

# Choose Columbia

Columbia Economic Development Corporation

**MINUTES**  
**COLUMBIA ECONOMIC DEVELOPMENT CORPORATION**  
**LOAN COMMITTEE**  
**Tuesday, January 24, 2017**  
**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 24, 2017. The meeting was called to order at 1:02 pm by Jim Mackerer, Chairman.

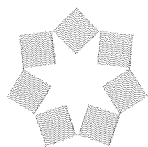
Attendee Name	Title	Status	Arrived
Russell Bartolotta	Committee Member	Excused	
Rick Bianchi	Committee Member	Present	
Triona Fritsch	Committee Member	Excused	
John Lee	Committee Member	Present	
James Mackerer	Chairman	Present	
Bob Sherwood	Committee Member	Present	Departed 1:39pm
Colin Stair	Committee Member	Excused	
Tony Jones	Committee Member	Present	
F. Michael Tucker	President/CEO	Present	
Andy Howard	CEDC Attorney	Present	
Martha Lane	Business Development Specialist	Present	
Erin McNary	Bookkeeper	Present	
Carol Wilber	Marketing Director	Present	
Edward Stiffler	Economic Developer	Present	
Lisa Drahushuk	Administrative Supervisor	Present	

**Election of Committee Chairman:**

*Mr. Bianchi made a motion, seconded by Mr. Jones to nominate Mr. Mackerer as Committee Chairman. Carried.*

**Charter Review**

Mr. Mackerer asked if there were any questions or changes requested to the Charter. Mr. Tucker stated the by-laws were not clear regarding the role of ex-officio Board members in the role of obtaining a quorum on the committee level. The question would be reviewed further. Mr. Mackerer asked the definition of an “independent member” as stated in the Charter. Mr. Howard



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stated it was an ABO requirement and was based on financial compensation. He stated all current members of the Committee were independent. *Mr. Lee made a motion, seconded by Mr. Sherwood to approve the Charter. Carried.*

## **Self-Evaluation:**

Mr. Mackerer requested the form be completed and returned at the member's earliest convenience to Mrs. Drahushuk.

## **Minutes:**

Mr. Jones noted the time of his arrival was incorrect, and should be corrected. *Mr. Jones made a motion, seconded by Mr. Lee, to approve the corrected committee minutes from December 6, 2016. Carried.*

## **Portfolio Review:**

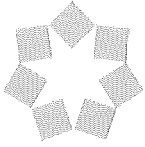
### **Monthly Loan Report:**

Mr. Tucker reviewed the loan report with the Board. Mr. Mackerer questioned the balance on the Nancyscan loan. Ms. McNary stated the amount due was the balance of the loan. She noted late fees were being paid. Mr. Mackerer questioned the Paul Calcagno loan. Ms. McNary stated a payment had just been received, but the loan continued to be past due.

Mr. Tucker turned his attention to the SBA portfolio. Ms. Lane reviewed the past due loans: Primitive Twig continued to struggle; Sip-n-Suds would be re-written out of CEDC funds, paying off the current SBA loan; Les Collines was seeking a six-month deferment; Monkshood had received a loan modification last year, and was now attempting to sell the property and pay CEDC with the proceeds. She noted the property had a potential buyer.

## **Loan Loss Review:**

Mr. Tucker stated CEDC auditor, Matt Vanderbeck had suggested that the loan loss reserve be reviewed quarterly to ensure the Board is aware sufficient reserves are available. Currently the reserves contained 15% for CEDC loans and 35% for SBA. Mr. Tucker reminded the Committee that \$240,000 had been reserved to payoff SBA loans. He stated the funds had previously been taken from the operating account. Mr. Tucker stated CEDC should do an internal report from the loss committee to the Loan Committee Mr. Sherwood suggested Mr. Tucker contact Mr. Vanderbeck for an appropriate document. He stated any such bank documents would be longer due to the banking regulations.



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## **State 11 Distillery:**

Ms. Lane stated the company was a LLC with three principals; Sophie Newsome, J. Stuart Newsome and Louise Newsome. They plan to open a farm distillery and tasting room at their site in Claverack. They are requesting a \$25,000 SBA loan and a CEDC loan in the same amount to be used for purchasing equipment, furniture, fixtures and inventory and provide working capital. The interest rate proposed was 7.25% on the SBA loan and 5.25% on the CEDC loan. The term would be 72 months with a lien on business assets. Ms. Lane stated the business anticipated creating 3 full time and 3 part-time jobs.

Mr. Bianchi asked if they had obtained additional financing. Ms. Lane stated they would be seeking an additional \$50,000. She stated she would require proof of the funding prior to closing. Mr. Bianchi asked about the 2 point difference in interest rates. Ms. Lane stated based on credit reports and the additional funds available, a lower rate was warranted. She stated the rate was open for discussion. Mr. Mackerer asked about an opening timeline. Ms. Lane stated the planned opening would be late spring/early summer.

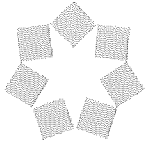
*Mr. Sherwood made a motion, seconded by Mr. Lee to enter Executive Session under Public Officers Law, Article 7 Section 105 f.: the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. Carried. Executive Session was entered at 1:28pm.*

*Mr. Jones made a motion, seconded by Mr. Lee to exit Executive Session. Carried. Executive Session ended at 1:35pm.*

*Mr. Lee made a motion, seconded by Mr. Sherwood to recommend the loan to the CEDC board. Carried.*

## **Chris' Café:**

Ms. Lane stated the applicant, Nicholas Jennings planned to purchase the assets of Chris' Café in Valatie. He was requesting a \$5,000 SBA loan and a \$10,000 CEDC loan. The funds would be used to purchase the furniture, fixtures, equipment and inventory. The interest rate would be 7.00% on the SBA loan and 6.00% on the CEDC loan, over a term of 60 months. The project is expected to retain 2 full time and 10 part-time jobs. Collateral will consist of a lien on business assets, including equipment, furniture, fixtures, inventory and accounts receivables.



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Ms. Lane stated he has worked at the café for approximately 8 years. She stated there would be a \$50,000 loan held by the current owner. She stated she would continue to provide technical assistance and encourage him to attend the MicroBusiness class in the fall.

Mr. Mackerer reminded the Committee that they would be approving this loan and not referring it to the full board per the loan policy. *Mr. Sherwood made a motion, seconded by Mr. Bianchi to approve the loan as presented. Carried.*

### **Brown's Custom Auto Body:**

Mr. Sherwood recused himself from the meeting due to the banking relationship with the loan client. Ms. Lane presented a brief background on the loan. The principals, Gary Brown and Christine Sauca had requested a \$12,500 SBA loan and a \$12,500 CEDC loan with a term of 60 months. The loan would be used to purchase the property and business assets of Columbia Sales Corp. They would not be purchasing the used car inventory.

The interest rate on the SBA loan would be 7.00% and the CEDC loan rate would be 6.00%. Collateral would be a lien on business assets valued at \$25,000. Mr. Lane stated Kinderhook Bank would also be providing a loan, and they had agreed to leave collateral worth \$25,000 available for CEDC. The project was expected to retain 3 full time jobs, create 1 additional full time position, as well as 1 part-time position.

Mr. Jones question if the nearby Broadway Auto would affect their business. Mr. Mackerer stated the business differed from Broadway Auto because they financed the cars they sold. Mr. Mackerer asked if there were further questions. *Mr. Bianchi made a motion, seconded by Mr. Lee to recommend the loan to the CEDC board. Carried.*

### **Adjournment:**

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

The meeting adjourned at 1:47 p.m.

*Respectfully submitted by Lisa Draushuk*