

Washington County Local Development Corporation
Loan Review Committee – SPECIAL MEETING
Thursday, May 21, 2015
9:00 a.m. - LDC Conference room

Present: Seth Pitts, Dave O'Brien, Jay Niles, Rich Norman, Jim Lindsay, Dana Haff and Barry Miller
Others Present: Deanna Derway, WCLDC President

Jim Lindsay called the meeting to order at 9:00 a.m.

The Committee reviewed the minutes from the May 12th meeting. Seth Pitts made the motion to approve and Rich Norman seconded. There was no further discussion and it was approved unanimously.

Next, The Committee reviewed the current loan list update and discussed the current status of each. Deanna informed the Committee that both Skenesborough Gardens and Dupuis Landscape made their loan payments and are either current or on a payment plan.

Next, the Committee came back and reviewed the loan application for the Kingsbury General Store that is requesting \$346,100 in order to purchase the land/building, purchase equipment, complete some renovations and provide the applicants with some working capital. The Committee discussed a letter that was received from the applicants expressing concerns about the Committee seeming unfamiliar with their application in the last meeting. In response to this, the Committee members expressed that asking questions for clarification and more information in regards to the application does not mean that they are unfamiliar with the application but, instead that they would like more information on what was submitted. The application was discussed at length and the following concerns were raised in relation to the project; there is great concern in regards to the collateral as the building was last assessed at \$150,000 but, the applicants are proposing to pay \$224,000 for the building leaving the Committee with concerns about the aging building being able to cover the investment. Another concern is the fact that there was no assessment or inspection done on the building and only \$15,600 was allocated to renovations leaving the Committee with concerns about the condition of the building (being sold "as is") when there could potentially be large structural issues on the property that could potentially leave the applicants with a lack of funds cover the repairs, their living expenses and repay the debt to the WCLDC. Due to the concerns with the condition and value of the collateral Rich Norman made a motion to deny the loan application and Dave O'Brien seconded. There was no further discussion and it was unanimously denied.

Next, the Committee discussed the fact that the WCLDC has been receiving loan applications requesting much larger amounts than we generally see. The Committee feels that in order to protect the LDC's investments that there needs to be some updates to our loan policies. The Committee discussed putting limits on the amount of funding that an applicant can apply for at any given time, the equity that is required from applicants on each loan, costs for sending large applications out for loan analysis and where these fees should come from and adding additional requirements to the application when Real Estate acquisition is involved. Deanna will work on perfecting these updates in order to present to the Loan Review and Full Board of Directors for approval in June.

The Next meeting of the Loan Review Committee will be Tuesday, June 9th at 9 a.m. The meeting was adjourned at 10:08 a.m. Motion made by Rich Norman, seconded by Dave O'Brien and approved by all.

DD

Seth Pitts, Chairman

Date