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REVOLVING LOAN FUND LOAN ADMINISTRATIVE COMMITTEE

February 22, 2021 2:00 pm

Zoom (per Executive Order 202.1, extended by 202.92)

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

AGENDA

1. Welcome
2. Approval of minutes – January 8, 2021, January 20, 2021 and February 10, 2021
3. COVID-19 Micro-Loan Loan Application – The Little Pizza Shop, Peru, Clinton County
4. Other
5. Next Meeting
6. Adjourn

TRANSCRIPT

Beth Gilles: Okay, welcome to the loan fund committee meeting. It's February 22, 2021 at 2:02pm. And I'm going to a roll call.

Chris Hay: Here

Carol Calabrese: Here

Christy Wilt: Here.

Chad Richards:

Marc Monahan: Here

Harry Booth:

Patty Waldron:





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Also present are Carrie Yakush and Beth Gilles from Regional Planning. So the first order of business is to approve the minutes from January 8, 2021, January 20, 2021, and February 10, 2021. Does anybody have any changes, corrections, additions to those minutes? Can I get a motion to approve?

Marc Monahan: I'll make a motion.

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

Chris Hay: I'll second.

Beth Gilles: Seconded by Chris. All those in favor? Opposed? Hearing none motion passes. Okay, so what we're really here for is to talk about the COVID-19 Micro-Loan loan application for The Little Pizza Shop in Peru. So, just to recap, the February 10th meeting, Nick Weaver is the owner of The Little Pizza Shop in Peru in Clinton County. He purchased the business in January of 2020. Before that he was the manager. He's a machinist by trade but had some issues finding employment. So that's how he ended up in the pizza shop. Throughout COVID, he expanded the business, but didn't have any management experience. And things got a little out of hand and weren't being taken care of properly in terms of management of the business. So, he ended up hiring office staff, Melissa, who joined him at the meeting a couple of weeks ago, to kind of discuss getting the business back on track. So, what he's looking for is a \$25,000 working capital loan. His Cost of Goods have gone up about three-fold. And what this loan will do is really provide him with some breathing room while he works with the SBDC get handle on the management of his business so that he can keep it going and not have to close the doors. Chris, Carol or Christy, is there anything you want to add for Marc?

Chris Hay: No, I think it was, you did a great job summarizing it. A good local business. Purchase by someone who was a good cook and wasn't really aware of the extra steps or knowledge that it has taken to manage the business and at the same time got hit with COVID. So, sounds like he's got some good team members in place. And hopefully he does work with the SBDC on developing that business plan. Because I think that combined with the good reputation of the pizza shop, hopefully will set him up for success.





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Marc Monahan: When I look at the spreadsheet that has the projections, it doesn't show he's gonna make any money, I guess even in two years. Was there conversation around that?

Beth Gilles: Yeah, um. They, oh Chris, go ahead.

Chris Hay: I was gonna say, I think those are really an extrapolation from the current information that he had provided. I don't think he actually produced those.

Beth Gilles: Yeah, Jamie put those together based on the information she had from 2020. The previous owner won't give him anything. So, we don't have anything but 2020 numbers to look at. So, she did some very conservative projections, specifically getting his Cost of Goods under control. He had been purchasing from one vendor, a local vendor. He likes the idea of keeping it local, but the cost was really high. So, they're doing a better job of shopping around and finding, you know, lower cost products. And I think it was also based on, he does pay \$500 a month to the person he bought the business from. That'll be up to \$30,000. And, what else is in there, and then it would be the loan to us as well which is going to be, based on our program it'll be \$25,000 over five years at 1.9% interest only for the first six months.

Carol Calabrese: He also brought on a bookkeeper that seemed, that participated in the meeting with us and it seems like she's got a good head for business and it seemed like she was helping him get better control of his cost.

Marc Monahan: Weren't most pizza places, takeout places, like benefiting from COVID?

Beth Gilles: He actually expanded his business, and he expanded his delivery into new areas. But I think that because he didn't really understand how to best manage a business, pay payroll tax, do all that kind of stuff, it got away from him. And those are the numbers that we were basing everything on where his numbers were, I don't think he was really managing his costs very well. So, between Melissa and working with SBDC, and working with Jamie, we're going to help him get a better handle on the business.

Carol Calabrese: I know it's not a large loan, and it's an emergency loan. But we had in the past, when we've come across applications like this, made it a requirement, even if it was just temporary, the first year, you know, quarterly financial, you know, reports be submitted, you know, and that you require him to work with SBDC.





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Because I think a lot of knowledge can be gained when between his bookkeeper and the technical assistance through SBDC, which is free, I don't know how the rest of the committee feels about that. But being that he was very forthright in his inexperience in management, he took the right step, I think, in getting a bookkeeper who really seemed to be knowledgeable, at least in the conversation he had with us. And I wouldn't be opposed. You know, you're talking about just, you know, him printing off, you know, quarterly reports, or semiannual, so that you can keep a closer look on the direction he's going.

Beth Gilles: Yeah.

Chris Hay: I think those make sense.

Beth Gilles: And that's something we can even just write into the commitment letter should the loan be approved that, you know, he's required to submit these things to us quarterly, is required to work with SBDC and maintain communication with Jamie so she can keep a handle on what he's doing. Is there anything else anybody wants to say? Ask? Marc, do you have any other questions?

Marc Monahan: Yeah, I mean, it's a really small amount. So, I don't think you'd spend too much on it. I just maybe just keep an eye on him.

Beth Gilles: Okay. So then can I have a motion to approve a \$25,000 working capital loan to The Little Pizza Shop, under the COVID-19 Micro-Loan program, Business Interruption Micro-Loan program, at 1.9%, which is set off for five years, interest only payments for the first six months. We didn't talk about collateral. We did at the last meeting where it would just be a blanket lien on business assets. Is everybody still good with that?

Chris Hay: Yup.

Marc Monahan: Yeah.

Carol Calabrese: So personal guarantees on this as well?

Beth Gilles: Yeah. So we'll require a corporate guarantee from The Little Pizza Shop and a personal guarantee from Nicholas Weaver, with collateral as a blanket lien on business assets. So, can someone make a motion please?





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Carol Calabrese: Are you going to include in there the requirement for quarterly reports?

Beth Gilles: Yes, requirement for quarterly reports, and that he works with SBDC.

Carol Calabrese: I'll make that motion.

Beth Gilles: Motion made by Carol.

Marc Monahan: Does his bookkeeper have the ability to do quarterly, is just a pizza shop, sometimes quarterly reports are not...

Beth Gilles: He has everything in QuickBooks.

Marc Monahan: Okay.

Beth Gilles: So, she shouldn't be able to just print some stuff for us, right?

Marc Monahan: Usually, usually the problem with these small towns is getting the stuff to the bookkeeper to make sure they have updated reports and that's, maybe semiannual would be easier on you, Beth, to chase.

Beth Gilles: Okay, semiannual reports. Okay. And require, again, that he works with SBDC. So, I have a motion from Carol can I have a second?

Chris Hay: I'll second.

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

Multiple people: Aye.

Beth Gilles: Opposed? Hearing no motion passes. Okay, I don't really have any other right now. I will say that with the announcement of the new PPP money the interest in our loan fund has been less than desirable. I just put out a new push. Hopefully we'll get some information, but people a, aren't looking to take on additional debt and b. don't necessarily want to take out a loan when they can get forgivable money





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from the federal government instead. So, if you have anybody, you know, any clients anything, please, please, please send them our way. We've done three loans, and this is out of the regular COVID, I should have mentioned, so we've done three loans out of those. We still have a ton of money to get out. As far as the Micro-Loan Program, which is what this loan came out of, that wraps up April 30th. So, if there's anybody that you know, that would be interested in a Micro-Loan, the up to \$25,000 is only working capital, they have to have all their stuff into us by April 30. And then at this point, we don't have a next meeting, well we do, but not until April, but if any loans come up before then we'll let you guys know.

Chris Hay: Sounds good.

Beth Gilles: Alright. Thanks, everybody. Appreciate your time.

Respectfully submitted by Carrie Yakush, Senior Account Clerk, LCLGRP

