



# Choose Columbia

Columbia Economic Development Corporation

## MINUTES COLUMBIA ECONOMIC DEVELOPMENT CORPORATION LOAN COMMITTEE

Tuesday, January 19, 2016

4303 Route 9

Hudson, New York

A regularly scheduled meeting of Columbia Economic Development Corporation's (CEDC) Loan Committee was held at their offices located at 4303 Route 9, Hudson, NY 12534 on January 19, 2016. The meeting was called to order at 1:04 pm by Rick Bianchi, Chairman.

Attendee Name	Title	Status	Arrived
Rick Bianchi	Chairman	Present	
Greg Fingar	Committee Member	Present	
Kim Keil	Committee Member	Present	
Bob Sherwood	Committee Member	Present	
Colin Stair	Committee Member	Excused	
F. Michael Tucker	Interim President/CEO	Present	
Andy Howard	CEDC Attorney	Present	
Tony Jones	CEDC Chairman	Present	
Martha Lane	Business Development Specialist	Present	
Erin McNary	Bookkeeper	Excused	
Lisa Draushuk	Administrative Supervisor	Present	
John Mason	Reporter, Register Star	Present	1:27am

### Minutes:

*Mr. Fingar made a motion, seconded by Mr. Sherwood, to approve the committee minutes from December 15, 2015. Carried.*

### Loan Policies and Procedures:

Mr. Tucker stated he wanted the input of the Loan Committee regarding the marketing of the CEDC loan programs as well as some guidelines for a "targeted" dollar amount for loans. He offered an example of a designated amount of \$50,000 - \$100,000 with a 3 - 5 year term that could become a self-sustaining funding source. He noted the current loan procedures listed \$100,000 as a maximum loan, but allowed for exceptions, citing Greenport Crossing. He suggested the origin of the initial CEDC loan funding be researched and determine if that source was still available. He reminded the Committee that the SBA fund currently has \$400,000 to lend, and the CEDC loan fund has \$800,000.



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Mr. Bianchi stated at the last meeting Mr. Tucker had proposed the idea of an advisory/underwriting committee to review larger loans. He asked what would be considered the threshold for a "small" loan. Mr. Tucker stated it was a decision based on what the Committee and Board sees as goals of the loan committee, adding no one would want to deny a \$100,000 loan to a new or expanding company.

Mr. Bianchi believed policy wasn't the issue, but stated the goals of the loan programs should correlate with the strategic plans of Columbia County and CEDC. He noted the purpose was to lend, and asked if there were any applicants for \$100,000. He stated it should be determined what type of businesses CEDC and the County wished to attract, and that information should be taken into consideration. Mr. Tucker noted the goal of CEDC was to advance both small and large businesses.

Mr. Fingar asked if a firm would be hired to market the loans or if it would be done in house. Mr. Tucker stated he had had preliminary discussions with Ms. Wilber and with the Register Star. He stated the Register Star was considering a membership in CEDC which would contain in-kind advertising and a graphic. He stated currently Ms. Wilber was doing a monthly (formerly quarterly) newsletter, e-blasts and the website. Mr. Jones noted advertising/marketing channels had changed dramatically, noting print was not widely distributed as previously.

Mr. Tucker stated CEDC was partnering with the Columbia County Chamber of Commerce to distribute hard marketing materials. Mr. Bianchi suggested utilizing Facebook, stating more exposure and information online could generate more leads. Ms. Keil cautioned about over exposure by direct contact and ensuring content was fresh. Mr. Tucker stated he would be careful to not oversaturate the subscribers. Mr. Bianchi stated the committee would like to see more marketing and loan outreach for the programs.

Mr. Tucker suggested creating an Excel model for lending showing the impact of CEDC's lending. He noted that \$25,000 seemed to be the bread and butter loan for CEDC. He noted larger loans have tended to fail. Ms. Lane reminded the committee that the SBA allowed loans of up to \$50,000, but encouraged loans of \$35,000 or less.

Mr. Fingar asked if the program had been marketed. Ms. Lane stated she receives a great many referrals from banks. She noted she has worked with Ann Finnegan of Kinderhook Bank many times, and recently visited with the Chatham area banks. Mr. Sherwood noted that many of the SBA loans made by banks may have a portion that is not collateralized with real property. He stated those could be referred to CEDC. Mr. Tucker stated he would like to have a few commodity type loans.



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Copies of the current loan procedures were handed out for review at the next meeting. Ms. Lane suggested utilizing a standard interest rate of 7.25% for all SBA loans. Mr. Bianchi asked if the SBA set rates. Ms. Lane stated they didn't, noting most lenders were charging between 7% and 8%, with some significantly higher. Mr. Sherwood felt if rates needed to be defined, a maximum rate should be set but no minimum, noting flexibility should be allowed for better quality loans. Mr. Jones noted that borrowers would go to other funding sources if the rates were high.

Mr. Sherwood asked if any public information was available on SBA write offs. Ms. Lane stated the SBA felt 15% was within allowable limits.

## **Portfolio Review:**

Mr. Tucker stated Greenport Crossings and Local Ocean would be written off, he informed the committee CEDC will receive some money from Greenport Crossings as part of their bankruptcy.

## **Monkshood Nursery:**

Mr. Tucker stated Monkshood Nursery was current on their SBA loan but no payment had been received since May of 2015 on the CEDC loan. Mr. Tucker stated a demand letter had been mailed and Ms. Lane had reached out to the borrower, but there had been no response. Mr. Sherwood suggested offering structured payments of payments for 6 months and no payments in the off season. Ms. Lane stated the SBA doesn't allow for payment schedules of those types.

## **Pete's Gone Fishin':**

Mr. Howard stated the loan is in default, he noted he and Ms. Lane had visited the site and the equipment which was still on site. He stated the value of the equipment was close to the loan amount. The building had been sold and the new owner believed he had purchased the equipment along with the building. Mr. Howard stated the UCC had been filed correctly and the documents provided for immediate litigation. He stated he had written to Mr. Wurster advising him of the amount due and that CEDC would be proceeding with a suit. He stated he is confident the funds can be recovered.

## **Aerocity Writeoff:**

Mrs. Drahushuk explained the loan under the name of Aerocity/Wind Products Inc. had been in attorney's hands attempting collection. The attorney in charge had advised there were no further funds available for collection. The auditors had requested the loan be written off and removed from the financial statements. Mr. Fingar reminded the Board the project was a wind turbine of a new compact design. *Ms. Keil made a motion, seconded by Mr. Fingar to recommend the loan writeoff to the CEDC Board for the remaining loan principal amount to be determined. Carried.*



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## **SBA Goals 2015 – 2016:**

Ms. Lane stated the SBA raised the minimum number of loans required to maintain SBA lender status from 4 to 10 loans per year over the course of 3 years. Mr. Fingar asked how many loans had closed in 2015. Ms. Lane stated 8 loans had closed, she stated the program had also received a technical assistance grant of \$55,000 for 2015. She stated she had recently drawn down the final \$75,000 of SBA funding.

Ms. Lane stated she had submitted a goal of 10 loans and associated technical assistance for loan recipients to the SBA for the current year. She has currently closed 3 loans. Mr. Bianchi asked the repercussion of non-performance. Ms. Lane stated she provides the SBA with a detailed explanation and they accept the explanation.

Mr. Tucker informed the committee that CEDC joined the Greene County Chamber of Commerce in order to help market the loans in Greene County.

## **Other Business:**

The committee discussed a change in the date and time of the meeting, deciding to continue holding the meeting on the Tuesday prior to the CEDC full board meeting at 1:00pm.

## **Adjournment:**

*Mr. Fingar made a motion, seconded by Ms. Keil, to adjourn the meeting. Carried.*

The meeting adjourned at 2:01 p.m.

*Respectfully submitted by Lisa Draushuk*