

WATERBURY VILLAGE REVOLVING LOAN FUND  
LOAN POLICY

Feb. 14, 1996

OBJECTIVES

1. Attract <sup>assets</sup> ~~businesses~~ to the village, or assist existing businesses within the village to expand, which are "clean", and will not put a burden on existing or planned village/town infrastructure. 5/8/02
2. Encourage growth of adequately compensated employment opportunities.
3. Expansion of tax base within the village.
4. Make a financing source available which does not duplicate existing sources.
5. Be a lender of last resort unless the loan is made in conjunction with another loan.

ELIGIBILITY CRITERIA

1. Any ~~for-profit~~ corporation, partnership or sole proprietorship located within the village limits. 5/8/02
2. Is compatible with plan of the municipality.
3. Is in compliance with local ordinances.
4. Is not delinquent in village tax payments or service charges.
5. Applicants must demonstrate that other financing is either unavailable, limited, or too costly through conventional or alternative lending sources.

GENERAL POLICIES

1. Generally, no more than one active loan will be made to a business. This does not preclude rewriting a loan to accommodate changes experienced by a borrower.
2. Generally, loans will only be made for tangible assets (inventory, machinery, equipment, and real estate).

3. Loans that have no prospect of being repaid will not be made.
4. Loans for working capital may be made, but cannot exceed 20% of the total loan amount.
5. Loans are subject to immediate review and possible termination and collection if the borrower or business:
  - A. fails to complete the improvements or purchases for which the loan was made, within the time frame specified in the loan agreements; or
  - B. moves more than 25% a portion of its operation or assets, jobs, or inventory out of the village; or
  - C. becomes delinquent on any taxes or service charges; or
  - D. fails to obtain necessary permits for the project; or
  - E. is in persistent violation of state or local regulations.
6. A loan will be considered delinquent after 60 days and a notice of intent to exercise security agreement options will be given after 60 days, unless arrangements for deferral have been agreed to in writing by the village.
7. For any loan which is 90 days delinquent, all necessary steps for collection, available by law to the lender, will be taken, unless a reasonable cause is determined and approved by the Trustees.
8. In every case, the burden of proof of why the loan should not be terminated and collected immediately is on the borrower, not the Fund.

#### PROCESSING OF LOAN REQUESTS

1. Applicants for a loan will express their intentions to either the Village Manager, or a member of WCDC, who will notify WCDC.
2. Upon notification, the WCDC loan committee will meet in a timely fashion with the applicant.

3. To be considered, an applicant must supply the loan committee with a synopsis of the request, appropriate financial statements, and a business plan.
4. The loan committee, after due consideration, will make its recommendations to the full WCDC committee. The full WCDC committee's decision on the loan application will be made as a recommendation to the Village Trustees, who will make the ultimate decision on the loan request. The applicant will be invited to address the Trustees during their consideration of the loan request.
5. In the case of any possible conflict of interest, a member or trustee will recuse themselves.

#### TERMS OF THE LOAN

1. The term of the loan will be determined by the Trustees. Recommendations by the loan committee will be based on the specific needs of the business. Consideration will be given to analysis of the cash flow and debt service capabilities, and the useful life of the assets being financed. In no case will a loan term be for a period longer than 5 years.
2. The interest rate charged for the loan will be determined by the Trustees, based on the specific needs of the business.
3. An annual service fee may be charged for each loan.
4. To protect its investment, the Fund will accept a security position, usually subordinate to a first mortgage lender. These security agreements may include, but are not limited to: personal guarantees, assignment of subordinate lease rights, cross collateralizing of machinery, equipment, and other assets, security interest in outside assets of borrower, and corporate guarantees.

5. At the discretion of the Trustees, the loan proceeds may be withheld until any stipulated requirements are met. Such requirements could be, but are not limited to, necessary permits, delivery of machinery or equipment, or evidence that the applicant owns property or has secured a lease, subject to financing where the business will be situated.
6. The Trustees will designate the entity which will service the loan.

WATERBURY BOARD OF TRUSTEES

MAY 8, 2002

Present: Everett Coffey, Village President, Trustees P. Howard Flanders and Lawrence Sayah, David Luce, Eric Scharnberg, Joe Green, Paul Sipple, Joan Rae, Ann Imhoff, Michael Carr, Steve Lotspeich, Town Planner, William Shepeluk, Manager and Donna Centonze, Town/Village Clerk.

Everett Coffey called the meeting to order at 7:30P.M.

Lawrence Sayah made the motion to accept the minutes of the April 24, 2002 meeting. P. Howard Flanders seconded and all approved.

Ann Imhoff was present with a request to purchase a piece of property from the Village that runs approx. 104 ft between her house on Parker Ct and the Municipal Building property. (See attached). Everett Coffey would like additional information and indicated that a Village vote would be necessary if it were decided by the Trustees to have Ann Imhoff and Paul Sipple purchase this said property. P. Howard Flanders was not inclined to put jogs into Village property lines. Everett Coffey would like the Trustee to take the issue under advisement.

Eric Scharnberg was present on behalf of Cross Vermont Trails Association (CVTA). They would like to have the Board consider CVTA signage as part of the Main St. construction project. The two locations where the signs should be situated are when entering onto Main Street from the state office complex. (Indicated on attached map.) No action was taken at this time.

David Luce was present on behalf of the Stimson-Graves Building and the proposed changes to the previously approved off-site parking requirement for the building on Stowe St. It was initially approved with a requirement for 16 parking spaces, seven on Stowe St and nine on the nearby Tillotson property. Five spaces are required for the 14 senior apartments plus 11 spaces for the ground floor. Five of the required spaces must be off-street parking and on-street parking can fulfill the remaining 11 spaces. P. Howard Flanders made the motion to allow the use of 11 on-street parking spaces on Stowe Street for the Stimson-Graves Building. Lawrence Sayah seconded the motion and all Trustees approved. (attached letter)

Michael Carr was present to discuss and review the Waterbury Village Revolving Loan Fund Loan Policy. (attached) P. Howard Flanders made the motion to amend the policy: changing Business to Assets; eliminating For-Profit. Lawrence Sayah seconded the motion and all Trustees approved.

The Ice Center Project, financing, fund raising, water/sewer construction etc/ was discussed at length William Shepeluk presented a project cost summary from Dufresne Henry. There was discussion on the monies to be raised, bank loan, UDAG Funds and the negotiation of a lease with the Village. There was also discussion on the sewer and