

MINUTES OF MEETING HELD JANUARY 28, 2015

**THE MEMBERS OF THE BOARD OF DIRECTORS OF THE
WARREN COUNTY LOCAL DEVELOPMENT CORPORATION**

A meeting of the Members of the Board of Directors of the above-captioned Corporation was held on January 28, 2015 at a.m. in the Committee Room, pursuant to the Notice of Meeting emailed January 13, 2015.

The meeting was called to order by Harold G. Taylor, Chairman of the Warren County Local Development Corporation, at

The following Directors were present:

Harold Taylor	Peter McDevitt
Eugene Merlino	Evelyn Wood

The following Directors were absent:

Frederick Monroe	Dennis Dickinson
Matthew Simpson	

Others Present:

Ed Bartholomew, CEO, Warren County Local Development Corporation
Jennifer Switzer, CFO, Warren County Local Development Corporation
Rachel Seeber, Warren County Supervisor
Martin D. Auffredou, Warren County Attorney
Sarah McLenithan, Secretary to the Clerk of the Board
Kristy Miller, Confidential Secretary to the County Administrator

Chairman Taylor called the meeting to order. He asked for a motion to approve the minutes of the November 26, 2014 meeting. Motion made by Director Wood and seconded by Director Merlino. Motion carried unanimously.

Chairman Taylor continued with the agenda regarding the review and approval of the financials. Ms. Switzer stated since no loans were made in November and December there was approximately \$550,000 available to lend. She said there was nothing out of the ordinary with expenses, as the finances were on target with the budget. With regards to the \$4,340 in Housing Expense listed under Program Expenses, she apprised this was an expense they did not budget for because it was based upon a number of applications that were put forth by the Planning Department that required in-kind funding that was allocated from some of the housing funding that was secured within the LDC (Local Development Corporation) auspices. She reiterated the finances were on target for their year-to-date budget of January through December.

Director McDevitt questioned who the Professional Services contract was with and Ms. Switzer replied the contract was with the EDC (Economic Development Corporation). She explained the contract had previously been with Keena Staffing; however, she said, when the EDC changed their organizational structure in 2014 they were able to contract directly with the LDC.

Chairman Taylor asked for a motion to approve the January through December 2014 Financial Statements. Motion was made by Director Merlino to approve the Financial Reports for November 1, 2014 - December 31, 2014, and seconded by Director McDevitt. The following motion was unanimously carried:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the Financial Reports from November 1- December 31, 2014.

Chairman Taylor continued with the agenda regarding review and approval of Tax Services for the Year Ending December 31, 2014. Ms. Switzer advised the agenda included an engagement letter from CBH Business Services, Inc., who were the firm they had used since 2010 for preparing their Tax Return for a fee of \$500. She asked for a resolution approving the engagement letter with CBH Business Services, Inc. for year ending December 31, 2014. Motion was made by Director McDevitt and seconded by Director Wood. The following motion carried unanimously:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the 2014 tax services engagement letter with CBH Business Services, Inc., in an amount not to exceed Five Hundred Dollars (\$500).

Chairman Taylor continued with the agenda regarding the 2015 Agreements with Warren County & the EDC. Mr. Auffredou stated that there were two agreements that required approval, the first of which was with the LDC and Warren County for economic development grant administration. He said this was a standard contract that was entered into annually and required the LDC to administer and perform economic development programs and initiatives, county and planning services and grant loan programs.

Mr. Auffredou apprised the other agreement was the Service Agency Agreement between the LDC and the EDC that authorized the LDC to utilize the \$50,000 it received from their agreement with Warren County to pay the EDC \$50,000 for the services of their personnel. He continued, the services to be provided is attached to the agreement, as well as a schedule of the monthly payment of \$4,166.66 through the end of the year. Chairman Taylor asked for a motion. Motion was made by Director Merlino for the LDC to enter into an agreement with Warren County, and seconded by Director McDevitt. The following motion carried unanimously:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby authorizes the Economic Development and Grant Administration Agreement with Warren County for a term commencing January 1, 2015 and terminating December 31, 2015, in an amount of Fifty Thousand Dollars (\$50,000) payable from Warren County to the LDC upon the same terms and conditions as the previous agreement, and be it further

RESOLVED, that the Chairman of the Warren County Local Development Corporation be, and hereby is, authorized to execute the Economic Development and Grant Administration Agreement in a form approved by the County Attorney.

Chairman Taylor asked for a motion to approve the Service Agency Agreement between the LDC and EDC. Motion was made by Director Wood, and seconded by Director Merlino. The following motion carried unanimously:

RESOLVED, that the Warren County Local Development Corporation hereby authorizes the Service Agency Agreement with Warren County Economic Development Corporation with the same terms and conditions as contained in the Services Agency Agreement from calendar year 2014, for a term commencing January 1, 2015 and terminating December 31, 2015, in an amount not to exceed Fifty Thousand Dollars (\$50,000), and be it further

RESOLVED, that the Chairman of the Warren County Local Development Corporation be, and hereby is, authorized to execute the services agreement in accordance with the terms resolved herein above, in a form approved by the Warren County Attorney.

Chairman Taylor continued with the agenda review regarding approval of the Business Review Committee loan recommendations. He stated he had been unable to attend their meeting regarding Adirondack Fishing Adventures, Inc. dba Beaver Brook Outfitters loan application. He said although he had reviewed the application and felt that it was sound, he would like Ms. Switzer and Mr. Bartholomew to provide an overview to the Board members. Mr. Bartholomew advised that Adirondack Fishing Adventures, Inc. dba Beaver Brook Outfitters was one of the top fishing and rafting companies in North Creek, with two locations in the region. He mentioned they were working with NBT Bank, as their primary financier; however, he stated, NBT Bank was unable to provide them with the total amount they required of \$320,000. He continued, NBT Bank agreed to provide them with financing in the amount of \$273,750; therefore, he said, they were requesting Gap financing in the amount of \$46,250.

Mr. Bartholomew apprised the Business Review Committee had met with the individual owners of the company, Peter Burns and James Bayes, on two separate occasions to ensure the Committee members had a thorough understanding of their business and its expansion for which they were seeking financing on. He advised the business had a number of full and part-time employees, particularly during the summer months when they had up to 50 part-time employees on staff. He pointed out they appeared to be highly recommended. He said he felt the LDC was in a strong position since they would be second only to NBT Bank. He noted the business was stable as they had been in existence for about twenty-five years.

Ms. Switzer advised the overall project cost was \$320,000. She said because of the amount of the appraisal the loan to ratio value did not meet the requirements of the bank to finance the entire project; therefore, she stated, there was a need for the LDC to provide gap financing. She apprised the appraisal was for \$365,000 and included both parcels that the LDC would take a second position on behind NBT Bank. She mentioned she provided copies of the appraisal to the County Attorney

for review. She explained a new facility was being constructed that would house their equipment, dressing area and a kitchen for them to prepare food for the multi-day trips. She noted they did not own the facility they had been utilizing for these functions. She continued, this facility was inconvenient because it was not close to the entry point for rafting. She added if the loan was approved, NBT Bank had offered to facilitate the distribution of the loan funds from the LDC. She said this meant they would hold the funding from the LDC in an escrow account and release it as the construction was finished. She pointed out NBT Bank had a construction overseer for this project. She commented she believed this was a great way to partner with the bank on the project. She noted it would relieve the LDC from having to inspect the property and do site visits to release the funding, as NBT Bank would be taking care of this.

Chairman Taylor questioned what the terms of the loan were. Ms. Switzer advised the proposed loan had a fifteen year amortization schedule with a five year term and a balloon payment due at the end. She added the interest rate was 5%. She stated the NBT Bank portion of the loan included a 5% interest rate and a fifteen year term with a fifteen year amortization schedule. Director McDevitt asked why a fifteen year amortization schedule was selected instead of a twenty or twenty-five year term and Ms. Switzer replied the LDC guidelines would not allow them to offer more than a fifteen year term due to the life of the asset; however, she stated, some of the traditional banks did provide twenty-year terms. She noted the goal of the financing provided by the LDC was to recoup the money as soon as possible due to the limited amount of funds available while still realizing the value of the asset, as well. Mr. Bartholomew added if every loan the LDC made were for fifteen year terms it would create cash flow issues. He said this particular loan would assist Adirondack Fishing Adventures, Inc., dba Beaver Brook Outfitters with their immediate need. He continued, the goal was for them to obtain private financing for the balloon payment due at the end of the five year term. Director McDevitt advised since the loan was for a five year term, the LDC would recoup their funds rather quickly. Ms. Switzer noted the business had strong credit reports and personal financial statements. She reiterated the issue was due to the appraisal not meeting the specifications required by NBT Bank to fully finance the project; therefore, she stated, Gap financing was required from the LDC.

Chairman Taylor asked for a motion to approve the application of Adirondack Fishing Adventures, Inc., dba Beaver Brook Outfitters. Motion was made by Director Merlino and seconded by Director McDevitt. The following motion carried unanimously:

RESOLVED, that upon consideration of loan application and supporting documents, and upon recommendation of the Business Review Committee, the Warren County Local Development Corporation (“LDC”) hereby approves the loan application for Adirondack Fishing Adventures, Inc., dba Beaver Brook Outfitters (Peter Burns, James Bayes AND Diana Burns), with the following terms:

Loan Amount: \$46,250

Term & Rate: 5 year loan with 5% interest and balloon payment due at the end of the term - 15 year amortization and the LDC to coordinate with NBT Bank for the distribution of the LDC

loan funds at no cost to the LDC.

Secured Collateral: 2nd position on 2349 Route 28, and 2nd position on 3921 Route 28, personal guarantees from Peter & Diana Burns and James Bayes.

Chairman Taylor continued with the agenda regarding the review of the Loan Portfolio. Mr. Bartholomew asked for a motion to go into executive session to discuss the credit history and performance of the Adirondack Sports Facility, as well as discuss the credit history and performance of Stonecast and pending litigation. Motion made by Director Wood, seconded by Director Merlino. The motion was carried unanimously.

Executive session was declared from 11:55 a.m. to 12:11 p.m.

Committee reconvened and Chairman Taylor stated no action was taken in Executive Session.

As there was no further business to come before the LDC Board, motion was made by Director Wood to adjourn the meeting, seconded by Director Merlino, and carried unanimously.

Chairman Taylor adjourned the meeting at 12:12 p.m.

Dated: _____, 2014

Peter McDevitt, Secretary