

**WARREN COUNTY BOARD OF SUPERVISORS**

**COMMITTEE: ECONOMIC GROWTH & DEVELOPMENT**

**DATE: MAY 31, 2018**

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**COMMITTEE MEMBERS PRESENT:**

SUPERVISORS: MCDEVITT  
BEATY  
LEGGETT  
BRAYMER  
STROUGH  
HOGAN  
SIMPSON  
WILD

**OTHERS PRESENT:**

REPRESENTING THE LAKE CHAMPLAIN-LAKE GEORGE REGIONAL  
PLANNING BOARD:

WALTER YOUNG, DIRECTOR

REPRESENTING THE LOAN COMMITTEE MEMBERS:

HARRY BOOTH

BETH HUNT

PETER MARSHALL

TORI RILEY

HARRISON SANGSTER

LOU TESSIER

RONALD F. CONOVER, CHAIRMAN OF THE BOARD

RYAN MOORE, COUNTY ADMINISTRATOR

MARY ELIZABETH KISSANE, COUNTY ATTORNEY

AMANDA ALLEN, CLERK OF THE BOARD

FRANK E. THOMAS, BUDGET OFFICER

SUPERVISORS DRISCOLL

FRASIER

GERAGHTY

LOEB

MERLINO

SOKOL

MIKE SWAN, COUNTY TREASURER

DON LEHMAN, *THE POST STAR*

CHRISTOPHER SOUTH, *SUN COMMUNITY NEWS*

GORDON WOODWORTH, *CHRONICLE*

MOLLY GANOTES-GLEASON, LEGISLATIVE OFFICE SPECIALIST

\*SEE SIGN IN SHEET OF OTHER MEETING ATTENDEES

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*Please note, the following contains a summarization of the May 31, 2018 meeting of the Economic Growth & Development Committee; the meeting in its entirety can be viewed on the Warren County website using the following link: <http://www.warrencountyny.gov/gov/comm/Archive/2018/economic/>*

Mr. McDevitt called the meeting of the Economic Growth & Development Committee to order at 9:00 a.m.

Commencing the meeting Mr. McDevitt stated it was very important that the confidence of the public be re-established and that all in attendance recognize the process was transparent and honest. He said the the point of the meeting was to get feedback from the Lake Champlain-Lake George Regional Planning Board and he indicated the Planning Board's Loan Committee was in attendance to provide clarity. He thanked the Loan Committee members for attending, then asked for a round of introductions from all those in attendance. He indicated the meeting would be conversational and as non-confrontational as possible.

Privilege of the floor was extended to Walter Young, *Director, Lake Champlain-Lake George Regional Planning Board*, who indicated the last information he provided was a loan portfolio that was effective through May 18, 2018

which indicated there were fifty-three active loans representing \$4.7 million, along with loans receivable totaling \$3.4 million. He inquired if Mr. McDevitt reviewed the loan portfolio and Mr. McDevitt replied that he had.

Mr. Leggett entered the meeting at 9:05 a.m.

Harry Booth, *Lake Champlain-Lake George Regional Planning Board, Loan Committee Member*, explained he was involved with the Loan Committee for many years indicating he had donated a significant amount of his time to this effort. He apprised he had nothing to be ashamed of regarding the activities of the Loan Committee and he was proud of the work they did and he had only missed a few meetings in 25 years. He advised the Loan Committee reviewed loan applications that were received through the mail and expended a significant amount of time providing voluntary work; he noted sometimes the loan applicant had a vague business plan which provided the background of the applicant and in some cases they had to work with the information and meet potential loan applicants to gain more information. He said they took into account what the applicant had for collateral, what revenue could be generated, their status in the community and what services would be provided. He informed some applicants were business people and taxpayers looking to expand a business which lead to additional factors when deciding to approve a loan. He stated a substantial effort was required with regard to a decision to approve a loan and if the application reached his desk it meant they had met the criteria. He indicated economic loans were a risk from the start because the applicant had to have a rejection letter from a bank in order to qualify. He remarked from the beginning of the program over 160 business loans had been approved which equated to nearly \$10 million that had been paid back, which was a good return for the \$3 million they started with. He indicated the current loan amounts equaled \$4 million that they were presently receiving payments for along with interest. He advised they were not in the business of making money, but rather for the purpose of assisting economic growth and helping business people in the region. He indicated most of the businesses were in Warren County and he commented the Planning Board was doing a great job helping the economy and the region. He said he was proud of the money that was put back in the community and the business they helped. He acknowledged all of the loans were not paid back; however, he said, that did not mean they did not help some of the area businesses. He commented in terms of economic development, a big part was the sustainability of the businesses that were paying their bills for the past twenty years.

Beth Hunt, *Lake Champlain-Lake George Regional Planning Board, Loan Committee Member*, indicated she had been a member of the Loan Committee for one and a half years and she felt they were very good at what they did. She indicated she was still learning and the information that she was provided to make a loan decision over the last year was excellent. She mentioned she voted to approve some loans while voting against others. She indicated she had only attended one Loan Committee meeting, advising all others were done through the mail, but noted the loan information provided was thorough. She mentioned before she was on the Loan Committee she was a member of the Lake Champlain-Lake George Regional Planning Board and she found the Loan Committee to be above board and revealing. She concluded this was a good program.

Peter Marshall, *Lake Champlain-Lake George Regional Planning Board, Loan Committee Member*, notified Mr. Booth did his homework regarding the loans applications. He apprised he had been a non-voting member on the Loan Committee and acting as an advisor because he was familiar with the application process, the requirements and the decline of credit by a bank that an applicant needed; he added he was also experienced in interviewing applicants with other members of the Loan Committee. He indicated he had been an active advising member until the last couple of years. He apprised the Lake Champlain-Lake George Regional Planning Board was a great organization that he had been involved with for twenty-four years and he always felt proud to be helpful and participate with their economic and financial activities.

Tori Riley, *Lake Champlain-Lake George Regional Planning Board, Loan Committee Member*, indicated they dealt with applicants that did not qualify for a bank loan so they were immediately at risk. She apprised they had done gap

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funding with banks, informing when an applicant and business went to a bank for a project and there was needed capital they would take the at-risk portion of the loan to make the project happened. She said this was done in partnership with the bank. She stated there was a process and she agreed with Mr. Booth that there were loans with conditions such as the need for better collateral, a better financial position and life insurance; she added that homes were also considered for collateral. She informed the Loan Committee's members were diverse, informing Harrison Sangster, *Lake Champlain-Lake George Regional Planning Board, Loan Committee Member*, reviewed every loan as a banker would and Lou Tessier, *Lake Champlain-Lake George Regional Planning Board, Loan Committee Member*, would drive by businesses that received a loan through the Lake Champlain-Lake George Regional Planning Board to investigate their progress. She mentioned three out of five start-up businesses failed within the first three years and so she encouraged start up businesses to take the Micro Enterprise class that was offered by Warren and Washington Counties through SUNY Adirondack. She added they had also done loans with the Warren-Washington County LDC (*Local Development Corporation*) for businesses that wanted to expand but were not qualified for a loan through the LDC. She indicated the banks had portfolios and they knew what industries they wanted to lend to and what pockets of money to pull from which changed from year to year. She remarked tourism was not a profitable industry for banks so they had tourism projects that they were able to finance. She indicated they were good businesses that had been paying taxes and were able to expand resulting in the creation of job retention and job creation. She voiced that she was proud of what they did and did not take the responsibility lightly. She said there were times the collateral proposed was declined and they would approve the loan with the condition that they provide better collateral if possible; she noted they did not compete with banks nor did they approve loans that were qualifiable by banks. She concluded she was happy to answer questions at any time.

Mr. Sangster indicated they took their jobs with the Loan Committee seriously, considering the economic development and job growth potential of prospective loans along with their merits. He mentioned they were a last resort for a potential businesses to obtain a risky loans. He said the Loan Committee's mission was to drive economic development and he thanked the Committee for inviting them to today's meeting.

Ms. Braymer informed her biggest concern was that the activities of the Planning Board, or the Loan Committee, did not seem transparent; she advised Mr. Young was not providing answers to the questions the County had posed and was making it difficult for them to obtain information. She advised the Warren County Board of Supervisors appointed members to the Lake Champlain-Lake George Regional Planning Board, and she felt the Loan Committee was "secretive". She advised according to the Planning Board's bylaws the Loan Committee was supposed to make recommendations to the Planning Board which they would then vote on; however, she said, this was not occurring. She stated it was concerning that the Loan Committee had the antonymy to grant the loans and the County did not receive information or answers regarding what was going on with the loans, especially since the Loan Committee was making the decisions and not the Planning Board that the founding counties appointed members to. She questioned if they had loan terms and Ms. Riley replied in the affirmative, noting with acquisition of property and equipment there was accountability for the loans. She indicated Mr. Young reviewed the loan applications before they were given to the Loan Committee for approval and once approved the loan application would be distributed to a legal firm for a final examination to verify if it was qualifying within the terms of the loan program. She indicated the acquisition of land and equipment had different longevities such as five to seven years for the length of the equipment and ten to fifteen years for property, but it varied depending what they were using it for. Ms. Braymer spoke regarding loan conditions and who followed up on them and Ms. Riley informed the law firm filed the UCC (*Universal Commercial Code*) and whatever was held for collateral would be handled at the closing of the loan. She added Mr. Young handled the annual reporting where he would review the loans to verify they were where they were supposed to be and he followed up on job creation. Ms. Braymer indicated they had not seen any Annual Loan Reports and Ms. Riley notified each company did their reporting differently and therefore she did not believe they would be included in the portfolio. Ms. Braymer reiterated her concern that loans were not reviewed by the Planning Board which the five founding counties appointed their members to.

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Dana Haff, *Washington County Supervisor, Town of Hartford*, advised if the loan amount was over \$150,000 it would be approved by the Planning Board and any loan amount less than \$150,000 would be approved by the Loan Committee, with each loan being reported to the Planning Board. Ms. Braymer inquired what permanent committee of the Planning Board was known as the Loan Committee and Mr. Young replied the Eastern Adirondack Loan Committee. Ms. Braymer noted they were supposed to get permission from the Planning Board and there was no separation of dollar amount involved. She indicated the Loan Committee had absolute discretion and that was an issue that needed to be addressed.

Mr. Beaty thanked the Loan Committee for attending the meeting. He stated there had to be a degree of scrutiny when public money was being loaned. He stated it was confusing as to who was on the Loan Committee and he stated Mr. Young had been the most contentious and non-performing director - he commented it was Mr. Young's job to report to the Planning Board, but he did not. He remarked he was disappointed that it was difficult to obtain information. He asked the Loan Committee members how long they had served and Mr. Sangster replied nine to ten years and Ms. Riley replied since 2009.

Ms. Braymer exited the meeting at 9:26 a.m.

Mr. Beaty inquired if the Planning Board made appointments and Mr. Young replied in the positive. He indicated Mr. Marshall was an advisor to the Loan Committee and he asked how long he had served in that position; Mr. Marshall replied he had served the last three years. Ms. Hunt notified she became a member in January 2017. Mr. Booth provided the history of his term concluding he had appointed himself a member in 1992 or 1993 when he was the Chairman of the Washington County Board of Supervisors. Mr. Tessier stated he was a member until he became Chairman of the Warren County Board of Supervisors, following which he was appointed again after his Chairmanship ended in 2001. He said his tenure had lasted twenty-five or twenty-six years. He added twenty years ago individuals had thought being a member of the Loan Committee was a high paying job; however, he said, it was strictly volunteer.

Mr. Beaty apprised he had expended ten hours going through four loans following which he determined that the Loan Committee was not following several of their requirements. He asked if they followed a check list and Ms. Riley replied that they did. He mentioned he had not seen a single business plan when he reviewed the four loans. Mr. Sangster advised that was not an accurate statement unless it was regarding an existing business. Ms. Riley added they reviewed businesses tax returns. Mr. Beaty mentioned he had expected there to be business projections for an existing business, but he saw none. He commented he had not seen any tax returns in the four loans he had reviewed. Mary Elizabeth Kissane, *County Attorney*, stated the tax returns were included within the four loans. Ms. Riley voiced that they looked at how the loan would be paid back and their projections versus their income revenue. She advised on occasion there was only one copy of the tax returns.

Mr. Wild expressed his concern with the lack of understanding about the operations of the Planning Board, as well as the lack of information forthcoming regarding how the expenses were reimbursed by the Planning Board. He said there was a significant gap in the amount of benefits that were provided which were supposed to be reimbursed in full as compared to what was actually occurring. He reiterated it was a concern that the original agreement with the Planning Board was that all their expenses would be reimbursed as there was a gap that needed to be addressed.

Mr. Strough addressed the fact that the Planning Board was involved with many beneficial projects and a number of the grants they secured went to the treatment of storm water at farms in Washington County and roads in Warren County. He commented that many good things came out of the Planning Board and he thanked the Loan Committee members for their attendance.

Ms. Hogan thanked the Loan Committee members for attending the meeting and she apprised that she agreed what they were doing was a great value to area communities. She noted that every time they had a meeting with the Planning Board they were better educated.

Mr. Simpson thanked the Loan Committee members for their attendance and he said he looked forward to working with them in the future.

Mr. Haff inquired how many members were on the Loan Committee for 2018 and Mr. Young replied there were six members. Mr. Haff reviewed the list of members and Mr. Young remarked that Mr. Marshall was a non-voting member. Mr. Haff informed according to this information, there was no quorum of the Loan Committee present since there were only five voting members. He inquired if any of the members of the Loan Committee had reviewed their own bylaws and they replied in unison that no member had seen them. He read aloud the following section of the Planning Board's bylaws: "*The Loan Committee shall consist of ten members, two representing each of the five Counties, Clinton, Essex, Hamilton, Warren and Washington, at least one of the County representatives must be an elected official*". He stated Ms. Hunt was the only elected official, and he pointed out that a ten-member committee required six voting members in order to have a quorum present; he stated that with only five voting members, they could not do business or even hold a meeting. Mr. Marshall opined that he was not an elected official and abstained from voting. Mr. Booth and Ms. Riley indicated they were under the impression that John LaPoint was a voting member. Mr. Haff advised he was a member in 2017 and not in 2018. Mr. Booth informed they had not approved any loans in 2018. Mr. Haff inquired if John LaPoint was a current member of the Loan Committee and Mr. Young replied in the negative, adding he had been removed. Mr. Haff asked who removed him and Mr. Young replied he was removed by Robert Henke, *Chairman of the Washington County Board of Supervisors*. Mr. Haff informed Mr. Henke removed John LaPoint from the Planning Board, not the Loan Committee. He indicated the members of the Loan Committee could appoint their own members.

Matthew Hicks, *Washington County Supervisor, Town of Granville*, inquired who the officers of the Committee were according to the bylaws and Mr. Young replied they did not have any officers and each member of the Committee had equal representation. He mentioned it was difficult to attract Loan Committee members. Mr. Hicks indicated they had bylaws and structure and his question related to a governance issue. He indicated Mr. Henke appointed Richard Moore, *Washington County Supervisor, Town of Fort Ann*, David O'Brien *Washington County Supervisor, Town of Hampton*, and himself to serve as members of the Lake Champlain-Lake George Regional Planning Board. He said if they did not have a governance structure to follow, he did not understand how they were proceeding to do business. He indicated if they could not answer the governance questions than everything else they did would come into question.

Mr. Henke clarified that John LaPoint's term on the Planning Board had run out and he appointed three other individuals to the Planning Board; he clarified he had not removed John LaPoint and his previous appointment had nothing to do with the Loan Committee.

Chris DeBolt, *Washington County Administrator*, thanked the Loan Committee members for attending the meeting. He advised the issue was not the mission of the Loan Committee or how they functioned, but rather the lack of transparency and communication with the five founding counties. He remarked the removal of John LaPoint from the Planning Board via their bylaws did nothing to prevent his participation with the Loan Committee. He recalled the Planning Board's bylaws indicated that to become a member of the Loan Committee, a person had to be voted in by a current member of the Loan Committee; however, he said, they had previously explained members of the Planning Committee recommended an individual to the Planning Board who then appointed that person to the Loan Committee, which was not in keeping with the bylaws. He advised in order for the Planning Board, and the Loan Committee, to become transparent and ensure things were handled properly, they needed to follow their bylaws and take action according to them.

Mr. Wild asked what the typical failure rate was for the loans they provided and Mr. Young responded since the beginning of the program they had loaned \$16 million, 5% of which had been written off. Mr. Wild inquired if the failure rate was dependant on the economy and Ms. Riley responded these were start-up businesses that failed but would continue to pay back their loans. Mr. Booth mentioned the information he had showed an \$8,000 loan was written off within the last couple of years and the bulk of writeoffs were for loans given ten years prior. He opined there was no trend. Ms. Riley added they had currently been working with banks and the Warren-Washington Counties LDC, noting the loans had been successful.

Albert Nolette, *Washington County Treasurer*, apprised he had the pleasure of working with members of the Loan Committee and thanked them for their service. He asked Mr. Young what year the Planning Board's five founding counties adopted the Planning Board's bylaws and Mr. Young responded in 1965; Mr. Nolette responded this was incorrect as the five founding counties had not adopted them. He stated he was notified by the Washington County Attorney that as an ex-officio member of the Planning Board, he could not vote or be counted to make a quorum for meetings according to the General Municipal Law. He asked Ms. Hunt if she was aware that he was not counted as a voting member, but no response was given. He asked Mr. Young if they had a quorum of representative members and Mr. Young replied affirmatively. Mr. Nolette indicated at the December 2017 meeting there were eight non ex-officio members present and voting and Mr. Young interjected he would have to review the proxies submitted to determine whether this was an accurate statement. Mr. Nolette commented that although he was a Planning Board Member, everything he learned about the Loan Committee was from *The Post Star*, with no information provided by Planning Board leadership or Mr. Young. He stated that on several occasions he had asked how to call a meeting of the Planning Board, but no response was ever given. He concluded that they needed to rectify all the wrongs immediately.

Mr. Haff stated the Loan Committee currently had only six members, which was the minimum required for a quorum, which meant all six votes needed to be unanimous for any action to be approved. He asked if there had ever been a situation where anyone voted other than in favor of approving a loan and Mr. Sangster replied that there had been. Ms. Riley referred the question to Mr. Young who explained that since the Committee had six members, only four were required to make a quorum. Mr. Haff countered that according to the Planning Board's bylaws, the Committee was made up of ten members requiring six to be present and voting to make the quorum; Mr. Young acknowledged the bylaws needed to be revised. Mr. Haff pointed out there were often votes of less than the required quorum of six votes and yet the loans were still approved; he expressed that this was a violation of the Planning Board's bylaws and the New York State Open Meeting Law. Ms. Riley indicated they had to fill out and sign a questionnaire if they approved a loan, or if they approved with conditions, which was then given to Mr. Young. She added during voting she assumed Mr. Young was waiting to collect the member's questionnaires which stated whether they approved or disapproved a loan and confirming whether they were in attendance. She apprised the questionnaires were collected and included in the review for each loan. She said there was an occasion when someone was approved with conditions, but declined these conditions. She apologized that she should have followed up on how many votes there were. Mr. Haff explained how they approved loans with less than the minimum votes in the affirmative, explaining the All About You Hair Salon loan was approved when John LaPoint recused himself because the applicant was his daughter. He added they did not have enough votes to do any business and yet the loan was still approved. He stated there were serious issues about how they were conducting their meetings considering there was money involved. He reiterated the loans that had been approved were in violation of the Planning Board's bylaws.

Mr. Moore inquired what was the earliest date the Planning Board could set up a meeting was and Mr. Young replied one week. Mr. Moore asked him to set up a meeting as soon as possible and Mr. McDevitt concurred.

Mr. Beaty asked if it was the practice of the Loan Committee to approve a second loan to pay for the first loan and Ms. Riley replied in the negative. He indicated of the four loans he reviewed, this had been done once. He informed a loan had been approved with only three members voting, one of which was received by phone. He advised the members were not to blame; however, he said, the bylaws were not being followed and it was the responsibility of Mr. Young, as the Director, to ensure they were.

Mr. Strough suggested if they did not already have a Governance Committee, it may be time to set up an ad hoc Committee to review the bylaws to bring them up to date and into compliance with State laws and functionality to maintain order.

Travis Whitehead, *Town of Queensbury Resident*, apprised he appreciated the volunteer work they did. He indicated votes were often made before all the information was heard. He added he tried to provide as much information as he could before a vote took place. He remarked the money originated from federal grants, and the Marvin Audit Report stated they fell under Title 9 funding. He notified individuals that received grant and loan funds under Title 9 had to demonstrate a severe need and job creation was paramount. He mentioned the reports were issued after the fact and were filed with the Economic Development Administration Revolving Loan Fund by Mr. Young. He informed he was reporting on one loan out of four where Mr. Young reported 664 jobs were created. He informed on the loans that he was able to review, there was only an individual maintaining a job or adding one or two new employees; he opined that the creation of 664 jobs was a reach. He encouraged the Loan Committee to review the reports. He added they provided loans to well known businessmen who did not demonstrate a severe need for a loan since they could get a loan through a bank. He asked if the banks they worked with charged a fee and Mr. Sangster replied the banks did this as a contribution to the Community and the Loan Committee serviced the loans by sending and receiving payments, but they had no involvement with collections.

Mr. Wild used the phrase “we might throw the baby out with the bath water”, indicating there was good value that the organization had provided over the years and continued to provide today. He stated there were volunteers he did not want to lose. He commented it was easy to cast blame regarding an issue with governance and not an issue of what the benefits were to the community. He noted moving forward they needed to focus on governance and finding additional members. In conclusion, Mr. Wild thanked the Loan Committee members for the work they had done.

Mr. Beaty reiterated that of the four loans he reviewed not one followed the Loan Committees own requirements. He apprised he wanted to hold off on any loans moving forward until there were clear governance rules in place and to hold another meeting; Ms. Riley concurred.

Mr. McDevitt asked to convene another meeting of the Economic Growth & Development Committee as soon as possible at which meeting the founding counties could present suggestions for fundamental, understandable, definable and agreeable changes to rules and regulations in terms of moving forward.

Mr. Sangster asked if it would be possible for the Loan Committee to receive a list of questions before the next meeting so they could be prepare in advance to provide clear answers in an effort to come to a resolution. He added everyone wanted the same goal of ensuring the Loan Committee remained active under the proper structure and governance.

Mr. Booth thanked Mr. McDevitt for scheduling the meeting. He agreed there were a lot of questions that needed to be answered and there was information he learned today that he did not know during the time he had been involved with the Planning Board, which, he said, he was embarrassed about. He indicated the work he did was with the best of intentions and based on the information he was given. He expressed the work he did was correct and just and he jokingly stated that if another elected official wanted to be appointed to the Planning Board, he would be glad to step aside.

Mr. McDevitt commented that they did not want to lose any volunteers and they appreciated the work they did. He mentioned the elected officials and the people in the community wanted them to follow the rules. He thanked the Loan Committee and said they did a great job at today's meeting.

Mr. Moore informed there were five Counties involved with the Lake Champlain-Lake George Regional Planning Board and an effort would be made to reach out to all of them.

In response to a suggestion that the Warren County Attorney work with the Planning Board to revise their bylaws, Ms. Kissane indicated she represented Warren County and not the Lake Champlain-Lake George Regional Planning Board. She suggested that the Planning Board reach out to their legal counsel on this matter because the Planning Board's interests might be different than those of Warren County. She indicated it would be inappropriate for her to advise them on their procedures.

Mr. Hicks clarified his request was for a meeting of the Lake Champlain-Lake George Regional Planning Board, and not the five founding counties, for the Planning Board to correct their way of doing business.

As there was no further business to come before the Economic Growth & Development Committee, on motion made by Mr. Leggett and seconded by Mr. Beaty, Mr. McDevitt adjourned the meeting at 10:11 a.m.

Respectfully submitted,  
Molly Ganotes-Gleason, Legislative Office Specialist