



STAFF REPORT

AGENDA ITEM #: 19-137
COUNCIL MTG. OF: December 3, 2019
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: Derry Revolving Loan Fund Committee

INTRODUCTION:

To seek Council approval to dissolve the Committee as loans are recommended by the REDC Bank Credit Committee and later approved by the entire REDC Board which enhances efficiencies involved in the process.

TOWN ADMINISTRATOR COMMENTS

Please see comments within this staff report.

BACKGROUND

The Town Council has partnered with the Regional Economic Development Center (REDC) for the past decade to review and award loans to Derry businesses. At the onset of the program, the Town Council created a Loan Committee which reviews the applications and offers comments based upon the Committee members' experiences in the financial sector and knowledge of the Derry Community. The Loan Committee has not formal approval or veto authority.

The loans granted through this program originate with a review by REDC and then are acted upon by REDC's 11-member Bank Credit Committee; the Committee's recommendations are then formally approved by the REDC Board of Directors.

The process utilized to approve loans from Derry's program is consistent with the process REDC employs when acting upon the other funds managed by REDC.

DISCUSSION

The activity within the Derry Revolving Loan Fund is sporadic, dependent upon funds availability, economic conditions and other factors. Thus, the Revolving Loan Fund Committee meets infrequently which may result in scheduling conflicts for Committee members.

The fund has now been in existence for over a decade, with the Town and REDC working collaboratively on these development efforts. Based upon our experiences and the efficiencies to which REDC applies to the process raises the question of the effectiveness of an additional governance structure such as Derry's Loan Committee.

FISCAL IMPACT

The Derry Revolving Loan Committee serves without compensation, thus there is no direct fiscal impact with its dissolution. However, with the inability of the Committee to meet loans from the Derry Fund have been suspended as failure of the Committee to meet prior to loan approval is outside of the agreement with REDC and may trigger an audit finding.

A summary of current loan activity is attached.

RECOMMENDED ACTION BY COUNCIL

Adopt Resolution #2019-069 to bring efficiencies to the loan approval process.

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