

# REVOLVING LOAN FUND LOAN ADMINISTRATIVE COMMITTEE

May 15, 2020      10:00 am

Videoconference per Executive Order 202.1

(please contact Beth Gilles for log-in information)

## AGENDA

1. Welcome
2. Approval of minutes from 1/14/20, 2/28/20 and 3/10/20 meetings
3. Interest-only and total deferral payments
4. Borrowers who have received SBA loans
5. COVID-19 Business Interruption Micro-Loan Program
6. Legal Action report: Cooper Logging, Adirondack Meat, North Country Club Restaurant
7. Other loan updates – Joe Brand, Witherbee's, James Orlando, Izzy's Market
8. Loan Balance Report ending 5/01/2020
9. Adirondack Gateway Project
10. Other

## Transcript

10:04 am, Director Beth Gilles: So why don't we, actually I didn't put on here (agenda), but we'll just do a roll call real quick just because we're in videos.

Chris Hay, here.

Patty Walden

Carol Calabrese, here.

Christy Wilt, here.

Chad Richards, yes ma'am.

Marc Monahan, present.

Harry Booth

Okay. That was everybody right? That was seven.

All right, so our first thing is approval of the minutes. We've had many meetings without minutes, or without approving the previous minutes. So, we need approval for the minutes from the 1/14/20 meeting, the 2/28/20 meeting and the 3/10/20 meeting, which were all sent, emailed, out to the group.

Marc Monahan: I'll make a motion.

Director Beth Gilles: Mark Monahan makes a motion.

Chad Richards: I second.

Director Beth Gilles: Chad Richards seconds. Any discussion? All those in favor?

Group: Aye. Aye. Aye.

Chad Richards: Hey Beth. Just something. Are you going to email those to me to sign off or do I need you to sign originals?

Director Beth Gilles: Not the minutes, but I'll email you – Um - I don't think we're going to have any resolutions today.

Chad Richards: Okay. For some reason I was thinking we signed the minutes.

Director Beth Gilles: Nope.

Chad Richards: Okay.

Director Beth Gilles: Okay. Opposed? Carried.

The next topic, interest only and total deferral payments, Andrea.

Andrea Palmer: Yes. So, we have a couple people on total deferral. We have a number of people on interest only. The people on total deferral are Witherbee's Carriage House and All Brands Redemption Center. This went through the executive committee pretty much immediately. Um, both companies were already struggling, I believe. So that is actually coming up to a close at the end of May. We will re-discuss this with the executive committee before that time and decide what to do next. Do you guys

want me to read who is on interest only loan payments right now. I can go through the list real quick. Or just give you a summary.

Marc Monahan: Summary is fine.

Andrea Palmer: I would say about 75 to 80% of our loan recipients are on interest only loan payments. We came up with a very good agreement that was approved by our attorney. And we can do it completely by email. People have been really responsive. Most people have been very responsive, when I email, really trying to work with us and we're obviously really trying to work with them. I think people are legitimately doing the best they can. Most people are paying on time, or maybe a little bit late. But that is the update on that. Some of those will be, will be coming up to the 90 days soon because we were able to backdate to March 16th when everything shut down. So, you know, for the March payment we're already coming up on the end of the 90 days for some. But we'll come up with a new way.

Chad Richards: Are we willing to go out six months?

Director Beth Gilles: That's something I wanted to ask. So, I sent you guys the copies of the resolution that the executive committee had passed saying that we won't charge late fees from 3/16/2020 to 6/30/2020. That, I can, I have the authority to sign the paperwork to give people interest only. And if they want total deferral, I have to ask the chairman of the board, who's Dave O'Brien and the chair of the loan committee, Christy, and get their approval, and then we can put them on total deferral. We have another executive committee meeting scheduled for the 28th of May, I believe it is, to revisit so I would like, and we would like your opinions on extending those. What you think that should be, what action from the committee should be to the executive committee in terms of extending total deferrals and interest only.

Chad Richards: I'm sorry, I might have missed this, but the loans that are deferred, I guess starting with the interest only on so far, how is a principle applied to the loan?

Director Beth Gilles: It's being added to the end, extending the maturity dates of the loans by, at this point three months.

Chad Richards: So, we're extending the maturity as well.

Andrea Palmer: For compliance, it was easier for us to do that then try to re-amortize the entire principle.

Marc Monahan: Are you having them sign deferment forms agreeing to the language?

Andrea Palmer: Yes.

Marc Monahan: Okay. It's basically altering the note a little so...

Andrea Palmer: It alters the note and we had input on the agreement from a bank and then it was approved by our attorney. And it's an agreement for the deferral in the language and it spells out the exact original maturity date and the new maturity date and specify the interest of the new maturity date.

Marc Monahan: And they started with the April payments?

Andrea Palmer: Many of them did. Some of them were already lagging in March. So a few of them started in March.

Director Beth Gilles: Yeah, we gave them the option, there were three of them when they contacted us and asked for it. So, like we just had Glenda Duell contact us last week, say, you know, she had been making her regular payments, saying she wanted to go on interest only. So, then she would get June, July, August, on interest only because she had been paying before. Most of them, the three months is going to end you know, the end of May. So they got interest only or total deferrals on March, April, May, or they're going to end in June, which is why we're having another meeting to see if, if we should extend those and for how long we're going to have to have them sign a whole new agreement, which is fine. It was pretty easy. A couple of them needed to mail it. They didn't have scanners; they couldn't figure out the technology of it all. But they send it to Andrea. She sends it to me I sign it and give it to the bank, and it puts them on their interest only other total deferrals. We're discouraging total deferrals only because we utilize 75% of the interest for our operations that I need to pay my staff. So, really were not encouraging total deferrals. But as far as Brand goes, you all know we'll talk about him later, I drove by his shop, he is completely shut down. He has no income. And Witherbee's actually told Andrea she could come get the keys to the restaurant if we were going to continue to make her pay her loan payments through COVID because she totally shut down. She's not doing takeout or any of that.

Andrea Palmer: I did not take her up on the offer. So, we are all clear.

Marc Monahan: I think Chris and Chad will probably agree, we're all in discussions of our anticipated deferments coming to an end here in the next month or two. And, you know, I think, with the deferment, we have to ask some questions. You know, what does it look like when they do get back to normal, how they've been impacted? I think it's not just as easy as, hey, just sign this. I think we probably need to ask a little bit of questions to figure out how they've been impacted, because some people have not been impacted, you know, I mean, and they just took the deferments just to take them. So, in my opinion, I think there should be some sort of narrative and maybe some sort of financial projection that we ask to accompany it before we make the decision.

Andrea Palmer: I do agree with you there, Marc. I do say and I'm sure there are instances with our lender, our borrowers with that, for the most part, I do think that some of these borrowers were legitimately in need. They're already in the higher risk category anyway by nature of being one of our recipients. But yeah, I'm sure you're right. I'm sure there's been some people taking advantage. But I do think for the most part, our recipients really needed to...

Marc Monahan: Oh yeah, no doubt. And I'm not, you know, questioning that, but I think we need to get an idea if they're ever going to come out of it.

Andrea Palmer: That's a real thing because we can't just defer for 90 days for the rest of eternity.

Marc Monahan: Right

Director Beth Gilles: What are you asking for in terms of projections? Just like a one page for the next two years? Do you know yet?

Marc Monahan: Really, basically, just through the end of the year. You know, basically a six month. And we're not asking everybody because there's certain people that we know they don't know when

they're gonna be able to go back up or they're doing a limited type of business, but you know, just to get an idea, if you were to open back up, how do you see like, a lot of stuff is seasonal, and the seasons going to be shrunk for a lot of people.

Director Beth Gilles: Right? Are you asking them whether they ever received PPP or the EIDL?

Marc Monahan: Yes.

Director Beth Gilles: Does that factor into your decision whether you're going to defer again or not?

Marc Monahan: It probably will. Like I said, we're kind of going through this starting this process now in anticipation of the July deadline. We've got some through July and some through August, but we're kind of anticipating, you know, how do we look at this instead of just, you know, keep deferring because that's not an option down the road.

Director Beth Gilles: Right.

Chad Richards: Yeah Marc, we're kind of in the same boat. You know, the first round of deferments was pretty much no, obviously no questions asked. Now, obviously, you know, we probably know our customers a little more. Only because we have our portfolios. Each one is assigned to a customer. As we get to July 1<sup>st</sup>, some are June 1<sup>st</sup>, we are asking for a little bit narrative, and some sort of introductions, depending on the industry they're in. Now, some a little more self-explanatory, because, you know, we anticipate, you know, a lot of our customers being in phase three or four before they can reopen. But certainly, some sort of narrative and budget projection through the end of 2020, is similar to what we're kind of asking for.

Chris Hay: And similar to that we're trying to educate the folks on here's why not making payments isn't necessarily good for you, even if you can make partial payments that helps you in the long term. So, try to do the education piece, and I'm guessing with a lot of your borrowers, our borrowers that you're going to see, they're going to struggle coming up with a six month projection. So even if you can get them to give estimates of, you know, your usual revenue over this period would be what as of last year, what percentage of that do you have this year just to gauge it? I know they're going to hear projections and they're going to get all antsy and feel like you're making them jump through hoops when they're already going through some significant challenges.

Director Beth Gilles: Okay. Great. That was all great feedback. I appreciate it. Like I said, we're going to talk to our executive committee at the end of the month. Then, I guess, decide what we want to do in terms of, of the deferrals.

Andrea Palmer: Yeah, that's good. It's all very good input.

Director Beth Gilles: Okay. Anything else on interest only or total deferral payments?

Alright. Borrowers who have received SBA loans. We've tried to get some info out of our borrowers. Andrea has a report on that.

Andrea Palmer: Yes. This is by no means an exhaustive report. I did send out an email. Just inquiring - Hey, have you applied for EIDL or PPP? What problems did you run into? Were you able to get through the process? Did you get the advance? Did you, were you approved? - Some people did get back to me and were very helpful with information, not everyone did. I was chatting with someone from

Glens Falls National the other day and they did say they indicated that everyone who had applied for PPP through them had been approved. So, I'm sure we have recipients out there who just haven't responded but have gotten it. But a number of our recipients have gotten something from the SBA. It's a short list. Want me to go through it or just summarize?

Chris Hay: Summarize the fine.

Andrea Palmer: So, basically everyone who got back to me applied for an EIDL loan and/or a PPP loan and if they did not apply, they had wanted to, but were not eligible. There are some businesses who, you know, husband and wife might run the business and they don't pay themselves they just kind of run their life through the business and but therefore don't have any payroll, you know, I mean? So, a lot of people were waiting still. When I initially reached out in the middle of April and then when I followed up in early and mid-May. Some people have gotten some advances. Some people have been approved for PPP and have that money or have not. My guess is most of our recipients applied, and many of our recipients did receive funds. So, you know, there's two sides that. The plus side is if you carry them through, the downside is additional debt. Most business owners are already over leveraged as it is. You know, but it is what it is.

Marc Monahan: Right part of the issue with the PPP was, you know, we have a lot of sole proprietors and LLC is our portfolio. And if they don't show a profit, they don't get any money back. That's how, that's basically how it is if you don't have any net income to show you don't get any money because you don't pay yourself and those entities.

Andrea Palmer: Yeah, and I get it not wanting to pay taxes. But you know, at some point, like someone said you can cheat the bank, or you can cheat the IRS but you can't cheat both in the same year. So...

Chris Hay: So true.

Marc Monahan: They try.

Chris Hay: For these folks who haven't applied yet, I just got an update this morning. There's still 116 billion dollars left in phase two. So, if businesses just didn't think they could get in or couldn't get through it, encourage them to try it again. You know, they're kind of projecting that the funds will probably be available for a couple more weeks, based upon the current funds flow. So, opportunities are still there.

Director Beth Gilles: Yeah, I think a lot of our borrowers, most of them fall into the category of not having a relationship with a bank and not having an accountant that can help them with the paperwork and that kind of thing. So, I think a lot of ours that haven't gotten any, it's just because they don't know what to do. And we've reached out to them several times through Andrea, she's been educating herself on the SBA.

Marc Monahan: So, surprising, the application pretty much is kind of idiot proof. The one thing that SBA did is they made it very simple. And there's a calculator. I mean, so if somebody says they can't figure it out, then they don't deserve money. Because it is really kind of dummy proof. It's so simple. I can't believe they made it as simple as they did. But, you know, unfortunately, a lot of people are going to be struggling to come out of this because we still don't have guidance on how they can spend it and

how they can record it. And, you know, some people probably did not apply for the right amount. And, you know, that's on them, though.

Andrea Palmer: Yeah, and I do believe we heard many, many, many, many words, but the word a lot of people held on to is the word grant, and forgivable. So two words, I guess. And I just don't think that's gonna be true for as many people as we're hoping it will be true, but that's a problem for down the road. Marc, Chad, Chris - maybe you guys know - my understanding was that there was no personal guarantee for these SBA loans. Is that correct?

Chris Hay: Correct. No collateral either.

Andrea Palmer: Will they show up on a credit report? So, for example, if we look at a loan in a year, will we see this?

Marc Monahan: No.

Andrea Palmer: Okay.

Marc Monahan: Well it really depends on the bank, you know, so we don't report our business loans on personal credit, but it really depends on the bank and how they report that guarantee. But I would think no, and that personal guarantee kicks in if they default. So, there's no personal guarantee unless they default and then we have to go to the SBA and then the SBA will exercise that guarantee.

Andrea Palmer: Okay.

Chad Richards: Yeah, Andrea, as a practice, we don't. Even if you personally get into a commercial loan at Glens Falls National, we don't report it on your personal credit report.

Marc Monahan: Yeah, it's pretty standard, I think.

Chris Hay: Yeah, same thing with us.

Andrea Palmer: My question would just be, you know, I have no interest in getting someone into a predicament that they can't get out of as far as being way over leveraged. But it is what it is.

Marc Monahan: Whatever isn't forgivable, it's 1%. So, I mean, they just need to be smart and diligent on repaying that over the next two years. Nobody is going to want to refinance those for people.

Chad Richards: I think that two-year period, I think is going to be extended anyway. There's a lot of talks of changing the program. I think the next round of CARES Acts, end May, you know, June whenever the two parties get over their (inaudible) back and forth. I think the two-year maturity probably gets extended. They are talking about five. Originally, it was written in or approved by Congress as 10 and US Treasury limited to two, so I think there's really a lot of changes in the next few weeks that come out. I'm optimistic it's beneficial to customers or applicants. And you know, hopefully at the end of day, they just do away the whole program and just forget everything but maybe that's too optimistic.

Marc Monahan: Well, to be honest with you, we feel the same way and we think that they are just purposely holding back their forgiveness information, because they don't want people to go spend it on stuff that's not really going to keep the people working. But realistically, it's almost gonna be impossible forever. If they leave it up to the banks. The banks don't want them, the banks are gonna say, give us what you got. Yep, that's good. It's like that, you know, come audit that. Like, because we feel like they

were purposely slow playing because they will forgive. I would think anything over the 2 million I think is where their shooting for, err under, I'm sorry, under.

Director Beth Gilles: All right, cool. All right, so moving on to our COVID-19 Business Interruption Micro-Loan program that we have not gotten one single application for.

Andrea Palmer: So, we've had a ton of interest. And I have sent applications and I have followed up with people. I'm willing to handhold. I'm willing to type their name in the box if I need to. It's an awesome program. I'm very proud of it. Beth and I worked very hard on it. I think there's a few factors, we did finish and release it the same day as all the SBA stuff, which just kind of happened by accident. But I do think the program was overshadowed by SBA, which is fine. I also think they are very overwhelmed and just haven't followed up on it. And then I think some people are concerned about getting into even more debt and that's a valid concern. And I'm glad that people are thinking that way. So, it's a great program. I would love to use it to help people. Maybe it'll be more part of the recovery process. We have had a lot of interest. I have followed up with everyone. If they so much as breathed in my direction. I followed up with them with a phone call or email. But no takers so far. So that's the report on that.

Marc Monahan: I do know that the Warren County EDC has a similar type of loan program that one of my one of my lenders is overseeing the underwriting for it and they received applications but none are eligible based on.. they were a mess before this so it you know, it's like do you really want to lend to somebody that you know didn't even have a good 2019? You know, so it's, it's a challenge.

Andrea Palmer: It is very similar to ours probably because I sent all of our information over to Craig Leggett at the Warren County EDC. But it's a great program. We're already talking to people who are in that little bit higher risk category. Or just started or have no collateral or have no tax returns or you know, fill in the blank.

Director Beth Gilles: Carol, you guys have a program out that you're lending actively from.

Carol Calabrese: We just closed it, my board approved the last loan and the last use the funds on Tuesday. So, we've committed to all the loan funds that we've earmarked for COVID-19 emergency loans in Essex County. Which totals 11 applications that were approved.

Andrea Palmer: What's the dollar amount total that you loaned out?

Carol Calabrese: \$250,000. They could apply for up to a maximum of \$25,000.

Andrea Palmer: Yeah. Similar. Well, good. I'm glad you were able to help some people.

Carol Calabrese: Us too.

Director Beth Gilles: Christy, did you guys ended up doing anything for your folks?

Christy Wilt: Actually, we did not because our program right now is only at 3%. And we have such a small amount of regular loans coming in. We just figured we're already lower than everybody else, and we'd be willing to work with people and we let them know that. That's it.

Director Beth Gilles: So, I've explained this to so many people, but I don't think I've explained it to you guys yet. So, the EDA allowed us to operate outside of our normal revolving loan fund rules for an



emergency response for COVID-19, but only for a finite amount of time. So, I think I sent you all what I sent the EDA which was on page, whatever it says there's a \$250 application fee. We're not going to do that. And so, they approved everything. Our program is open, this one, through September 30. So, people have until September 30 to apply so maybe when they get into their summer season and realize they need more money and didn't ask for enough money from PPP, you can't go back to PPP. If they need extra money, they can come to us.

Marc Monahan: When did we announced that? Where did we share that information about the loan fund?

Director Beth Gilles: ARCC sent out a thing.

Andrea Palmer: North Country Chamber of Commerce linked the LCLGRP Facebook page.

Carol Calabrese: It's on ours well. It's on the Essex County IDA's.

Andrea Palmer: Yes, thank you Carol, that's true.

Marc Monahan: Is it worth maybe seeing if they can share again now that things have died down a little bit or have they already?

Andrea Palmer: No, we can follow up on that. I can do that.

Director Beth Gilles: Yeah, push it out again, see what happens.

Marc Monahan: A lot of banks offered similar type programs right off the gate, and it probably just got kind of lost. Like she said, with the PPP. It probably got lost in the shuffle. So now that people have time to digest and overcome the SBA challenges that maybe they are now looking to say I probably need another 20 grand or so. I think the banks, I know our bank is starting to pull back on some of those things now because you know, it's just like another round of deferments has come in and, you know, when are these realistically going to get repaid so - probably worth worthwhile to get back out there.

Andrea Palmer: Yeah, that's a good idea. I made a note and I'll do that. I'll contact my constituents and see what we can do.

Director Beth Gilles: Okay. So, the next item to cover is our legal action report. Even though the courts are closed, legal actions have continued. So, Anton Cooper. We got a new bankruptcy attorney. The attorney that we had had, did not do a lot of work for us. I think, I don't know this for a fact, but it sounds like he was sick and just not working a lot. And he kind of just called us one day and said, I'm not practicing law anymore. And so, we had to find a new bankruptcy attorney. We are working with Leigh Hoffman out of Albany. She's been fantastic. Anton Cooper has signed a contract with Finch Paper to log his property. He's going to utilize the proceeds of that to pay off some of his debt, not all of his debt. Finch gave him an advance on the logging contract which we actually received \$10,000 and change from. So what that pays is three post-petition loan payments, and we got paid back for the taxes that we had up fronted last year which was \$6700 in taxes to keep the property that we had a mortgage on to keep it from going into tax foreclosure with the county. So, we got that paid back. She did file, I believe it was yesterday or the day before, an objection to the plan just to say that if he does not continue to make monthly loan payments, like the plan says, then we can foreclose on the properties. So that's kind of the best that we're going to get right now she did say that there you know, there is equity in the

properties and things like that. So we should get at least a little bit of money hopefully back but it was \$150,000 loan that I think he made a handful of payments on, plus all the back interest and the fees and, and all that so there is a significant amount of money that's owed out of that fund, for that. Adirondack Meat - they filed Chapter 7 bankruptcy in Florida. We were apprised of that through the court, and so I passed that along to our attorney who's going to do what he needs to do. We have a lien on property in Ticonderoga, securing that loan. And North Country Club Restaurant. That's the restaurant in Clinton County. I can't remember if we discussed this or not, but when he first stopped paying, we sued him based on the on his personal guarantee. He then filed for bankruptcy and our suit was thrown out. And after that a woman who was in the area and interested in purchasing the restaurant contacted me to just want to make sure that we didn't have any liens on the restaurant anymore. She thought that our suit being thrown out in the bankruptcy meant that we didn't have any more liens on the restaurant, which I told her was untrue. She had had a deal with the first mortgage holders, we are the second mortgage holders on the restaurant, she had had a deal with the first mortgage holders to purchase the restaurant and I told her that we needed to be paid back for our mortgage and that she couldn't just purchase it from the first mortgagors and pretend that we didn't exist.

Marc Monahan: Was she going to take over the mortgage with the private mortgage holder on the owner?

Director Beth Gilles: I don't know what the deal was. It sounded like she was gonna buy it for a little bit more than they were owed and they'd make a little bit of money off of it. And she was incredibly surprised to hear that we still had a second mortgage on it. And that we weren't willing to just let it go.

Marc Monahan: Can she assume our mortgage if she wants to buy it?

Director Beth Gilles: She didn't want to spend that much money.

Marc Monahan: Oh, okay.

Director Beth Gilles: So since then, the first mortgagee has filed foreclosure on the business. So we're just gonna let them pay for it and go through the process and see if we end up, being a second mortgagee there's no reason for us to spend any money on any kind of legal action. Hopefully, we'll get something out of it at the end. And that's where we are with our legal actions.

Other loan updates - Joe Brand was doing really well. Joe paid his entire \$10,000 worth of closing fees into for when we redid his loans he was paying. Out of his three loans, he started out interest only on all of them. One of them he had gotten on to principal and interest payments, he had paid up all the back interest. With COVID even putting him on interest only he was still making \$2,000 worth of payments or would have had to every month with no income, which is why we put him on total deferral to keep him from completely going under but he's definitely one we're going to have to watch. Especially as we decide whether we're going to continue with deferments and see how far we're really willing to let that go. Witherbee's, as we talked about, we did get a notice from Essex County that said that there is the potential that the restaurant was going to go into tax foreclosure. We have a mortgage on the restaurant. So, Carrie has been watching that we know she did get did she get -did she get EIDL or did she get PPP?

Andrea Palmer: You know what Beth? I think I gave you incorrect information. She applied. I do not believe she got any money and I know I said I thought she got the advanced but when she followed up in

mid-May last week or whatever, I don't think she received any money. So that's my fault. I miscommunicated that. I don't think she's gotten any of that. I could be wrong, but I don't believe so.

Director Beth Gilles: We gave her total deferment. She was a \$1300 a month payment into the RDC account. We gave her total deferment hoping that she would save that money and use it to pay the taxes so that we wouldn't have to pay the taxes on the business. So, at this point Carrie has been trying to get ahold of the town of Schroon.

Carrie Yakush: Yeah. I've left them messages. I still haven't gotten any word back. I've even emailed. And I haven't received any word back either. So, I'm trying still.

Director Beth Gilles: We are just trying to keep a pulse on it to see how close it's getting.

Chad Richards: I know a lot of those small-town municipality centers, I mean, they're working just a few days a week with limited staff. So, we've had a tough time getting hold of. We had issues with Town of Greenfield trying to hold them. So, with everything going on the staff have limited days and hours.

Carrie Yakush: Yeah, that's what I was told. I think when I called, I think the person that I might have gotten through to maybe was a cleaner that just happened to pick up the phone, I'm not sure. But he just told me there was nobody there and good luck on trying to get somebody. Basically, that's what he said to me. So, I tried calling back a few times. I left a message, voicemail message, and I've emailed. Haven't heard anything.

Director Beth Gilles: So, we'll just keep ahold of that. Hopefully we don't miss any kind of deadline with the restaurant going into tax foreclosure, but she seems like the kind of businessperson that lets it get to the edge and then figures it out. So, we'll see, I guess. James Orlando. He owns Schroon Lake Campground. If you remember we did a modification for him last year he had been given significantly reduced payments in 2012 with no paperwork to back it up. And getting him to sign the paperwork to get his payments for \$150 a month to \$187.22 a month was very difficult. He has been incredibly difficult to work with. He has been a little verbally abusive with some of my staff going through this whole COVID thing. And not nice to Andrea. He wants his entire loan forgiven. He said that he's paid it long enough and we should just forgive the last \$10,000. He's made statements that other entities like ours have forgiven his loans, which we know is not true. He's actually paid them off. So, we're just kind of watching him. He's made statements that he doesn't want to pay us anymore. He's made statements that he's gonna have us investigated. It's a lot that we've been dealing with. I just wanted to let you know that you know..

Chad Richards: Did you tell him we already were investigated?

Director Beth Gilles: That's what I said!

Unknown and inaudible: (I believe a question was asked on how much he owes)

Andrea Palmer: About \$10,000.

Director Beth Gilles: \$10,000 to \$11,000. He's been paying since 2002.

Marc Monahan: 18 years.

Andrea Palmer: 18 years. There was a time though where he wasn't paying.

Director Beth Gilles: He's threatened to call the paper on us which I said - go ahead. So, we're just so you know, in case, you see something in the paper about us and James Orlando... He has been incredibly, incredibly difficult to deal with. He wanted one year of total deferrals and didn't know why we couldn't give it to him. And I had to explain to him that it wasn't Andrea's job or authority to just give out 12-month deferrals on payments, so we did eventually get him on interest only.

Andrea Palmer: We offered it immediately. It was hard to get the agreement back.

Beth Gilles: Yeah. So, we finally got the agreement back and got him on interest only. Hopefully, that'll appease him for a while. So, I just want to let you know that he's still a little difficult to deal with. And then Andrea if you want to give an update on Izzy's.

Andrea Palmer: Sure. So, in closing with Orlando, just because of how things have unfolded, I communicate with him only via email now. I have a paper trail of the narrative and I'm happy to share those emails, you know, with anyone. I just, you know, whenever you hear I'm happy to share emails. Update on Izzy's market you guys remember Izzy's Market? Glens Falls National sent an updated commitment letter that extended the closing date by 60 days, which I think is very reasonable, all things considered. The seller responded very strongly and stated the original closing date, April 1, was no reason for them not to close. Kind of drew a hard line and said if we don't close by June 8th, the deal's off, forget it. We might think about giving you half of your deposit back. I spoke with John Marcantonio, he's the lending partner. At this point I believe the ball is in Sarah Greco's court, the borrower. The contingencies in the contract, which I reread the other day, it does state she can get out of it. She can get her deposit back. She has \$10,000 in so far. I think it's just a question of if she's willing to wait. I don't think now's a good time to buy a business. Especially one that closed its doors two months ago and is a small-town deli in the best of circumstances. It's kind of a wait and see. I do not believe Glens Falls National is willing to close you know early which is a very reasonable thing right now. So, it's a wait and see on that but I wanted to give you guys an update on where that was.

Director Beth Gilles: So, you guys approved the loan, but we have not issued a commitment letter and she has not signed a commitment letter.

Andrea Palmer: Yes.

Director Beth Gilles: Yeah obviously we didn't think it was a good idea to have her start paying on a loan right now.

Andrea Palmer: Absolutely not. And the doors aren't even open. Um, you know, I'm not interested in getting someone into a situation that is not good for them. And I think that if she took on all this debt right now, and tried to, you know, get started now, I think it would put her in a bad position. And honestly, I have been thinking about this loan a couple weeks ago and had been wondering if she would renegotiate the price lower just with everything happening and knowing they weren't open. So, I was very surprised to see the hard line that the seller drew. My guess is that they're panicked and very worried. I understand that but it's not a good, it is what it is, you know.

Director Beth Gilles: So, we'll just keep you updated. I mean, really, like you said, the balls in Sarah's court so whatever she decided to do.

Andrea Palmer: She does have good people on our team. Her mom's a CPA, her, I don't remember what her father does but they're smart people. I think though she's got a good team. She's a smart woman. I think she will think it through. That's the update on that. I'm happy to send you guys the response from the seller. I don't know if it's necessary after my excellent summary.

Director Beth Gilles: So on to the loan balance report. So, the loan balance report I sent out was as of 5/1/2020. 9-mile coffee paid off. They took the original \$13,000. They were approved for up to \$25,000. They took \$13,000 in November. I think it was January or February they called and said that they were dissolving their partnership. The gentleman we had provided the loan to, Brian, was removing himself from the business and they ended up paying off the loan entirely. They only paid the interest for a few months and we got that money back. Everyone for the most part is doing really well with their interest only payments. As of 5/1/2020, All About You Salon in Moriah was two days late, but she ended up paying up. Thomas Barber, we actually told him that he had to come good up to March before we would give him interest only and he did. Um, so he was 51 days delinquent but now he is up to date on his payments and the same thing for Washington County Agri Park. We told Ted that he had to come up good on his late payments up to March before he could be given interest only. And he did do that. He was seven days late on his payments. I think he made his payments since then.

In RLF2, Brand is out of there now. And that was the one that was doubled up with one of the loans in RLF1. Everybody else is paying either full or on their interest only and North Country Club restaurant has defaulted out of that, hasn't changed.

RLF4, again everybody is either paying their full payments or paying their interest only payments.

Adirondack Meat and Cooper Logging are the ones that have defaulted out of that..

And for the IRP, again All Brand has been total deferral for three months. Cloverland Farms was 16 days delinquent on his interest only and I don't remember if he has paid since then or not. Did you reach out to him, Andrea, to see if he was okay?

Andrea Palmer: I did. I did not hear back. They're going through some pretty significant health struggles and I think they've been doing that for a long time. I did just talk with someone over at the bank. I believe he made a payment I can double check with that. And I apologize for not doing that before this meeting, but I believe he has made a payment since then. His interest only payment did reduce his payments significantly. I can't find it here, but I do believe he's down to like 50 something a month or something.

Director Beth Gilles: So, the IRP is through the Regional Development Corp, that's the loans from USDA. One of the loans, the final payment is in July of this year. We were hoping to be able to make that payment and pay that loan completely off and retire that debt. But with the no payments from Brands and no payments from Witherbee's, the money coming into that account has been significantly reduced and we did just have to pay \$3900.00 for the audit. So, we probably will not be able to make that payment in July. However, USDA is working on language to allow us to defer our payments to them. So, we should probably be able to make the July payments a few months after that. Where we're going to run into trouble with paying USDA is the \$30,000.00 December payment, if we don't get people back up and paying, especially the larger monthly payments, Witherbee's, get her back up and paying every month. We're going to have to have a serious conversation with USDA on how we're going to pay them back. So that's just kind of an FYI for you guys. And I'll keep you updated as they as they come out with their rules. Does anyone have any questions on the loans that we have now? Okay.

Moving on to the Adirondack Gateway Project. So, I know some of you are involved in this. Some of you

are not. There's a lot going on with this. We're not voting today on whether to give a loan or not. Andrea has a significant amount of paperwork that goes along with this loan. And we really didn't want to waste anybody's time having to go through all that paperwork without giving you the initial - here's what's going on - and getting your feelings for whether you want to move forward in actually assessing this loan to provide. So, with that, I will turn it over to Andrea.

Andrea Palmer: All right, so this Adirondack Gateway Project has a lot of potential and also has a lot of baggage. So, Mohammed Ahmad up in Schroon Lake. He has a couple gas stations up there and some rental property. He's been in business since 2006 with his gas stations. He purchased the property, the old Frontier Town property, at exit 29. He also owns the gas station across the street. He had a multi-phase business plan. He wants it to be a destination and also a gateway. It's very near the area, a lot of money from the state as the gateway to the Adirondacks. A lot of access to recreation, etc, etc. He had requested \$150,000 from us and some other agencies. Carol with the Essex County IDA, DANC, the AEDC, he also got a \$50,000 grant from National Grid. In the original application, there was left out a \$200,000 liability. This is from an agreement, a buyout agreement, between him and an ex business partner with three balloon payments of \$100,000. He's already made one of those. The next \$100,000 balloon payment is due in September 2020, this year. Also relevant to this conversation is that settlement was a direct result of an accusation of forgery of his ex-business partners signature on a loan with our organization. The accusation was not confirmed or anything. The agreement was the result of that, the buyout. But it's pertinent to the conversation. And so, you know, we want to be very transparent and open with you guys. We have talked with our legal counsel. It does not preclude him from applying for or receiving a loan with us, because he was not found guilty, I know that's not the right word, but it was not a confirmed, it was an accusation, and that's where it stayed. But the accusation was resolved with the buyout. So, there's a few different elements to this. Number one, the accusation of forgery on one of our loans. The loan has been paid off, but it's still relevant. And then number two \$100,000 due in September. We're not even sure when this will be able to be opened up.

Marc Monahan: Just quick question, when we look at the sources and uses on that preview memo, 370 of the 820 total requests has already been denied. So why are we even considering if all the other components aren't there?

Andrea Palmer: Because we took the application and we're moving forward. Some of those denials are in conjunction with everything that's happened with COVID-19. But we were already through the process.

Marc Monahan: Okay, gotcha.

Andrea Palmer: So, to do our due diligence, this is not a brand-new thing. I've been working with Mohammed since I'd say mid to late, must have been late February. He got all his documents to me, and it was trucking right along and then the Coronavirus happened and the whole world shut down. So, we were already pretty far into the process. So, to do our due diligence, and actually some of those, some of those had been approved and then went back before the various boards in relation to the Coronavirus and also in relation to the accusation. And I think everyone is just trying to make the right decision. And you know, there's a lot of uncertainty. It's a tourist-based business. Projections that he had given were optimistic in the best of circumstances. And right now, I mean, he would have to come up with entirely new projections going forward. So, so that's why we're bringing it before you. Not to approve or deny the loan, but to decide, do we want to move forward right now on the loan? Or do we

want to take a wait and see approach considering number one, the balloon payment of \$100,000, and number two, the current economic climate with things just barely being able to open up and we all know it's not going to be a flood of tourists coming, you know, a ton of revenue as soon as we open our doors. So those are the two things I have my recommendations, but I will, I will open the floor for discussion.

Director Beth Gilles: I just I just want to add that the \$200,000 liability, so he has a payment due September 2020. And another \$100,000 due September 2021. How he was going to cover those payments, he has a piece of property in Pakistan that he could sell to cover those payments. We have no way of confirming ownership, value, sale, anything like that. So, this business, Adirondack Gateway, is a startup. And he has a \$200,000 personal liability that we have no way to ensure he has the money for.

Marc Monahan: One thing I want to mention, just because I'm familiar with this, because I disclosed that we were looking at this as well as an SBA with 504. He does have a first mortgage on this property that I don't see disclosed. He has a private mortgage that he (inaudible) from my understanding.

Andrea Palmer: You know what, Marc, you're right. He had mentioned that to me in our initial conversation, but you're right, it's not on the application. And I, cannot believe I missed that.

Carol Calabrese: So, this is Carol, if I could just jump on here. On the Essex County IDA, has also been requested as a part of this process for this loan. And he did disclose the mortgage because part of the original proposal when we all looked at it, meaning DANC and the IDA, was that he requested that that original mortgage be taken out by one of our loans. And so, he had disclosed it to at least DANC and the IDA.

Chris Hay: I'm concerned we have two quick character issues, you know, the forgery accusation that leaving the \$200,000 off the books sounds like you may be disclosed the mortgage to some other folks and not us. So maybe leave that off but, you know, character's so critical. I think the other piece is his timing is going to be way off. He's not going to start generating revenue until next year would be my guess. And with DANC and AEDC and some folks already denying the request, my guess is he'll have to repackage this thing and he'll end up being woefully undercapitalized. So, it's just looks rather bleak and I mean, it sounds like a wonderful project if you come to fruition, but I don't know if I see a path forward for him right now. Unfortunately.

Marc Monahan: Same here.

Andrea Palmer: Beth and I have talked about this quite a bit. Our recommendation is that he sell the property of Pakistan and pay the \$100,000 balloon payment this year and show an additional \$100,000 available and secure somewhere for next year's payment. And just take that off the board completely. And then our second recommendation was to ...

Marc Monahan: I guess I don't understand, where is all his bank financing as well? Because that's not in the sources and uses and I believe that the bank would be obviously junior to all these other liens that would fall on the property. So, I think the whole application itself needs to be cleaned up.

Carol Calabrese: I have a bank declination in ours if that's you're asking for.

Andrea Palmer: No, um, Carol. Mark when you mentioned the work with NBT it was news to Beth and I. So that may actually be new since February. How long have you guys been working on that?

Marc Monahan: That's been way back in the fall.

Andrea Palmer: Okay. Alright.

Marc Monahan: So maybe he's decided that that's not going to be part of this, but I am remembering the project being a lot larger than the total \$800,000.

Andrea Palmer: Um, yeah, so all the organizations, Carol -I know we cut you off. I apologize. We were talking about being co-equal on the mortgage of the property. So obviously with the bank involved, that is an additional conversation point.

Marc Monahan: Carol, are you aware of any bank financing?

Carol Calabrese: What I have in front of me, so just a couple of things. And I'm just sharing information. I'm not advocating for or against, we are in process as well. So originally, this project was significantly larger, and Mo attempted, let me see, maybe a year ago, at least, to get it financed. And I want to say it was at least maybe a million more than what we're looking at currently. Don't hold me to that figure, but somewhere around there, and it just was not doable. I have a bank declination from June 25, 2019 from Glens National Bank and my application. And after that time, he went back to work with the Small Business Development Center to, and of course, I think we all know that he's working with New York State, Empire State Development and DEC as well. He went back to work with the Small Business Development Center and scaled it back. And the proposal you have in front of you now that we all have, DANC, IDA and the Regional Planning Board is that scaled back smaller project. And part of the request was the only way in discussion through last fall, we could see moving forward with this project is, because it is so there's no collateral with a private lender having the mortgage on it that part of the request to the Essex County IDA was to include that buyout of the private owner on with the loan and then DANC, IDA and Regional Planning Board would look at a pro rata co equal first since that was the only collateral the mortgage proposed on the property. Does that answer your question?

Marc Monahan: Yes, yeah. I just I didn't realize there was an update. And obviously, like I said, this project was much larger when we were looking at it.

Director Beth Gilles: Yeah, we also have a bank declination letter from Glens Falls National as part of the...

Marc Monahan: So that was, this is obviously confidential, (removed). I guess we need some clarification, but I think with this, like Chris said, character's starting to be in question here. And I know Mo. He's a really nice guy. You know, I've talked with him many times, but there's a lot of unanswered questions here.

Director Beth Gilles: Would you guys be more comfortable if a bank came in before we looked at it? Because at this point DANC is waiting to see what everyone else does. The DANC application was denied because I believe the \$200,000 personal liability wasn't disclosed, which was brought to everybody's attention by a reporter. Just so you know.

Marc Monahan: Just curious though, when you look at his PFS, where's the cash coming to pay the \$100,000 that's coming due and where's the cash for his equity?

Andrea Palmer: He states that he has property in Pakistan to sell and pay that balloon payment.



Chris Hay: Maybe he needs to sell additional property in Pakistan and put some more money in this.

Marc Monahan: Yeah, because I mean, if you look at his PFS, he said he's got \$45,000.

Andrea Palmer: In cash. Yes.

Carol Calabrese: I know he submitted an updated personal financial statement to us, and I don't know did he submit one to you, Beth?

Andrea Palmer: He submitted one to me, this is Andrea, Carol. He submitted one to me and I believe I sent that to you guys.

Marc Monahan: Yeah. The one you sent to us says as of April 15th. So not that long ago.

Director Beth Gilles: That's the most updated one we have.

Andrea Palmer: Yeah.

Chris Hay: Why doesn't that PFS show the assets that he's going to sell? Or does it, I guess?

Director Beth Gilles: It does.

Andrea Palmer: Yeah.

Marc Monahan: Pakistan. You have \$200,000 or \$250,000 value in Pakistan. He says.

Andrea Palmer: If you scroll to page 2, I know that it does not read on the first page, but on page 2, the Schedule C, it does say that a property in Pakistan. 214 Rustam Park.

Marc Monahan: Yeah.

Director Beth Gilles: Which again, we have no way to verify the actual value.

Andrea Palmer: I guess we could Google the address. Yeah, we have no way to confirm the value. Any liens on it. You know, we have no way to confirm this. But if he says it is available to sell, we could give him the benefit of the doubt and give him the opportunity to sell it and pay off those balloon payments. Which would be better for this project anyway. Even if everything were disclosed up front, which it was not, but it would be better for the project anyway. If everyone approved all of the requests for money, he's looking at getting a ton of payments and debt, right when he owes \$100,000 in a lump sum and the economy is basically shut down right now. It would behoove him anyway to take care of this balloon payment and would make him a little bit more lendable.

Chris Hay: Yeah, and I didn't take time to digest everything, but I have to assume if he got the money today from everybody, he's still months and months away from being able to open up. There's a lot of renovations and construction, which again, I think the 2020 season is completely gone. We talked about, he get revenue. He talked about revenue he can get because of what he does as a convenience store across the street, but then we're monopolizing or cannibalizing all that revenue from his current business to his new business, and it seems hard to ah...

Andrea Palmer: We agree.

Director Beth Gilles: Yeah, he had a very aggressive timeline in a perfect world. I mean, he was gonna be open in July and make a million dollars in the first year. So, I think you're right, Chris, I think we can kind of count out 2020 for him.

Marc Monahan: I apologize. I've got to hop off to another meeting. Mine is we would be a pass for the time being until we revisit. Maybe someone else has questions, you know, the items we have in question.

Director Beth Gilles: Yeah, maybe send them back to the drawing board. I think he could, should kind of start from zero with everybody again.

Chris Hay: Yeah, and be upfront with you guys. Is he still looking at a bigger financing package that includes banks? Or has he truly scaled it down and he's just looking at that the development corporations to be able to fund him. Because without really understanding what he's trying to do, it's you know, I'm worried about him coming out of this undercapitalized and then the project's going to fail.

Director Beth Gilles: So it's not a no, it's a we have questions, we need some more information, we suggest you go back to the drawing board with the assumption that 2020 is just not going to happen?

Chris Hay: Yeah, if you want to move forward with 2020 and thinks he's going to get it done, and I, I say we pass on it completely. If he's willing to pull together a more comprehensive package and put all of his cards on the table, then, you know, I think we owe it to the community to look at it. Because it would be a great project if someone could get this off the off the ground. I just don't think he's got the resources to do it.

Director Beth Gilles: Absolutely.

11:04am

Marc Monahan: Right. Everyone have a good weekend.

Director Beth Gilles: Thanks Marc.

Andrea Palmer: Um, wrapping up the Adirondack Gateway project. Do we want to put a timeline on when we are willing to look at this again, like give it three, six, etc a month or leave it open ended? You know, a more clarification on what is owed? What the assets are in the other lending conversations out there? You want to put a timeline on it, or more open ended?

Chris Hay: I think it's hard for us to define what his timeframe could be. You know, he could have all these details buttoned up six weeks from now with a plan for July of 2021 kickoff. So, I guess it's open ended but until it's more well-rounded and more robust, you know, I don't think there is anything to take action on except the negative action.

Andrea Palmer: So, I'm just taking some notes here. So updated, not a complete application but all of the financial pieces, right?

Chris Hay: Yeah.

Director Beth Gilles: And an updated business plan, too, to change his dates.

Andrea Palmer: Updated business plan, updated projections, updated, yeah, you're right. Yep.

Chris Hay: Yeah. Because I don't think our sources and uses included what we heard about Essex County's application looking at to pay off the private mortgage. So there's just that discontinuity between what he was telling NBT what he was looking for, what Essex County is looking at, and then we're looking at it seems like they don't all match, which just is a big red flag.

Andrea Palmer: Carol, what are your thoughts? You're very knowledgeable about this project as well. What are your thoughts in here?

Carol Calabrese: Have all the same questions that we're discussing here today. Full disclosure, we have a loan on this project which is public information, as you know. Not on the project, pardon me, on the gas station across the road, our experience with him on that loan has nothing been but 100% above board, payments, cordial, great work on. And then here we are. We all found out all three organizations basically found out almost simultaneously, you know, once DANC was notified by the reporter, they quickly reached out to our organizations and on the same as with the Regional Planning Board, and DANC, COVID-19 loans and financing funding and projects kind of took priority over everything else, as it rightly should be at this point. So, we're just getting ready to relook at this ourselves.

Director Beth Gilles: I think we've got enough to go back to him with and kind of buttoned up some of the loose ends and give him the opportunity, I guess, to redo the projections and redo the financials on the project to better reflect what's been going on. I mean, when you've got so many entities involved, things can change. We've just got to make sure that what we're getting is the most up to date, fulfilled application and information that we can get from him.

Andrea Palmer: We have a fiduciary responsibility to the community and our organization and to him and I think we all take that very seriously.

Director Beth Gilles: So, I have one thing under other, um, I was contacted by EDA late last week. Telling us that they were going to make up to \$2.94 million available to capitalize a new revolving loan fund for COVID recovery. It's 100% grant funded, so we don't have to put in any match. It's non-competitive, but the funding is not guaranteed. So, I'm going to put in the application for that asking for the complete \$2.94 million and see if they give it to us. Hopefully, they will. But I just wanted to run, the application is not very large and they're trying to get it all done very quickly and I get that. But they kind of wanted us to say what we would be utilizing the loan funding for. So obviously economic injury really helping businesses get through winter of 2020 so that they can open back up in 2021. Once all that PPP money and all the SBA money has kind of been used out to get them through the summer of 2020. But I was also thinking that we could allow people to apply for funding for like future resiliency. I know of one hotel here has been buying UVC equipment that's utilized in hotel rooms to I guess, mutate the cell structure and viruses so that they can't multiply. And there's also wands that can be used to clean lobbies and things like that. So, I thought, allowing some of maybe some of the smaller mom and pops that don't have the money to buy expensive equipment like that could be part of this as well. But I wanted to throw it out and see if there's any ideas you guys had, that I hadn't thought of other than, you know, general working capital, and then you know, improved equipment for cleanliness. Is there something I'm missing that you'd want me to throw into this?

Chris Hay: I think both of those are good ideas.

Chad Richards: I think working capital is the biggest struggle for most places right now. You know, the PPP loans were okay. But I think the real need for a lot of businesses, especially this season ones, is working capital. Now I know what type of summer we do have but I mean these business maybe inventory that you're trying to reopen if they do get to reopen, and they really need money for that.

Director Beth Gilles: Okay, so as long as you don't think I'm missing anything big and glaring. There needs to be money available for these things going through a recovery. This is 24 months. They want us to loan out \$2.94 million in 24 months. But they have eased restrictions. One of them being to have been turned down by a bank. You do not have to be for this funding, so opens it up to everybody. They also waived the equity requirements that we have on our funds. So, our funds that we have right now, for every \$1 that's loaned, there has to be \$2 in private investment portfolio wide. They got rid of that one, and they have waived the interest. So, there's a there's a clause on how low we're allowed to go with the interest in our normal fund, and they've waived that as well. And they also are going to give us the ability, once we're awarded whatever money, we get to do our own revolving loan fund management plan for this fund so that we can scale back some of our requirements. But it would be for our five counties. They're not going to allow us to expand the region, which is okay. So, I'm going to put that in probably today. They said they'll have an answer in 30 days. So, we'll see what happens. We're going to work with the county IDA's, (inaudible) administration money. One of my thoughts is to help, have all the IDA's help out with admin in their counties to make sure that we're getting loans in Clinton County, we're getting loans in Hamilton County, you know that everything's not just focused in Warren, which is kind of how it's been for a long time. Just because I think that's where we are physically present. So, it makes sure that that money is getting out through Upper Essex and Clinton and Hamilton and Lower Washington, as well.

Chad Richards: I'm sorry, did you say those loans have to be repaid in two years?

Director Beth Gilles: No, we get the money out in two years.

Chad Richards: Oh, okay. Sorry.

Director Beth Gilles: So, we can do whatever interest rate we want. We can do whatever repayment timelines we want. But they do want, once they award the funding, they want the new revolving loan plan within 60 days. So, I'm thinking about it and it's something that I would send out to you guys first to say - does this look good for what we're going to try to do over the next two years? Whatever amount of money they give us.

Chad Richards: We could probably get rid of that in next six months if we have it.

Director Beth Gilles: Good! Send it out the door. That's what it's for.

Andrea Palmer: That was a great find by Beth. So, thanks for finding that Beth. I think there's a lot of opportunity there.

Chad Richards: Yeah, so do I.

Director Beth Gilles: So that's all I have. Do you have anything else, Andrea, that you wanted to...

Andrea Palmer: No. I'm good.

Director Beth Gilles: Anything else anyone wanted to discuss with the committee. We'll still let you know, every Wednesday night whether there's gonna be a meeting on Friday, if we end up getting a COVID-19 business interruption micro loan application. And that's about it.

Chris Hay: All right. Thanks.

11:14am

Director Beth Gilles: Thanks, guys. Appreciate your time.