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**Motion: A. Dunham**  
**Second: B. Gladwin with amendment**

**North Country Alliance Local Development Corporation**  
**Loan Review Committee Meeting**  
**February 15<sup>th</sup>, 2019 at 2PM**  
**Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Friday, February 15th, 2019 at 2 PM via conference call. Dial information 1-800-977-8002 Participant Code 368009#.

**Present:** Deb McAtee, Al Dunham, Franz Philippe, Steve Hunt, Ron Bacon, Marijean Remington, and Brian Gladwin

**Excused:** Ross Pancoe and Tom Plastino

**Others:** Matt Siver (DANC), Michelle Capone (DANC), Patrick Kelly (SLC IDA)

**Call to Order:** The meeting was called to order at 2:02 PM by Marijean Remington.

**I. New Business:**

- a. Meeting Minutes (Approval of Minutes February 7th, 2019)
  - i. Motion: M. Remington
  - ii. Second: A. Dunham
  - iii. All Approved 02/15/2019
- b. NCA Loan Review Committee brought the previously tabled loan request from LC Drives Corporation for \$200,000 for 5 years at prime minus 1% with a floor of 5% fixed for consideration as a straight working capital loan request of \$125,000 for 12 months with interest only payments or until the Series A financing is received, whichever occurs first. P. Kelly was on the phone as the loan sponsor and indicated that the overview from the previous tabled request has not changed. M. Remington indicated that the company goes through approximately \$100k-\$150k a month for operations and that she met with Russ Marvin and toured the manufacturing facility. M. Remington openly questioned whether we would be setting the company up for failure by approving the request as he requires close to \$1.7 million dollars by her estimates to get to the Series A financing. She said she looked at the machinery and equipment that would be pledged as collateral to any loan and she said that outside the operations of LC Drives the collateral would hold almost no value as it was specifically made for their purposes and that without additional grants and awards he was on a fast track

to no cash. Ron Bacon indicated that Devon Sutton reached out to him as well and he also toured their facility. He said he was impressed with their product, although he had limited technical understanding of how the technology works. He indicated that he thought they deserved credit for paying back their bridge loan and obligations as agreed for the previous NCA bridge loan, he mentioned that they seem to be very good at obtaining grant funding for the 20 employees (16 FTE). R. Bacon also indicated that it is a good sign that the company that is looking to provide the Series A financing has visited approximately 7 times over the last year or two. He also thought it was good that they have a Plan B in case the Series A funding did not come through and how they would be able to sustain operations with the sale of their smaller generator. Marijean Remington again expressed skepticism that the \$125k request from the NCA would do much for the business as it barely covers one month of operations. Marijean Remington wanted to see a package that would be able to put him at three months out from Series A financing. Patrick Kelly told the committee that he had a SLC IDA meeting and it is a possibility that they will allow him to access an additional \$50k as he paid back \$50k to this point. Patrick indicated that Russel Marvin brought Devon Sutton on to extend their ability to obtain grants and to further their track record of obtaining investment or grants. Patrick indicated that this project is unique to the North Country and has turned an otherwise vacant downtown building into a productive asset. He indicated that the risk with this project is high, however, the upside is also high for the community. Brian Gladwin indicated that he appreciated the insights from Ron Bacon, an experienced banker, and it gave him some comfort with the project that he did not have previously. Steve Hunt indicated that he is struggling with his perspective on the project as they have fulfilled to-date their obligations with ESD, however, the Plan B may not be an option if that requires reduction of employment below 16 FTE as that is a requirement through 2021 for their grant funds. Steve Hunt indicated that the company applied for a 3<sup>rd</sup> CFA and did not receive it. Michelle Capone indicated that she felt this project should be considered as the straight working capital loan independent of any other financing as it is difficult to determine where that would come from and to make our funds contingent on that financing would not be practical. Patrick Kelly indicated that LC Drives is still in discussions with AEDC and the Town and Village of Potsdam although their participation is not anticipated. Michelle Capone suggested putting the project as presented to a straw vote to ultimately be voted on by the NCA Board of Directors at its February 2019 meeting.

- i. D. McAtee – voted yes
- ii. A. Dunham – voted yes
- iii. F. Philippe – voted no

- iv. Steve Hunt – voted no – asked that we note to full board the significant discussion and the challenges Loan Review Committee discussed.
- v. R. Bacon – voted yes
- vi. M. Remington – voted no
- vii. B. Gladwin voted yes
- viii. VOTE 4-3 motion to move to full board approved.
  - 1. The issues the NCA LRC wanted to convey to the board were; significant discussion in regard to the loan being under secured, based on projections, no proof of additional working capital financing to bridge the loan term financing.

**II. Adjournment:** The meeting was adjourned at 2:51 PM.

The next North Country Alliance Loan Review Committee meeting is scheduled to be held the week of March 7<sup>th</sup>, 2019.