



# Choose Columbia

Columbia Economic Development Corporation

**MINUTES**  
**COLUMBIA ECONOMIC DEVELOPMENT CORPORATION**  
**LOAN COMMITTEE**  
**Tuesday, March 22, 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 March 22, 2016. The meeting was called to order at 1:00 pm by Rick Bianchi, Chairman.

Attendee Name	Title	Status	Arrived
Russell Bartolotta	Committee Member	Present	
Rick Bianchi	Chairman	Present	
Greg Fingar	Committee Member	Excused	
Triona Fritsch	Committee Member	Excused	
Kim Keil	Committee Member	Present	
John Lee	Committee Member	Present	
Bob Sherwood	Committee Member	Excused	
Colin Stair	Committee Member	Present	
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	Present	
Lisa Drahushuk	Administrative Supervisor	Present	

**Minutes:**

*Mr. Stair made a motion, seconded by Ms. Keil, to approve the committee minutes from February 16, 2016. Carried.*

**Interim President/CEO:**

Mr. Tucker handed out a list of loan requests with submitted applications. He noted that some were still in the underwriting stage, while some were ready to be presented. Ms. Lane noted that it had been 2 years since CEDC had applied for additional SBA funding. She stated she and Mr. Tucker were considering applying for an additional \$250,000. She noted the SBA allows 2 years for the funds to be drawn down. If an application was submitted in April a closing typically takes place within 90 days.



# Choose Columbia

Columbia Economic Development Corporation

Mr. Tucker stated he had reviewed the loan loss reserve accounts. He stated he had a concern over how the loan loss reserve had been calculated. He suggested revising the methodology and reserving an additional \$100,000 that could be used for either SBA or CEDC loans requiring write-off. He informed the committee that if the level of the SBA loan loss reserve (LLR) fell below the required level, CEDC was mandated to fund the difference. He stated the additional reserve amount could also be used for any CEDC loan defaults.

Mr. Tucker explained that any SBA loan 120 days past due was considered a default and was required to be taken out of the LLR. He noted there were a number of CEDC loans that had been recently rewritten. He recommended creating the additional reserve to cover any possible shortfalls. *Mr. Stair made a motion, seconded by Mr. Lee to allocate \$100,000 as a reserve to be used for either CEDC loans or for the replenishment of the SBA loan loss reserve. Carried.*

Mr. Tucker handed out copies of the draft Strategic Plan-Executive Summary. Mr. Jones stated it would be discussed at the full board meeting on March 29<sup>th</sup>, as well as at the CEDC Annual Meeting on April 19<sup>th</sup>. Mr. Tucker stated metrics would be added to the document.

## **Portfolio Review:**

### **Monthly Loan Report:**

#### **Monkshead Nursery:**

Mr. Howard stated the work out letter had been sent to the business, but no response had yet been received. Mr. Tucker stated the owner had verbally agreed to the terms of the workout. Mr. Howard reviewed the proposed terms of the re-write of the CEDC loan. The borrower would pay interest only on the CEDC loan until the SBA loan was paid in full, and then amortize the balance over 3 years at 4%, resulting in a payment of \$249.94. *Mr. Lee made a motion, seconded by Mr. Bianchi to recommend the modification of loan to the full Board. Carried.*

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

Mr. Howard reminded the committee the building had been sold, and the purchaser thought the equipment in the building had been included with the sale. Mr. Howard stated he had prepared the order of seizure and had informed the opposing attorney. The result was the current building owner agreed to purchase the equipment for \$9,450, which is the principal balance. Mr. Howard Recommended the committee accept the payment. *Ms. Keil made a motion, seconded by Mr. Bianchi to approve the settlement for the principal balance. Carried.*

#### **Paul Calcagno Jr. Development LLC:**

Mr. Howard informed the committee that the closing was set up for next week.



# Choose Columbia

Columbia Economic Development Corporation

## **Loan Policies and Procedures:**

Mr. Tucker handed out a revision of the CEDC Loan Policies and Procedures. He stated it was in line with best practices. He stated he had added several conditions to the CEDC Revolving Loan Fund terms and conditions on page 2. He had also changed several items on page 5 under SBA application requirements. He noted an online pre-application was a possibility.

Mr. Tucker reminded the committee that the costs associated with vetting the loans and underwriting was borne by CEDC. He asked the committee to consider if some of the costs should be shared with the loan applicant.

Mr. Tucker stated he had done a quick analysis, totaling the amount of loan payments received by month, currently \$22,000. He stated that amount should be kept at between \$20,000 and \$25,000. He felt if \$250,000 was lent, that amount should allow for sustainability. He felt a conversation discussing preferred loan clients should take place allowing for more lending diversification of the portfolio. Mr. Jones suggested looking at the broadband issue and questioned if the committee would be supportive of companies who solved the broadband issue.

Mr. Tucker stated that the auditor's Management Letter questioned past practice was to loan some funds from the SBA and additional funds from the CEDC loan fund. He felt this placed CEDC at risk, and suggested the SBA loan be increased to cover the requested amount. Ms. Lane informed the committee that the SBA felt the \$50,000 SBA loans should be approved sparingly by most lenders, with the balance of the approvals targeted toward smaller loans. She went on to explain one bad loan at that level could put the intermediary at or above the 15% default rate allowed by the SBA. Ms. Lane reminded the committee that if a larger loan defaulted, a larger amount would need to be taken from CEDC funds to replenish the SBA loan loss reserve, as required by the SBA.

## **Basilica Industries LLC Loan Request:**

Mr. Howard stated he had a conflict of interest with the loan, noting his law firm represented the company. He recused himself and left the meeting.

Ms. Lane stated the request was from Basilica Industries LLC, a rental business, whose principals rent the building for weddings and galas. The space is also rented by local businesses and non-profits for fundraising events and expos. She notified the committee that the business was located in a flood plain and thereby required by the SBA to obtain flood insurance.

The request is for \$35,000 which would be used to purchase equipment, supplies and materials to expand the wedding rental business. Ms. Lane stated the money would be used to purchase tables and chairs, along with heaters, allowing the venue to host events during the colder months.



# Choose Columbia

Columbia Economic Development Corporation

She stated the interest rate was 7% and the term 60 months. Collateral would be a lien on all business assets including, furniture, fixtures, equipment, electronics, inventory and accounts receivable as well as film equipment owned by one of the principals. *Ms. Keil made a motion, seconded by Mr. Bianchi to recommend the loan to the CEDC Board for approval. Carried.*

### **Talbott, Arding Co. LLC Loan Request:**

Ms. Lane stated the request was from Talbott, Arding Co. LLC for a \$25,000 loan. She noted the business is a retail and wholesale operation that sells specialty food products, provides catering services and produces prepared foods. The funding would be used for working capital the interest rate would be 7.25% over a term of 72 months. The collateral consists of a lien on all business assets, furniture, fixtures, displays, equipment, inventory and accounts receivables. She stated the business had received technical assistance from Hudson Valley Agribusiness Development Corporation as well as CEDC. Ms. Keil made a motion, seconded by Mr. Stair, to recommend the loan request to the full Board for approval. Carried.

### **Adjournment:**

*With no further business to come before the committee and no public present, Ms. Keil made a motion, seconded by Mr. Bianchi, to adjourn the meeting. Carried.*

The meeting adjourned at 2:21 p.m.

*Respectfully submitted by Lisa Draushuk*