

Bristol Town Administrator

From: Fred Kenney <fkenney@addisoncountyedc.org>
Sent: Monday, October 16, 2023 6:19 PM
To: Bristol Town Administrator
Cc: Michelle Perlee
Subject: RE: Bristol Revolving Loan Fund updated application materials for review
Attachments: Bristol_Revolving_Loan_Fund_Committee_Checklist_revised_2023-02-22-fskedits.docx;
Bristol_Revolving_Loan_Fund_Guidelines_revised_2023-02-27-fsk edits.docx;
Bristol_Revolving_Loan_Fund_Information_for_Applicants_and_Application_Form_revised_2023-02-27-fsk edits.docx

Val

Attached are the documents with some minor edits and some comments on things to add, if you so choose. You may have policy reasons to not add these. Totally up to you!

Things to consider:

Reducing employment in Bristol:

ACEDC has a requirement in our loan agreements that trigger a call on the loan if the borrower business moves their "HQ" or 25% or more of employees from Addison County:

"If Borrower moves its headquarters or 25 percent (25%) of its equivalent employees out of Addison County, then this loan may become immediately due and payable."

Instead of making this a discussion point during consideration of loan, strongly advise adding something like this to the guidelines, loan app, and loan agreement. If you use "may" vs 'shall" it leaves leeway for the Town.

Using loan funds for job training

I note that an eligible use of loan funds is job training. The State has a very easy-to-use 50/50 grant program (Vermont Training Program) that pays for 50% of OTJ, Upgrade, and cross-training costs. Seems like you would want borrowers to take advantage of that program instead of the RLF for training. You could allow use of the loan program for the businesses' half of the cost, or make the loan program eligible if the jobs to be trained don't meet the VTP eligibility requirements. You would then be subsidizing "low paying" jobs, but you would also be filling a known gap in job training. Many businesses cannot meet or fall just shy of the VTP pay and benefit requirements.

Adding Corp Guarantor

Sometimes the borrower is a real estate holding company owned by the same people as the operating company. The op co typically pays rent to the holding co. In these cases, we require a guarantee from the operating company as well as the individuals because the success of the holding co relies on the success of the op co.

Documents are not clear whether you require personal guarantees and collateral to secure the loans; or, can the borrower have one and not the other. Advise you require both, with an exception allowed by the committee to just accept personal guarantee. Very risky, but you might have instances where the borrower has no collateral.

Personal Financial Statement

If you don't already (didn't see it anywhere), recommend that you get a Personal Financial Statement from the borrower(s). Here is an SBA [template](#) in addition to their personal and business tax returns. It gives a real time summary

of their personal income and expenses. Given the outline of the loan philosophy, doesn't seem like you want to make loans to a business that might be short on capital, but whose owners are very well off.

Business Debt and Security

Recommend require a simple excel spreadsheet detailing the current and contingent liabilities of the borrowing business. You decide what they should include (debt, leases, auto loans, vendor debt, etc) and the level of detail (orig amount, balance, monthly payments, is the loan secured and by what collateral, etc.) but should get this for analysis so you know current and long-term debt load and what assets are already tied up as collateral. This should be in addition to a UCC search, which doesn't always turn up all debt, esp certain types of debt. We have noticed that businesses don't always include debt properly in P&L and Balance sheet.

Good luck.

Best,

Fred

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Send me confidential documents by [Uploading Here](#)



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From: Bristol Town Administrator <townadmin@bristolvt.org>
Sent: Wednesday, October 11, 2023 1:07 PM
To: Fred Kenney <fkenney@addisoncountyedc.org>
Cc: Michelle Perlee <bdysense@comcast.net>
Subject: Bristol Revolving Loan Fund updated application materials for review

Hi Fred,

Thank you for agreeing to review our updated loan application documents for Bristol's Revolving Loan Fund. The original documents date back to the mid-1980s and 1990s, include many defunct references, and do not necessarily reflect current needs and priorities. We will be very interested in your thoughts about their clarity, effectiveness, administrability, and any other logistical or practical feedback. If you think it would be useful to see the original documents for comparison, I can send them along.

Deadline? I've been trying to move this off the dime for a while, so I cannot expect you to jump right on it. It would be great if we could have your feedback prior to the Selectboard's Oct. 30 meeting. Their next meeting after that is Nov. 13.

Thank you,

--Valerie

Valerie Capels, Town Administrator

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