

MINUTES OF MEETING HELD JUNE 20, 2018

THE MEMBERS OF THE BOARD OF DIRECTORS OF THE WARREN COUNTY LOCAL DEVELOPMENT CORPORATION

A meeting of the Members of the Board of Directors of the Warren County Local Development Corporation (LDC) was held on June 20, 2018 at 9:00 a.m. in the Committee Room at the Warren County Municipal Center.

The meeting was called to order by Peter McDevitt, Chairman of the Warren County Local Development Corporation at 9:00 a.m.

The following Directors were present:

Peter McDevitt	Frank Thomas
Craig Leggett	Eugene Merlino
Matthew Simpson	

The following Directors were absent:

Others Present:

Ed Bartholomew, CEO, Warren County Local Development Corporation
Jennifer Switzer, CFO, Warren County Local Development Corporation
Andrea Hogan, Warren County Supervisor
John Strough, Warren County Supervisor
Douglas Beaty, Warren County Supervisor
Matthew Sokol, Warren County Supervisor
Michael Wild, Warren County Supervisor
Brad Magowan, Warren County Supervisor
Claudia Braymer, Warren County Supervisor
Bennet Driscoll, Warren County Supervisor
Ryan R. Moore, Warren County Administrator
Amy Lavine, Warren County Assistant Attorney
Kristy Miller, Confidential Secretary to the County Administrator
Wayne LaMothe, Warren County Planner
Robert Henke, Chairman, Washington County Board of Supervisors
Walter Young, Director, Lake Champlain-Lake George Regional Planning Board
Travis Whitehead, Warren County Resident
Don Lehman, *The Post Star*

Chairman McDevitt called the meeting to order. He asked for a motion to approve the minutes of the May 23, 2018 Regular Board Meeting. Motion made by Director Simpson and seconded by Director Leggett. Motion carried unanimously.

Chairman McDevitt continued with the agenda regarding the review and approval of the May 2018 Financial Statements. Ms. Switzer brings attention to the May 31, 2018 Balance Sheet and advises that there is currently \$749,688 available in cash for lending and explains that the Accounts Receivable represents the invoicing to Warren County for the 2018 contract drawdowns along with Accounts Payable of \$4,166.66 representing the invoicing to EDC (Economic Development Corporation) for the 2018 contract drawdown. She continues with the May 2018 Profit & Loss Budget vs. Actual and points out the \$500 in Accounting which is related to the cost associated with the preparation for the 2017 990 Federal Information Return. Ms. Switzer moves on to the January through May 2018 Profit & Loss Budget vs. Actual and advises of nothing out of the ordinary other than the income showing in Miscellaneous, which is associated with the spring 2018 MAP class (Microenterprises Assistance Program) close-out.

Chairman McDevitt asked for a motion to approve the May 2018 Financial Statements. Motion was made by Director Thomas and seconded by Director Leggett. The following motion was unanimously carried:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the Financial Report for May 2018.

Ms. Switzer continues with the agenda and asks for a motion for the approval and ratification of the 2017 990 Federal Information Return. Motion was made by Director Leggett and seconded by Director Simpson. The following motion was unanimously carried:

RESOLVED, that the Warren County Local Development Corporation (“LDC”) hereby approves the 2017 990 Federal Information Return.

Ms. Switzer brings attention to the 2017 990 Federal Information Return and advises that the return contains the same information that was included in the 2017 Year-End Audit as well as some additional questions regarding the structure of the organization.

Director Leggett defers to Ms. Switzer regarding the decrease in revenue from 2016 to 2017 and she explains that the decrease is due to the bad debt being increased as well as increasing the balance for doubtful accounts.

Privilege of the floor was extended to Mr. Whitehead, Warren County Resident. He asked to speak about the Loan Portfolio being that the Loan Portfolio is the focus of concerns with the Lake Champlain – Lake George Regional Planning Board. He advises that all of the loan funds have roots in Federal grants that go back to the 1980’s with one being out of the Town of Bolton that was being abused. The Comptroller’s Office called them on it last month and it was agreed that many things would have to be changed. He continues to state that he had a chance to review the Loan Portfolio with one of the loans the LDC Board would possibly be discussing in executive session, which is with a restaurant funded jointly with the Lake Champlain – Lake George Regional Planning Board and Warren County. He indicates that these grants that come from HUD and others are for disadvantaged businesses that have strict guidelines on where the money can go with the guidelines being transferred into rules. He advises that one of the rules states the business has to be denied a bank loan in order to be

eligible for the loan funds. Through his findings, he has been finding turndown letters, but also has been finding that the same borrower is declaring a net worth in the millions of dollars. He continues to state the joint loan that was done through the LDC the borrower is claiming a net worth of \$2.8 million dollars. This would make one wonder why a loan was turned down, even though the letter is there and for other ones, but the letter indicates that the borrower was not willing to put-up enough collateral, yet willing to put-up enough collateral for this loan. Mr. Whitehead advises that for the loan portfolio the LDC Board will be talking about in executive session has a statement that indicates that they will not loan more than \$15,000 per job created, but with this particular loan, there were zero jobs created. He continues to explain that this particular loan stated to payoff other debt and to make some minor improvements in the restaurant with zero jobs created, and yet, they went ahead and approved the loan. He indicates that there is a series of letters between Ms. Switzer and Mr. Young about how the loan will be approved. Mr. Whitehead suggests that with the problem being uncovered with Lake Champlain it goes much deeper than just Lake Champlain and we should be looking at the LDC as well as others being that a majority of the problem comes from grants that are 30-40 years old. He refers to the Comptroller's report that came out last month on what Bolton did on a \$4 million grant and states that the LDC Board members should be paying close attention to what will be said in executive session. He then asks to attend the executive session and Mr. Bartholomew advises that the particular loan that will be discussed in executive session does not pertain to the loan that Mr. Whitehead is referring to. Chairman McDevitt then asks Mr. Whitehead to exit the room for the executive session.

Chairman McDevitt continued with the agenda regarding the review of the Loan Portfolio and Mr. Bartholomew requests an executive session to discuss particular unnamed loans. Motion made by Director Simpson and seconded by Director Thomas. The motion carries unanimously.

Executive session was declared from 9:09 a.m. to 9:32 a.m.

Supervisor Braymer entered the meeting at 9:18 a.m.

Supervisor Driscoll entered the meeting at 9:30 a.m.

Committee reconvened and Chairman McDevitt stated no action was taken in Executive Session.

As there was no further business to come before the LDC Board, motion was made by Director Thomas to adjourn the meeting, seconded by Director Leggett, and carried unanimously.

Chairman McDevitt adjourned the meeting at 9:33 a.m.

Dated: July ____, 2018

Frank Thomas, Secretary