

Board of Directors

Richard Usas
Chairman

Scott Osswald
Vice Chairman

Tracy Conley
Treasurer

Brian Nissley
Secretary

Jeffery Stuhr
Director

Meeting Minutes: February 2, 2018

Special meeting to consider a proposed loan. Meeting was conducted via teleconference.

Directors Present: R. Usas, S. Osswald, B. Nissley, T. Conley, J. Stuhr

Others Present: J. Hartzel, C. Hebbard

Excused: NA

Meeting Commenced: 1:00 PM (via phone conference in accordance with the GLDC By-laws). All members present were able to communicate and understand each other clearly.

Discussion: Kenneth W. Gibbons Esq. has applied for a loan to support development of a distillery at 3304 Amsterdam Road in the town of Glenville. The "project" consists of the provision of working capital, and equipment financing for a start-up business. The business will establish a distillery and will sell liquor and light food to the consumer in a retail operation. It will also distribute liquor locally to liquor stores, bars, and restaurants. The financial review outlines the multiple steps required of the borrower to be in a position to begin business operations. Further, the loan request and supporting documentation, including the business plan, security and collateral consideration and public benefits have been, thoroughly reviewed and discussed. The loan clearly has several complexities all of which were evaluated in the review.

The Loan Review Committee Chairman (Hebbard) presented a loan proposal of \$85,000, composed of two parts:

- \$60,000 at 6.25% for the purpose of equipment purchase. This loan consists of 12 months of interest only payments followed by 72 months of principle and interest payments. GLDC funds supporting this loan are subject to HUD requirements.
- \$25,000 at 5.95% for the purpose of working capital. This loan consists of 12 month interest only payments followed by 84 months of principle and interest payments. GLDC funds supporting this loan are not subject to HUD requirements.

"It's all right here!"

Mr. Bob Murray, Chazen Company consultant performed an independent review of the memo and the underlying documentation and he concurs with the Loan Committee assessment that:

- the proposed loan is an eligible use of LDC funds, that
- the project by creating 3 of 4 jobs that are held by or made available to persons of low or moderate income, meets public benefit requirements of the loan program and,
- in addition to meeting minimum requirements, this project has the potential to provide additional economic impacts for the Town.

Mr. Murray also noted that as a start-up business with no clear way to project total sales volume, the proposed loan involves a level of risk. This is largely mitigated by the clear evidence of the borrower's capacity as evidenced by the fact that the building was acquired and renovated, and multiple permits have been obtained in order to be in a position to initiate business operations and to qualify for NYS SLA requirements. Mr. Murray also concurred with the assessment that the loan risk is further mitigated by the collateral and personal guarantee of the owner.

Mr. Murray stated that providing the loan is consistent with the GLDC mission and that the project has the potential to contribute to or encourage additional economic growth indicating that this further serves to qualify the loan.

The Loan Committee review/analysis addressed all the key loan criteria/considerations and provided all qualifications necessary to approve the loan. Accordingly the Loan Committee recommends approval of the loan.

Mr. Hebbard and the Directors discussed the terms of the proposed loan, financial aspects of the business and borrowers, risks associated with the loan and jobs to be created.

Resolutions and Motions

Motion to approve the proposed loan to Schenectady Distillery (Nissley/Conley) - Unanimous