



Lake Champlain - Lake George
Regional Planning Board
THE COUNTIES OF
CLINTON, ESSEX, HAMILTON, WARREN & WASHINGTON

Beth Gilles, Director
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REVOLVING LOAN FUND LOAN ADMINISTRATIVE COMMITTEE

Regular Meeting

July 14, 2021 9:00 am
LCLGRP Offices and Zoom

AGENDA

1. Welcome
2. Loan Applications for COVID-19 Small Business Recovery Loan Program
 - 9:00 – Lake Champlain Yoga & Wellness and Green.Light.House, Essex County
 - 9:45 – UPS Store – Alex Bay, Jefferson County
3. Loan Application for regular Revolving Loan Fund
 - 10:15 - barVino of North Creek, Warren County
4. Glenmoore Lodge loan application
5. Skewed Brew loan application
6. Adjourn

Ms. Gilles welcomed everyone to the loan committee meeting on July 14, 2021 at 9:01am and took roll call.

MEMBERS PRESENT

Paul Hamilton
Chad Richards
Chris Hay
Harry Booth
Marc Monahan
Christy Wilt

MEMBERS ABSENT

Carol Calabrese
Christy Wilt

ALSO PRESENT

Beth Gilles





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Carrie Yakush
Steve Smith
Heather Devitt

LOAN APPLICATION FOR COVID-19 SMALL BUSINESS RECOVERY LOAN PROGRAM

- Lake Champlain Yoga & Wellness and Green.Light.House, Essex County

In review, Ms. Gilles said they are both owned by Alexandra Noble and Chris DePinto. They are two separate LLC's. They are looking for \$30,000 per business, in working capital through the COVID loan fund. When COVID hit, Champlain Yoga & Wellness was forced to close. They put a lot of their own money into all the digital infrastructure that they needed to do online classes, and also into upgrades for cleaning and ventilation. For both businesses they had to let the employees go. They got a little PPP and a little EIDL for each one of the businesses. They are offering blanket liens for collateral for both on business assets.

Mr. Monahan noted that according to Champlain Yoga's taxes they did better in 2020, during the pandemic, than in 2019. Ms. Gilles said they output a lot of cash reserves into buying everything they needed to go to digital, and online classes. They're now offering in person and online hybrid classes. Mr. Hamilton said the business formed May 1, 2019. Ms. Gilles said it was an established business, but they haven't been able to get the financials from the previous owners.

The committee had no other questions and Ms. Gilles welcomed Alexandra and Chris to the meeting. She asked for them to introduce themselves and give a brief overview of their businesses and what effects COVID had on them.

Chris DePinto stated that in March of 2020 the yoga studio was mandated to shut down. They received zero PPP assistance. They applied multiple times and got nothing. They transitioned to using Zoom. Alexandra Noble said they changed their model and shifted to membership packaging. A lot of revenue came from monthly memberships which were automatic debits to give sustaining and recurring revenue. She said there was a lot that they had to invest in to be able to keep the business going in the community. Alexandra Noble talked about the infrastructure they invested in to be able to keep their business going. Lighting, cameras, high speed internet, software. They also had to get filters, 99% alcohol, masks, temperature guns. They were able to open in the fall of 2020 because they invested in the business to meet all the guidelines to do so.





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Mr. Monahan asked how many members they currently have and what was the average annual revenue the previous owners had. Alexandra Noble said they currently have about 30 members and growing. She said the previous owners did not give any of their information.

With no further questions Ms. Gilles switched to Green.Light.House and asked Chris DePinto to give a brief overview and how COVID effected the business.

Chris DePinto went on and briefly overviewed his background and the business. He said he is struggling to get people hired. He said clients last year chose to hold off on services such as fall cleanup which really hurt the business. He upgraded his technology and started using Square to take payments. Alexandra Noble said they had to pay their account to work on applying for PPP and EIDL. They also invested in QuickBooks for both business and Adobe Creative Suite for marketing.

Ms. Gilles asked the committee if there were any questions for Green.Light.House. No questions were asked so Ms. Gilles excused Alexandra Noble and Chris DePinto.

Mr. Monahan said he has no issues with either business getting the loan. He said they probably got bad advice from their accountant on not getting anymore PPP money that they were probably eligible for after changes were made. He feels they are asking for reasonable amounts to get them back on track and supports the loan requests.

Mr. Hay agrees with Mr. Monahan. Mr. Hay said it looks like Chris DePinto has a pickup truck that is unencumbered. And if so then we should take a lien on the pickup truck.

Ms. Gilles said we can add the truck to the collateral.

Ms. Gilles asked for a motion to approve a \$30,000 loan to Lake Champlain Yoga and Wellness under the COVID-19 Small Business Recovery program RLF at 1.9% for 5 years, interest only payments for the first 12 months, collateral is a blanket lien on the business assets and Chris DePinto's truck with personal guarantees from Alexandra Noble DePinto and Chris DePinto.

Mr. Monahan made a motion.

Mr. Hay seconded.

Hearing no opposed, motion passed.

Ms. Gilles asked if there was any value in cross collateralizing. Mr. Monahan said personal guarantees from both on each is all we need.

Ms. Gilles asked for a motion to approve a \$30,000 loan to Green.Light.House under the COVID-19 Small Business Recovery program RLF at 1.9% for 5 years, interest only payments first 12 months, collateral is a blanket lien on business assets





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and Chris DePinto's truck with personal guarantees from Chris DePinto and Alexandra Noble DePinto.

Mr. Hamilton made a motion.

Mr. Monahan seconded.

Hearing no opposed, motion carried.

- UPS Store – Alex Bay, Jefferson County

Ms. Gilles review The UPS Store's loan package. They are located in Alexandria Bay, Jefferson County, a bridge crossing between New York and Canada. They opened in 2019. The model was put together by UPS stores along the border where Canadians will order American goods and have them shipped to the UPS store in America because it's too expensive to have them shipped to Canada and then drive across the border and pick them up. With COVID, the border closed so the business model that the business was built around stopped. They are struggling with their cost of goods. Bob Gould is a retired financial planner, and his son has worked for UPS for 15 years. They are looking for \$50,000 in working capital. Bob Gould offered his life insurance as collateral. Ms. Gilles asked the committee if they have any questions before letting Bob Gould and Lyle from Jefferson County IDA in. Mr. Monahan asked if Bob Gould opened the store, not purchase the store. Ms. Gilles said he opened it in August of 2019. Mr. Hay felt comfortable with the loan based on cash secure. Mr. Richards agreed. Ms. Gilles said they requested 7 years, \$50,000, with 1 year interest only. Mr. Monahan has no objections.

Ms. Gilles let Lyle from Jefferson County IDA in the meeting and asked for him to give the committee a brief overview of Bob's business.

Lyle said Bob is located next to 1000 Island bridge and the bulk of his business comes from Canada. He said he was doing well until COVID shut him down. Jefferson County IDA originally financed the business. Mr. Gould said there is significant need for a hold for package service if there is a UPS store close to the Canadian border. The Ogdensburg store 36 miles away from them holds 80,000 packages a year at \$5.00 a package. The Alex Bay store opened August 2019 and established Canadian business and then COVID shut the border down. They then developed print to try to offset the lost sales from the closed border. They had 105% revenue increase with print in 2020. But the main revenue is with the border. Mr. Gould stated that since he didn't have revenue in 2019 to show he didn't qualify for many grants and loans. He qualified for the first round of PPP and received \$11,400 but didn't qualify for the second round of





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PPP because he didn't have the comparison revenue from 2019 to 2020 to show. Ms. Gilles asked the committee if they had any questions for Mr. Gould or Lyle. Mr. Monahan asked what the savings is for a Canadian to cross the border and pick up packages in the United States. Mr. Gould said he talks to Canadians all the time. He said it's all about brokerage, fees and charges. He said if you call any company in the United States from Canada and try to buy something, they will not ship it internationally because of the unknown cost of brokerage and the excessive cost of shipping. Bob said if 80,000 people are doing it then there is a need. Mr. Gould said he interviewed several families to see if there was a need in his area. He got favorable responses from all of them expressing the need. Mr. Gould said he is signing over a \$50,000 cash value life insurance policy as collateral. Mr. Gould said there is 6 times that traffic coming across the 1000 Island bridge as there is Ogdensburg, they just have to develop the business. With no more questions from the loan committee to Mr. Gould, Ms. Gilles thanked Mr. Gould and Lyle for their time and excused them.

Ms. Gilles opened the floor for discussion on the UPS Store loan. Mr. Richards said we are going to be well secured assuming we have full access to the cash out of the life insurance policy. Mr. Monahan said he is in full support of this loan.

Ms. Gilles asked for a motion to approve a \$50,000 loan to RL Gould and Son, LLC under the COVID-19 Small Business Recovery program RLF at 1.9% for 7 years, interest only payments for the first 12 months, collateral is a lien on life insurance, with a personal guarantee from Robert Gould.

Mr. Richards made a motion.

Mr. Hay seconds.

Hearing no opposed, motion carried.

Before Mr. Richards left the meeting he stated he is in support of the barVino loan.

LOAN APPLICATION FOR REGULAR REVOLVING LOAN FUND

- barVino of North Creek, Warren County

Ms. Gilles said barVino of North Creek is a regular loan, not a COVID-19 loan. The committee gets to decide what they think the interest rate should be, between 3.5% - 6%. The terms for working capital are 5 to 10 years. barVino is a restaurant in North Creek, in the Town of Johnsburg where Gore Mountain is. The previous owners shut down in 2020 because of COVID and decided they didn't want to reopen





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the restaurant. Olivia, who grew up in North Creek, is currently living in California. She wants to move back home. She purchased the building that the restaurant is in. It's under her name. There's an apartment above the restaurant. She has a myriad of local folks who are investing in the restaurant with her. Many of them have said they will sign personal guarantees for the loan. She is asking for a \$50,000 working capital loan. The restaurant is open right now and they're just doing takeout. Ms. Gilles asked the committee if they have any questions before letting Olivia in. Mr. Hay asked if Olivia is moving back to the area. Ms. Gilles said she believes that is her intentions but will check when Olivia joins the meeting. Mr. Hay said in looking at the spreadsheet, it's strong, a little aggressive, somewhat realistic projections show good cash flow but looks like a solid loan. Mr. Hamilton asked if she was open year-round. Ms. Gilles said yes. Mr. Hamilton said he was curious because she shows she was closed all of 2020 and was curious why she was closed January and February of 2020. Ms. Gilles asked Ms. Wilt if she has ever gone to barVino. Ms. Wilt said she has been there and said it is a popular restaurant. She said people enjoy going there, hanging out. They have fire pits out back. Discussion ensued over the financials. Mr. Monahan echoed Mr. Hay's concern about Olivia not being on site managing. He said even with a manager it is always different when the owner is involved. Ms. Gilles said all the investors are local. Mr. Monahan asked what the collateral would be. Ms. Gilles said the collateral would be a blanket lien on business assets. She purchased the building for \$260,000. She's got the market value of the building at \$300,000. She's got a present mortgage of \$260,000. There are no other liens on the business. She started as a new LLC. It was barVino, she created barVino of North Creek to be her own separate LLC. Ms. Gilles said this can be treated as a startup. Mr. Hay said she was wise not to take the LLC and any liabilities that would have come with it. Discussion ensued about the personal guarantees being offered. Mr. Monahan said that because there are so many personal guarantors, we should request personal financial statements even though each of them are not 20% owners. Ms. Gilles said she would ask Olivia to have each of them fill out the PFS's. With no further questions Ms. Gilles introduced Olivia Svrcek and asked her to give a brief overview of the business. And also asked if she plans on moving back to the area. Ms. Svrcek introduced herself and said she will be moving back to the area. She said she is here about six months out of the year right now, during the busy season. In about the next year she'll be back here full time. On 6/25/2021 they had an all hands-on meeting at the restaurant with the Board. Half the day was spent talking about mission, vision and values for barVino. Ms. Svrcek said she has a master's degree in health care, delivery and leadership. She stated her vision: sustainability, community, teamwork, fun, health centric. As a nurse, she cares a lot about providing healthy food





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to the community and helping people to taste new things and learn the various ways that you can use healthy food to make something really neat, elegant, and memorable. Community was the main focus for the whole board. She said the reputation of barVino precedes itself. General manager, Dan Pratt, worked at barVino for six years prior so he knows the restaurant very well and the clientele. Chef Hazlet came from Craft on 9 in Glens Falls. He is very experienced and very excited to have a changing menu, super creative. He focuses on locally sourced and sustainable ingredients and also focus on trends in the industry as well. They've hired six employees. They have waitstaff, a bartender and a dishwasher. Five of the six had previously worked at barVino. They did get a liquor license, but it's temporary. Ms. Svrcek went on to state the areas the loan money is needed. They can't use the net 30 option until they have a full license for their wine and beer. That creates a cash flow problem because they have to pay by check when wine and beer get delivered. Secondly, in line with making sure to keep the employees employed and keeping the restaurant running is having a safety net for if any equipment breaks. Thirdly is employee payroll and making sure that if there is an off night or an off week that the employees will still get the pay that they deserve on time and keep them motivated to keep this restaurant afloat.

Ms. Gilles asked the committee if they have any questions for Ms. Svrcek.

Mr. Monahan referred to the increased food costs and asked if she thought her price point is going to be where it is or is that something that needs to be reevaluated. Ms. Svrcek said it isn't too far off. She said food costs per week so far have been \$1,300 to \$1,400 and they budgeted around \$1,200. She said their chef is doing everything he can to use cross utilization in the menu. He also attends the farmers markets and Chestertown in North Creek and uses that as a way to save on delivery costs. She said payroll is right on track. Payroll this week was about \$6,000. Payroll is budgeted at \$12,000 a month. Mr. Monahan asked Ms. Svrcek what her outlook is for the seasonality of the business with different people, and does she think she can make a sustainable 12 months out of the year. Ms. Svrcek said she is friends with the previous owners. She said they are sharing their contacts, sharing their email list. She inherited their Facebook groups, their Instagram, all of their marketing material. She's already seen people come in the door that are regulars. She's confident in saying they are going to meet their projections, which the previous owners shared with her. It was a sustainable, year-round business. Mr. Hay asked what comprised the increase in payroll from \$163,000 from the previous owners projections to her current projection of \$250,000. Ms. Svrcek said she brought on a highly qualified chef and general manager and the payroll reflects their qualifications. The feedback she got early on was, it will be hard to hire, it will be hard to find a chef, especially in a rural area like this.





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So the board agreed to increase that payroll rather substantially to get those key hires on board. That's where the increase in payroll comes from. Mr. Hay asked about the board meetings that are held weekly. Ms. Svrcek said that through remote communication they are able to hold weekly meetings. And also communicates daily via Slack. Mr. Hay stated the previous owners hold the mortgage and balloons after 2 years. He asked if the expectation would be to renew it or find outside financing. Ms. Svrcek said her plan is to find outside financing. She said that is just her mortgage payment and has nothing to do with the restaurant. Ms. Gilles asked if there were in other questions. No other questions were asked and she thanked Ms. Svrcek for her time and excused her from the meeting. Ms. Gilles then asked the committee for their thoughts. Mr. Monahan said he is in support of the loan request. He thinks they will do well if they continue with the plan that they put in place. Mr. Hay agrees with everything Mr. Monahan said. He said it is a solid loan and he supports it with the addition of the personal guarantees of all the minority owners. Ms. Gilles brought up interest rates. It can be anywhere from 3.5% to 6%. And term, with working capital, from 5 to 10 years, Ms. Svrcek asked for 3 years. Mr. Monahan said he thinks we should offer a longer term being that it is new ownership, unknown conditions, if COVID swings back around, not knowing if there'll be additional stimulus and those types of things. He would offer up to five years at 5% interest. Mr. Hay agrees. The committee also agrees. Ms. Gilles asked if we should offer interest only, be treated like a startup, or go into principal and interest payments. Mr. Monahan stated he would be comfortable offering them 6 months interest only if they want it.

Ms. Gilles asked for a motion to approve a \$50,000 working capital loan to barVino of North Creek for five years at 5% interest rate, interest only payments for the first six months, collateral is a blanket lien on business assets with personal guarantees from Olivia Svrcek, Althea Smith, Martina Svrcek, Natasha West and Travis McKee and personal financial statement signed from all of the minority owners.

Mr. Monahan made a motion.

Mr. Hay seconds.

Hearing no opposed, motion carried.

GLENMOORE LODGE LOAN APPLICATION

Ms. Gilles pulled up an email from them. To answer previous questions the committee had, they do not go back to Brooklyn anymore in the winter. Kerry Smith doesn't work. He has not worked since 2015. He's pursuing disability right now. They





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gave us a list of their monthly expenses, but they didn't give dollar amounts. We have their bank records from January to May. For National Grid, Spectrum, insurance, septic, CB Waste, Cricket Wireless, AmeriGas, Cloudbeds and Reservation Nexus. On average, it is about \$1,600 a month in business expenses. And I believe their mortgage is around \$2,000. \$3,600 a month in business expenses. They were running on a slim margin before COVID. There is some concern that an additional \$2,500 a month payment on top of everything else might be a little much. Ms. Gilles asked for thoughts on reducing the loan amount. Ms. Devitt said she did reach out to Alicia. She said there is a New York state grant program for COVID. Ms. Devitt did a little bit of research and said it looks like they do qualify for it because they didn't take PPP. And they didn't take any other federal programs. Alicia is interested in that. However, Ms. Devitt tried to connect with Alicia and hasn't heard back from her on when she can connect to work on the application. Ms. Devitt did send her a copy of the application and the requirements. Ms. Devitt said just looking at it quickly, it looks like they could qualify for about just under \$12,000. Ms. Devitt said she tried setting up something with Alicia yesterday, but she didn't have the time between cleaning and having to watch her son and Heather hasn't heard back from her yet on when she can connect. Ms. Gilles asked even if we estimate a \$10,000 to \$12,000 grant, with \$3,600 in expenses per month, is the committee still interested in providing a significantly lower loan than they had originally asked for. Mr. Hay asked if they gave any details on how many months they are past due on their mortgage and if they are past due on real estate taxes. Ms. Gilles said they are 4 months past due on their mortgage and she doesn't believe that they are past due on the taxes. Their mortgage is a private mortgage held by the previous owners. The previous owners are being very understanding. Mr. Monahan said he doesn't support the loan. Ms. Wilt is concerned that bookings cannot be done online and said they must be losing business not being able to do that. Mr. Monahan was concerned about the bank statements that were sent. Everything is run through one bank account, personal and business. Discussion ensued over their finances. Mr. Hay said that based on documented cash flow they really can't afford to take on another debt. Ms. Gilles ran an amortization schedule based on a \$10,000 loan for 7 years. She said it would be \$147.00 a month in payments. Mr. Hay said the concern is they haven't been able to identify what they need the money for. And if what we give them doesn't solve the problem then we are putting good money out that probably won't come back. Ms. Gilles asked the committee what they wanted to do. Mr. Hay asked if anyone was willing to make a motion to approve.

Ms. Gilles asked for a motion to deny the loan to Glenmoore Lodge.





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Mr. Hay said based upon the lack of documented cash flow to support further debt, he will make a motion to deny.

Seconded by Paul Hamilton.

Hearing no opposed, motion carried.

Ms. Calabrese suggested providing them with resources and contact information for business assistance at no cost to them.

SKEWED BREW LOAN APPLICATION

Ms. Gilles quickly recapped Skewed Brew. He was asked to come back with any outside income that he didn't share with us that would help cash flow the loan, and then other businesses that could guarantee the loan. He responded that they own an \$84,000 canning line that we could put a lien on. And we could also put a lien on his car, which is paid off. So he offered more collateral. Ms. Gilles asked the committee how they felt about that, or we could reduce the loan from \$150,000 to \$114,500 for the equipment. Mr. Hay asked if he owned other restaurants. Ms. Gilles said yes. Mr. Hay is skeptical to lend to someone who's not willing to provide information on their other businesses. He recommends holding off until we get the total global cash flow. He said it's a good business and there is an opportunity to help it, but he has to be willing to provide us with reasonable information. Hearing no other comments from the committee, Ms. Gilles said she can insist for more global cash flow of the other businesses that he owns.

Meeting adjourned at 10:50am.

Respectfully submitted by Carrie Yakush, Senior Account Clerk, LCLGRPB

