

Revolving Loan Fund Loan Administrative Committee

April 9, 2019

1:00pm

Lake Champlain – Lake George Regional Planning Board office, Lake George, NY

MEETING MINUTES

Agenda:

1. Welcome and Introductions
2. Approval of January 3, 2019 minutes
3. Loan Modification – Jay Lamica/Jay's Monitor Heating
4. Loan Modification – Mr. Brand Brand/All Brands Redemption
5. Foreclosure – Anton Cooper/Cooper Logging
6. Legal Action – Peter & Denise Ward/Adirondack Meat Company
7. Legal Action – Michael Finnegan/North Country Club Restaurant
8. Loan Balance Report ending 3/22/19
9. Annual Reporting of Loan Recipients
10. Advertising for new loans
11. Meeting Schedule – second Tuesday of month beginning quarter
 - July 9, 2019
 - October 8, 2019

Attendance:

Carol Calabrese, Essex County IDA, Essex County
Christy Wilt, Director of Economic Development & Hamilton County IDA, Hamilton County
Patty Waldron, Small Business Owner and Board of Legislators, Clinton County
Dave O'Brien, LCLGRP Board Chairman of the Board
Harry Booth, Small Business Owner, Washington County
Chris Hay via conference call, President, Dannemora Federal Credit Union
Beth Gilles, LCLGRP staff
Carrie Yakush, LCLGRP staff

Ms. Gilles called the meeting to order at 1:00 P.M. at the LCLGRP office, Lake George, New York

WELCOME AND INTRODUCTIONS:

Attendees introduced themselves and stated where they are from.

APPROVAL OF JANUARY 3, 2019 MINUTES

Ms. Gilles asks if there are any questions, comments or changes for the January 3rd, 2019 minutes. No questions. Patty Waldron made a motion to approve the minutes, seconded by Harry Booth. Motion passed.

LOAN MODIFICATION – JAY LAMICA/JAY'S MONITOR HEATING

Ms. Gilles asked the RPB's real estate attorney to do an amended promissory note with Jay Lamica. Mr. Lamica is a self-employed heating business that was given a loan to buy equipment and inventory. He has a spotty payment history. He hadn't been paying for a while then went to interest only payments in 2018. He has been paying around \$500.00 a month. Mr. Lamica has been very cooperative with doing an amended promissory note. He was asked to give a \$2,500.00 down payment and we would waive his \$2,500.00 in late fees. He did make the payment and it was applied to his principal. He has since sent in a \$750.00 check that was applied to interest and he sent in another \$750.00 check yesterday that will be applied to interest.

Dave O'Brien gave extensive history of loan payments, in general, for Mr. Hay's knowledge. Mr. Hay thanked Mr. O'Brien for the background and states that the sooner you can talk to the people about potential issues the more you can work with them and help them out.

Continuing with Jay Lamica's loan, Ms. Gilles states that the loan modification had been previously discussed and it was recommended that it be 7 years at 6.5% which would make his monthly payments \$683.93. Ms. Gilles asks for a motion to pass this modification to Jay Lamica's loan. Motion made by Harry Booth and seconded by Patty Waldron. Motion passed.

LOAN MODIFICATION – MR. BRAND BRAND/ALL BRANDS REDEMPTION

Ms. Gilles reviewed Joe Brand/All Brands Redemption Center's loan history. Mr. Brand has four loans; three with the RPB and one with the RDC. Ms. Gilles has been working with him on a loan consolidation to consolidate the three loan payments for the RPB into one, but the loan payment to the RDC would remain alone. An action is not ready to be made yet because more information is still needed from Mr. Brand. Mr. O'Brien gave some personal history on Mr. Brand and his wife. Mr. Brand is trying to sell his house and business. Ms. Gilles reviewed Mr. Brand's collateral. She stated that, as requested, one condition of the loan modification is that the RPB gets a mortgage on his house. Mr. Brand has provided all his business taxes from 2013-2017. 2019 taxes on the store has not been paid yet. Mr. Brand paid the \$250.00 application fee and filled out a new application. He also gave us a \$2,000 check that was applied to fees and penalties and some back interest on the RPB loans only, because the check was made out to the RPB. Mr. Booth questioned the value of the store and stated he must have an idea of the amount of business he is doing at this point since he has been operable for a few years. Ms. Gilles states we asked for a 12-month cash flow projection which Mr. Brand did provide. Ms. Calabrese suggested asking Mr. Brand to submit quarterly sales tax payments. She also suggests having loan holders attend the next regularly scheduled Board meeting if 2 or more loan payment have been missed.

FORECLOSURE – ANTON COOPER/COOPER LOGGING

Ms. Gilles states he was given a \$150,000 loan for property purchase in 2015. He has made a total of 12 payments and 2 partial payments. We filed for foreclosure in December 2018. Ms. Gilles reviewed his collateral. Mr. Cooper owns five pieces of property in Bolton. He has several judgements against him. All five properties are worth approximately \$190,000 based on assessed value numbers from the county. Mr. Cooper asked us to delay the motion to allow him to log. We said no. Mr. O'Brien said that Bolton and the Lake George Land Conservancy has an interest in the property.

LEGAL ACTION – PETER & DENISE WARD/ADIRONDACK MEAT COMPANY

Ms. Gilles reviewed their loan history. They were given \$150,000 for working capital in November 2014. The RPB's collateral is a mortgage on a vacant piece of property in Ticonderoga. They have scattered payment history. In September 2018 Mr. Ward wanted to transfer the property the RPB holds as collateral to his son so he could build a house. Upon speaking to legal counsel, it was determined they could do that, but his son would also be listed on the loan. All communication ceased after that. At the advice of our attorney we sued them on the note. It appears they have all, including their son, relocated to Florida. Carol Calabrese stated that upon her research it has been discovered that their home in Florida has a homestead act on it. Carol states, in her terms, it means that the act protects them, and if they did become delinquent on mortgage payments the municipality would have first rights to the home. Ms. Gilles states we have a judgement in NY against the Ward's personally. Our lawyer suggests doing an asset search. Ms. Gilles reviews the cost of an asset search. The committee agrees to pursue an asset search.

LEGAL ACTION – MICHEAL FINNEGAN/NORTH COUNTRY CLUB RESTAURANT

Ms. Gilles reviewed his loan history. He was given \$105,000 for working capital, equipment purchase, building loan in 2008. It was a 15-year loan. Our collateral is a 2nd mortgage on the restaurant and 2nd mortgage on his residence. He fell behind in 2016. His last payment was in December 2018. Ms. Gilles got a letter from Clinton County Treasurer that he had not paid taxes on the building in several years and it was the county's first notice towards foreclosure. Finnegan has until sometime this month to pay his back taxes. He has paid some of the back taxes. Mr. Hay noted that he thought the restaurant was closing March 31. Mr. Finnegan owes about \$47,000. Our lawyer suggested suing on the Note and is beginning the paperwork for a judgment. We have tried to reach out to him in various forms and he has not responded. Ms. Calabrese questioned if in our updated loan policy, it included an annual site visit. The answer is yes.

LOAN BALANCE REPORT ENDING 3/22/19

Ms. Gilles reviewed the Loan Balance Report that was included in the meeting packet. Ted Berndt, with Washington County Agri-Park, was very behind and is now caught. He called and spoke to Ms. Gilles about the possibility of going on interest only payments. Ms. Gilles told him that it would have to be decided by the loan committee and to let her know when he wants to start that process. One of his renters has not paid rent since December and he is having cash flow issues. Ms. Calabrese suggests that if he comes in to request a loan modification, we could require him to sit with SBDC or SCORE to help him learn about business practices.

Schroon Lake Camp is our next project. He has a modified payment plan that needs some adjusting. He has only been paying \$150.00 monthly since 2012. The camp is closed. Mr. Booth suggest us getting tax returns from him.

ANNUAL REPORTING OF LOAN RECIPIENTS

A letter and job survey were sent out to all loan recipients on March 7, 2019. We have received only 8 back. Ms. Gilles stated we have had pushback on the business tax return requirement. Ms. Calabrese

states it is a default on their promissory note not to provide the business tax returns annually. This is a requirement that needs to be enforced. Mr. Hay stated that if it is listed in their promissory note that business tax returns are required annually, and people do not submit their returns annually, then as a default on their note we could raise their interest rate. Mr. Hay states to build it into loan rules to increase interest rate if recipients are not providing the required documents.

ADVERTISING FOR NEW LOANS

A fact sheet has been put on our website and sent out. A couple people have called that are interested in the loan program. Ms. Calabrese suggests notifying Real Estate agents and accountants. She said Chamber of Commerce will have links.

MEETING SCHEDULE – SECOND TUESDAY OF MONTH BEGINNING QUARTER

Next meeting is July 9, 2019 at 1:00PM in LCLGRP office.

OTHER:

Deborah Swan, one of our loan recipients, operates Willows Bistro. She reached out and wrote a letter asking for a lower interest rate. It is established practice that the LCLGRP does not negotiate interest rates at any point.

Our 2017 audit is complete. There was one finding: 8 out the 9 loan files tested do not have all the required paperwork in them. A response letter was submitted as a requirement of the finding.

The EDA RLF plan was accepted.

Meeting adjourned at 2:12 P.M.