Jefferson County Local Development Corporation
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Telephone: (315) 782-5865 or (800) 553-4111 Facsimile (315) 782-7915
www.jcldc.com

TO: **JCLDC Governance Committee**
W. Edward Walldroff, Chair
Paul Warneck
Hon. William W. Johnson
Keith Perry

FROM: Marshall Weir, CEO

DATE: October 27, 2026

SUBJECT: **Governance Committee Meeting Notice**

A JCLDC Governance Committee meeting has been scheduled for **Thursday, November 5, 2026 at 9:20 a.m.**

The purpose of the meeting is to review the proposed Lending/Collection and Allowance for Credit Losses policies.

The live stream link is available at www.jcida.com.

Zoom:
https://us02web.zoom.us/j/84355250468?pwd=R0t4VjRPdGJBZDJrL2JQYVVjKytDdz09
Meeting ID: 843 5525 0468
Passcode: 011440
1-929-205-6099 US (New York)

Please confirm your attendance with Peggy Sampson pssampson@jcida.com at your earliest convenience.

Thank you.

pss

c: Jay Matteson
Dorena Kimball
Lisa L'Huillier
David Converse
Rob Aliasso
John Condino
Rob Aiken
Charles Capone
Dr. Dawn Robinson
Media

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JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION
GOVERNANCE COMMITTEE MEETING
Thursday, November 5, 2026
9:20 a.m.

AGENDA

I. Call to Order

II. Proposed policies

a. Lending/Collection
b. Allowance for Credit Losses

III. Other

IV. Adjourn

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION
LENDING/COLLECTION POLICY AND PROCEDURES
Adopted 10/07/10
Amended 09/06/12
09/04/14
11/6/14
3/5/15
12/3/15
12/5/19
6/6/24
6/5/25
Proposed

1. GENERAL STATEMENT

The Jefferson County Local Development Corporation (JCLDC) functions, among other activities, as a lending institution, making loans for economic development purposes to qualified applicants. Loan procedures will be reviewed periodically to ensure that all rules and regulations are being complied with.

The JCLDC will review applications for need of JCLDC funds, appropriateness of the project, and ability to attain the stated goals.

The Board of Directors (BOD) has the ability to approve exceptions to the lending policy in order to enhance the agency's ability to stimulate economic development and help spur job creation/retention.

2. LENDING AREA

The loans will be made to businesses and industries situated in or having a significant positive economic impact in Jefferson County.

3. TYPES OF LOANS

The JCLDC may lend funds to businesses and/or non-profit entities for the following purposes:

- Working Capital
- Fixed assets
- Inventory

There must be a positive economic benefit to Jefferson County as defined by:

a. job creation
b. job retention
c. community redevelopment
d. community enhancement
e. generate positive net cash flow as defined – businesses that generate a substantial portion of their revenue from sales outside the County

4. DESCRIPTION OF LOAN PROGRAMS

The loan program is defined in Exhibit A.

5. EQUITY CONTRIBUTION OF BORROWER

A minimum equity contribution of 10% of the total eligible project costs is required of the Borrower. The equity contribution required for a start-up business may be greater, depending upon the circumstances. The equity contribution can be in the form of cash or substantial equity in collateral being offered.

6. INTEREST RATES AND REPAYMENT TERMS

Interest rates on the JCLDC loans will be determined by the Board of Directors. The interest rates will generally range from prime minus 3 to prime plus 2 and will generally be on fixed rate basis adjusted every 5 years, when applicable. Staff will review interest rates on January 1 of each year to determine if adjustment should be made. Recommendations will be made to the Loan Review Committee for applicable loans.

7. CLOSING FEES

The Borrower shall pay all costs connected with the issuance of the loan.

Specific fees are outlined in Exhibit A for each loan program.

8. DOCUMENTS

The JCLDC will require the completed written business plan and application to include three years of personal financial statements, three years of tax returns and/or business financials. Closing documents necessary to perfect its security interest are required by its commitment letter to fully comply with all Federal regulations and will include personal guarantees.

9. RESPONSIBILITY OF LOAN REVIEW COMMITTEE

The Chairman will appoint a minimum of three representatives of the Board to serve on this Committee for the purpose of initially determining the eligibility of a prospective loan and analysis of the application for presentation to the Board. Upon completion of this analysis, the committee will provide a recommendation to the Board at the next scheduled meeting.

10. RESPONSIBILITY OF BOARD OF DIRECTORS

The Board will maintain an active Loan Review Committee. The Board will act on the recommendations of the Committee at their regular scheduled meetings. The Chief Executive Officer will prepare a letter advising the Borrower of the Board's decision. If approved, the letter, among other things, will set forth the general and specific terms and conditions under which the JCLDC is willing to grant the loan, such as the interest rate, repayment period, expected collateral, etc. The letter will also advise the proposed Borrower that they will be

obligated to pay all costs incurred by the JCLDC in connection with their application, even if the loan does not close as expected. The letter must include an acceptance within two weeks. The offer shall expire in 120 days from the date of the letter, allowing a reasonable time for the proposed Borrower to meet the terms and conditions of the loan. An extension of the letter must be approved by the Board of Directors. For JCLDC loans for projects that will have construction financing, the commitment shall be for the anticipated construction period plus two months, and the construction must start within 180 days. The Board of Directors must approve an extension of the commitment. The Chief Executive Officer will present to the Board a written report of all delinquent accounts for the Board's review.

11. COLLECTION PROCEDURE

Any collection and/or delinquency correspondence will be sent to the borrower and all guarantors.

The following collection policy will be administered by the JCLDC:

~~A. 15 days delinquent~~

~~When a loan is 15 days delinquent, a late payment notice is sent by the staff to the Borrower requesting the loan be brought current or may otherwise be placed in default. A late payment fee will be due, as stated in the Note.~~

~~B. 30 days delinquent~~

~~When a loan is 30 days delinquent, a telephone call is made to the Borrower from the JCLDC staff in order to define the reason for the delinquency. A second delinquent letter will be sent requesting that the loan be brought current, and it is subject to being placed in default. A late payment fee will be due, as stated in the Note.~~ ~~**The JCLDC Staff reserves the right to submit any delinquency to a nationally accredited Credit Reporting Agency if a delinquency has not been cured within 30 days following transmittal of the default letter.**~~

~~C. 60 days delinquent~~

~~When a loan is 60 days delinquent, a third delinquent letter will be sent indicating the account is in default. The letter should indicate that a meeting with JCLDC is necessary to set up a schedule to correct the default, which will be presented to the Board of Directors for consideration. Futher, the Borrower must be advised that if a repayment schedule is not adhered to, the CEO shall have the discretion and authority to turn the account over to the JCLDC attorney with instructions to begin legal proceedings to collect the full amount of the debt.~~

Delinquent loans will receive a monthly notice if payment is not received within the first 15 days of the month. A late payment assessment will be applied, as stated in the Note.

Delinquency Period (days)	**Action**
15	Send late payment notice with late fee assessment
30	Telephone call
45	Send second late payment notice with cumulative total due
60	Send default notice

If the delinquency continues, late fees and default interest will be assessed on a case-by-case basis, determined by the CEO and CFO. Each December 31st, the calculation of said fee and interest will be recorded in the general ledger.

The CEO and CFO shall have the discretion and authority to proceed with legal action to collect the debt and will make a recommendation to the Loan Review Committee.

12. REPORTS TO BE KEPT

The original loan documents should be kept in the office of the JCLDC. In addition to these, the following reports are to be kept and updated as needed:

1. Annual financial statements and/or personal financial statements and tax returns
2. Evidence of insurance (includes hazard insurance and flood insurance, if required by the loan documents) – updated annually
3. Life insurance (if applicable)
4. UCC-1 Financing Statements – updated every five years
5. Annual Employment Report
6. Periodic site visits

It is the responsibility of the JCLDC staff to attempt to receive and update the above documents. Once received, they are to be reviewed, summarized, and analyzed for future trends. Any irregularities or questionable trends would be brought to the attention of the Loan Review Committee for futher consideration.

13. ENVIRONMENTAL RISK CONSIDERATION

To reduce the JCLDC's potential environmental liability, the JCLDC may require an Environmental Site Assessments which satisfy the standards set forth by the Unites States Environmental Protection Agency's "All Appropriate Inquiry" Final Rule, 40 C.F.R. Part 312 prior to closing on loans secured by real estate. The assessment shall be paid for by the applicant, conducted by an outside consultant, and reviewed by the CEO and reported to the Loan Review Committee. Any environmental risk factors resulting from the assessment must be fully disclosed to the Board of Directors before the loan is closed.

14. APPRAISALS

The loan amount cannot exceed the appraised value of real estate or equipment without Board approval. All real estate loan requests will require an acceptable appraisal report provided by the Lender and/or project applicant. The appraisal will be completed by a qualified appraiser and provide an estimate of the current market value. The Loan Review Committee will determine if

the report is acceptable. All loan requests that involve the purchase of machinery or equipment must include the invoice showing the value of the machinery or equipment.

15. ~~SPECIFIC VALUATION RESERVE~~GENERAL RISK RATING

The CFO shall review the status of the loan portfolio on an annual basis using the adopted Internal Loan Review/Risk Rating system:

The Jefferson County Local Development Corporation's (JCLDC) Internal Loan Review/Risk Rating Program has been established to play an integral part of the "safety and soundness" of the organization as well as being a foundation upon which its credit policies and procedures are based. It is designed to provide concise and accurate assessments of the quality of the overall loan portfolio and of concentrations of credit risk.

~~**The Internal Loan Review Program provides an "early warning system", a means of identifying those credits that warrant special handling and/or a greater degree of monitoring for deteriorating situations.**~~

~~The loan rating definitions have been written to resemble those used by Banking Institutions and Federal and State regulators. As such, the loan rating system provides outside auditors with a method of measuring the JCLDC's asset quality and adequacy of the Allowance for Loan Losses.~~

In order to maintain and properly administer the Internal Loan Review/Risk Rating Program, the CEO and CFO are required to monitor their loans on an annual basis at 12/31 and discuss with the Loan Review Committee and make changes to the existing risk ratings (when appropriate), in accordance with the JCLDC Risk Rating Format.

GENERAL RISK RATING DEFINITIONS:

In assigning a risk rating, it is important to note that not all or even most of the criteria must apply in order for a loan to fall into a loan-rating category. Certain specific criteria deserve more attention than others and therefore should have a greater influence on the overall risk rating. It is often possible that a certain single criteria such as cash flow, delinquency or industry conditions could influence the upgrading or downgrading of a credit.

The loan rating definitions are as follows:

1 – SATISFACTORY:

The borrower is responsible for the credit. Loans rated 1 would be included in the "Pass" category. The definition of this rating is as follows:

a. Financial statements are current, of good quality and in adequate detail.
b. Financial condition is generally on par with the industry average.
c. Earnings are generally profitable; however, occasional losses may occur. The rating would also apply to properly capitalized and liquid start-up company that has yet to establish a track record of profitable operations.

d. Cash flow has been and is expected to be sufficient to meet debt service requirements.
e. Borrower consistently adheres to repayment schedule for principal and interest.
f. Borrower generally adheres to all loan covenants; however, occasional requirements for waivers, modifications or amendments may occur but liquidity and capitalization remain acceptable.
g. Industry outlook is generally acceptable.
h. Both the integrity and the ability of management (or the individual) are good, with ability to be proven.
i. Collateral offers comfortable support and is typically somewhat better than policy guidelines. Guarantors add tangible support.

2 – WATCH:

Assets in this category contain higher risk profiles but not to the point of justifying a classification of Substandard due to the fact that the credit is generally current and paying as agreed. Loans rated 2 would be included in the "Pass" category. The definition of this rating is as follows:

a. The financial statements may be missing, seriously outdated, of poor quality, or lacking in important details. If this is the case, the CFO must investigate whether the non-receipt of financial statements on a timely basis is a meaningful red flag indicating the borrower is in trouble. If the statements have not been received six months after date of fiscal year end, the CFO must prepare a brief file entry justifying the continuation of the existing rating, if appropriate based on other sources of knowledge of the credit or initiating a downgrade to whatever rating the CFO believes is warranted based on their findings.
b. Financial condition is below the industry average and/or needs improvement.
c. The borrower is experiencing negative trends and/or erratic or unstable financial performance relative to industry norms. The borrower may have suffered a substantial loss in a recent period or moderate losses over a period of more than 18 months; however, losses have not been to the degree to have adversely affected the balance sheet.
d. Cash flow has generally been adequate but if existing trends continue, may be potentially inadequate to meet projected debt service requirements. On an exception basis, the CFO may consider a Watch (rather than lower) rating based upon an adequate secondary source of cash flow. Reliance on a secondary source can be used to justify a Watch rating only when that source is liquid, when its continuing availability has been verified, and when the JCLDC has legal rights to it.
e. Borrower generally adheres to repayment schedule for principal and consistently for interest. On an exception basis, a loan with delinquent payment(s) and/or maturity date missed may continue to qualify for a Watch rating if a well-defined plan to bring the payment(s) current within a reasonable timeframe. If the plan calls for a takeout or payoff of the loan, the source of repayment must be a reliable one.
f. Borrower may have violated one or more financial or other covenants, liquidity and/or capitalization may need improvement.
g. Industry outlook may be unfavorable.

h. The integrity of management (or individual) remains good.
i. Collateral offers moderate coverage and is typically at policy limits. There is perhaps some reliance on soft assets. Guarantors add nominal financial support.
j. Borrower closes business but makes loan payments.

3 – SUBSTANDARD:

A substandard asset is inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the JCLDC will sustain some losses if the deficiencies are not corrected.

A general rule of thumb is that a relationship that previously required the normal degree of monitoring begins to absorb an inordinate amount of the CFO's time for servicing and/or to incur an increasing amount of carrying costs. The existence of any of the following conditions warrants consideration for a substandard rating:

a. The financial statements may be missing, seriously outdated, of poor quality, or lacking in important details. If this is the case, and there are other reasons to believe that the financial condition of the borrower has deteriorated, then the CFO should strongly consider classifying the relationship as Substandard.
b. Financial condition is less than satisfactory.
c. The borrower is experiencing negative trends and losses.
d. The primary source of repayment is inadequate to meet current debt service requirements, and, unless present conditions improve, it is potentially inadequate to meet projected debt service requirements. The borrower may have reached the point of employing its secondary source of cash flow. Although the secondary source may be difficult to quantify, it must appear supportive based on reasonable analysis and be generally marketable under normal conditions.
e. Borrower inconsistently adheres to repayment schedule for principal and interest. The Substandard rating may also apply when interest is current, but the principal is delinquent and a defined plan to resolve the situation within a reasonable timeframe has not yet been established.
f. Borrower may have violated one or more financial or other covenants, resulting in unsatisfactory liquidity and/or capitalization.
g. Industry outlook may be unfavorable.
h. Either the integrity or the ability of management may be in question.
i. Collateral may not provide sufficient protection. Guarantors add minimal financial support.
j. Borrower closes business.

In accordance with Current Expected Credit Losses (CECL), refer to the Allowance for Credit Losses Policy.

EXHIBIT A

JCLDC Loan Program

JCLDC Revolving Loan Fund (RLF)

Purpose: The loan fund targets manufacturing and eligible service businesses.

Area of Availability: Businesses in Jefferson County.

Eligible Activities: Manufacturing businesses, either start-up or expanding; however, deviation for service-based businesses will be addressed on a case-by-case basis. Also, entities that will enhance the community and economic development initiatives of the County.

Employment Eligibility: None.

Funding Uses: Fixed assets, working capital and inventory.

Funding Limitations: Loans generally range from $25,000 to $250,000 or 40% of the total project costs, whichever is less. Multiple loans can be made with a maximum aggregate amount not to exceed $500,000.

Equity Participation: Equity participation of at least ten (10) percent of the total project costs.

Interest Rate: Generally, interest rates range from Prime minus 3% to Prime plus 2%. Rates determined on a project specific basis.

Repayment Terms: Will be determined on a case-by-case basis. Amortization of the loan shall not exceed five (5) years.

Applicant agrees to provide timely repayment of any loan associated with this application according to the terms and conditions found in the Loan Documents and as agreed to by participating parties. Staff reserves the right to submit any delinquency to a nationally accredited Credit Reporting Agency if a delinquency has not been cured within 30 days following transmittal of a default letter.

Application: A fully completed loan application, including schedules and attachments, and 3 years of financial statements or tax returns must be submitted. Also, financial projections for 3 to 5 years are required with the application.

Application Deadline: Must be submitted 30 days prior to the Loan Review Committee meeting, which is held on the fourth Wednesday of the month.

Fees: Application fee of $250.00 is payable to the JCLDC at the time the application is submitted. A loan closing fee of 1.5% is due at the time of closing. A ½% fee is for any modification request is due at the time of request.

Point of Contact: Chief Executive Officer
800 Starbuck Avenue, Suite 800
Watertown, NY 13601
315-782-5865

Jefferson County Local Development Corporation

Allowance for Credit Losses Policy

Revolving Loan Fund

Effective Date: Proposed 12/3/2026
Approved By: Board of Directors
Policy Review: As needed

1. Purpose

The purpose of this policy is to establish consistent guidelines for estimating and recording the Allowance for Credit Losses associated with loans issued through the Jefferson County Local Development Corporation (JCLDC). This policy is intended to ensure that outstanding loan receivables are evaluated appropriately and that the allowance reflects the estimated collectability of the loan portfolio as of the fiscal year-end.

2. Loan Programs

JCLDC administers the following revolving loan programs to support business development and economic growth in Jefferson County, New York.

Revolving Loan Fund (RLF)

The Revolving Loan Fund provides financing to manufacturing businesses in amounts ranging from $25,000 to $200,000, subject to a maximum loan amount of 40% of total project costs, whichever is less.

All loans issued under these programs are secured by business assets, personal assets of the entrepreneur, or a combination thereof, in accordance with the applicable loan documents.

3. Factors Affecting Loan Collectability

JCLDC recognizes that the economic conditions of Jefferson County and broader economic circumstances may affect loan activity, repayment performance, and the overall collectability of the loan portfolio.

Factors that may affect a borrower's ability to remain current with loan payments include, but are not limited to:

- Population decline and changes in local economic conditions.
- Municipal projects and other developments affect local businesses.
- Financial hardship experienced by the entrepreneur or business.
- Changes in national and global economic conditions.
- Supply chain disruptions and increased operating costs.
- Political developments, tariffs, taxes, and other regulatory or economic influences.

These factors shall be considered, as appropriate, when evaluating the collectability of outstanding loan receivables and determining whether additional reserves may be warranted.

4. Measurement of the Allowance for Credit Losses Accounts

JCLDC shall estimate its Allowance for Credit Losses as of December 31 of each fiscal year based on the aging of outstanding loan receivables and an assessment of the circumstances affecting collection.

The allowance shall be calculated using the established aging categories and corresponding reserve percentages set forth in this policy. The age of each loan shall be determined based on the number of days the payment is past due as of December 31 of the applicable year.

The following reserve percentages shall serve as the baseline for estimating the allowance:

Loan Payment Delinquency	Reserve Percentage
Greater than 30 days past due	5%
60 days past due	10%
90 days past due	15%
120 days past due	20%
150 days past due	25%
180 days past due	30%
Greater than 180 days past due	Up to 100%, based on individual assessment

The reserve percentage for loans more than 180 days past due shall be determined on a case-by-case basis, considering the entrepreneur's current financial and business circumstances, the status of the loan and any collection or legal proceedings involving JCLDC, and the professional judgment of the Chief Financial Officer (CFO). Depending on the circumstances, the reserve may be increased to as much as 100% of the outstanding receivable.

5. Evaluation of Delinquent Loans

In determining the appropriate allowance, JCLDC shall consider the aging of delinquent accounts together with relevant information regarding the borrower's ability and willingness to repay.

For loans with significant delinquency, particularly those exceeding 180 days past due, the evaluation should consider, as applicable:

- The current financial condition and operating status of the business.
- Communications with the borrower and any proposed repayment arrangements.
- The status and estimated recoverable value of collateral.
- Collection efforts undertaken by JCLDC.
- The status of legal proceedings, settlements, or other recovery actions.
- Other circumstances may affect the likelihood and timing of collection.

The CFO may recommend a reserve greater than the baseline percentage when the facts and circumstances indicate an increased risk of no collection. Any material adjustments should be supported by appropriate documentation.

6. Documentation and Financial Reporting

The calculation of the Allowance for Credit Losses shall be completed as part of the year-end financial reporting process.

Supporting documentation shall include, as applicable:

- A year-end aging report of outstanding loan receivables.
- The reserve percentages apply to each ageing category.
- The calculation of the allowance by loan or aging category.
- Documentation supporting individual assessments and any deviations from baseline reserve percentages.
- The rationale for significant adjustments, including reserves established for loans, more than 180 days past due.

The CFO shall review the calculation for reasonableness and consistency with this policy and the applicable accounting requirements. The allowance shall be recorded in the financial statements in accordance with the applicable accounting framework.

In accordance with collection, refer to the Lending/Collection Policy and Procedures.

7. Policy Review and Administration

The CEO and the CFO shall be responsible for administering this policy, overseeing the annual allowance calculation, and recommending revisions when necessary to reflect changes in the loan portfolio, economic conditions, collection experience, or applicable accounting standards.

This policy shall be reviewed at least annually, if any changes are needed, presented to the appropriate JCLDC governing body or authorized committee for approval of material revisions, as required by JCLDC's governance procedures.

8. Policy Approval

This policy shall become effective upon approval by the authorized governing body of the Jefferson County Local Development Corporation.