

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Board of Directors Meeting

Friday, June 25, 2021

9:30 a.m. Meeting

(Meeting held via zoom – recording available)

Board Members Present: Jared Humiston, Dave O'Brien, Don Ward, Dana Hogan, Matt Hicks, Mark Mahoney, Dan Shaw, Sue Clary, Lester Losaw, Darrell Wilson (entered 9:46 AM), Sam Hall (entered 9:36 AM) and James Griffith (entered 9:38 AM)

Staff Present: Deanna Derway – WCLDC President

I. Call to Order

Chairman Humiston called the meeting to order at 9:31 a.m.

II. Approval of Minutes

After reviewing the minutes from the March meeting, Dave O'Brien made a motion to approve with a second from Dana Hogan and approved unanimously.

III. Executive Director Report

Next, the Board reviewed the current loan list update. Deanna gave the following updates:

- The approved modification for Roundhouse Bakery was completed which was the sale of some equipment to Hubbard Hall. This paid off one of their loan accounts completely and paid down the other one. We are working on a second modification which would potentially include leasing other equipment to Hubbard Hall, this monthly lease payment would be remitted to us as the loan payment. This would go through Committee for approval and Deanna will keep you updated on this one.
- Bonnie & Clydes is back on track with payments after working with them the past several months to bring them current.
- Wallies was finally able to open which is exciting and everything looks great. Deanna will complete the first site visit in the coming months. Based on the training pictures shared online, they met and exceeded their job creation goals that they pledged. Both loan accounts are on track with payments.
- Starky's has been making payments as per their approved payment plan. He said that business has been picking back up in the past month with things re-opening and the use of delivery services such as Slice and Door Dash.
- We had multiple loans pay off including Woodward Equipment Co, Shed Stop and Roundhouse (as previously mentioned).
- We received a proposed purchase contract for Harrington's Care A lot for \$205,000. We have not received the proposed breakdown of funds yet but, Deanna and Russ are working with the other parties (GFN, current owner, potential buyer) and will have this information to present in the near future. If it sells for this amount, Deanna believes that we would recoup maybe half of the outstanding principle balance mostly due to the fees that the bank has assessed. Once we have the formal proposal, that will go through Committee and full Board for approval. Deanna does not know the intended purpose for the building but, solely based on the LLC name of the company from Whitehall, she does not believe that it will be kept a daycare.
- Deanna reached out to Slate Town and Slickfin Breweries as they are both late on their loan. Slickfin lost track of time with renovations going on and Slate Town has had a hard time throughout COVID with having to close multiple times. She is working on securing COVID funding and plans to bring her account current with these funds expected in the next few months. She is going to make a payment on the meantime while waiting for this funding.
- For new horizons, Deanna is working with 9 businesses currently; multiple are applicants for the LCLGRP loan fund as per our contract but, there are also some applicants that are working on loan packages for our programs as well. We have had many potential applicants and bankers reach out in the past 2 weeks as well and although we do not know where those projects will go, it is great to see this much action after the past year +.

- The biggest complaint that Deanna is getting from businesses right now, is the lack of workforce compared to what they need but, this is something that most businesses seem to be facing currently as things are re-opening.

IV. Committee Reports

- Loan Review Committee* – Met on 6/15/21. Loan list update included earlier in this meeting agenda.
- Governance Committee* – Met on 6/15/21 and approved the RFP’s for Accounting and Auditing services which will be reviewed by BOD later in this meeting. Also approved a modification to the Defense & Indemnification Policy (correcting an error referencing our By-Laws) which will also be reviewed by BOD later in this meeting.
- Audit & Finance Committee* – Met on 6/15/21. Reviewed and approved the RFP’s for Accounting and Auditing which will be reviewed by BOD later in this meeting.

V. Old Business - None

VI. New Business

A. Next, we reviewed the March, April and May monthly financial reports and balance sheets. Deanna walked the board through each month’s report highlighting any income and expenses that are out of the ordinary or a onetime annual fee. Overall, the LDC is in a good financial position. Looking at the P&L previous year comparison report, the LDC is up 695.6% from this time last year. This is due to a number of factors including loan payments being collected, interest remittance, an uptick in loan applications and closings, etc. The Board is pleased that things appear to be getting back on track for us financially as the LDC was unable to apply for any of the COVID assistance programs as we are a 501(c)(4) corporation. Once there were no more questions, Dan Shaw made a motion to approve. Dave O’Brien seconded, and it was approved unanimously.

B. Next, the Board reviewed the following resolution:

- **Resolution 21-8 – Defense and Indemnification Policy Revision**
Motion to approve made by: Sue Clary
Seconded by: Dave O’Brien
Ayes: 12 Nays: 0 Abstain: 0
Approved: 6/25/21

C and D. Continuing with the agenda, we moved on to review the proposed Request For Proposals (RFP) for accounting and auditing services. As required by the ABO, the LDC must release RFP’s for these services every 5 years. The proposed RFP’s request services for a 5-year term starting with year ending 2021. The RFP’s have already been reviewed and approved by the Audit & Finance and Governance Committees who referred it to the Full BOD for final approval. These Committees also discussed which newspapers to run the legal notice in so we can reach the widest audience. The Committees recommended using the Post Star, the Greenwich Journal & Salem Press and NYVT Media (Granville and Whitehall) in addition to being posted on our website, Facebook page and sent out to a list of companies that work with organizations like ours. After there was no more discussion and questions, Sue Clary made a motion to approve both of the RFP’s and Don Ward seconded. There was no further discussion and it was approved unanimously. Deanna also asked the Board members to notify her if there are businesses in their respective Towns that would be qualified to provide these services for an organization like ours to be added to the list of companies the RFP’s will be sent to as we would love to have some options within Washington County if possible. Deanna will work on getting these into the newspapers and other previously mentioned locations and will keep the Board informed about responses received.

E. Miscellaneous

- **State Comptrollers Audit Draft Report:** The LDC has received the Draft State Comptrollers Audit report for our review and response. The three Auditors met with Deanna, Jared and Dave O’Brien a few days ago on June 22nd to review the report. The LDC has to respond to the report by 7/21/21 and then has to submit the Corrective Action Plan (CAP) within 90 days. In the CAP, we address any findings (or recommendations in our case). During the conference, we had them make 2 corrections: page 4 lists our application fee incorrectly and on page 5, the second full paragraph states that the

Director and the Chairman sign checks which they will update to read that 2 of the 5 approved signatories sign each check. They discussed the fact that these are recommendations for best practices based on their review and noted that it was a very clean audit and complimented the organization of the LDC as well as properly following policies and procedures. Deanna discussed the fact that she will be sure to get an "official" declination letter or email from the bank (the auditors said an email on file will work as well). Oftentimes, bankers will bring a business owner in person to introduce them if they are unable to approve the project so that they are not simply saying no with no alternative for a customer. Deanna has reached out to the bankers we consistently work with to let them know that we need this official letter going forward for the files. We discussed the fact that Deanna goes above and beyond to adequately follow up with businesses by completing annual site visits which is not a requirement and collecting an employment data form that the business owner fills out and signs stating how many employees they have. However, over the coming months, we will discuss what additional employment documentation we'd like the Director to review on site visits (examples W2's, 941's, etc.) to further verify employment data. We would have to be very specific about what we are requiring and work with our attorney to implement any changes into the loan closing documentation. Deanna highlighted that page 8 of the report (Appendix A) is a breakdown of the loans they reviewed which obviously included our more problematic accounts (3 businesses that are closed, 1 that is just about to open (accounting for 20 jobs), 1 that downsized in the late 2000's, 1 that was COVID employment numbers due to a 2020 modification) in order to review our policies and processes. Therefore, the Committees do not feel that the job creation portion is a true representation of the entire loan portfolio and asked Deanna to prepare the provided chart/data showing our overall current loan portfolio job creation totals. This representation shows that we have a positive overall job creation which is obviously an ever-changing number in these uncertain times. These numbers will be updated upon the completion of Deanna's 2021 site visits which will give us a good look at the employment numbers as we hopefully continue to emerge from COVID-19. Overall, although we don't agree with everything in the report, the Board felt that this was a very positive report with very few findings from a long, in depth audit. They commended Deanna for the great job she does running the Corporation by herself day to day in addition to dealing with COVID and handling this Audit over the past year +. Deanna thanked the Board for this and commented that it has been an extremely long and stressful year but, that she is hopeful that there are positive things to come. After there was no further discussion, Sam Hall made a motion to approve, Don Ward seconded and it the draft report was accepted unanimously. Deanna and Dave O. said that they will work on the response letter to bring to the Board for approval next month.

- Our Committees and /Officer appointments will be up at the end of this year so, in the coming months, Deanna will be emailing everyone a form to fill out with any positions that you may be interested in for 2022/2023.
- We discussed the fact that the County is re-opened and the fact that we would like to get back to normal in person meetings at the County. There was some discussion about whether or not we can continue to offer the zoom option which is especially appealing to those who travel far distances for short meetings. Deanna and Dave O. are going to look into the legalities and guidance that have been released. Dave O. will reach out to the County attorney Roger Wickes to get his opinion. The Board would like to go back to holding the LDC meetings on the 3rd Friday before the County BOS meeting if going back to in person meetings. Deanna will let the Board know what the verdict is on this as soon as possible.

VII. Adjournment

The meeting was adjourned at 10:20 AM. Motion made by Dan Saw, seconded by Dave O'Brien and approved by all.



Jared Humiston, Chairman

Submitted by Deanna Derway, Executive Director/President



Date