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Motion:
Second:

**North Country Alliance Local Development Corporation
Loan Review Committee Meeting
June 6th, 2019 at 2PM
Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Thursday, June 6th, 2019 at 2:00 PM via conference call. Dial information 1-800-977-8002 Participant Code 368009#.

Present: Franz Phillipe, Al Dunham, Steve Hunt, Brian Gladwin, Tom Plastino, and Ross Pancoe

Excused: Marijean Remington and Ron Bacon

Others: Matt Siver (DANC) and Eric Virkler (LCIDA: Loan Sponsor)

Call to Order: The meeting was called to order at 2:02 PM by Tom Plastino.

I. New Business:

- a. Meeting Minutes (Approval of Minutes March 19th, 2019)
 - i. Motion: B. Gladwin
 - ii. Second: A. Dunham
 - iii. All Approved

- II. Loan Review Request –** M. Siver presented the loan review request for Osceola Ski and Sport Resort, LLC. The request was for \$50,000 for 5 years at prime minus 1% with a floor of 5% fixed at closing. Eric Virkler was on the phone as the loan sponsor for the request. M. Sive gave an overview of the loan request and noted that the request was previously tabled by the North Country Tourism Fund for more information on the project in relation to the impact on the business start-up if Hugh and Anna Quinn stay in the Cross Country Ski business right down the road. S. Hunt indicated that was a good characterization of one of the main reasons the loan was tabled. F. Phillipe asked M. Siver and E. Virkler what was the time line for the project and M. Siver/E. Virkler indicated that the business wanted to be open this upcoming season in November/December 2019. R. Pancoe asked why equipment sales wasn't included in the COGS and M. Siver indicated that he would have to look back at the figures, but indicated that Mr. Hite plans on financing the equipment through the equipment vendors.

R. Pancoe asked if it was possible to provide a seasonal loan to help cash flow and M. Siver indicated that he thought it was possible, although he had never done it before for the NCA and T. Plastino indicated that we have done them although it was a long time ago. B. Gladwin asked why the Hite's were unable to ultimately purchase the other ski center and E. Virkler indicated that they were unable to reach an agreement over a period of 4 years with 250 acres of land and it mainly had to do with the condition of the current lodge and the overhead for the asking price. D. McAtee indicated that doing equipment sales is tough with online competition and indicated that with her experience with downhill skiing equipment sales on location have reduced dramatically over the past 5-10 years. A. Dunham indicated that he thought it was a good project and that there are similar types of facilities near him in the Adirondack's and he doesn't think that competition next door will hurt them too much as people come to utilize multiple facilities near him. A. Dunham said that snowshoeing is becoming very popular and if the trails allowed for that along with mountain biking, etc. it would be a good draw for people. The committee as a whole questioned whether or not he could build the cross country ski center for the proposed cost provided with trails included and M. Siver indicated that Mr. Hite seemed pretty confident in the figures he provided and he plans on injecting his own time and additional cash/equipment into the project that is not shown. The committee asked what type of equipment he plans on purchasing specifically and M. Siver indicated that to his knowledge he believed it was just a snowmobile and tract machine, although he did not have specifics on the equipment and E. Virkler indicated that he did not have specifics beyond those pieces of equipment such as a plow truck etc. S. Hunt and T. Plastino indicated that if the existing ski center stays open for any number of reasons that they could possibly face a real uphill battle with no real experience with a running a business themselves, etc. beyond Mr. Hite's forestry degree. S. Hunt indicated that the project has positives going for it such as his credit and character. Based on the conversation T. Plastino asked the committee if they are leaning towards tabling the request for additional information. The committee asked that Dustin Hite provide: itemization of costs for the project (projected costs, utilities, formal estimates), how much is his pension annually, a response to the neighboring competition issue, and additional detail on proposed equipment.

- a. Motion to Table: A. Dunham
- b. Second: R. Pancoe
- c. Motion Approved 06/06/2019

III. Loan Review Request – T. Plastino indicated that he was going to have to turn the chair over to someone else for the request as he is acting as the loan sponsor for the proposed request. B. Gladwin took over as loan sponsor and M. Siver presented the request for Corporation to be formed dba Solsberry's Bar and Grill. The request is for 65,000 for 5 years at prime minus 1% with a floor of 5% fixed at closing. M. Siver then turned it over to T. Plastino as the loan sponsor and he laid out a few weaknesses of the request such as; a lack of collateral and the thin nature of the personal financial statement. T. Plastino

indicated that R. Bacon had made some good suggestions prior to the call and T. Plastino would like to see them incorporated for any approval such as the assignment of the \$120,000 life insurance policy on Mike Solsberry to the North Country Alliance, subordination of any additional loans or payments to friends and family for the loan. T. Plastino also indicated that R. Bacon suggested a landlord access agreement so the NCA could access any collateral if we needed to collect on the loan. B. Gladwin thought that was a good idea and suggested a subordination and attornment agreement be added to the contingencies along with the additional suggestions from T. Plastino. M. Siver indicated he would add them to the finalized request to go to the board. B. Gladwin also asked why AEDC was not sharing their 1st co-proportional lien position on all business assets with the NCA and M. Siver indicated that they are not requiring any additional lending for their loan. M. Siver indicated that he did ask Steve Garneau at AEDC if they would be willing to share their collateral position and he said if NCA requires it he will bring it to their committee. M. Siver indicated he would ask them to formally consider that action and add it as a contingency. T. Plastino indicated the positives for the project is Mr. Solsberry's training and finance experience in the restaurant industry, turnkey nature of the facility, and the prospect of offering local brews on tap a niche that is not being provided elsewhere such as; Maxfields. A. Dunham asked what the other expenses shown on the income statement and M. Siver indicated that are shown on page 5 as rent, supplies, real estate, utilities, etc. Franz thought that his projected COGS were low for his projectons and thinks they will be higher. A motion was made to approve the project with the additional contingencies.

- a. Motion: A. Dunham
- b. Second: D. McAtee
- c. Abstain: T. Plastino.

IV. T. Plastino indicated that this will be his last loan review committee meeting and he will be stepping down and retiring as Chair of the NCA Loan Review Committee. The members wished him well and indicated that they will miss him. He told Marijean and she will help work for a replacement.

V. **Adjournment:** The meeting was adjourned at 3:06 PM.

The next North Country Alliance Loan Review Committee meeting is scheduled to be held Thursday July 11th, 2019 at 2:00 PM.