

**LAKE CHAMPLAIN – LAKE GEORGE REGIONAL DEVELOPMENT  
CORPORATION**

**FINANCE COMMITTEE MEETING**

**November 13, 2020      Immediately following Governance Committee**

**TELECONFERENCE (per Executive Order 202.1)**

**For log-in information, please contact Beth Gilles**

AGENDA

1. Approval of March 30, 2020 minutes
  2. Treasurer's report
    - a. Payoff to USDA for Loan #1
    - b. December 2020 payment to USDA for Loan #2
  3. Finance Committee Charter review (any proposed changes to forward to the Board?)
  4. Annual review of financing guidelines and investment policy (any proposed changes to forward to the Board?)
    - a. Policies can be found here: <https://lclgrpb.org/regional-development-corp/>
  5. Self-evaluation
  6. Other
- 

9:14 am

Director Beth Gilles: Mr. Nolette is the chairman of the finance committee. Joe Giordano and Dave O'Brien are also on the finance committee and Joe is with us. So, Mr. Nolette if you'd like to open up the meeting.

Al Nolette: Mr. Nolette is my dad. I will entertain a motion to approve the minutes of the November 22<sup>nd</sup>, 2019 meeting.

Dave O'Brien: So moved.

Beth Gilles: Approve the minutes for the March 30<sup>th</sup>, 2020 meeting.

Al Nolette: Mine says November 22. Okay. Like I said the March 30<sup>th</sup>, 2020 meeting. Moved by Dave. Second by Joe.

Joe Giordano: I'll second.

Al Nolette: Thanks Joe. Any questions, addition, deletions, corrections? All in favor?

Dave O'Brien: Aye.

Al Nolette: Opposed? Carried. As far as the financial report for the RDC. We currently are sitting at \$22,000 in cash. Which much to my surprise is going to put us dangerously close to making our loan payment on time. Beth had talked to USDA and prepared them for a February payment. If things continue on the track that they're on, there is a 50/50 shot that we will make our December payment. Maybe a week late but not terribly. I think the latest, you know, latest that we might make that payment is January 31st. So that's not the worst news. You know, the solvency of the fund is still hanging by a thread at best. It really is going to depend on how things move forward. We have some loans that when they drop off, the cash flow is going to change. So, stay tuned. I mean, nothing, nothing in the financials has made me feel better other than we're gonna make our payment earlier than expected to USDA, but the long-term solvency of this fund is still questionable at best.

Director Beth Gilles: And we did pay off the first USDA loan in July.

Al Nolette: Yeah, and we receive back about \$1100 credit based on the how they applied the interest, and I'm okay with that. So that's part of the, you know, part of the money that's sitting in the account that puts us a little farther ahead than we thought. Always happy to have a refund. Our loan balances right now are at \$192,000. Our previously bad child is continuing to make his interest only payment of \$525 a month. So, you know, fingers crossed.

Dave O'Brien: When does he come off that interest only?

Al Nolette: I'd have to take a look at the amortization schedule, Dave. It's not at the top of my brain right now.

Beth Gilles: Yeah, same here, I'd have to look in the file.

Dave O'Brien: I was expecting Beth to have it in her memory banks.

Al Nolette: One of his one of his three loans has started paying principal.

Director Beth Gilles: Yes, the first one in RLF1. But the other, the large one in RLF1 and the IRP loan are still on interest only. I did check on it a few months ago. And it's, like I don't have it on the top of my head either, but it's still for a few more months.

Al Nolette: It's not far, far away. But it's not tomorrow.

Director Beth Gilles: And it's not going to change the dollar amount. It's just that it's going to start paying down the principal. We don't utilize any of the interest income out of the IRP for any kind of operations. So, whether it's interest only or interest and principle, the \$525.05 is still going to remain in the account.

Al Nolette: For cash flow purposes it actually helps us because the longer he goes without paying principal, the longer he's gonna make payments, so. We'll see what happens. Any questions on the financials? Like I said, it's the same story you've heard for two years in a row now.

The second thing is the charter document, I looked through it, Beth. I didn't see anything that stuck out to me that needed updating. The only question that I had, well, we'll do this first. So Dave, and Joe, did you get a chance to look at the charter document? And if so, did you have anything that stuck out in your concerns?

Dave O'Brien: No, no concerns.

Joe Giordano: No, I don't have anything.

Al Nolette: So, looks like we're good there, Beth. One item that I had for the Finance Committee; I'm assuming it's a finance committee issue, but you know, John and Beth are more than willing or more than welcome to weigh in. With some of the conversations we've had recently, and your favorite treasurer, voicing his concerns about a proposed loan, should we look at changing modifying or reviewing our maximum loan verbiage in our documents? Currently, right now, we say that we won't loan any one borrower more than \$150,000.

Dave O'Brien: There's a qualification in that.

Director Beth Gilles: So, that's an RPB conversation, not an RDC conversation. The RDC is not currently lending. And the document that states what our maximum loan amount is in RPB document for the requirements of the EDA.

Al Nolette: That's true. You don't want to loan out of the IRP?

Beth Gilles: Loan what, Al? Does anybody want five cents?

Joe Giordano: Will someone refresh my memory, but is the RDC kind of phasing out many loans and they are not taking any more loans on, right?

Director Beth Gilles: Correct.

Al Nolette; What's the bigger concern for the RDC right now, Joe, is it actually making it to the end of the loan.

Joe Giordano: Ok.

Al Nolette: The cash flows for the RDC are troubled at best.

Joe Giordano: Ok.

Director Beth Gilles: Yes, we but, to answer your question we are not taking on new loans for the purpose of phasing out.

Al Nolette: I do tend to blend the RPB and RDC so I apologize.

Joe Giordano: But the one gentleman you're talking about is making primarily interest only payments, and that hinders the lifespan of the RDC, correct? It hinders the propensity to go forward?

Director Beth Gilles: It makes the lifespan longer because he's paying but he's only paying on interest. So, when he starts paying his principal down, um, so yes, it extends the life of the RDC.

Joe Giordano: But what's the anticipated, I don't know, timespan?

Beth Gilles: I think it's 2025, Al?

Al Nolette: Joe, I have a cash flow that I worked up for the group at the end of last year. I can forward that on to you to take a look at that. I apologize, because I probably should have had it ready for you guys today. Because I had an option with, the loan that we're talking about, I had an option with him making his payments and an option without him making his payments to see how his payment specifically affected the fund. So I can share that with you. And you can see what the concerns are for the outyears.

Dave O'Brien: If everyone makes their, if every loan makes all their payments of interest, we will just barely pay off the balance to USDA. If anyone defaults, we're going from there.

Al Nolette: Right now, if payments come in as scheduled, we'll squeak by. We still owe the USDA \$149,000. But if any anybody comes off track or defaults, that puts us in a significant hurdle.

John Strough: What happens then, Al, if we can't meet our payments? Do we submit to the USDA for some consideration of that, or?

Al Nolette: There will definitely need to be a conversation because the, my understanding and Beth can correct me if I'm wrong, which happens, my understanding is if you default on the USDA loan, that prohibits you from receiving some federal funds. We need to make sure that the RPB is insulated from that if that happens.

Beth Gilles: Correct.

Al Nolette: That's where the two organizations being separate and apart will be extremely important.

Director Beth Gilles: So, it's um, I just pulled up potential cash flow as of December 2019, something that Al had sent, and it goes through 2029. But our payments, our loan to USDA will be paid off in 2024. So basically, if we can just keep everybody on track and paying and squeak by to pay off the USDA by 2024, that's the ultimate goal. And then we'll see where the RDC is at in terms of how many loans are left. And hopefully that everybody who is left is still paying.

Al Nolette: The interesting conversation after 2024 will be, now what? Because we'll have some income coming in with no expenses going out. What do you do, what do you do with that?

Director Beth Gilles: I will tell you that the requirements of PAAA and the ABO is not worth hanging on to an organization that's got one or two loans. It's a massive amount of paperwork on my end. I do it, it's fine. It's my job. But it's not worth keeping an organization going for whatever minimal amount of work that organization can and will be doing.

Al Nolette: But even this meeting that we're having this morning, is really cumbersome, and for no benefit.

Beth Gilles: It's because we have to do it.

Al Nolette: I understand. But there's a world where we wouldn't have.

Dave O'Brien: If we had all good loans in that fund, I would find a way to convert them out of there but we got one loan, with that loan, I will never take a chance.

Al Nolette: The conversation for 2024, Dave, if I understood what you just said, could potentially be what to do with those loans. Can you service them in different ways? The answer might be yes.

Beth Gilles: All right, moving on to the annual review of the financing guidelines and investment policy.

Al Nolette: What was that Beth, the investment policy?

Director Beth Gilles: Yeah, the financing guidelines and investment policy if anybody had any changes. I do not.

Al Nolette: No, I think we spent a decent amount of time on that last year. None of the requirements changed that I'm aware of. So we're complying.

Director Beth Gilles: Dave and Joe, have any comments, or are they good?

Dave O'Brien: Good.

Al Nolette: Make a motion to accept it, or you don't need anything for not doing anything.

Beth Gilles: Nope, not doing anything.

Al Nolette: Wonderful.

Beth Gilles: And the last thing for self-evaluation

Al Nolette: Which we'll fill out and send to you.

Director Beth Gilles: Yes. If anybody has anything, that they gave a one or two that they feel is not at all satisfied or slightly satisfied, then we should have a conversation about it. Here to put together some corrective actions. But if everybody's good, there's at least three voting members. All of you are independent directors. You review and report and make appropriate recommendations to the board regarding the financial operations. You review and recommend all major financing transactions, which we don't really have any. You do the annual budget, which we all go through in July, because that gets put on the ABO site. You review and recommend any changes to the policies, which we just talked about, the financial treasury policies. You annually review the charter; we just did that. We meet at least two times a year, 10 calendar days are given. You meet prior to the issuance of any debt, which we're not issuing any debt. Make sure there's a quorum, which there are, all three of you are on this meeting today. All relevant discussions, issues agreements are minuted, and then reviewed, which we do approve the minutes. You're kept up to date on corporate business. The chair reports to the board, which you do. And you conducted the annual self-assessment. So, if anybody feels that none of those things are being met, we should talk about it. But if everyone feels satisfied that we're doing those if you could just fill out the self-assessment form and send it to me, so I have it for our records.

Al Nolette: Beth, you're gonna need three separate self-assessment forms, right? One for each of the three committee's?

Beth Gilles: If you're on the committee. So, Al, you would be doing that governance and the finance.

Al Nolette: Sweet.

Beth Gilles: And that's it for me.

Al Nolette: Joe and Dave, do you have anything else for the good of the cause?

Dave O'Brien: No.

Joe Giordano: No, I'm good. Thanks, Al.

Al Nolette: Adjourned till March 30<sup>th</sup>, 21.

Beth Gilles: Great, thank you.

Adjourned 9:28 am.

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