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## REVOLVING LOAN FUND LOAN ADMINISTRATIVE COMMITTEE

January 20, 2021

9:00 am

Zoom (per Executive Order 202.1, extended by 202.85)

For log in information, please contact Beth Gilles at [beth.gilles@lclgrpb.org](mailto:beth.gilles@lclgrpb.org)

### AGENDA

1. Welcome
2. Approval of January 8, 2021 minutes
3. Commitment Extension – Slick Fin Brewing
4. Other
5. Next Meeting
6. Adjourn

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Beth Gilles: Good morning. Welcome to the revolving loan fund loan administrative committee meeting. It is January 20, 2021, at 9:03am and I am just going to do a quick roll call.

Carol: Here.

Chris Hay: Here.

Christy Wilt: Here.

Chad Richards: Here.

Marc Monahan: Here.

Patty Waldron:

Harry Booth: Here.

And also present are Jamie White, Beth Gilles, Carrie Yakush and Dave O'Brien from the Regional Planning Board. So, this morning we are here to talk about Slick Fin. So, at our last meeting, I believe it was the eighth, Kris came in to just reaffirm that the original project that he had submitted to us is what you still intend on doing, which is purchasing the building, and then purchasing equipment which will result in two new jobs. There were some concerns about a larger project that he was doing, buying the building next door, taking that down and creating a beer garden. So, we had asked him some questions. And he gave us those responses. So, I sent those to you guys. Basically, they're going to purchase the building at the same time. It's the same owner that owns the building that he's in now that we are going to help him purchase and





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the building that's next door. And that owner is a licensed contractor who is going to take the building down for him within the purchase price, which is \$43,000. He did submit to us for the last meeting his business bank account, so he does have the assets within that bank account to make that \$43,000 purchase. And then there were some concerns about the extent of the beer garden and how expensive that would be. He sent us a picture of what he's thinking about, which is basically tables, picnic tables and a green space. And they're not going to add the TVs and the kind of things that had been mentioned in the newspaper article, I think, until later when he starts bringing in some additional revenue. So, does anyone have, kick off the conversation and how they feel about continuing with this loan?

Marc Monahan: Beth, you and I just spoke about it yesterday. Because I had to jump off the call so I got kind of brought up to speed by you. But I don't see any issue with us proceeding the way we did just because, you know, when we, when we lend a loan, we don't always know what the future holds for somebody. So, if they decide to do a small project, big project or a project way out of their capabilities, there's no way for us to prevent that at the time. Ya know, we're assessing their, their ability to borrow at the time at the request that they're giving. So, you know, we don't ever really, we can't ever consider the unknown so to speak, what the future may hold. You know, we try to do our best to gauge that. But, you know, if he decides to take that house down and just put some picnic tables out for the first year, that's probably something that he would do to get his arms wrapped around what he needs. It doesn't, you know, I don't see him spending a couple \$100,000 for a beer garden to be honest with you. That's just basically greenspace. So, if anything, maybe a pavilion or some sort of shelter, you know, covering but I don't see, you know, a big huge need for something like that down there. But no, maybe that's his ultimate goal down the road. But you know, I'll let maybe Chad and Chris kind of speak up, but you know, if somebody has plans for down the road, it's really hard for us to base our loan decision off of what might/if happen down there, you know, in two or three years.

Dave O'Brien: Marc, I understand that. My concern was this has been going on in parallel with his loan application to us. He went to Fort Edward planning board, got it all cleared at Fort Edward planning board. He never mentioned it to us. And all of a sudden we read about in the paper about TVs and all this grand strategies he had in this. So that was my concern that this isn't the first thing he's tried to camouflage. But having heard the explanation, I'm not, I'm not as concerned about it. I just was concerned that he wasn't open with us to begin with.





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Marc Monahan: I think there's been some confusion, I don't really know these guys, personally, I haven't, I haven't banked them. I've spoke to them. As I know, some of the other bankers on here have. You know, I do think that there's big dreams for these guys, that they feel that they have a big future, and maybe a little unrealistic on some of their dreams that they share. So, I think maybe they don't scale it back when they're talking about what their long term goal is. And, but, you know, TVs and things like that, you know, that stuff is not really expensive to do these days in comparison to what it was back, you know, you know, when. I guess I just, we knew that he was going to be buying another house. We knew that. But I guess our confusion was around making sure that, you know, he was getting the equipment that was the contingency, and then also that we were, you know, making sure that we have the right collateral and the usage of funds. And I know that there was a mention of asbestos. Really no way for us to know, because that's not our collateral anyways. But I would hope that his attorney is advising him to maybe get some tests done before he takes ownership or have a clause in the contract that it's not his responsibility. I guess that those are my points.

Chad Richards: Yeah, Marc, I think the tone of the conversation with the last time we had a meeting, Dave's point was more of the character aspects and not being forthcoming, and potentially not just not being forthcoming, and it may be purposely trying to, I guess, hide some of the plans. And I think that's what Dave's concern was, is just the overall character, and not from a credit standpoint, or a collateral standpoint, or the capacity to do the projects, just more than the character issue. And, you know, seeing their response from the applicant. You know, I think the project is much smaller than what I was envisioning. You know, I don't have a huge issue with supporting the loan, either. But I understand where Dave's coming from. And, you know, we're doing this every day and character showing is important. That being said, I think repayment probably won't be an issue, and it's probably a good loan to make, I can get behind supporting it.

Marc Monahan: One thing to mention too is that he's probably qualified for another round of payroll protection. So that should add another little bit of cash flow to his, Beth, you might want to just confirm that if he's applying for that and what that amount would be. So that will help cover some of his cash flow. That'll free up some of his other uses of money.





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Chris Hay: Yeah, this is, this is Chris. I agree that with the answers that we received from the, from the applicants, that I can support the projects. The scale, like Chad mentioned, is lower and smaller than we had anticipated. So, I think it's okay to move forward.

Beth Gilles: And I did, I kind of forgot to mention, but it was alluded to, he did email me and basically say that his rent payment would, you know, be the loan payment. So, with him owning the building what he was paying in rent would cover what you would pay us back in the loan. So, I know part of the concern was if he's taking on this huge, massive project, you know, how is he going to be able, and not ramping up new production until June, you know, May, June, how is he going to be able to pay the loan until then. But it seems like he's got that figured out. Alright, does anybody have anything else they want to add? No. Okay, so can I have a motion to reauthorize the loans under the original terms. One to Slick Fin Brewing Company in one to Phaseline Properties, extending the commitment to June 1, 2021 and adding a covenant in there that the loans are contingent upon each other. And if the project as presented to the loan committee, which includes the purchasing of equipment and the hiring of two new jobs, is not met by that June 1st date that we would then call the notes.

Marc Monahan: Before we move forward on that, do we have confirmation that he's ordered equipment?

Beth Gilles: He has not ordered it, but he has picked it. So, one of the issues was that he didn't know what he wanted. So, I had asked him in the last round to send us what he is going to buy. And it's Carolina Brew Tech. The total is \$53 to \$58. For what he's going to do. The lead time in production is 12 weeks. So, he hasn't ordered it because our loan is, goes up to \$46,500 or 90% of the purchase price.

Marc Monahan: Maybe we require him to supply a purchase order and a proof of deposit.

Beth Gilles: Oh, with that, so the original, the original loan term was a, I'm not gonna say this right, Chris, it was a purchase.

Marc Monahan: Money interest?

Chris Hay: Yes.





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Beth Gilles: Yeah.

Chris Hay: And you're gonna control the loan proceeds.

Beth Gilles: Yes.

Marc Monahan: Yeah.

Chris Hay: So, the check is to write the equipment manufacturer.

Beth Gilles: Yes.

Marc Monahan: Yeah, that's fine for securing our collateral, but if we want to make sure he's ordering it and going to get it, we might be worthwhile to see that he makes a deposit and a PO on it just that it's been ordered. So that way, we can feel comfortable moving forward with the other piece. And that way, his money is the deposit portion of it.

Beth Gilles: Okay.

Marc Monahan: If you guys are okay with that.

Chris Hay: That makes sense.

Beth Gilles: Yeah, I'm sure we can figure that out.

Dave O'Brien: Okay.

Beth Gilles: I'm gonna need a motion by someone.

Marc Monahan: I'll make a motion.

Beth Gilles: Motion by Marc. Can I have a second?

Chris Hay: I'll second.

Beth Gilles: Chris?





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Chris Hay: Yep.

Beth Gilles: All those in favor?

Multiple people: Aye.

Beth Gilles: Opposed? Hearing none, motion carries. The other last quick thing, and I apologize, I sent it 10 minutes ago, it did pop up on Monday. I meant to send it yesterday, it was on me. Um Terry Meron, who is Christopher's Restaurant in Plattsburgh, that's the Comfort Inn and Suites, emailed us wondering if he could basically switch out the collateral for the loan. So, the original collateral was a second mortgage on the complex, the Comfort Inn complex property. And he now would like it to be on an apartment complex that he owns. He did supply us with an appraisal with the apartment complex is appraised at \$1.45 million. There's a current mortgage of \$778,000 on it. So we would basically just need to, a resolution to amend the collateral on the original loan if you guys are okay with that. Anybody have a problem with it?

Chris Hay: No, this is, this is Chris. The loan to value is not as good, obviously, but the property is probably more marketable and easier to sell than the hotel complex. So, I have no issue with the swapping of the collateral.

Marc Monahan: Ditto.

Beth Gilles: And the reasoning he provided is he's probably going to refinance the complex property. And so just kind of doesn't want our lien in the way. Okay, so can I have a motion to amend the collateral on the loan to Christopher's Restaurant, from the Comfort Inn complex to the Leland Way apartments?

Chris Hay: This is Chris. I'll make that motion.

Beth Gilles: Motion by Chris and second please?

Chad Richards: Chad seconds.

Beth Gilles: Second by Chad. All those in favor?





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Multiple people: Aye.

Beth Gilles: Opposed? Hearing none, motion carries. Okay, so I wanted to make sure that you all got the message that the meeting that we had scheduled for the 28th is cancelled. There are a couple of lingering questions that Jamie and I wanted to, wanted to get answered and it wouldn't have hit that 10 day noticing mark. I also want to note that at our board meeting on the 12th we talked about amending the bylaws for the loan committee to be able to allow us to call special meetings within three days. I have to notice that change by 10 days so our board will be taking that up in the April meeting. So, until April we'll have to keep, government I know. So anyways, we talked about it, the board didn't seem to have a problem with it. I just have to follow the process of the proper noticing for the amending of the bylaws. So, we'll take that up in April and hopefully be able to do, you know, three days special meetings and not have to 10-day notice everything, so. Jamie, do you have an idea of maybe when, it was Queensbury Taxi, and The Little Pizza Shop in Peru, I think, were the ones that will come up next.

Jamie White: Correct. And, you know, unfortunately, you're always waiting for information. So, it's hard to say. But I would hope that maybe the first week in February, are we, is that doable? That would, what day would that be for the 10 days? Maybe to be safe, the second week in February.

Beth Gilles: Yeah, the second week in February.

Jamie White: Yeah.

Beth Gilles: Do you want me to send out a doodle poll or do you want to pick one right now?

Chris Hay: Pick it now while we still have everybody.

Beth Gilles: Pick it now, okay. How about that the 10th? The morning of the 10th? It's a Wednesday. 9am good for everybody?

Jamie White: Could we possibly do 9:30am?

Beth Gilles: Oh, 9:30? Sure.





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Jamie White: If that's okay.

Marc Monahan: 9:30 works for me.

Beth Gilles: Okay, and can we schedule like an hour and a half, we do have two loans to get through. Okay, so the 10th at 9:30. And we'll send out all the package stuff and all the meeting reminders and all that.

Chad Richards: Sorry, I won't be here the 10th of February.

Beth Gilles: Okay.

Chad Richards: But I can, I might be able to call in. My son actually has eye surgery that day. So, I'll be in Albany Med. So, I don't know if, about the Wi Fi and I think his procedure starts early in the morning. So, I should have some downtime. Around that time. I just don't know what the Wi Fi or cell signal be like.

Beth Gilles: Okay, well, we've got, we might, we probably have a quorum, right? Chris said he's good. Carol, you're good. Christy and Marc. Yeah. So, I think we have a quorum.

Jamie White: Just to let you know, Chad, if you did want to do that, it works great. I spent a week there two years ago and had no issue with the Wi Fi.

Chad Richards: Okay. Thank you.

Beth Gilles: My daughter had eye surgery in Albany Med. You do sit there for a couple of hours. Yeah, might be a good distraction. Okay. Does anybody have anything else? All right. Thanks, everybody. Appreciate it.

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

