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Motion: A. Dunham
Second: F. Philippe
All approved 8/1/2019

**North Country Alliance Local Development Corporation
Loan Review Committee Meeting
July 11th, 2019 at 2PM
Minutes**

The North Country Alliance Local Development Corporation held a NCA Loan Review Committee meeting on Thursday, July 11th, 2019 at 2:00 PM via conference call. Dial information 1-800-977-8002 Participant Code 368009#.

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

Excused: Tom Plastino, Ross Pancoe, and Al Dunham

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

Call to Order: The meeting was called to order at 2:01 PM by Brian Gladwin.

I. New Business:

- a. Meeting Minutes (Approval of Minutes June 6th, 2019)
 - i. Motion: M. Remington
 - ii. Second: F. Philippe
 - 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 and was previously tabled at the NCA’s June 6th, 2019 meeting. Eric Virkler was on the phone as the loan sponsor for the request. The previous request was tabled for additional information on the possibility of competition of staying open nearby and how that would possibly impact the new business, additional information on the construction figures for the lodge, additional detail on the equipment to be purchased, and more detail on marketing/promotion efforts. M. Siver gave a brief overview and then B. Gladwin asked E. Virkler to give an overview of the request. E. Virkler indicated that he has been dealing with Dustin Hite for some time and he has a lot of confidence in his ability to run a good business and succeed. E. Virkler indicated that in his discussions with Dustin Hite he indicated that the prospect of additional competition, if the existing facility did not close, would help his business and act as a

multiplier. E. Virkler used the analogy of a McDonalds opening up next to a Burger King and driving additional business as a result. M. Remington agreed with the notion that Tourism functioned in that manner with having multiple events or facilities near each other they tend to draw people to both facilities. R. Bacon asked about the equipment and why we are in a 2nd collateral position and M. Siver indicated it was due to the Lewis County IDA taking the snowmobile and groomer worth approximately \$20,000 as collateral and Dustin Hite plans on financing inventory through a ski equipment company on terms along with financing an additional groomer through Kabota. M. Siver indicated that by taking a second position the NCA would allow for the financing of the inventory/equipment and not have to have the NCA subordinate for the inventory and equipment. M. Siver mentioned that NCA would be primarily taking the 1st mortgage position on the lodge as collateral. B. Gladwin indicated that he thought the principals had a good reputation and personal financial statement and asked if there were any additional questions by committee members. M. Remington asked why there was not a Key Man Life Insurance requirement for this request and M. Siver indicated that the working capital requests do not require Key Man Life Insurance as a requirement. M. Remington indicated that she would like to see that requirement on all requests regardless and the majority of the committee agreed. M. Siver indicated he would add the Key Man Life Insurance as a requirement for the request. Hearing non B. Gladwin asked for a motion to approve the request.

- a. Motion: F. Philippe
- b. Second: M. Remington
- c. Abstain: R. Bacon
- d. Motion Approved 7/11/2019

III. Loan Review Request – Modification- The LKR Request was voted on by email prior to the meeting. LKR Enterprises requested a lien release on equipment for the Boonville store as Randy Lockwood recently sold the store. The closing for the store, as of the NCA meeting, had not occurred, however he did auction items at the store. The proceeds from the auction were \$12,000 and are be utilized to bring the NCEDF and NCA current, retain our primary collateral on the Star Lake store, and provide three months of interest only payments from July, August, and September 2019 as the business is struggling with cash flow. M. Siver indicated that he already received some proceeds and the loan is now within 30 days past due. B. Gladwin indicated that although he does not disagree with the request he indicated that moving forward the NCA has a right to all the proceeds from any sale. The committee agreed.

- a. Motion: F. Philippe
- b. Second: D. McAtee
- c. Motion approved 7/11/2019

i. M. Remington opposed

IV. B. Gladwin mentioned the Loan Review Committee procedures was listed as an agenda item and M. Remington asked if we could hold off on that discussion as she has a

meeting with Tom Plastino and has a bunch of notes from Michelle that she would like to review prior to that discussion. All agreed that would be fine.

V. Adjournment: The meeting was adjourned at 2:42 PM.

The next North Country Alliance Loan Review Committee meeting is scheduled to be held Thursday August 1st, 2019 at 2:00 PM.