

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

Friday, March 25, 2022

9:00 a.m.

Meeting held via zoom – recording available

Board Members Present Via Zoom: Dave O'Brien, Darrell Wilson, Sam Hall, Jared Humiston, Tim Fisher, Dana Hogan, Sue Clary, Matt Hicks and James Griffith

Staff Present: Deanna Derway – WCLDC President

Others Present: Brian Sawma and Thomas Smith – EFPR Group

I. Call to Order

Vice Chairman Griffith called the meeting to order at 9:11 a.m.

II. Approval of Minutes

After reviewing the minutes from the January meeting, Darrell Wilson made a motion to approve. Sam Hall seconded and approved unanimously.

III. Executive Director Report

Next, Deanna gave the following loan list updates:

- Harrington's - This situation has once again changed since we last met with potentially positive news. Russ spoke with the bank, and it looks like the sale that was set to take place last summer is "most likely" going to happen. She says this cautiously as we all know how quickly things can change with this. For background purposes, in August 2021 we approved the sale to Zoom Kars LLC, we were set to collect approximately \$39,000 but, were going to lost \$34.87/day in interest until they closed which was going to take some time. They did not close within the timeline that was laid out so that approval went away. Now that it is in bankruptcy, they are proposing the sale again and we are set to receive approximately \$35-38k. We also told them that we will not be releasing the personal guarantees as we plan to potentially pursue that avenue to recoup more of our investment. Russ already has the approval that he needs on to recoup as much funding as possible but, I wanted to update the Board on this.
- Faded Clipz, Kingsbury National and QBI all show as late on the loan list but, all made their payments at the beginning of March and all but, Faded Clipz are caught up (he is paying one month behind as he made a late payment). It's normal to have a few "extras" listed as behind or late in February due to it being a short month (some are due on the 29th-31st).
- Bonnie & Clyde's is still for sale. They are currently accruing late fees and interest which I expect will remain that way until it does sell as they have lost their home and Claude continues to have surgeries relating back to the effects of having COVID last year. They do have a few people interested and their real estate agent hopes that there will be some hard offers to review by summer. Deanna expects that we will recoup this funding in whole.
- Abuelos is in the same status, and it is not expected for that to change. At some point this year both Loan review and then full Board will look at writing this remaining balance off as Deanna believes that we will be unable to recoup and should be cleaned off the books. This is what the bad debt expense account is for.
- At the beginning of March, we also closed an equipment loan for Estate of Mind Professional Groundskeeping in Eagle Bridge to purchase a new truck for the landscaping business. You will see this on the March loan list next month.
- We are still working towards closing on Scarlotta's Carhop in Granville and expect to close that loan in the next few weeks. We are splitting the loan equally with LCLGRPB and are taking a co – equal first mortgage position on 2 properties, one of which is in Vermont, so it has taken a bit longer than typical loans.
- We will discuss Bardin's later in this meeting an everyone else is in good shape.

IV. Committee Reports

- A. Loan Review Committee: Reviewed reports at the 2/23 meeting that will be voted on later in the meeting.
- B. Governance Committee: Reviewed reports at the 3/23 meeting that will be voted on later in the meeting.
- C. Audit & Finance Committee: Reviewed reports at the 3/23 meeting that will be voted on later in the meeting.

V. Old Business – None

VI. New Business

- A. Auditor's Presentation of the 2021 report: Next, the LDC's new Auditors from EFPR Group joined to present the 2021 report and findings. They walked through the timeline and details of the fieldwork performed which they highlighted was an easy process due to everything being very organized. They then did a brief overview of the financial statements and talked about anything that is different from prior years reports. They issued an unmodified or "clean" opinion which is the highest level of opinion that you can receive from an audit. There was one finding in regard to an "other matter" (finding 2021-001) in relation to the IRP bad debt CD account. During the Audit they discovered that the required CD account that was created in 1998 was set up as an annual renewal account, and it needs to be on a 30-day renewal. Rural Development gave us permission to leave it this way for 2022 however, Deanna would like to get this taken care of right as outlined in the Corrective Action Plan. The Auditor's Report and proposed change to the CD account set up will both be discussed further, and voted, on as resolutions later in the meeting. Once there were no more questions for Brian and Tom, the Board thanked them for their work, and they left the zoom meeting at 9:30 AM.
- B. Next, we reviewed the January and February financial reports and balance sheets and walked through each month's report with the Board and highlighted that overall, the LDC is in a good financial position for the start of 2022. For expenses, Deanna highlighted our quarterly disability payment, annual advertising fee (as per the approved contract), and the first payment for HR on demand (the program that we approved at the beginning of the year in order to update the LDC Personnel Policy) were all paid. Otherwise, the reports are very straight forward. Once there was no further conversation, Sue Clary made a motion to approve. Dana Hogan seconded, and the financials were approved unanimously.
- C. Review Bardin's – Proposed loan approval change: Next the Board discussed a proposed change to a previously approved loan that is requesting extra funding that would put the total over the \$150,000 and therefore requires Board approval as well as the Loan Review Committee approval which was acquired on 2/23/22. Mark Bardin was approved for \$150,000 for the car wash and it is structured as a building & loan agreement which outlines the specific funding releases. To date, we have released \$63,941.19 (roof, parking lot, radiant heat flooring, down payment for equipment) which he has been making loan payments on and is current. The problem that we have run into is that the used equipment that he received the required quotes for is no longer available (no used equipment is available at all within the supply chain currently) and like everything else, the cost of the items has gone up for new equipment. He received a quote for the new equipment and provided that to us but, in order to complete the project, he is asking for an additional \$54,000. The positive of this would be that our collateral would be worth significantly more than the used equipment which would have been essentially useless after a few years. The Board discussed this at length weighing the risk (the business would never open, and we

would have to hope he keeps paying it back) vs. reward (the business would be able to open and thrive and allows the income to continue paying the funding back). The Loan review committee members present also spoke on behalf of the project as well including Mr. Bardin's extensive carwash operating experience. In the end the Board decided to move forward with the increased funding required to finish the project bringing the loan total to \$204,000. Dave O'Brien made a motion to approve, Darrell Wilson seconded, and it was approved unanimously. Deanna will work with our attorney to re-work the B&L agreement and other loans documents and will coordinate a new closing with Mr. Bardin.

D. Next, the Board reviewed the 2021-year end reports and corresponding graphs that Deanna created including: Loans by Town, Complete loan portfolio breakdown (1985-current), Loans by sector, Loan funds written off by sector & decade and Funding leant by year. There was a lengthy discussion about the impressive 92% success rate across over \$18.6 million leant. They also discussed the fact that 93% of the funding that has been written off happened prior to 2010 which they accredited to the hard work of Deanna and the Loan Review Committee. The Board was very pleased with the information presented. There was no need for action needed on these reports as they represent historical financial and loan portfolio facts.

E. Next, the Board reviewed the following 2022 resolutions:

- **Resolution 22-1: Approval of Washington County LDC 2021 Annual Report**
Motion to approve made by: Darrell Wilson
Seconded by: Sam Hall
Ayes: 9 Nays: 0 Abstain: 0
Approved: 3/25/22
- **Resolution 22-2: Acceptance of 2021 Independent Auditors Report and Financial Statement**
Motion was made by: Dave O'Brien
Seconded by: Darrell Wilson & Sue Clary
Ayes: 9 Nays: 0 Abstain: 0
Approved: 3/25/22
- **Resolution 22-3: Approval of Public Authorities Reporting Information System (PARIS) 2021 Investment Report**
Motion to approve made by: Jared Humiston
Seconded by: Darrell Wilson
Ayes: 9 Nays: 0 Abstain: 0
Approved: 3/25/22
- **Resolution 22-4: Approval of Public Authorities Reporting Information System (PARIS) 2021 Procurement Report**
Motion to approve made by: Tim Fisher
Seconded by: Jared Humiston
Ayes: 9 Nays: 0 Abstain: 0
Approved: 3/25/22
- **Resolution 22-5: Approval of Public Authorities Reporting Information System (PARIS) 2021 Certified Financial Audit Report**
Motion to approve made by: Darrell Wilson
Seconded by: Lester Losaw
Ayes: 9 Nays: 0 Abstain: 0
Approved: 3/25/22
- **Resolution 22-6: Approval of Public Authorities Reporting Information System (PARIS) 2021 Annual Report**
Motion to approve made by: Dana Hogan
Seconded by: Jared Humiston
Ayes: 9 Nays: 0 Abstain: 0
Approved: 3/25/22

- **Resolution 22-7: Approval of Public Authorities Accountability Act (PAAA) 2021 Authority Mission Statement and Performance Measures Report**

Motion to approve made by: Tim Fisher

Seconded by: Dana Hogan

Ayes: 9 Nays: 0 Abstain: 0

Approved: 3/25/22

- **Resolution 22-8: Approval of change to the term of the USDA IRP CD account:** During our Audit, one of the items that they looked at was the USDA IRP loan fund which was started in 1998. They discovered that the required CD that was created at that time was created as an annual renewal account, and it needs to be on a 30-day renewal. This is the one finding that you will see in the Auditor's report and although the USDA gave us permission to leave it this way for 2022, Deanna would like to get this taken care of right away so that we are compliant. Deanna spoke with Glens Falls National Bank and the penalty would be a \$75 fee and 3 months of lost interest (it currently ranges between \$1.50 and \$3.00/month). The Board agreed that it has unknowingly been set up incorrectly for over 20 years and would like to get that corrected. There was no further discussion.

Motion to approve made by: Darrell Wilson

Seconded by: Jared Humiston

Ayes: 9 Nays: 0 Abstain: 0

Approved: 3/25/22

- **Resolution 22-9: Approval of change to the Doubtful Expense Policy:** During Deanna's discussions with the Auditor's, we looked at any delinquent accounts and found that the current blanket, 10%, bad debt policy is much higher than the actual amount. Therefore, they proposed a new formula for calculating this number for Auditing purposes. They proposed that we change Section 3.1 of the policy titles "Allowances for Doubtful Accounts Reserve Limits" to read as follows: The Corporation has set the limits for consideration of a reserve for bad debts on unpaid customer account balances based on the following formula of the unrestricted other current assets (unrestricted loan portfolio balance); this will exclude all IRP loan funds where the program allowance is established at 6% of outstanding loans balance.

0 – 90 Days	0%
91 – 180 Days	25%
181 – 270 Days	50%
271 – 364 Days	75%
365+	100%

The Board agreed that this is a more accurate way of accounting for this and after there was no further discussion.

Motion to approve made by: Tim Fisher

Seconded by: Darrell Wilson

Ayes: 9 Nays: 0 Abstain: 0

Approved: 3/25/22

- F. Miscellaneous: Next month the Board will continue the employee contract discussion as the Executive Committee recently met with Deanna and will meet with the Full Board next month in Executive Session. Deanna thanked the Board members who have completed the PAAA training and reminded those who have not completed it to do so ASAP.

VII. Adjournment

The meeting was adjourned at 9:59 a.m. with a motion from Tim Fisher, seconded by Darrell Wilson and approved unanimously.



Dave O'Brien, Chairman



Date

Submitted by Deanna Derway, Executive Director/President