

Unity Revolving Loan Fund Committee Governance & Review Process

March 2017

Duties

The duty of the Revolving Loan Fund Committee (RLFC) is to design and manage the Town's Economic Development Revolving Loan Fund (RLF), under the supervision of the Economic Development Committee (EDC). The RLFC will conduct an open and impartial application process, balance the opportunity to assist a promising small business with risk to the Town, and keep all business information confidential. Members are expected to attend scheduled meetings (up to 3 meetings for each of 3 rounds/year plus others as needed to guide the program overall) and perform review duties in a thorough and timely manner. Members must recuse themselves from participating in a particular review if they are related to an applicant individual or business in any way that might cloud impartiality or carry the appearance of bias. When conflicts arise, the chair must be notified with sufficient notice to secure an alternate if needed.

Authority

The EDC will review and approve recommendations for how the RLF program is designed and delivered. Recommendations regarding individual loan applications are strictly confidential and will be delivered directly from the RLFC to the Board of Selectmen. All programs, loans and contracts for services must ultimately be approved by the Board of Selectmen prior to execution.

Composition and Governance

The RLFC shall consist of between 3 and 5 members, at least one of which shall be a member of the EDC. RLFC members will be recommended by the EDC and appointed by the Board of Selectmen for 2 year terms, renewable indefinitely. From among its members, the RLFC shall elect a chair, secretary, public contact (any may be the same person) and distribute other duties as it sees fit. All other members of the EDC (excepting Selectmen) shall be considered potential alternates, should additional reviewers be needed for any application review or round due to unavailability or conflict-of-interest.

Public Contact

Public contact with the RLFC shall be directed through RLF@unityme.org or the Town Office. Email to that address will be forwarded to the public contact as well as the Town Clerk. Phone numbers and personal email addresses of RLFC members shall not be made public.

Professional Support

The RLFC, Board of Selectmen and Town Treasurer will be supported by staff of the Kennebec Valley Council of Governments (KVCOG) in reviewing loan applications, preparing loan documents, conducting UCC filings, collecting payments and handling collections if needed. Terms of this support are detailed in a contract for services with KVCOG.

Upon authorization by the Board of Selectmen, the RLFC will have access to professional financial and legal expertise within budgeted amounts to make prudent recommendations for loan commitments. Underwriting services subcontracted through KVCOG do not need prior approval. Requests for other advice or services may be made directly to the chair of the Board of Selectmen, with notification to the chair of the EDC.

Application Review Process

No fewer than 3 voting members (accounting for unavailability and recusals) shall participate in each application review. Upon receiving an application, members shall notify the RLFC chair immediately if they have a conflict-of-interest with any applicant or will be unable to fulfill the schedule requirements for any round. If the minimum of 3 voting members is in doubt, the RLFC chair or designee will immediately request that the chair of the EDC appoint one or more alternate(s) as needed.

The RLFC shall establish three regular meeting dates and times to be held per round: (1) the first to conduct original scoring and determine if an application will proceed to interview stage, (2) the second to conduct any interviews and vote whether to proceed with underwriting, and (3) the third to review underwriting results and make a final recommendation. These meetings will be posted as public meetings. However, after calling the meeting to order, the RLFC will cite Title 1, Section 405(6)(C) and (F) and go into Executive Session to review the applications.

1. The Town Clerk will accept, record and securely file applications received by each deadline, promptly make a copy for each RLFC member, and notify members by email that their set is available for pickup at the town office or to request they be sent by mail.
2. The RLFC public contact officer will email (through RLF@unityme.org) or call each applicant to acknowledge receipt, offer feedback if clearly incomplete, and let them know of the date and time to reserve (Meeting #2) should an interview be scheduled and when they will hear the results of initial scoring.
3. The RLFC will meet to review applications, do initial scoring and confirm which applicants to invite for an interview to learn more. The secretary will record the scores. Any applicants denied at this point will be sent a letter prepared by the RLFC and mailed from the town office. A copy will be kept in a confidential RLFC file.
4. Assuming some applicants proceed for further processing, a decision is made to have KVCOG and subcontracted underwriter review applicant info and make risk management recommendations. The secretary must document the decisions made in these meetings. The RLFC chair (or designee) will manage the ensuing process with KVCOG.
5. KVCOG will secure underwriting and prepare loan term recommendations.
6. The RLFC will meet again with KVCOG staff to review this information and determine whether a loan offer is made and if so, what the terms would be (term, interest rate, payment schedule, collateral, reporting requirements). KVCOG will document the decisions of this meeting.
7. The RLFC chair (or designee) will forward lending recommendations to the Board of Selectmen, who will meet in Executive Session to discuss and approve or disapprove the loans. At least one member of the RLFC will attend this meeting to discuss the recommendations.
8. If approved, KVCOG will prepare all loan documents, contact the applicant and arrange for the closing with the chair of the Board of Selectmen.
9. At the close of the Round, the RLFC chair (or designee) will see that a copy of each confidential meeting record is provided to the Town Clerk for filing. Members may turn their documents in for shredding or otherwise ensure that they are kept secure.

Loan Servicing & Troubleshooting

KVCOG will service the loan from that point on and work with the Treasurer to manage the loan account. KVCOG will be the point of contact for borrowers if there are any issues. The RLFC will be notified if action needs to be taken and offered an opportunity to meet with a borrower if desired to discuss the situation and consider options for resolving problems. Any adjustment in terms or pursuance of default must be approved by the Board of Selectmen.