



LAKE CHAMPLAIN-LAKE GEORGE

**REGIONAL
PLANNING**

BETH GILLES
DIRECTOR

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REVOLVING LOAN FUND LOAN ADMINISTRATIVE COMMITTEE

March 16, 2023 10:00 am

LCLGRP.B Conference Room
1 Lower Amherst Street, Lake George, NY 12845

Hamilton County Economic Development office
102 County View Drive Lake Pleasant, NY 12108

Essex County Industrial Development Agency (IDA)
7566 Court Street Elizabethtown, NY 12932

Dannemora Federal Credit Union
Operations Center Conference Room
344 Tom Miller Rd, Plattsburgh, NY 12901

NBT Bank Office
86 Glen Street
Glens Falls, NY 12801

AGENDA

1. Welcome
2. Approval of February 24, 2023 meeting minutes
3. The Town Store, LLC – Loan Application
4. War Cannon Spirits loan subordination
5. Loan Documents Sharing
6. Other
7. Adjourn

Ms. Gilles welcomed everyone to the loan committee meeting on March 16, 2023, at 10:05 am.

MEMBERS PRESENT

Juan Gonzales (Lake George)
Carol Calabrese (Essex County)
Marc Monahan (Glens Falls)
Chris Hay (Plattsburgh)
Paul Hamilton (Plattsburgh)



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MEMBERS ABSENT

Marc Yrsha
Christy Wilt

ALSO PRESENT

Beth Gilles, LCLGRPB
Ian Danforth, LCLGRPB

APPROVAL OF FEBRUARY 24, 2023 MEETING MINUTES

Ms. Gilles presented the minutes and requested a motion for approval.

Motion by Mr. Gonzales.

Seconded by Mr. Hamilton.

Hearing no further discussion and no corrections, or any opposed, motion carries.

THE TOWNE STORE, LLC – LOAN APPLICATION

Mr. Danforth reviewed The Towne Store, LLC loan application and package that was emailed to the committee. When presenting the loan to the committee, Mr. Danforth noted that there had been a change in the financing structure as proposed in the loan application and the appraisal for Amanda Ragland's property on Paradox Lake was completed and appraised at \$630,000. Additionally, Glens Falls National Bank is no longer a partner in the building purchase since the Ragland's are seeking to acquire the business and building by May. The funds to purchase the building are now coming from Amanda Ragland securing a home equity line of credit on their Delaware home in the amount of approximately \$275,000. Mr. Danforth noted that the RPB has a 2021 appraisal of this home with a value of \$410,000 and a remaining mortgage balance of \$127,000, leaving approximately \$283,000 in equity. The building purchase is \$300,000; \$275,000 equity line of credit and \$25,000 in cash on hand. Mr. Danforth also noted the Ragland's are in the process of selling a property in Ohio worth approximately \$400,000. Mr. Hay asked for the terms of the home equity line of credit. AEDC is also part of the loan structure with a \$100,000 loan for 10 years at 8%. Mr. Hay asked about the Ragland's employment; Ryan will be leaving his teaching job and work at the store and Amanda will still work full time at her current job. Mr. Hay and Mr. Monahan are concerned about the debt service coverage. With no further questions, Mr. Danforth entered Amanda Ragland into the meeting.

Amanda Ragland gave a brief overview of her project.

She noted that the Towne Store has been business for over 140 years and has been a staple of the community and a successful track record in the past 10 years. Currently the store has limited competition in the Town itself for the main drivers of the business being souvenirs, home décor, and gifts. Amanda then highlighted her experience in retail working in direct consumer sales to a Senior Product Manager and Buyer for large retail firms such as Anthropologie, a \$10M a year business. The Ragland's own a seasonal home in Schroon. She also highlighted that the building is currently underutilized with 4,000 square feet encompassing the store and another 7,000 square feet of space that the Ragland's hope to use for additional businesses to provide more employment opportunities in the Town.



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Mr. Monahan asked about the Ragland's long-term relocation plan. Ms. Ragland stated that her husband will be finishing his school year in 2023, and they will then relocate to Schroon full time. Mr. Ragland will be paid through the end of August for teaching but will work fulltime at the store starting in June. Ms. Ragland is 100% remote with flexible hours. She noted additional income from a commercial and residential business in Ohio. The commercial property has a solid 10-year lease agreement.

Mr. Hay asked about the terms of the home equity line of credit on the house in Delaware. Ms. Ragland said it will be \$400,000 mortgage at a 30-year term. They will consolidate their current mortgage into the line of credit. They will list the Delaware home this summer. That will give them additional cash flow for the business later in the year. Ms. Ragland then spoke about the Ohio properties and the income. She also noted that the Town Store is open May to December. Inventory needs to be procured in the beginning of the year. May and June are weekends only. Starting in June the store is open seven days a week. July and August make the money for the business. Mr. Monahan asked about the use of any of the real estate sale income, and Ms. Ragland answered that it will be used to make improvements to the building; energy efficient, extended hours because heating an old building is expensive. They would also renovate other areas of the building for additional businesses and revenue makers.

Ms. Gilles thanked Ms. Ragland for her time, and she exited the meeting.

Mr. Monahan noted that if we get updated cash flows based on the information just provided by Ms. Ragland, he is comfortable with the potential future cashflow. Mr. Hay agreed. With the debt they are taking on, the business will break even, but there is enough global cashflow to keep the business cashflowed.

Ms. Gilles opened the discussion on interest rate, term, and the need to waive the appraisal requirements on the business building (assessed at \$210,000) so that we can expedite closing with AEDC. She noted that we are looking at a co-equal first for collateral. A long discussion on collateral ensued. The Committee decided they would like a co-proportional second mortgage on the Schroon Lake house and a co-proportional first mortgage on the Schroon business property since the LCLGRPB is taking a larger portion of the debt and a greater risk. Ms. Gilles noted that the LCLGRPB and AEDC are sharing an attorney. The Committee would also like a blanket lien on business assets. Mr. Monahan would like the Ragland's to provide updated cashflows and debt that includes the new mortgage, LCLGRPB debt and AEDC debt so that we have an updated proposed debt and cashflow.

Ms. Gilles asked the committee for the interest rate. The committee discussed and decided on 7%. A six-month interest-only period was discussed, but the committee decided it was not necessary because the business will open soon after the loan closes. Term was set at 10 years, and Mr. Hay noted that AEDC should also use a 10-year term for cash flow purposes, which equate to about \$3000/month in debt service. Personal guarantee from Amanda Ragland a corporate guarantee from Yellowbird Collective, LLC, the real estate holding company. The committee will also waive the appraisal requirements on the business building. Ms. Calabrese noted that this will be a great investment in the community.

Ms. Gilles asked for a motion to approve the \$141,000 loan to the Towne Store, LLC with an interest rate of 7% and term of ten (10) years with collateral of a co-proportional first mortgage on the store building and a co-proportional second mortgage on the Paradox property and a blanket lien on business assets. Then a corporate guarantee from Yellowbird Collective, LLC and a personal guarantee from Amanda Ragland and waiving the required appraisal on the business property.



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Motion by Mr. Hay.

Seconded by Ms. Calabrese.

Hearing no further discussion, or any opposed, motion carries.

WAR CANNON SPIRITS UCC SUBORDINATION

Mr. Danforth discussed a request from the Small Business Administration (SBA) to subordinate our position on the blanket lien on business assets for War Cannon Spirits as part of the SBA loan to the business. The Committee recently approved a subordination to the life insurance as part of this loan. Mr. Danforth explained that we would be moving from 4th position to the 5th position on the UCC, but that the RPB has other Real Estate collateral associated with the loan.

Ms. Gilles asked for a motion to approve the subordinate the debt as proposed.

Motion by Mr. Monahan.

Seconded by Ms. Calabrese.

Hearing no further discussion, or any opposed, motion carries.

LOAN DOCUMENTS SHARING

Mr. Danforth outlined the issues with sharing loan documents via email due to size restrictions of files and lack of efficiency.. He acknowledged the difficulties some of the banks have with certain file sharing sites due to security but wanted to hear the committee's thoughts on possible resources or ideas to improve file sharing efficiency.

There was a discussion on security concerns using a file sharing site, especially if its free. Mr. Gonzales noted a system called Smart Sheets where you can send encrypted links to documents. Mr. Monahan suggested that we provide a more robust underwriting spreadsheet with all of the financial information summarized and a debt service tab, and it would reduce the number of documents and emails that need to be sent. Ms. Calabrese suggested reaching out to the SBDC and ask for their balance sheet and cash flow templates. After additional discussion, the committee agreed that Mr. Danforth would create an underwriting excel template and work with committee members to refine it.

OTHER

Mr. Danforth informed the committee that he received a request from Dale Baldwin of Baldwin Mountain, Warren County for a \$50,000 bridge loan to complete construction and buy additional equipment. Baldwin Mountain is a current SBLF loan that just ended a one-year interest-only period and began full payments this month. Bridge loan options were discussed, but the committee decided they are not comfortable providing over \$150,000 to this business, and that Mr. Baldwin should work with Glens Falls National Bank to address his cash flow issues.

Mr. Gonzales asked about the status of the COVID loan borrowers that are delinquent. Ms. Gilles noted they have not received any communication from the borrowers.

Next meeting is April 4 at 2:00 pm. This is the quarterly meeting.



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ADJOURN

With no further discussion, meeting adjourned at 11:05 am.

Respectfully submitted by Ian Danforth, Business Development Coordinator, LCLGRPB