

Washington County Local Development Corporation
Loan Review Committee – SPECIAL MEETING - Minutes
Tuesday, August 27, 2019
12:00 p.m.
LDC Conference Room

Board Members Present: Dave O'Brien, Jared Humiston, Sue Clary, Dana Hogan and Brian Campbell
Staff Present: Deanna Derway – WCLDC President

I. Call to Order

The meeting was called to order at 11:59 AM.

II. Old Business – None

III. New Business

A. Loan subordination Request – Greenwich Preservation Group, LLC

We received a subordination request for the Greenwich Preservation Group, LLC (GPG) project. The reason for the special meeting is because we were informed about the need for this subordination months after we should have been included in what was transpiring. What has transpired is that the GPG project is short about a half million dollars due to unforeseen construction issues with property. ADK Trust worked out a deal with the SBA which would provide the additional funds needed to complete the project and receive the grant funds by the deadline. However, in order to make this work, they originally were requiring the LDC to subordinate to the new funding (third position) which essentially would wipe out our collateral position. Neither Deanna nor the LDC legal counsel were comfortable with this which we would have made clear if we were included in the conversations that took place with ADK Trust and the SBA prior to the approval. Therefore, to protect our investment on this we proposed a compromise with a pari passu agreement with Adirondack Trust which means that instead of our current second position, we would move to a co-equal first position (based on a pro rata basis). This will protect us and allow for the loan recipient to finish the project by the deadline as required by the main street grant which will be used to pay the balance back down to the original amount. Based on this information which was provided by Mike Murray, we would like to see wording in the subordination agreement that states the LDC will be notified as this debt is paid down by the grant monies received. Dave O'Brien made a motion to approve the subordination agreement with this wording included. Sue Clary seconded and it was approved unanimously.

Deanna and the Committee discussed their displeasure with the handling of this situation all the way around but, especially by Mike Murray and Adirondack Trust. The LDC should have been included months ago when conversations began that included us subordinating so that we could speak for our organization and handle this in a professional manner. The Committee discussed writing letters to both Adirondack Trust and the loan recipient about the improper handling of this matter as well as the inappropriate use of language in emails and text messages to Deanna. The Committee was happy that we were able to find a compromise and make this work so quickly for the sake of the project while also protecting our investment.

IV. Adjournment

The meeting was adjourned at 12:25 AM. Motion made by Dave O'Brien, seconded by Sue Clary and approved by all.

Dated: 12/2/19, 20



Jared Humiston, Chairman

Respectfully submitted by, Deanna Derway, Executive Director