

## MINUTES OF MEETING HELD SEPTEMBER 18, 2012

### 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 September 18, 2012, pursuant to the Notice of Meeting dated September 14, 2012, at 10:00 a.m., in the Committee Room.

The meeting was called to order by Harold G. Taylor, Chairman of the Warren County Local Development Corporation, at 10:05 a.m.

The following Directors were present:

Harold Taylor	Eugene Merlino
Frederick Monroe	William Mason
Peter McDevitt	Dennis Dickinson

Others Present:

Victoria Pratt-Gerbino, CEO, Warren County Local Development Corporation  
Jennifer Switzer, CFO, Warren County Local Development Corporation  
Paul B. Dusek, Warren County Administrator  
Martin D. Auffredou, Warren County Attorney  
Daniel G. Stec, Chairman, Warren County Board of Supervisors  
Frank Thomas, Supervisor  
Dave Strainer, Supervisor  
Mark Westcott, Supervisor  
Patricia Tatich, Planning and Community Development  
Wanda Smith, Confidential Secretary to the County Administrator  
Don Lehman, *The Post Star*

Chairman Taylor called the meeting to order. He asked for a motion to approve the minutes of the August 28, 2012 meeting. Martin Auffredou advised that the minutes were not ready. Chairman Taylor table the minutes until next meeting.

Chairman Taylor continued with the agenda regarding the loan portfolio review. Ms. Gerbino requested going into Executive Session to discuss some of the loans. Chairman Taylor advised to continue with the financials before going into Executive Session.

Ms. Switzer discussed briefly, noting that the accounts receivable reflects the payment from Northeast Excavating. She further stated that the interest payable is not due or payable to the State any longer and the amount will be put back into the equity of the LDC. She mentioned there is the possibility that the amount of bad debt may be above the budgeted amount for 2012. Motion was made by Director Mason to approve the Financial Reports for August 31, 2012, 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 for August 31, 2012.

Chairman Taylor stated it was time to go into Executive Session. Mr. Auffredou asked the Board to consider going into executive session for the purpose of discussing the Stonecast/Karanikas pending litigation, discussing other pending litigation and discussing the credit history and performance of particular unnamed entities. Motion was made by Director Mason, seconded by Director Dickinson and carried unanimously that executive session be declared.

Executive session was declared at 10:13 a.m. to 10:56 a.m.

Committee reconvened and Chairman Taylor advised no action was taken. Chairman Taylor further stated action was needed to be taken on the Stonecast matter and asked Mr. Auffredou to draft the motion. Mr. Auffredou stated that a proposal was discussed in Executive Session to resolve the outstanding Stonecast/Karanikas matter which is currently pending in the Bankruptcy Court for the Northern District of New York. He stated that this has been the subject of considerable negotiation and believes there is a proposal here which the LDC Board wants to consider. The proposal is subject to the approval of Judge Littlefield, the United States Bankruptcy Court for the Northern District of New York and will be the subject of a conditional order which would be submitted to the Judge on September 27, 2012. The terms of the proposal for the LDC Board to consider are as follows: The original loan amount in 2003 was made in the amount of \$400,000. The value of the property “as is” as of 2012 is in the range of \$75,000 - \$100,000. With some assumptions and contingencies, it could be a bit higher than that. Nevertheless, the proposal is that Mr. Karanikas has an individual that is willing to purchase the property from Mr. Karanikas for the sum of \$120,000. There would be a closing on or before December 4, 2012, at which time the transfer of title would occur and at that time the entire \$120,000 would be paid to the LDC in full satisfaction of the outstanding loan indebtedness, which we understand at this time with interest and penalties is in excess of \$275,000. Mr. Karanikas has agreed to timely pay the 2012 school tax bill on the property, and insure the property at his cost through the closing date. All outstanding tax liens will survive the closing, meaning the new owner will be responsible for payment of the outstanding taxes. We understand that as of today the outstanding taxes are approximately \$58,000. If the closing does not occur on or before December 4, 2012, we can submit an ex parte order to Judge Littlefield at the Bankruptcy Court which would approve our lift stay motion and authorize the LDC to proceed with its foreclosure judgment and sale. All of the terms are subject to approval by the LDC Board and the Bankruptcy Court.

Chairman Taylor asked for a motion to accept the terms of the above proposal. Motion made by Director Dickinson, seconded by Director Monroe. The following motion carried unanimously:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the following proposed settlement concerning the Stonecast/Karanikas litigation matter pending in the United States Bankruptcy Court, Northern District of New York, with the understanding that the proposed settlement is subject to the approval of Judge Littlefield:

Mr. Karanikas is permitted to sell the property for the sum of \$120,000, with a closing to be held on or before December 4, 2012, at which time the transfer of title would occur and the entire \$120,000 would be paid to the LDC in full satisfaction of the outstanding loan indebtedness to LDC. Mr. Karanikas must timely pay the 2012 school tax

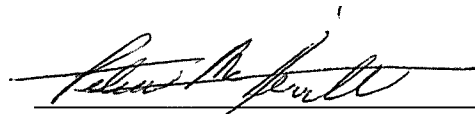
bill on the property, and must insure the property at his cost through the closing date. All outstanding tax liens will survive the closing. If the closing does not occur on or before December 4, 2012, the LDC may submit an ex parte order to Judge Littlefield at the Bankruptcy Court, which would grant the LDC's lift stay motion and authorize the LDC to proceed with its foreclosure judgment and sale.

Chairman Taylor asked if there was any other business. Ms. Gerbino reminded everyone that the fall Micro Enterprise Assistance Training Program did kick off on September 10<sup>th</sup>. There are 25 students in that class, 5 of which are from Warren County.

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

Chairman Taylor adjourned the meeting at 11:05 a.m.

Dated: Sept 28, 2012

  
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Peter McDevitt, Secretary