

Washington County Local Development Corporation
Loan Review Committee
Tuesday, January 13, 2015
Meeting Minutes

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

Chairman Lindsay called the meeting to order at 9:02 a.m.

The Committee reviewed the minutes from the November meeting. Seth Pitts made the motion to approve and Barry Miller seconded. It was approved unanimously.

The Committee then reviewed the 2014 year end status of current loans. The Committee once again discussed Elizabeth Davis who previously owned Abuelo's Cuban Restaurant and defaulted on her loan. Last month the Committee discussed Elizabeth's proposal to pay \$100 month but, as in the past, Elizabeth did not follow through with her proposal and still has paid nothing. The LDC attorney has sent her a final demand notice before we begin official legal proceedings against her to recoup the funding that was borrowed. The rest of the loan portfolio is in good shape, with two other loans that are behind on payments but, both have arranged payment plans with the LDC.

The Committee reviewed a loan application proposal for the purchase of a restaurant in Whitehall, NY. The application was requesting \$150,000 with a portion of it to be used for down payment on the building itself and the rest to be used for working capital. The current owner would be holding the other 75% of the mortgage for the new owners which would give the LDC second position on the building but, first position on the equipment. The Committee asked the applicants if they have had an appraisal and inspection completed on the building as the asking price is high compared to the last sale price in 2012 and the current total assessment listed through Real Property. The applicants did not have an appraisal or inspection completed as of yet. The Committee also expressed some concerns about the proposed collateral and the LDC's ability to recoup funds in the event of default with second position on the property and the depreciation of equipment. The question was raised of whether the current owner would be willing to subordinate to second position on the property until the LDC loan is paid in full. Seth Pitts made a motion to deny the application as presented and Rich Norman seconded. It was unanimously denied but, the Committee would like to encourage the applicants to come back after looking into an appraisal of the property and the asking price of the business.

The meeting was adjourned at 10:06 a.m. Motion made by Dana Haff, seconded by Dave O'Brien and approved by all.

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