



Beth Gilles, Director
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EXECUTIVE COMMITTEE MEETING

January 20, 2021 10:00 am

Zoom (per Executive Order 202.1 & 202.85)

For log in information, please contact Beth Gilles at beth.gilles@lclgrpb.org

AGENDA

1. Welcome
2. Approval of minutes from January 8, 2021 meeting
3. Commitment extension – Slick Fin Brewing
4. Other
5. Adjourn

Dave O'Brien: Okay, I'm gonna call the meeting to order. Do we need to approve minutes or not?

Beth Gilles: Let's do a roll call first.

Dave O'Brien: Okay.

Beth Gilles -

Dave O'Brien: Yes.

Christy Wilt: Here.

Al Nolette:

Beth Hunt: (late arrival)

Joe Giordano: Here.

And also in attendance are Jamie White, Beth Gilles and Carrie Yakush from the Regional Planning Board.

So, no, we don't have the minutes to approve yet, so we'll do those next time.

Dave O'Brien: Okay, we'll go the main order of business.





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Beth Gilles: Yep. Slick Fin. So, as you will remember, if you do remember, we approved, the loan committee and the executive committee approved a loan to Slick Fin Brewing back in October. There was then some concern that the project that had been presented to the loan committee was being changed. So, we rescinded the approval upon some additional information. Kris March provided that information to state that it was just a miscommunication between his legal team and our legal team and that the project scope had not changed. In the interim, there had been a newspaper article that said that he was going to buy the building next door and take it down and create a beer garden and do a really large project, which created some concern amongst the loan committee members, that he was just taking on more than he possibly could, and it would possibly affect his repayment ability for our loan. So, we asked him for some additional information, which he provided. The purchase of the building next door is \$43,000. The removal of the building is included in that purchase price. The guy who's purchasing it from is a licensed contractor. He provided, well, Kris March provided us with his bank statements through the end of November. So, he does have the assets in his business account to cover that cost. And the beer garden, which if you saw the newspaper article was very elaborate. I think it's really more for the picture that Kris provided us, picnic tables in an open green space. So, we just had a loan committee meeting this morning, and they are okay with reapproving the loan under the original terms, extending the commitment through June 1, 2021, with a covenant that the two loans are contingent upon each other. And if he does not purchase the equipment and hire the two jobs that he said he's going to that we would then call the Note.
Hi Beth.

Beth Hunt: Sorry, hi.

Beth Gilles: So, Christy, you're the chairwoman of the loan committee. Did I miss anything? Or leave anything out?

Christy Wilt: No. Excellent job.

Beth Gilles: Anyone have any questions? Joe?

Joe Giordano: It's a \$150,000 loan. As you wrote to me in the email letting me know about this meeting, \$103,500 is for the purchase of the building and \$46,500 is for the equipment loan? You said contingent upon each other?





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Beth Gilles: Yes.

Joe Giordano: Okay.

Beth Gilles: The purchasing of the equipment is how he's meeting the economic development part of the of what we loan, is, you know, expanding his production and creating jobs.

Joe Giordano: Okay. Okay. And so, the discrepancy between what was put in the paper and what your understanding was originally, and that's been clarified in the meeting earlier?

Beth Gilles: It has, yeah. His lawyer indicated to our lawyer that they were abandoning the equipment loan altogether, which changed the project scope that originally been presented to both committees. That's been clarified. He is purchasing the equipment. He wants to close the loan on the building first, because there's some stuff he has to do within the building to get it ready for the expanded equipment. And so, he stated that he anticipates purchasing the equipment in April, May. Once the equipment gets in, he does need to those two new people to ramp up his production. So, we're just going to hold him to the fire on that. That needs to happen within that timeline.

Dave O'Brien: What my concern was the purchase of the additional building, and everything else was going on in parallel. We didn't know anything about it. We found out in the paper. My concern was that he had, in a few other dealings that we're doing, what we found is that he hasn't been 100% open. And that concerns me, and I think that when Beth goes back, it was just as if it goes back to us, he needs to be completely open and honest with us and not sort of hide things and it doesn't look good. And hearing what was in the paper was you know, 10s of 1000s of dollars in equipment and special things they want to do but you know, now it's not what he wants to do. I was just concerned he was overextending himself. Which I still have that concern, but not as much.

Beth Gilles: I should note too, because part of the concern was that with doing this large project that he wouldn't be able to repay the loan. And he has stated that what he's now paying in rent is about the same amount that he will be paying us back in the loans. So, they're kind of just replacing each other. And that's before he does any kind of expansion next door. So, I know that was a concern as well.





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Joe Giordano: And then he has another loan through EIDL, what is that?

Beth Gilles: That's an EIDL loan. That's part of the Coronavirus package from the SBA.

Joe Giordano: Okay.

Beth Gilles: So yes, he has an EIDL loan, and I believe he has to start paying that back this summer. I'm not as far up on EIDL and PPP because we don't do those kinds of things.

Joe Giordano: Is there some sort of, like, finance terminology might not be up to par right now. But is there some sort of ratio between the amount of money he's allowed to borrow versus what he actually has in personal collateral or personal contribution to the project? Again, what are the metrics that you use when you're trying to evaluate?

Beth Gilles: So, we ask that, we encourage, I should say, there's no requirement. We encourage 10% equity, cash equity from the owner, which is why, so the purchase price of the building is \$115,000. So we're gonna give 90% of that. And the purchase price of the equipment is around \$52,000, I think. So, we've approved him for up to \$46,500 for the equipment or 90% of the purchase price, whichever it ends up being. So, we are requiring that 10% cash equity from him in both ends of the project.

Joe Giordano: But does the fact that he received additional loan money through EIDL have any implication on this at all? No.

Beth Gilles: So, the EIDL money is for working capital, and it's basically to assist businesses through the coronavirus pandemic. And what he's doing right now is a business expansion, which is why he's going through our regular loan fund and not our special COVID loan fund. Our COVID loan fund doesn't allow for business expansions.

Joe Giordano: Okay.

Christy Wilt: And didn't you say that by purchasing the building he won't be paying rent?

Beth Gilles: Yes. Yeah.





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Christy Wilt: So that helps.

Beth Gilles: Yeah. So, anything else? Where'd Dave go?

Dave O'Brien: I'm right here.

Beth Gilles: So, would you like to call a motion?

Dave O'Brien: I'll make a motion to approve this loan.

Joe Giordano: I'll second.

Dave O'Brien: I have a second. Any further discussion? All in favor?

Multiple people: Aye.

Dave O'Brien: Opposed. Carried.

Beth Gilles: One other thing really quick, and I know I sent it out like an hour ago. The loan committee and then the executive committee had approved \$150,000 COVID loan to Terry Meron, Christopher's Restaurant. It's a Comfort Inn and Suites complex in Plattsburgh. The original collateral was a second mortgage on the Comfort Inn complex. He emailed us on Monday asking if he could swap out the collateral from that to a mortgage on an apartment complex that he owns. So, he did send us, and I forwarded you the appraisal on that apartment complex. The appraisal's 1.45 million. He's got a mortgage of \$778,000 on it, it's \$150,000 loan. And the loan committee was fine with swapping out the collateral this morning. But because it was a loan over \$100,000 any changes have to go to the executive committee as well. So, just needed approval to amend the collateral from the Comfort Inn complex to the Leland Way apartments if you guys are okay with that?

Dave O'Brien: Can I have a motion?

Beth Hunt: So moved, Beth.

Dave O'Brien: Do I have a second?





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Christy Wilt: I'll second.

Joe Giordano: Christy can second.

Dave O'Brien: All in favor?

Multiple people: Aye.

Dave O'Brien: Carried. Anything else, Beth.

Beth Gilles. No. That's it.

Dave O'Brien: Okay. Thank you.

Beth Gilles: Thanks, guys. Appreciate it.

Dave O'Brien: Thank you.

Respectfully submitted by Carrie Yakush, Senior Account Clerk, LCLGRP.

