

Washington County Local Development Corporation
Loan Review Committee - Meeting Minutes
Tuesday, March 17, 2020 – 10:00 a.m.
Recorded via phone due to beginning of COVID – recording available

Board Members Present: Jared Humiston, Dave O'Brien, John Rozell, Mark Mahoney and Dave Higby (entered 10:17 AM)

Staff Present: Deanna Derway – WCLDC President

I. Call to Order

The meeting was called to order at 10:07 AM.

II. Approval of Meeting Minutes

After reviewing the minutes from the February meeting, Dave O'Brien made the motion to approve. John Rozell seconded, and it was approved unanimously.

III. Old Business

A. Continue to review Locust Grove loan modification

After last month, we requested more financial information from them which was provided for the Committee to review. There were two potential options for the modification with an 11-year term or a 15-year term which was based on the proposal the business put in outlining how much they can afford per month to stay on track with the loan. There was some discussion about both options and the loan payment that would go along with each and ultimately it was decided that the 11-year term would be a good compromise for everyone. There was a lengthy decision about what to do with the interest rate and whether it should be reduced or left the same. It was decided that the interest will remain at 6% and Dave O'Brien made a motion to approve. John Rozell seconded, and it was approved unanimously. Deanna and the LDC attorney will take care of that modification.

IV. New Business

A. Loan List Update

Next, The Board reviewed the current loan list update. Harrington's Care A Lot continues to be in default but, working with potential buyers although we obviously do not know what effect COVID which we are just starting to experience will have on this potential sale and our loan portfolio overall.

Party Pooperz reached out to request a forgiveness of late fees for the months of March and April due to some health issues they've had. The Committee discussed it and Dave O'Brien made a motion to approve this request. Mark Mahoney seconded, and it was approved unanimously. Deanna will take care or that with the bank.

B. Review Loan application – Jean Ndjongo

Mr. Ndjongo requested a \$150,000 in order to renovate a property in Whitehall. He is proposing to turn the downstairs into a BBQ restaurant and another space to be rented to an undetermined tenant and Airbnb apartments upstairs. Mr. Ndjongo was not present as he lives in California where he currently operates a BBQ restaurant that he has been involved in for years. He would be using the two properties that he purchased already in Whitehall. The biggest concern of the Committee is that they do not show any income whatsoever on the tax returns and when asked about this, we did not receive a thorough response. His financial projections and personal financial statement are also issues as the projections are missing many items (some listed on PFS, some on tax returns, etc.) and despite Deanna's request for more information and for the Personal Financial Statement to be updated (the balances did not total correctly and items listed under the schedules were not included in totals) we did not receive the required response from the applicant. After a lengthy discussion on this application, Mark Mahoney made a motion to deny the application due to lack of income shown and lack of communication. Dave O'Brien seconded, and it was denied unanimously. Deanna will take care of preparing the denial letter and appropriate documentation to send to the applicant.

C. Miscellaneous – COVID

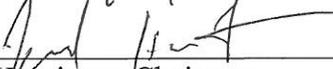
The Committee discussed the start of the COVID crisis and how to handle the loan accounts based on the looming shutdown. Deanna consulted the LDC attorney for suggestions as well as a few local banks to see how they are planning to handle this, and it is still up in the air as of now until we have a better grasp of what is ahead for the businesses. Our attorney suggested giving all loan accounts no payment and no interest accrual for X amount of time (whatever we decide) to help everyone and then reach out and work with each loan individually to assess their needs. Deanna let the Committee know her concerns and that she has already heard from about a third of the LDC loan accounts asking if we will be doing anything to help. Deanna is concerned that if we modify them now and this situation gets worse, we would have to modify them again and that is both counter productive and a lot of work for us, the bank and our attorney. The Committee members wanted Deanna to work with the businesses on a case by case basis which, Deanna said she is fine with, as long as she has the authority to work with the loan accounts without having to bring each individual request to the Loan Review Committee as this would not work timewise if that was the case. This would allow Deanna to set up interest only payments, forgive late fees, etc. with the idea that we will have to re-amortize most accounts when this is over. The committee also discussed that the loss of the loan interest will be a very large loss to the LDC income but, if the businesses close, then it would be an even bigger issue in the long term. Deanna highlighted that the re-amortizations will be important after this is over, otherwise there will be balloon payments for these folks. The Committee decided that a 90-day period would be good to start and that for this period Deanna can offer interest only or no payments to the LDC loan accounts for a 90-day period. Dave O'Brien made a motion to approve this action and John Rozell seconded. There was no further discussion and it was approved unanimously.

This will be discussed further at the full Board meeting. Members of the Committee suggested that we move our meeting up from Friday March 20th to tomorrow March 18th via phone as the Supervisors will be meeting at the County then anyways and that will be much easier to get a quorum for. Deanna will go ahead and reach out and get that meeting re-scheduled and advertised.

V. Adjournment

The meeting was adjourned at 10:52 AM. Motion made by Dave O'Brien, seconded by John Rozell and approved by all.

Dated: 6/12/2020, 2020



Jared Humiston, Chairman

Respectfully submitted by, Deanna Derway, Executive Director