Loan Review Committee meeting is scheduled to be held as needed.