Motion: A. Dunham

Second: M. Remington

NCA LRC Approved 10/16/2023

**North Country Alliance Local Development Corporation**

**Loan Review Committee Meeting**

**September 18, 2023**

**Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Monday, September 18, 2023 at 2PM via WebEx. Meeting number (access code): 2632 837 3738 Meeting password: 39NZsjcnpC6 (39697526 from video systems)

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

**Excused:** Ross Pancoe

**Others:** Matt Siver (DANC), Carol Calabrese (Essex County IDA, Loan Sponsor), Cheyenne Steria (Lewis County IDA, Loan Sponsor)

**Call to Order:** The meeting was called to order at 2:05 PM by Brian Gladwin

1. **New Business:**
	1. NCA Loan Review Committee Meeting Minutes – June 6, 2023
		1. Motion: A. Dunham
		2. Second: M. Remington
		3. NCA LRC Approved 9/18/2023
	2. NCA Loan Review Committee Request – The Trailhead Restaurant Group, LLC dba Paper and Pencil – M. Siver gave an overview of the request for $77,000; for 5 years at WSJ Prime minus 1% with a floor of 5% fixed as closing. M. Siver indicated that all of the building renovations have been completed and the grants that were bridged have been reimbursed to Trailhead Restaurant Group, LLC. M. Siver indicated that the Essex County IDA is the loan sponsor to the request and the public agencies worked together to determine the collateral positions for lending. B. Gladwin asked if there were any questions or discussion topics on the request. R. Bacon asked about the owner equity injection amount before the reimbursement of grant funds. M. Siver indicated that after reimbursement of the grant funds the owner’s injected approximately $1.27 million dollars into the project. M. Remington asked Carol and M. Siver if the project is finished or completed and M. Siver indicated that it has been completed and C. Calabrese indicated that she has not been to tour the facility but expects to be able to do that in the next week or two. M. Remington asked about the restaurant and it’s ability to operate during the winter months and C. Calabrese indicated that the projections factored in the slower winter months and emphasized that the facility was designed to allow for hosting of large events. The projections were thought to be conservative in nature and she believes the restaurant will do well even during the winter time. B. Gladwin asked if the other lenders had an interest only period built into their requests and whether it made sense for the NCA to do the same. C. Calabrese indicated that there are no principal and interest payments in the first three months and then three months of interest only period for her loan request. M. Siver indicated that we can add a 6 month interest only period by voting on that with the modified request. B. Gladwin thought that if the committee was in favor of the 6 month interest only period it would probably help them. S. Hunt agreed as he knew it took a while to get the appropriate licensing in place for liquor. C. Calabrese indicated that they are simply waiting on this funding to place the inventory order to get their liquor license approved and they appear to be ahead of the game in that regard. B. Gladwin made the observation that restaurant deals are inherently risky although in this case the owners have substantial experience, are pledging their personal residence, and have injected a lot of owner cash/equity into the project. M. Remington agreed and indicated that she did not want to pour cold water on those statements and she thought that there would be a significant attraction to the restaurant based on her experiences eating in the Ticonderoga area. S. Hunt indicated that Ticonderoga recently received a $10 million downtown revitalization award from New York State and this area is considered to be in that downtown area and this investment seems to flow nicely with that initiative and have some synergy with the other investments. The committee modified the original write-up to include a 6 month interest only period for repayment.
		1. Motion to Approve
		2. S. Hunt
		3. R. Bacon
		4. Loan Approved with 6 month interest only period 09/19/2023
	3. NCA Loan Review Committee Request – Black River Valley Natural Holdings, LLC. – M. Siver gave an overview of the request for $100,000 for 5 years at WSJ prime minus 1% with a floor of 5% fixed at closing. M. Siver indicated that he primary project is Phase I and Phase II outlined in the write-up. M. Siver indicated that Black River Valley Natural Holdings, LLC is the real estate holding company for Black River Valley Natural, LLC the operating company. M. Siver indicated that they are requesting the financing from Lewis County IDA (Naturally Lewis) in the amount of $99,000 for machinery and equipment and are requesting $100,000 from the NCA for working capital to assist with upgrades to the facility that incorporate Phase I and Phase I of the overall larger project which includes a NY Forward Grant that has yet to be awarded. M. Siver indicated in the analysis that Mr. Munn acknowledged errors on initial start-up by taking control over the North Star Food Hub, Establishment of a retail store, and focus on dry goods such as; granola, hummus, kimchi, etc. instead of the mico-creamery operations for cheese curd and milk based products. M. Siver indicated that focusing on those things resulted in the losses incurred from 2020 through 2022. The company has a verbal agreement to provide cheese curd to River Rat Cheese and the cheese store in Watertown, NY, however without the implementation of this project the mico-creamery does not have the ability to fulfill those supply contracts. M. Siver indicated that a positive for the request is that the NCA would have a 1st mortgage position on the facility. M. Siver indicated that Cheyenne Steria is on the call as the loan sponsor from Naturally Lewis. C. Steria expressed her support for the project and indicated that although they struggled initially with the food hub and the initial part of the pandemic she is still behind the proposed request due to her working closely with Mr. Munn on this project previously. S. Hunt indicated that he is very familiar with the grant process and asked if the grant is needed for the entire project and M. Siver indicated that the Phase I and Phase II portion that we are asked to participate in had a small amount of grant funds, $50,000, that the owner planned to bridge for that portion, although he did believe that the grant funds were definitely needed for Phase III to achieve automated production etc. M. Remington asked if he was seeking financing elsewhere and M. Siver believed that he was told by Mr. Munn that he received $50,000 to bridge some of the Naturally Lewis funds until loan closing. M. Remington asked if Point Positive had been approached again and C. Steria thought that those discussions were ongoing although she believed that they wanted to see him make some positive headway before they considered investing more into the business. B. Gladwin recognized that the project may be significant for the community, however, there are substantial losses shown with mistakes by management and the business is in a situation that it is highly leveraged. R. Bacon echoed B. Gladwin’s statements and thought that he has personal liquidity issues, his projections are very unrealistic, and the business is highly leveraged with substantial losses. R. Bacon didn’t believe it was possible for this project to succeed based on what he is saw from the write-up. R. Bacon did note that since Black River Valley Naturals, LLC has a loan with Community Bank he will abstain from voting. C. Steria acknowledged all the issues that R. Bacon, B. Gladwin and others touched on but still indicated that she would be a proponent for the project and advocate for the business as they try to scale up to meet this newest demand for product. M. Remington also indicated that she should probably abstain as she is a member of Point Positive and she feels that both projects today have a substantial amount of personal assets tied up in the request and she supports small businesses taking a risk that can eventually payoff although they initially don’t look good. S. Hunt indicated that he has experience working with Mr. Munn and would follow up with C. Steria and Naturally Lewis to assist in a revised project as Mr. Munn is asking for a substantial amount of grant funding and he may not receive all of it as the $1,000,000 request is about half of the entire community ask. B. Gladwin thought that if we tabled the request it would give C. Steria and S. Hunt time to work with the borrower to modify the project and potentially bring back to the NCA Loan Review Committee.
		1. Motion to Table
		2. S. Hunt
		3. B. Gladwin
		4. Motion to Table Approved 9/18/2023.
	4. NCA Request to Modify Commitment – Fair Wind Rentals, LLC. – Waive Key Man Life Insurance on Carl Obermeyer. M. Siver indicated that both Carl and Carli were working on getting policies for the NCA assignment and Carl was rated and denied due to high cholesterol. The committee asked if Carli was still getting hers and M. Siver indicated that she is and will assign to the NCA. The Committee approved of the waiver.
		1. Motion to Table
		2. S. Hunt
		3. M. Remington
		4. Motion to approve 9/18/2023
2. The next North Country Alliance Loan Review Committee meeting is scheduled to be held as needed.