Minutes for GNRLF Meeting
6/22/26 – 8 am
Room 208, Nashua City Hall

Attending Committee Members: David Dearborn, Dawn Enwright, Liz Hannum, Christine Malloy (8:36), Stephen Michon, Lyn Tripp.
Administration: Abimana Ngira, Kathleen Palmer.

Call to Order: 8:04 am

Approval of Minutes: for May. **Motion** to Approve was made by Lyn, second by David, Dawn abstained, others in favor; approved.

Review of previous action items: They are being worked on; discussion is deferred to next meeting.

RLF portfolio updates:

- **BDC** has a signed agreement with us now, and a check is in process for that partnership. They will manage **ImageXpert** and **California Burrito –** though BDC is still evaluation the latter's collateral, after initial analysis has revealed a lesser value than purported.
- **Buckwheat:** has paid off their principal, plus ten percent, plus collection costs.
- **SyAM**: Still waiting for Legal to approve promissory note verbiage; hopefully today/this week. Lyn to double-check the numbers, as they have been making good-faith payments.

EDA compliance issues and corrective action plan:

Of the five action items given to us from the Feds, we are making headway on **Timely Reporting** (will need to present another report soon) and **Administrative Plan Update** (Liz updated the original one with new data; the committee will actively work on a full revision soon). We are working on our **Collateral Ratio** and **Insufficient Lending Activity**, which are linked, and **Delinquencies**, which will be dealt with via the RFP winner.

Liz noted that we are close to noncompliance due to the amount of write-offs; we can still do some write-offs in the EDA portfolio, but not the CARES loans.

A **Motion to Approve** updated current version of Admin Plan was made by Stephen, seconded by Lyn; carried.

Action items related to compliance:

- Liz and Lyn crafting a demand for payments letter
- Lyn will give committee a collateral ratio update
- Stephen and Abimana to meet and review current admin plan, and have new draft for Sept. meeting

RFP review: Liz added the edits from Christine et al from the previous meeting into the RFP seeking a loan management/collections company, and presented the writeup. There was some discussion, including questioning if a company could in fact make enough money monitoring our current 9 loans, at such small numbers; also wondered if companies should be able to respond to RFP offering more of an "a la carte" menu of service functions; and Dave wondered if we should solicit an Underwriter to be part of the committee itself, although it was questioned as to if an UW could vote.

Marketing and Outreach work group: Dave and Abimana will spearhead this group. Would entail three initial tasks:

- Review of loan product
- Create collateral requirements
    - Christine recommends that startups are 100% collateral
- Develop outreach and marketing strategy
    - Dave will do outreach to his banking connections. Some thoughts on outreach:
    - Offer gap funding and sharing of risk to these institutions
    - Key player to connect with: Julie Glossner
    - Some key avenues to explore: Banks, credit unions (especially struggling to fulfill loan requests), SBDC, REDC, CDFIs, direct to businesses.
    - After initial contact/interest, consider doing more formal, group presentations, either in person or via Zoom

Other business: Liz noted that we need additional members. Committee was asked to think of people to reach out to who might be interested.

Meeting Adjourned at 9:30 am.

Next meeting: 8:30 am Friday, July 31, Room 208.

attachments

*The Greater Nashua Revolving Loan Fund's **mission** is to provide flexible, impact-focused capital through responsible lending practices to small businesses in Greater Nashua. Our **vision** is to preserve and grow jobs and generate economic opportunities for all residents in the community.*

Meeting Agenda

Date**: June 22, 2026;** Time: **08:30 a.m. to 10:00 a.m.**

Location: **Room 208, 2nd Floor**

1. Welcome and Introductions
2. **Approval of Minutes**: Review and approval of the May 15, 2026 Meeting Minutes
3. Previous Action Items
4. **RLF portfolio Updates:**
   - BDC Community Capital Participations updates:
     - Update ImageXpert
     - California Burritos project
   - Buckwheat
   - SyAM - addendum to update
5. **EDA Compliance Issues; Corrective Action Plan**:
   - Delinquencies
   - Collateral Ratio
   - Insufficient Lending Activity
   - Administrative Plan Update
   - Timely Reporting
6. **RFP Review**

7. **Formation of Marketing and Outreach Work Group:**

    - Review of Loan Product
    - Create Collateral requirements
    - Develop Outreach and Marketing Strategy

8. **Other Business**

9. **Next meeting:** July 20, 2026 | 12:00–1:30 PM | City Hall, Room 208

CITY OF Nashua

MEMORANDUM

To: Federal EDA CARES Act Revolving Loan Fund Administrator
From: Liz Hannum, Economic Development Director, City of Nashua, NH
Date: 6/3/26

Subject: Corrective Action Plan and Response to CARES Act Revolving Loan Fund Compliance Findings

The City of Nashua appreciates the guidance provided through the recent review of the CARES Act Revolving Loan Fund (RLF). We recognize that several aspects of the program are currently not in compliance with EDA requirements and have developed a corrective action plan to address each finding. We are committed to restoring full compliance and strengthening the administration of the fund to ensure its long-term effectiveness and sustainability.

Delinquent Loans and Recovery Efforts: The Corrective Action Plan (CAP) has identified a number of delinquent loans within the portfolio. To address this issue, the City is initiating a formal collection and recovery process.

Certified letters are being sent to all borrowers currently in delinquent status by June 12. These letters notify borrowers that they must contact the City to renegotiate a repayment plan and bring their loan into good standing. Borrowers who fail to respond or enter into a mutually acceptable repayment agreement will be subject to foreclosure proceedings and other available collection remedies consistent with loan documents and all applicable laws.

A sample copy of the certified letter is attached for review. We believe this approach provides borrowers with a final opportunity to resolve outstanding obligations while demonstrating the City's commitment to protecting federal funds and enforcing loan agreements.

Collateral Ratio Deficiencies: The CAP also identified loans that do not meet the required collateralization standards. Many of these loans were originated during the height of the COVID-19 pandemic when the primary objective was to provide emergency assistance to businesses facing unprecedented economic hardship. While these lending decisions were made in response to extraordinary circumstances, we acknowledge that the resulting collateral ratios do not comply with program requirements.

To address this issue, the City has undertaken a multi-pronged approach:

- Several under-collateralized loans have already been closed out in 2024 and recently in 2026.
- Additional loans that currently contribute to the deficiency are anticipated to be paid off or otherwise closed within the next twelve months.

- The City is actively working to increase lending activity, which will improve the overall collateral position of the portfolio. One new loan was executed this week, and an additional loan is currently under development. These new loans will help improve portfolio performance and begin addressing the collateral ratio concerns that need to be addressed.

We will continue monitoring the portfolio and implementing strategies to improve compliance with collateral requirements over time.

Insufficient Lending Activity: The City recognizes that lending activity within the CARES Act RLF has not met expectations and must increase in order to fulfill the program's intended purpose.

To address this concern, we are undertaking a renewed marketing and outreach effort focused on increasing awareness of the program among businesses and lending partners.

Specific actions include:

- Re-engaging local and regional financial institutions to identify borrowers who may benefit from RLF participation.

- Developing partnerships with other revolving loan funds and economic development financing organizations to provide gap financing opportunities.

- Creating updated marketing materials and outreach collateral through a volunteer working group.

- Conducting direct outreach to businesses and referral partners once the updated marketing materials are completed.

These efforts are intended to increase the visibility of the program, generate a stronger lending pipeline, and ensure available capital is deployed to support economic development objectives.

Administrative Plan Update: The City acknowledges that the Administrative Plan has not been updated as required. This has been an ongoing area of focus, and substantial progress has been made toward completion of a revised plan.

A draft Administrative Plan is attached for review and comment. The draft incorporates updated procedures, program administration requirements, underwriting standards, portfolio management practices, and compliance measures intended to strengthen long-term program administration and ensure alignment with current EDA requirements.

The City anticipates finalizing and formally adopting the updated Administrative Plan following review and feedback.

The City of Nashua takes these compliance findings seriously and is committed to implementing the corrective actions outlined above. While several of the identified issues stem from extraordinary circumstances surrounding the COVID-19 emergency response period, we recognize our responsibility to ensure full compliance with EDA requirements and to protect the long-term integrity of the Revolving Loan Fund.

We appreciate EDA's continued partnership and guidance as we work through these corrective actions. The City of Nashua is also working through several departments to create a plan to make sure that, even if staff rotate, the future reports will still be completed on time. We will also work to upload the information provided here to the EDA Portal in the correct format and look forward to working with you to ensure we follow restore the fund to good standing. We welcome any additional feedback regarding the attached materials and proposed corrective measures.

Please do not hesitate to contact us if additional information is required.

Respectfully,

Elizabeth Ha

Liz Hannum

ECONOMIC DEVELOPMENT DEPARTMENT

Economic Development Director

hannuml@nashuanh.gov

(603) 589-3072

Greater Nashua Revolving Loan Fund
CARES Act Revolving Loan Fund

DRAFT

Administrative Plan

EDA Award # 01-19-03322
City of Nashua, New Hampshire

Approved by the
Greater Nashua Revolving Loan Fund Loan Committee
January 20, 2011

UPDATED JUNE 2026- Not yet approved by the Committee

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Overview

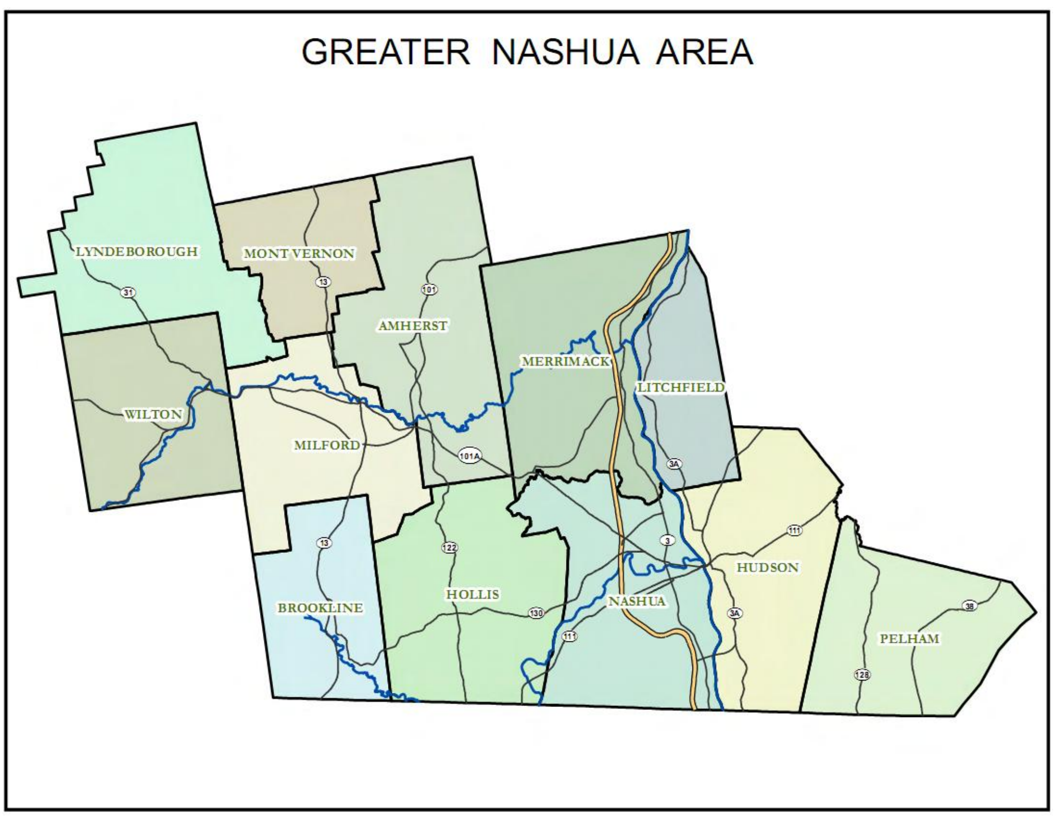
The Greater Nashua Revolving Loan Fund's **mission** is to provide flexible, impact-focused capital through responsible lending practices to small businesses in Greater Nashua. Our **vision** is to preserve and grow jobs and generate economic opportunities for all residents in the community.

Funds are provided to encourage the expansion of existing industry clusters and emerging new clusters. The focus of the RLF has been to create new job opportunities, as well as to maintain existing high wage jobs that promote regional prosperity and expand economic opportunity to all in the community.

The loan fund targets Greater Nashua, including the City of Nashua as well as the surrounding towns of Amherst, Brookline, Hollis, Hudson, Litchfield, Lyndeborough, Merrimack, Milford, Mont Vernon, Pelham and Wilton.

Since its inception in 1994, the Greater Nashua Revolving Loan Fund has made more than 35 loans and lent over $2.5 million to businesses in the area.

This Administrative Plan outlines the loan fund strategy and all operational procedures relative to the Greater Nashua Revolving Loan Fund. This Administrative Plan will be in effect from 2026 through 2031.



PART I: THE REVOLVING LOAN FUND STRATEGY

The Greater Nashua RLF encourages the leveraging of new private investment in the form of fixed asset, working capital, and business occupied real estate investments. The RLF provides loans in the range of $25,000 to $250,000 to businesses at interest rates and loan maturities that encourage business development and facilitate reinvestment while providing for the recapitalization and growth of the Fund. The Fund perpetuates a positive and proactive business climate that encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.

A. ECONOMIC ADJUSTMENT PROGRAM OVERVIEW

1. Nature and Scale of Economic Development

The Greater Nashua Area has returned to strong employment levels following the disruptions of the COVID-19 pandemic, and its recovery has generally mirrored statewide economic trends. New Hampshire continues to maintain one of the lowest unemployment rates in the nation. In 2024, the Manchester–Nashua metropolitan area recorded unemployment rates ranging from 2.3% to 3.0%, compared to a national unemployment rate that averaged approximately 4.1% during the same period. Hillsborough County unemployment rates followed a similar pattern, remaining below national averages and reflecting a relatively tight labor market. Overall, the region's employment base has stabilized, and labor force participation has strengthened as population growth and in-migration continue to support workforce needs.

While unemployment in the Greater Nashua Area remains low, access to capital continues to be a challenge for many small businesses. Businesses throughout the United States, as well as those in the Nashua region, report increasing difficulty securing private financing due to higher interest rates, inflationary pressures, rising operating costs, and more restrictive lending standards. Even businesses with established banking relationships and strong repayment histories are experiencing more selective underwriting. As a result, the Greater Nashua Revolving Loan Fund (RLF) continues to experience steady demand for financing assistance. For higher-risk ventures, the use of RLF funds in conjunction with private financing remains an important tool for making otherwise un-bankable projects feasible. The RLF continues to play a critical role in supporting business startups, business expansion, equipment purchases, working capital needs, and modernization efforts throughout the region.

The Greater Nashua Area has experienced shifts in commercial and industrial real estate markets in recent years. While demand for quality industrial and commercial space remains strong, certain downtown properties and older commercial buildings continue to face challenges related to redevelopment costs, modernization needs, changing space requirements, and evolving consumer and workplace preferences. Many of Nashua's historic mill buildings that were converted to commercial, industrial, and office uses in past decades continue to experience elevated vacancy levels due to layout constraints, capital improvement needs, and limited amenities. Storefront vacancies along Main Street remain a concern, and rental rates in portions of the downtown area continue to lag behind those in other commercial corridors within the City. Continued capital investment in downtown retail and commercial space will be necessary to strengthen competitiveness, encourage private investment, and support a more balanced market.

These economic conditions continue to create financing gaps for startups, expanding businesses, and redevelopment projects throughout the Greater Nashua Area. The Greater Nashua Revolving Loan Fund remains an important economic development tool by providing flexible financing that supports job creation, job retention, private investment, and long-term economic resilience throughout the region.

2. CEDS Process

The basic guiding documents for economic development in the City of Nashua is the Imagine Nashua Master Plan adopted in 2022 and the 2025 REDC Comprehensive Regional Economic Development Strategy (CEDS) guides economic development planning. These plans were developed through a collaborative effort between municipal officials, community leaders, business and property owners, and residents.

In 2009, the City of Nashua, along with the Towns of Hudson, Pelham, Litchfield and Merrimack became a member of the Regional Economic Development Corporation of Southern New Hampshire (REDC) and has since participated in the process to develop the **Comprehensive Economic Development Strategy (CEDS)** for the region. The following goals and objectives were developed for the 2025-2029 CEDS document:

- **Housing:** to develop diversified housing options for people of all incomes, ages, and lifestyles.
    - Work with communities, residents, and developers to identify the need for and benefits of a diversified housing stock, including homes of various sizes at multiple price points.
    - Partner with housing-focused organizations to support their work advocating for policy at the state and local levels that will facilitate the development of procedural improvements and zoning amendments to support the creation of more housing.
    - Educate homebuyers and developers about programs for financing and purchasing.
- **Childcare**: to increase the availability and affordability of and accessibility to childcare.
    - Encourage the development of flexible and hybrid childcare models that offer non-traditional options.
    - Expand before and after school programs.

  - Work with local businesses to create onsite childcare options.
  - Encourage zoning amendments to remove barriers for new childcare facilities.
- **Infrastructure and Utilities:** to invest in infrastructure and utility planning and improvements that strengthen the regional economy and increase resiliency to manmade and natural hazards.
  - Encourage project options with a focus on regional cooperation, working collaboratively, or shared local and regional services.
  - Maintain and expand the region's public infrastructure and utilities to address the needs of existing businesses and residents, as well as accommodate the needs of new and expanding businesses and residential areas.
  - Upgrade public infrastructure and utilities to meet regulatory requirements and increase economic resiliency to disasters and severe weather.
  - Encourage projects that seek alternative energy options to increase economic resiliency.
- **Transportation:** to invest in a multi-modal transportation network that takes into consideration commuters, traffic congestion, parking, recreation, and tourism.
  - Expand public transit systems through investments in bus and rail service as a means to maximize the mobility of the workforce.
  - Expand the network of vehicle charging stations. Create or expand volunteer driving programs for seniors and others with limited transportation options.
  - Provide off-site parking and shuttles to downtowns and tourist areas to address limited parking and reduce traffic congestion.
  - Encourage the use of rail trails and bike lanes.
  - Support infrastructure projects that improve traffic flow and reduce congestion.
- **Workforce Attraction and Retention:** to cultivate, support, and expand economic development programs that create jobs and attract and retain a workforce to meet the needs of existing, new, and evolving industries.
  - Develop a shared marketing strategy to create jobs in and attract workers to the region.
  - Encourage a regional approach for public and emergency services to support communities that lack adequate workforce or funding.
  - Facilitate collaboration among the economic development, workforce development, and education sectors to develop training opportunities for the regional workforce.
  - Provide vocational, trade, and technical training to high school students to meet the needs of regional employers.
  - Provide training to employers on developing a workforce retention plan.
- **Environment and Natural Resources**: to invest in the conservation and management of natural spaces, while creating connections to local economies, improving access for residents and visitors, and building economic resilience to disasters and severe weather.
  - Connect rail trails to local business and downtowns via signage.
  - Enhance or increase connections from towns to outdoor recreation opportunities.

    - Protect natural spaces that provide resilience to natural disasters and severe weather.
    - Identify and redevelop Brownfield sites to return them to productive economic use.
- **Community Vibrancy:** to strengthen community vibrancy by supporting local businesses, providing diverse housing options, enhancing public spaces, and promoting community and civic engagement.
    - Expand access to supportive community-based programs and services. Support recreation departments, libraries, and arts organizations to provide programming.
    - Encourage zoning amendments to provide an older population housing options to age in place.
    - Create, preserve, and protect public spaces, historic characteristics, and natural and cultural amenities.
    - Prioritize walking, pedestrian access, and community connection through the creation and maintenance of sidewalks, pathways, low speeds, and connected streets.
    - Encourage updates to municipal master plans and capital improvement programs and projects to increase economic resiliency.
    - Strengthen civic involvement and engagement by promoting opportunities for community participation.

3. Area Resources/Assets

The Greater Nashua Area possesses many resources on which the RLF strategy is designed to build. The Greater Nashua Area has a long history of industry, especially in technically demanding fields such as defense, electronics, and computers. With a high concentration of engineers in the area, the high technology industry continues to play a major role in the success of the regional economy.

Nashua's location is one of its greatest assets. Located within the Boston metropolitan region, Nashua's proximity to world class colleges and universities, such as Harvard and MIT, help foster a highly educated workforce and are a source of research and technology development. Nashua is within one hour of two airports—Boston's Logan International Airport and the Manchester Regional Airport. There are no income taxes or sales taxes in New Hampshire. As such, Nashua is a major regional and interstate retail destination.

The **Nashua Millyard Redevelopment** has provided an important economic development opportunity for Nashua--to rehabilitate existing structures by repurposing historic mill buildings and creating opportunities for new development. It is a rich mix of industrial buildings in close proximity to urban amenities in Downtown Nashua. It is a prime location to create living wage jobs along with loft housing and live/work units.

The **Broad Street Parkway** is the City's largest roadway infrastructure project. The 1.8-mile Parkway provides an additional north/south access across the Nashua River connecting

Downtown Nashua with Broad Street near Exit 6 of the F.E. Everett Turnpike. The project also provides access to significant development opportunities at brownfield sites and underutilized mill complexes.

The **Riverfront Park System** is a well-developed network of trails providing recreational outlets to area residents and contributing to Nashua's quality of life. It serves as an economic development objective by providing a valuable leisure activity for residents and visitors. Quality of life is an important factor when businesses are choosing a location and one of Nashua's competitive advantages which also includes close proximity to the ocean, lakes region, and mountains.

Gateway Hills is a 400-acre mixed use development site with frontage access to Route 3 on the MA/NH border. The Park has already repurposed one of Nashua's most important technology engines of the past 30 years, the former Digital Equipment Corporation campus. The facility has attracted such leading-edge technology companies such as Dell, Intel, Skillsoft, Amphenol, and Benchmark Electronics.

The **Economic Revitalization Zone Program (ERZ)** provides tax incentives for redevelopment of Brownfield sites, vacant land, and/or obsolete and deteriorated structures, in areas with lower-income populations. Businesses making substantial investments and creating new jobs within an ERZ may be eligible for tax credits that can be used to offset the New Hampshire Business Profit Tax and Business Enterprise Tax. There are six Economic Revitalization Zones in Nashua.

4. Strategic Adjustment Goals and Objectives

The Greater Nashua Area strategic adjustment goals include:

- Create a positive and proactive business climate that encourages the retention and expansion of existing businesses and helps to attract desirable new businesses
- Encourage further development of Nashua's leading industry clusters, including high tech manufacturing, software development, optics, integrated electronic systems.
- Promote local investment and ownership in business and property.
- Promote full employment in the Greater Nashua Area.
- Invest in critical public infrastructure to support business growth.
- Retain and attract businesses that offer high quality job opportunities for residents of the Greater Nashua Area.
- Redevelop brownfields and other underutilized properties.

The objectives of the Greater Nashua Area strategic plan to achieve these goals are:

- Promote and maintain open lines of communication between the City and its businesses to better understand their needs.
- Promote public/private partnerships between City, businesses, financial institutions, and non-profit institutions (colleges and universities).
- Retain and attract businesses that offer high quality employment opportunities.
- Provide needed technical assistance to businesses.

- Leverage RLF funds to access private capital.

5. Implementation Programs and Activities

The City of Nashua is implementing programs in the Greater Nashua Area that support the strategic objectives listed above. For example, the City works with financial institutions to access private capital for business expansion and attraction and for development of key properties. Capital improvement initiatives in the area include the Broad Street Parkway and the Downtown Nashua revitalization initiative. The City also works closely with the Small Business Development Center and SCORE, as well as the Center for Women in Enterprise, to offer technical assistance programs to businesses in the Greater Nashua Area.

6. Organizational Structure

In the City of Nashua, the Mayor's Office of Economic Development (OED) is responsible for managing all aspects of the City's economic development. The Economic Development Director reports directly to the Mayor and supervises staff members that carry out economic development and business assistance activities. OED staff administers the RLF and provides business assistance for the Nashua businesses and entrepreneurs and economic development planning for Nashua. The OED also works with the Regional Economic Development Corporation of Southern New Hampshire (REDC), the Greater Nashua Chamber of Commerce and the State of New Hampshire Department of Resources and Economic Development to promote economic development on a regional basis. The REDC is responsible for the regional CEDS.

The Greater Nashua RLF Plan will be reviewed annually to coincide with the annual periodically to maintain certification through the EDA which requires the Plan to be consistent with the local economic adjustment strategies. OED will be responsible for updating the RLF Plan as necessary to ensure consistency with the updates of the local economic adjustment strategy.

B. BUSINESS DEVELOPMENT STRATEGY

1. Objectives

A key element of Nashua's Economic Adjustment Program is its Business Development Strategy which depends on the opportunities identified for stimulating business investment and productivity. Understanding that the participation of the business community is essential, the OED works closely with the business community to understand their needs and to determine how the City can best help to meet those needs. To that end, the Mayor and the OED conduct monthly regular business visits to understand firsthand the issues being faced by local businesses.

To further promote business participation in the strategy, the Office of Economic Development issues a monthly newsletter that reaches out to 500+ businesses 350+ contacts providing an important means of communication between the City and area businesses. Businesses are made aware of City incentive programs, are introduced to new businesses, and are informed of important issues that may impact their businesses.

The business objectives of the Greater Nashua RLF include:

- Provide financing mechanisms through which public investment will stimulate private investment that would otherwise not be possible.
- Promote incentives for the retention, expansion, and location of firms in the Greater Nashua Area that promote increased employment opportunities for area residents and a stronger commercial tax base.
- Generate additional tax revenue for the Greater Nashua Area.
- Increase the growth potential of businesses in the Greater Nashua Area.
- Encourage the cleanup of brownfields, the rehabilitation of dilapidated or vacant buildings, and the conversion of mill buildings.

2. Characteristics

The pertinent characteristics of the businesses in the economic sectors targeted by the strategy include high technology, manufacturing, information, professional and business services companies with high growth and job creation potential that will diversify and strengthen the local economy. (See section C3 for a more complete description of the characteristics of the businesses targeted).

3. Assistance Needed

The OED maintains strong lines of communication with the area business community and has a thorough understanding of the assistance needed by businesses. In addition to the business visitation program, surveys conducted, and the monthly newsletter, the Mayor Economic Development Division holds quarterly annual business forums. Past forum topics have included the partnership with the financing programs offered by the Regional Economic Development Corporation of Southern New Hampshire., Downtown Nashua Development Opportunities, and the Better Buildings Program—a large-scale energy efficiency retrofit initiative in Nashua.

These outreach initiatives have identified a number of resources gaps, including:

- *Technical assistance:* there is an increasing need for technical assistance, especially among the small business sector and prospective entrepreneurs.
- *Financing and credit availability:* Many businesses are experiencing a difficulty obtaining business credit. A nation-wide credit crunch due to the financial crisis of 2008 has limited lines of credit offered by commercial lenders and credit limits on personal and business credit cards. Declining home values have limited access to home equity loans, another important source of business startup capital.

- *Low-cost space for startup businesses:* despite significant commercial vacancies, real estate rental rates have not dropped enough to make them affordable to startups
- *Reliable, low-cost high speed internet service*

4. Programs/Activities

The City of Nashua is currently undertaking a variety of programs and activities to address these needs, including

- Greater Nashua RLF
- The Nashua Green Micro-Loan Fund - A CDBG-funded loan fund which provides up to $25,000 to qualified micro entrepreneurs. The Nashua Green Micro-Loan Fund provides capital for start-up "green" businesses, including those in the following industry sectors:
- Alternative & renewable energy, energy efficient construction and rehabilitation.
- Green construction and retrofit sector
- Businesses offering services in the Arts and Humanities
- Small-scale, high value-added manufacturing using local materials
- Sale of locally- produced goods, and services
- Local and regional sustainable food supply and production
- Nashua Brownfields Cleanup Revolving Loan Fund
- Best Retail Practices Program
- Business retention efforts
- Community-wide branding and marketing initiatives program in conjunction with the Greater Nashua Chamber of Commerce
- Public infrastructure improvements (Riverwalk, Downtown Nashua Revitalization initiative Main Street improvements)
- Quarterly Mayor's Annual Economic Development Division Forums
- Façade Arts and Culture programming in conjunction with the Great American Downtown, Nashua's downtown organization

SCORE, the New Hampshire Small Business Development Center and New Hampshire MicroCredit provide business technical assistance to existing businesses and prospective entrepreneurs in the Greater Nashua region.

CWE, the Center for Women & Enterprise provide education, training, resources, and connections to women and men through their Nashua office. CWE is an affiliate of the Women's Business Enterprise Council which serves as CWE certification entity for women-owned businesses.

C. THE FINANCING STRATEGY

1. Current Financing Needs

Similar to businesses across the United States, Nashua area businesses are experiencing growth in an economy which has largely recovered from the 2008 recession. tightening credit due to the recent recession. Many local businesses and new businesses find challenges in acquiring debt when seeking to expand. Gap financing is needed for creditworthy firms that would otherwise not be bankable due to the higher risk associated with their business models credit crunch. The greatest financing need is for working capital, as well as and asset equipment, and real estate acquisition by existing and new businesses and smaller loans in the $50k-$100k range. Also needed are loans with longer terms and with lower equity requirements. Businesses also need technical assistance for business plan development in order to apply for financing. Low cost financing can be a significant incentive for businesses to locate and grow in the Greater Nashua Area.

2. Current Availability of Public and Private Financing

Businesses in the Greater Nashua Area are experiencing the nationwide credit crunch and are in need of a capital infusion. Commercial lenders are reluctant to lend less than $1200k; even businesses that have established relationships with banks and have repaid prior loans are not able to access additional capital. Additional reasons businesses are unable to access capital include:

- Cost of private financing is too high
- Inability to provide the required collateral
- Lack of a viable business plan
- Poor credit history
- Poor historical P&L statements due to the effects of economic downturn during COVID

A handful of sources of public financing options are available to Greater Nashua area businesses, including:

- **Regional Economic Development Corporation of Southern New Hampshire (REDC)** is a regional economic development corporation that serves Nashua, Hudson, Pelham Merrimack and Litchfield. The REDC provides loans to businesses, operates a Brownfields Cleanup Revolving Loan Fund as well as a USDA-funded Intermediary Relending Program (IRP) available to businesses in Hudson, Pelham and Litchfield.
- **Capital Region Economic Development Corporation (CRDC)** is a regional economic development corporation that provides loans to businesses located in Hollis, Amherst and Mont Vernon. CRDC is an SBA 504 lender, offers an IRP as well as loans through its Economic Development Loan Fund, which provides up to $150,000 loans.
- **Monadnock Economic Development Corporation (MEDC)** is a regional economic development corporation which provides loans to businesses located in Milford, Lydenborough, Wilton and Brookline.

- **Micro-Credit New Hampshire** is a statewide organization which provides access to loans (up to $15,000), business training, health insurance guidance and networking opportunities aimed at microenterprises, businesses with five or fewer employees.

It is the goal of the Greater Nashua RLF to leverage these private and public funding sources make otherwise "un-bankable" deals happen. It is anticipated that the Greater Nashua RLF will reduce the reluctance of conventional lenders to meet the needs of riskier, but creditworthy businesses. By making lower cost financing available, the RLF will reduce the exposure of private financial institutions and will allow businesses access to private funding. The RLF should generate a return on investment by attracting private capital investment and high wage jobs that promote regional prosperity.

3. Characteristics of Financing Niche

The purpose of the Greater Nashua Revolving Loan Fund (RLF) is to provide capital to businesses determined to be important to the Greater Nashua area. Funds are provided to encourage the expansion of existing industry clusters and emerging new clusters. In recent days, the focus of the RLF has not only been to create new job opportunities, but to maintain existing high wage jobs that promote regional prosperity and expand economic opportunity to all in the community.

In keeping with these goals, the RLF targets the following industry, occupational clusters, and firm types in the greater Nashua region:

General Targets

- Start-ups and small- to medium-sized businesses capable of growth and job generation as well as retention of good paying jobs in the region
- Firms that are unable to obtain conventional bank financing or need alternative financing to leverage conventional bank financing
- Companies that generate good paying jobs and/or jobs with defined career paths leading to upward economic mobility
- Businesses seeking to acquire and occupy a real estate or make investments in leasehold properties.

Specific Targets

- childcare businesses
- technology-driven startups and technology-based businesses already in existence seeking to modernize and expand
- firms that generate net new wealth ("traded sector" firms) in the region such as companies in manufacturing, information, professional, and business services, and excluding retail and firms focused on serving local consumers
- firms with occupational concentrations in engineering, design, research, and development

- green-oriented firms that meet the general targets above and are not able to be financed through the city's Green Microloan Fund
- locally-owned firms or firms looking to locate in the Nashua region and generate jobs for local residents
- firms with under 250 employees (larger firms are expected to be assisted through larger-scale, state supported financial assistance programs)
- companies that diversify the ownership base of the region (e.g. minority- and women-owned businesses), have a commitment to hiring low-income individuals into jobs with career pathways, and/or are located in designated high poverty tracts in the city and region
- companies that coincide with other high-wage industries and career oriented occupational pathways and/or meet specified criteria in established city and regional economic development plans.
- Locally owned and operated service-based businesses within sectors experiencing growth.

Excluded Businesses

- Non-profit organizations (unless technology or research focused or have some potential to generate commercial spin-off activities determined to be important to the local economy)
- Lending institutions
- Gambling institutions
- Non-owner-occupied investment real estate
- Restaurants

4. Impact of the Greater Nashua RLF

The impact RLF financing is anticipated to have on accomplishing the community's economic adjustment objectives in the next three to five years include:

- Strengthening the economy of the Greater Nashua Area by providing financing to viable businesses in the childcare, manufacturing, information, and professional, and business services sectors.
- Maximizing the attraction of private sector investment that would not otherwise come to fruition absent the RLF.
- Capitalizing on the regional assets and resources of the Greater Nashua Area.
- Promoting job opportunities by providing financing to businesses that will create stable, higher-wage, higher-skill jobs which will allow for a high quality of life for Nashua area residents.
- Diversify the ownership base of the region (e.g. minority- and women-owned businesses), provide opportunities to low-income individuals for jobs with career pathways, and/or stimulate business growth in designated high poverty tracts in the City and region.
- Maximizing the return on taxpayer investment by attracting private capital investment and high-wage jobs that promote regional prosperity through the consumer demand they create.

D. FINANCING POLICIES

Consistent with the Greater Nashua RLF financing strategy, policies have been put in place to manage and protect the RLF capital. The specific policies designed to govern the Greater Nashua RLF are as follows.

1. Interest Rates, Fees, and Terms

The interest rates on the loans will be fixed. The standard rates will be:

- Existing businesses: Federal Home Loan Bank Boston, Advance rate regular (plus 0-4).
- Start-up businesses: Federal Home Loan Bank Boston, Advance rate regular (plus 0-4).
- Interest rate may be adjusted to reflect the degree of risk of the loan; higher risk loans may be offered at higher rates
- The minimum interest rate will be 64%, and the maximum 10%.

The application fee is $350. The application fee is non-refundable and is payable at the time the application is submitted. The application fee will be applied to the loan origination fee at the time of loan closing.

An origination fee of not more than one percent of the loan amount, but not less than $350, will be charged.

Closing costs are the responsibility of the borrower.

The specific loan terms and amortization periods will be based on the useful life of the asset, as well as the terms offered by the private sector financial institution participating in the project. The City retains the right to adjust individual terms in order to facilitate a successful RLF project. In general:

- The term will not exceed the average useful life of the assets being financed. The loan term will be the lesser of the average useful life of the asset being financed or the term based upon the borrower's ability to pay. Smaller loans will generally have shorter terms.
- Loan terms are limited as follows:
- Working capital loans: 5 years maximum/5 year amortization
- Machinery and equipment loans: 7 years maximum/7 year amortization
- Commercial real estate (owner occupied): 10 years/amortization of up to 20 years, with a balloon payment after 10 years

2. Equity or Cash Injection Requirements

The equity requirement for each loan will generally range from 10-20% of the total project cost. While equity in the form of a cash injection is preferable for working capital loans, the Loan Committee may allow a borrower's net working capital to count for the equity requirement. Businesses may be required to inject funds into the project depending upon:

- Whether the business has adequate equity, generally determined to be defined as debt-to-net worth ratio, which is 3:1 or less
- The overall strength of the business
- Collateral coverage
- Availability of cash to put into the project

All of these elements are considered in determining the equity required for each loan. At their discretion, the Loan Committee may make exceptions on a case-by-case basis. In general, existing equity or existing cash injection into the business indicates a reasonable level of commitment to the business; therefore, consideration may be given to existing equity in determining new equity required.

3. New vs. Established Businesses

Priority will be given to established businesses in the Greater Nashua Area. However, the Loan Committee may determine a start-up business to be eligible for RLF financing. At their discretion, the Loan Committee may impose stricter equity requirements depending on the nature and risk of the loan.

4. Deviations Allowed

The Loan Committee may choose to deviate from the RLF polices if they determine a particular business within a target growth industry has high job creation potential and will provide significant benefit to the regional economy.

5. Repayment Terms

The standard repayment terms apply to both working capital and fixed asset loans. Payments will be made monthly; however, at the discretion of the Loan Committee, customized payment structures may be extended to borrowers depending upon their individual cash flow needs. There are no prepayment penalties.

6. Moratoria

At their discretion, the Loan Committee may authorize a period of delay on principal payments in extraordinary circumstances. The maximum moratorium shall be 6 months to one year.

7. Key Factors That Determine Deviations

The Loan Committee will determine on a case-by-case basis whether or not any deviations will be employed. Consideration will be given to businesses in target growth industries with high job creation potential.

8. Collateral Required

The Greater Nashua RLF will seek the highest security interest possible on all available assets. Collateral pledged for each loan will depend upon the loan amount, the overall risk, and the availability of personal and business assets to be pledged as collateral. In general, the market value of the pledged collateral will equal or exceed the loan amount. The value of the pledged collateral will be verified through a market analysis, appraisal, or other means that is deemed appropriate. Collateralized security may include interest in machinery, equipment, furniture and fixed assets, building, property, inventory and receivables.

Between ten percent (10%) to thirty percent (30%) equity participation will be required for all borrowers, while a twenty percent (20%) equity position is preferred for most loans. Personal guarantees will normally be required of principals with 20 percent or more interest in the borrower's business. Such security may include property outside the business, including real estate owned by the principals.

The City of Nashua will secure loans by recording Deeds of Trust on real property (in subordinate position as necessary and prudent) and UCC-1 filings to secure equipment, fixtures, furniture, receivables, and inventory. Loans will be secured by collateral to the maximum extent possible to ensure an adequate secondary source of repayment. Collateral pledged through UCC-1 filings for RLF loans shall not be pledged to other lenders or for other obligations of the business.

9. Loan Sizes

The minimum loan size the Greater Nashua RLF will consider is $25,000.

- For existing businesses, the maximum loan amount shall not exceed $250,000 or 50% of the project, whichever is less.
- For start-ups, the maximum loan amount shall not exceed $250,000 or 50% of the project, whichever is less.

Under exceptional circumstances the Loan Committee may approve an RLF loan as the sole source of funds to assist in the expansion or attraction of a business in a targeted industry with significant job creation potential.

Prohibited use of funds includes:

- Refinancing or consolidating of existing debt, except to term out LOC
- Loan guarantees or interest payment subsidy
- Acquisition of non-owner occupied commercial real estate
- Payment of back taxes
- Investments in interest-bearing accounts
- Acquisition of equity position or interest in a business
- Revolving lines of credit

- To provide required equity contributions
- Other activities that the City may identify as inappropriate for the RLF Program

The Greater Nashua RLF otherwise follows typical SBA guidelines.

E. PORTFOLIO STANDARDS AND TARGETS

1. Percentage of RLF Investments

The goal of the RLF is to target 80-100% of the RLF investments in the following industry clusters:

- technology-driven startups and technology-based businesses already in existence seeking to modernize and expand
- firms that generate net new wealth ("traded sector" firms) in the region such as companies in manufacturing, information, professional, and business services, and excluding retail and firms focused on serving local consumers
- firms with occupational concentrations in engineering, design, research, services, and development
- green-oriented firms that meet the general targets above and are not able to be financed through the city's Green Microloan Fund

A maximum of 25 percent of the portfolio amount will be loaned to start-up businesses, as defined by the SBA (being in business two years or less). The Greater Nashua RLF is not to be the sole source of capital for the start-up business. Exceptions to these targets will only be made in situations where repayment is guaranteed through a very strong collateral position.

Exceptions to the targets will be made at the discretion of the Loan Committee.

2. RLF Portfolio Percentage Targeted Towards Working Capital and Fixed Assets

The goal of the RLF is to target loans towards the following categories:

- Real Estate: 20-60%
- Working capital: 20-40%
- Fixed assets: 20-40%

Exceptions to these targets will be made at the discretion of the Loan Committee.

3. Private Investment Leveraging Ratio

The portfolio shall maintain a private leverage ratio of at least 2:1 ($2 of private capital for every $1 in EDA-funded loan).

4. Cost per Job

The Greater Nashua RLF portfolio will pursue the following:

- Every loan will have a new job creation or jobs saved component
- The portfolio will target a cost per job ratio of $20k or less
- The maximum cost per job for any single loan will generally not exceed $30k

F. RLF LOAN SELECTION CRITERIA

Each loan application must demonstrate that financing is not otherwise available on terms or conditions that would permit completion of the project activities to be financed. The primary evidence for this determination will be the analysis provided in the loan write-up supported by outside documentation. This documentation may include a letter of decline from a financial institution.

Priority in processing loan applications will be given to applications that further the targeting of the RLF funds as outlined above. Loan applications will be considered for processing if the following criteria are met:

- Creditworthiness is demonstrated based upon the financing policies of this plan
- The project is consistent with the RLF's business development strategy
- The loan meets program goals to create higher paying, higher skilled jobs, diversify and strengthen the economy, and stimulate private investment with priority given to projects that provide the highest economic benefit
- The loan is consistent with the goal of maintaining a diversified portfolio

G. PERFORMANCE ASSESSMENT PROCESS

The portfolio goals will be monitored at the time of the annual report to EDA. If targets are out of line or a trend is noticed in this direction, these trends will be analyzed to determine if any modifications to the Plan and/or portfolio are required.

The EDA Administrative Plan will be reviewed annually periodically as part of the annual certification requirements from the EDA. Changes will be made to the Plan as deemed appropriate to ensure the plan is consistent with the area's economic development strategy and that the RLF is being operated in accordance with policies and procedure contained in the approved plan.

PART II: REVOLVING LOAN FUND OPERATIONAL PROCEDURES

A. ORGANIZATIONAL STRUCTURE

1. Overview

The Mayor's Office of Economic Development (OED) is responsible for the administration of the Greater Nashua RLF.

The OED Director, or designee, shall be responsible for marketing the RLF to local businesses. The OED shall be responsible for the day-to-day administration of the RLF Program, including assisting applicant in completing applications, processing requests for financing, and where necessary and appropriate, counseling and guiding loan applicants to other more appropriate technical and financial resources when the loan applicant has needs that cannot be met through the RLF Program.

OED staff shall periodically review financial statements and loan amortization schedules for RLF loan recipients, maintain RLF accounting records that are segregated from other City accounts, and report as required to the EDA. OED staff is responsible for the maintenance of all records for the Greater Nashua RLF.

The City attorney, or designee, shall prepare all loan agreements, review all promissory notes and mortgage or lien instruments, record RLF security instruments, and counsel OED staff on default matters.

On an annual basis, up to 45 percent of the RLF program income will be made available for personnel costs and other RLF administrative expenses incurred in the maintenance of the RLF Program. All loan application fees and origination fees will be identified as program income and deposited in the RLF account prior to being used to finance administrative costs associated with the program.

2. Loan Committee

The Greater Nashua RLF Loan Committee is responsible for reviewing loan applications referred from the OED staff. The Committee is responsible for approving loans, making all major loan modifications, determining loan foreclosure actions, and recommending RLF loan policies. The Loan Committee will include members with business experience and finance experience representing both the public and private sector. The Economic Development Director will be the designated Chairperson for the committee. Aside from designated City of Nashua staff positions, Loan Committee members will be appointed by the Director of Economic Development. Loan Committee membership terms will be for a period of 3 years.

The Greater Nashua RLF Loan Committee will consist of a minimum of seven members and a maximum of nine members. The Loan Committee members will include:

- Director, Mayor's Office of Economic Development
- Senior Finance Manager
- Chief Financial Officer, City of Nashua or their designee.
- Banker(s), Greater Nashua Area financial institution
- Business person(s)/residents, Greater Nashua Area (if possible, a representative from a targeted industry)

The makeup of the Committee provides an unbiased and thorough analysis of credit worthiness of loan applicants. The Committee members will be qualified to determine if the business has sufficient working capital to succeed, as well as, be able to repay the loan and produce jobs. The Loan Committee will analyze the strengths and weaknesses of the business, determine its credit worthiness, and ensure satisfaction of meeting the goals of the Greater Nashua RLF. Final decisions regarding loan applications must be a matter of public record and loan applicants must be notified in writing about the decision made by the Committee.

The Loan Committee will generally meet on a monthly ~~quarterly~~ monthly basis, yet may be required to meet on an as-needed basis. Organizational and operational matters, including loan decisions, will be made by a majority vote of the Loan Committee members. A quorum will exist whenever at least half of the members are in attendance.

OED staff will make recommendations on interest rates, terms and conditions for all loans. The Loan Committee will make the final determination on the pricing and other terms for all RLF loans.

The Loan Committee will use the following criteria in reviewing loan applications to determine credit worthiness:

- Management capability
- Innovative technology or product
- Demonstrated repayment ability
- Equity commitment
- Available collateral coverage
- Credit worthiness of applicant
- Business plan
- Leveraging of other funding
- Job creation/retention
- Economic impact
- Availability of other funds

3. Conflict of Interest Situations

No member of the Loan Committee may receive any benefits resulting from the use of RLF loans. In addition, the City may not lend RLF funds to an employee of the City or any member of the Loan Committee or their relatives. Loan Committee members are responsible for disclosing any possible conflict of interest that may exist with respect of a particular action of the Greater Nashua RLF Committee.

Any member of the Loan Committee will not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, or any other thing of monetary value for him or herself from any person or organization seeking to apply for or receive a loan.

Former Loan Committee members are ineligible to apply for or receive loans for a period of one year from the date of termination of his/her services.

Loan Committee members that have other professional relationships with a prospective borrower cannot be present for deliberations, but may respond to questions from other members of the Loan Committee to avoid the appearance of a conflict of interest. All Loan Committee members will be required to comply with local and state conflict of interest policies.

B. LOAN PROCESSING PROCEDURES

1. Application Requirements

Each potential borrower will be required to initially complete the City's Pre-Application. Staff will review the Pre-Application to determine if it meets the general intent and purpose of the RLF. In evaluating the pre-application, staff will consider whether the project/loan:

- Meets the targeting criteria and is in one of the target industries
- Demonstrates a reasonable assurance of repayment
- Is consistent with the portfolio job/cost ratio established for the RLF
- Leverages private dollars (minimum of 2:1 target for the RLF portfolio)

Once the above pre-application criteria are sufficiently met, the potential borrower will be required to submit the following checklist of items to complete the application process:

- Application fee of $350
- Completed RLF application
- Explain why bank or traditional financing is not available on reasonable terms.
- Current credit report
- Past three years of business and personal tax returns, all schedules
- Three years of business financial statements, to contain at a minimum, balance sheets and profit & loss statements
- Personal financial statement dated not more than three months prior to the loan application. (Required for each principal with 10% or more ownership in the applicant company, and may be required for individuals with management responsibilities)
- Business plan with financial projections
- Proof of hazard and liability insurance

- Accounts receivable and accounts payable aging schedules, dated the same date as most recent business financial statement
- Debt schedule of fixed obligations
- Collateral listing to secure loan
- Financial projections, generally to include: description of the assumptions behind the financial projections, a projected cash flow for a minimum of 12 months, a projected balance sheet and income statement for a minimum of 12 months
- Two-year proforma financial projections
- Two-year proforma cash flow projections

It is acknowledged that not all checklist items will apply to each loan applicant and that certain situations may require additional items not on the list.

Borrowers will be approved based upon a reasonable assurance and determination of repayment ability and potential economic benefit to the community—number and quality of jobs to be created, amount of taxes generated.

2. Credit Reports

Standard commercial credit reports on all principals owning 10% or more of a business under consideration for a loan and the business are required. The credit reports will be provided by the borrower and submitted with the loan application. Adverse credit deficiencies that would cause the underwriter to question the ability of the potential borrower to repay the loan will be deemed a valid reason for declining the loan request. A summary review of the results of the credit reports will be included in the loan write-up. Costs of credit reports will be borne by the borrower, whether or not the loan is approved.

3. Appraisal Reports

Where existing fixed assets or real properties are being used as primary collateral, appraisal or other valuation determinations will be obtained. The cost of the appraisal will be borne by the borrower, whether or not the loan is approved.

4. Environmental Reviews

The borrower will be required to comply with all applicable environmental laws and statutes for the State of New Hampshire as well as parts 302 & 314 of 13 CFR, the National Environmental Policy Act of 1969. The Economic Development Director or a designee of their choosing will be responsible for ensuring compliance. Procedures for compliance with environmental review are as follows:

- Determine whether the project will result in a significant adverse environmental impact. The application may be asked to submit additional documentation as necessary to make the determination. No activity shall be financed which would result in a significant adverse environmental impact unless that impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.

- Determine whether the project involves new above-ground development within a floodplain based on a review of the proposed development against FEMA Flood Insurance Rate Maps. No activity shall be financed which would result in new above-ground development in a 100-year floodplain, per E.O. 11988. This determination will be made by reviewing the proposed development against FEMA Flood Insurance Rate Maps.

- Determine whether the project will be located within or adjacent to any wetland area. The applicant may be required to provide wetland delineation information as necessary. No activity shall be financed which would result in alternation of any wetland or in any adverse impact on any wetland without consultation with the U.S. Department of the Interior Fish and Wildlife Service and, if applicable, a Section 404 Permit with the Army Corp of Engineers shall be obtained.

- The RLF Plan should indicate that the Recipient shall notify the State Historic Preservation Officer (SHPO) of each approved loan that involves significant new construction and expansion and request and receive comments on the effect of the proposed activity on historic and archaeological resources prior to closing of the loan. In cases where SHPO has recommended actions or has determined an adverse impact, the Recipient and loan applicant must work with the SHPO and EDA to address any issues identified before the loan is closed.

- The RLF Plan should indicate that all loan applicants are required to provide information regarding whether or not there are hazardous materials such as EPA listed hazardous substances (see 40 CFR 300), leaking underground storage tanks, asbestos, p polychlorinated biphenyls (PCB), or other hazardous materials present on or adjacent to the affected property that have been improperly handled and have the potential of endangering public health, If deemed necessary, loan applicant may be required to perform or provide evidence of performance of a Phase I Site Assessment to identify possible sources of contamination, a Phase II Site Assessment to test soil and/or groundwater samples, and a Phase III Site Remediation involving mitigation of applicable contaminants. No activity shall be financed which involve unresolved site contamination issues. Loan applicant shall be responsible for working with the appropriate state environmental agency office to resolve any outstanding issues before any loan can be approved for the affected site.

5. Collateral Requirements

Loans will be secured to the fullest extent possible to protect the interests of the RLF as a secondary source of repayment. The RLF will obtain a perfected interest in a borrower’s assets, including outside assets of related parties as appropriate. Loans may be secured with the following types of assets:

- Real property

- Machinery and equipment
- Inventory
- Accounts receivable
- Stock pledges
- Patent and other intellectual properties
- Securities
- Intangibles
- Personal and/or corporate guarantees

A personal guarantee will normally be required of any principal having a 10% or more ownership in the company being considered. Personal guarantees may be collateralized with liens or property. Appropriate hazard and liability insurance shall be required, and life insurance may be considered depending on the size and nature of the transaction and the health and ages of the principals. The City of Nashua will be named as a Loss Payee on the appropriate insurance policies. Trust deeds will be obtained and supported by lenders title positions in those cases where real property is pledged as collateral. Liens on all personal property will be perfected by UCC-1 filings. UCC searches will be conducted to determine encumbrances and to ensure RLF obtains the desired lien position.

6. Equity Requirements

The range for equity requirements will generally be 10-30% depending on risk or other factors. Business acquisition and start-up company loans normally require 20-30% minimum equity participation or investment by new owners with exceptions approved by the OED Director where circumstances warrant. Assets which are added to a project from outside sources may be considered part of the equity investment, provided they are lien free.

7. Loan Write-up

The Greater Nashua RLF loan write-up summarizes the key aspects of a loan. It is prepared by the RLF grant recipient and is provided to the Loan Committee prior to a loan decision. Generally, the loan write-up will include the following:

- Summary of the firm's history
- Management ability
- Product
- Production capability
- Market conditions
- Financing
    - Source and use of funds
    - Discussion of how the proposed RLF loan is not replacing private lender funding sources
- Repayment ability
- Environmental issues & review
- Loan summary

- Loan request (amount, monthly amortization, and term)
- Interest rate
- Use of funds
- Loan fees, including appraisals, credit reports, environmental reports
- Collateral description and details, including secured position of the RLF.
- Purpose of the loan
- Public benefit of the loan (jobs retained/created, located in an enterprise zone, project's economic impact)
- Job/cost ratio: Divide the total loan amount by the number of jobs created and/or saved as a result of the loan
- Recommendation based on analysis of the business industry, its place in that industry, financial analysis, and ability to repay, under the criteria establishes by the Greater Nashua RLF and the EDA Grant Agreement

8. Procedures for Loan Approvals

Loans will be presented to the Loan Committee at meetings as part of a regular agenda. Presentations will be made by an OED staff member followed by committee deliberations. If the Loan Committee votes on the loan presented, a minimum two thirds vote of the present committee will be required to constitute an "approved" recommendation. If a loan is declined, OED staff members will write up a summary of the reasons resulting in a decline of the Loan. If when a loan is approved, staff will draft a resolution stipulating the terms of approval and obtain the signature of the chairperson of the Loan Committee. The minutes of the Loan Committee meeting will reflect this approval. RLF staff will prepare and send a commitment letter with a time expiration date signed by the Director, Mayor's Office of Economic Development, to the prospective borrower stating the terms and conditions of the loan commitment. It will also state "this commitment is based on the fact that there have been no material adverse changes in the credit condition of the borrower since statements and information has been submitted to the RLF. If any such material adverse changes have taken place, this commitment is void and not in effect".

C. LOAN CLOSING AND DISBURSEMENT PROCEDURES

1. General Closing Requirements

Proof of equity, such as current bank account statements showing the needed funds on deposit, will be required for all loans requiring an equity injection. If existing debt is being converted to equity, or subordinated, evidence such as a subordination agreement, the original note, the conversion agreement, corporate resolutions and copies of shares issued will be required. If another lender is involved in the financing of the business, an inter-creditor agreement setting forth the rights of the parties will be required where appropriate for the protection of the RLF.

2. Loan Closing Documents

The checklist of the required standard loan closing documents includes:

- All loans will require a promissory note and a loan agreement
- All loan documents will be approved by an attorney prior to loan closing
- Sole proprietorships using a “doing business as/dba” will be required to provide copies of fictitious name filings
- Partnerships will be required to provide copies of the partnership agreement and buyout agreement if applicable
- Corporations will normally be required to provide copies of the articles of incorporation, by laws, certificates of good standing, and corporate resolution to borrow
- All loans will require a security agreement where personal property secures a loan
- Perfection of collateral will require UCC filings on equipment and fixtures, inventory and receivables, recording deed of trust on real property, and certificates of title or stock registration, as appropriate
- UCC searches will be performed before the Loan Committee review to determine position. UCC searches may also be performed after loan closing and UCC filings to confirm that the desired lien position was actually obtained
- If possible, a landlord waiver for equipment access in case of default will be obtained
- Lenders title insurance will be required for all financed real property
- Vehicle titles will show the City of Nashua as lien holder; if a third party owns the collateral, hypothecation and assignment agreements will be required
- All principals with 10% or more ownership will normally be required to provide continuing guarantees and subordination guarantees, as appropriate
- Inter-creditor Agreement, if necessary, to preclude prior lien holder from increasing debt, and/or to delineate collateral and responsibilities of lenders
- Prior to closing, the borrower will present the required hazard and liability insurance policies, and any other insurance coverage such as key life insurance, as required
- Lease assignments will be taken as appropriate

The Loan Agreement will contain covenants that require the borrower to comply with the Federal statutory and regulatory requirements that apply to activities carried out with RLF loans. The Loan Agreement will contain a provision to protect and hold the Federal government harmless from and against all liabilities that the Government may incur as a result of providing an award to assist, directly or indirectly, in site preparation or construction as well as the renovation or repair of any facility or site. This applies to the extent that such liabilities are incurred because of ground water, surface, soil or other conditions caused by operations of the RLF recipient or any of its predecessors on the property. The Loan Agreement will also include a list of the Federal requirements that apply to RLF borrowers as provided in Part III.B of the U.S. Department of Commerce Economic Development Administration Revolving Loan Fund Standard Terms and Conditions of September 30, 2002 as may be amended.

3. Loan Disbursement Requirements

The loan disbursement requirements will include:

- The borrower will certify in the Loan Agreement that the funds are to be used for the purposes intended as specified in the loan application. A positive covenant will be included in the Loan Agreement stating the purpose of the loan. A breach of this covenant will be deemed an event of default and the loan may be called.
- For working capital loans, cash flow projections or other documentation will be required to determine the loan amount and the schedule for loan disbursement.
- If the proceeds are for the purpose of equipment, fixtures, or vehicles, the borrower must show original invoices, and the check will be made payable to the vendor or jointly to the vendor and business.
- In instances where construction is in progress, a building control account will be established as necessary to assure avoidance of mechanics liens.

D. LOAN SERVICING PROCEDURES

Loan servicing standards ensure that borrowers stay compliant with loan covenants, respond to borrower problems in a timely manner in order to prevent defaults, and protect the lenders ability to recoup its investment. Effective loan servicing tracks loan repayment, insurance maintenance, the borrower's financial health, and monitors whether or not the company is meeting employment objectives.

Loan servicing software allows accurate tracking of loans, generates reports, and increases efficiency of operations. Compiling and tracking information on loans in the portfolio, preparing a variety of necessary forms and reports, and linking loan fund financial data with the parent organization's accounting system.

1. Loan Payment and Collection Procedures

The standard method of loan payment by the Greater Nashua RLF borrower may include:

- Amortization schedule provided at loan closing so borrower knows payment amounts and due dates
- Mail monthly invoices prior to due date or payment coupon booklet provided at loan closing
- Most efficient and reliable method of collection is by debiting a borrower's bank account on a particular date each month with electronic funds transfers (EFTs) through the Federal Reserve's Automated Clearing House (ACH)

The City of Nashua will provide borrowers with an amortization schedule/monthly invoice/coupon booklet/EFT, receive and deposit loan and interest payments into an interest bearing RLF bank account, and advise RLF staff when funds are received. Monthly reports of disbursements, receipts of principal and interest, and any past due accounts will be provided. Timely notification of any payment due and not paid will be provided.

2. Loan Monitoring Procedures

To be sure late payments are identified in a timely manner; loan fund staff prints a payment history on a regular basis—bi-weekly on a set day.

Annual financial statements (defined to include a balance sheet and profit and loss statement, compiled by an independent accountant or certified by the chief financial officer and president) shall be required on all loans; quarterly financial statements may be required during the initial years of a loan. RLF staff will monitor these and other dated requirements such as insurance renewals, and UCC renewals. If documents are not received on a timely basis, staff will be responsible for correcting the deficiency. Provisions will be made in the Loan Agreement that audited statements may be required.

RLF staff will conduct formal visits to each borrower on an annual basis allowing loan fund staff to keep apprised of company health, business market, business challenges and successes, condition of collateral, compliance with loan requirements. At the discretion of OED staff, quarterly site visits may be required for the first 12 months after the loan closing to determine whether the business is in line with its business plan. Each visit will be documented and will contain a summary of the progress the business is making from a marketing and financial perspective, as well as an assessment of the business future. The annual business visit reports will be submitted to the Loan Committee for review.

The annual review by the OED staff will include:

- **Financial Statements**: The purpose of requesting financial statements is to determine the borrower's ability to continue servicing their debt. Variances, discrepancies, and trends can be identified by comparing current year financial statements to projections and previous years' financials. This will allow OED staff to analyze red flags such as fast growth, decreasing net worth, increasing officer compensation, and new debt. To improve borrower's compliance with submitting documents, the RLF may incorporate into the commitment letter and promissory note language about penalties that go into effect when documents that are required annually are not received (i.e. Interest penalty of 5% on each monthly payment during the period information is not received).
- **Risk Rating Update**: Once the borrower's financial statements have been reviewed, their risk rating is updated as part of the loan fund's portfolio management. (1 – exceptional, loans with strong primary and secondary sources of repayment; 2 – satisfactory, loans with moderate primary and secondary sources of repayment or weak primary and strong secondary sources of repayment; 5 – substandard, loans for which repayment is inadequately protected by the capacity of the borrower or the collateral pledged; 7 – loss, loans which have been partially or completely written off).To reduce the risk of delinquency and default, technical assistance and increased attention will be provided to borrowers with higher and worsening risk rating. Changes in risk rating are

reported to the Loan Committee. A problem loan report will be completed within 30 days of a rating downgrade and updated on a quarterly basis. The report will include:

  - Description of the problem and loan status
  - Evaluation of primary and secondary sources of repayment
  - Description of appropriate upgrade and downgrade triggers
  - Strategy and action plan for rectifying the problem

- **Changes in Collateral and Owners/Guarantors:** If a loan's collateral, owners, and/or guarantors change during the life of the loan; the loan will be reanalyzed to determine the impact of such changes on the viability of the loan. If needed, additional collateral will be taken. The loan file will be updated to include all pertinent changes and the Loan Committee's approval of changes.

Twice a year jobs saved/created data will be compiled by RLF staff and supplied to the EDA as part of the required semi-annual reports. All required loan documentation and special provisions will be monitored.

3. Late Payment Follow-up Procedures

The timetable the Greater Nashua RLF uses to notify past due borrowers will be applied consistently in all cases so there is no hint of partiality on the part of the fund. Sound collection procedures safeguard the loan fund's assets. Low delinquency rates mean the loan fund can make more loans faster. The following procedures will apply:

- Grace period of 15 days
- If payment is not received within 15 days, late fees will commence. Late fees, which will be incorporated in the body of the Promissory Note, will be 5% of the payment outstanding and will begin accruing on the next calendar day after the payment is due.
- After the grace period, a RLF staff member will contact the borrower to determine reason payment is past due and to request the payment. Contact will be documented and an email will be sent to the borrower detailing the conversations.
- After 30 days and 60 days additional letters or emails are sent. Meetings will be held with the borrower to discuss the possibility of restructuring the loan to ensure payment and providing technical assistance as needed.

4. Procedures for Loans 90+ Days in Arrears

After a loan is 90 days in arrears, the following procedures will apply:

- If the Director of the Mayor's Office of Economic Development believes the borrower cannot or will not bring the loan current, with the Loan Committee's approval, RLF staff may declare the loan in default and begin recovery against collateral, if deemed appropriate.
- To ensure a delinquent loan is collected the RFL staff will:
  - In consultation with the Loan Committee, prepare a plan of action for collecting the loan and taking action against the collateral
  - Consult with an attorney as necessary on all default notices and collection efforts

  - Contact all other co-lenders as appropriate
  - List defaulted or chronically delinquent loans with credit bureaus
  - Notify the guarantors of the default and put them on notice that they are expected to make payment in full upon demand
  - Begin collection procedures and/or asset liquidation process
- The fund may refer the case to a third-party collection agency and/or an attorney for legal action, which could include foreclosure and auction of assets. Borrowers are liable for the lender's legal fees.

5. Write-off Procedures

Loans with an outstanding balance that have been placed in default and remain outstanding after 180 days will generally be written-off. However, collection efforts will continue until determined not to be cost effective or prospects for recovery no longer exist. A reasonable loss through default will be considered without establishing a loan loss reserve.

E. ADMINISTRATIVE PROCEDURES

1. Loan Files and Closing Documentation

Written records shall be maintained in appropriate files located in a secure place with limited access by authorized personnel. The servicing files provide a complete history of the life of the loan and include the following sections:

- Summary Sheet
  - Business contact information
  - Federal identification number
  - Loan structure
  - Other lending sources
  - Payment dates
  - Job creation
  - North American Industry Classification System (NAICS) number
  - Uniform Commercial Code (UCC) continuation filing reminder
  - Dates to request financial statements
- Section 1
  - Loan information
  - Jobs impact data
  - Collateral information
  - Year-end business financial statements
  - Interim financial statements
  - Business tax returns
  - Projections
  - Personal financial statements

- Personal tax returns
- Section 2
  - Account information
  - Contact information
- Section 3
  - Information about the loan presented to the Loan Committee over the years
- Section 4
  - Running memos and analysis
  - Site visit forms
- Section 5
  - Correspondence
- Section 6
  - Insurance
  - Other miscellaneous information

2. Accounting

RLF Capital should be managed in a separate banking account allowing repayments and interest income to be clearly identifiable and auditable. EDA RLF portfolio is clearly distinguishable from other loan programs managed by the City of Nashua. The EDA RLF program operates in accordance with Generally Accepted Accounting Principles (GAAP).

3. Administrative Costs

RLF Income is placed into the RLF Capital base for the purpose of making loans or paying for eligible and reasonable administrative costs associated with the RLF's operations. RLF Income funds administrative costs for the same six-month Reporting Period in which income is earned; RLF Income that is not used for administrative costs during the six-month Reporting Period is made available for lending activities; and The RLF Recipient completes an RLF Income and Expense Statement (the "Income and Expense Statement") as required under § 307.14(c).

4. Capital Utilization & Sequestration

RLF Recipients must manage their repayment and lending schedules to provide that at all times at least 75 percent of the RLF Capital is loaned or committed. When the percentage of loaned RLF Capital falls below the capital utilization standard, the dollar amount of the RLF funds equivalent to the difference between the actual percentage of RLF Capital loaned and the capital utilization standard is referred to as "excess funds."

Sequestration of excess funds. If the Greater Nashua RLF fails to satisfy the capital utilization standard for two consecutive Reporting Periods, EDA may require the RLF Recipient to deposit excess funds in an interest-bearing account. The portion of interest earned on the account holding excess funds attributable to the Federal Share (as defined in § 314.5 of this chapter) of the RLF Grant shall be remitted to the U.S. Treasury. The RLF Recipient must obtain EDA's written authorization to withdraw any sequestered funds.

Persistent non-compliance. The Greater Nashua RLF is generally allowed a reasonable period of time to lend excess funds and achieve the capital utilization standard. However, if an RLF Recipient fails to achieve the capital utilization standard after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination.

7. Complying with EDA Reporting Requirements

RLF staff shall periodically review collateral files and credit files to determine if they are consistent, complete, and correct. In the event that the Greater Nashua RLF uses 50 percent or more of RLF Income for administrative costs in a six-month Reporting Period then program administrators must submit to EDA a completed Income and Expense Statement for that Reporting Period in electronic format. Additionally, all accounts, books, records, and loan files will be reviewed and audited in accordance with the City Auditor standards and Federal Administrative and Audit standards.

The following reports will be provided to borrowers on an annual basis:

- 1098 report of interest paid
- Report of annual servicing fees
- Outstanding principal balance

The following reports will be provided to the EDA:

- Annual and other periodic reports as required
- Problem loan reports
- Report of violations of programmatic requirements

6. Grantee Control Procedures

Any changes to the Greater Nashua RLF Administrative Plan must be approved by the Loan Committee and will be submitted to the EDA in writing for approval consistent with requirements of the EDA.

CITY OF NASHUA

REQUEST FOR PROPOSALS (RFP)

Loan Servicing and Underwriting for Small Business Revolving Loan Fund (RLF)

1. INTRODUCTION

The City of Nashua, New Hampshire, through its Economic Development Department, is seeking proposals from qualified financial institutions, Community Development Financial Institutions (CDFIs), or loan servicing firms to provide underwriting and loan servicing for the City's two Small Business Revolving Loan Funds (RLF): the CARES Act Fund, and the Greater Nashua Revolving Loan Fund.

The RLF is a core component of the City's economic mobility strategy, designed to:

- Support small business growth and expansion
- Increase access to capital for underserved entrepreneurs
- Promote job creation and retention
- Strengthen the local economy in alignment with the Imagine Nashua Master Plan

The RLF serves businesses located in Nashua, Amherst, Brookline, Hollis, Hudson, Litchfield, Lyndeborough, Merrimack, Milford, Mont Vernon, Pelham, and Wilton.

2. BACKGROUND

The City's Office of Economic Development has identified access to capital as a barrier to growth for small businesses and the greater Nashua economy. The objective of the RLF is to help companies find access to capital. The City of Nashua administers a $1 million Revolving Loan Fund to provide gap financing to small businesses that may not qualify for traditional lending. This fund is broken into two separate funds, one originally funded through the Economic Development Administration over 40 years ago to support small business growth, and the other as a response to the COVID Pandemic through the CARES Act Fund. These two funds have similar, but not exactly the same operational procedures.

Portfolio Basics:

The EDA Fund has 9 active loans totaling $515,000 with three of those loans currently delinquent due to business closure. There is another $605,000 available to loan currently which makes the total fund balance just short of $950,000. This fund is eligible for de-federalization which is a committee goal for FY27.

The CARES Act Fund has 10 active loans totaling $403,000 with 4 loans delinquent for a variety of reasons. Several of those loans are maturing this spring but the current available funds are $222,500.

Goals:

The goals of the RLF include:

- Encourage economic development through job creation, business growth and expansion, and startups of new businesses
- Help to bridge financing gaps for small businesses which might eventually qualify for bank financing and prepare them for traditional bank relationships
- Foster diversity in the business community by encouraging business ownership among traditionally underserved minorities, women, and the disabled
- Promote entrepreneurship and business innovation as a means of harnessing the creative potential of small businesses and investing in the economic success of the community
- Defederalize the EDA fund

3. SCOPE OF SERVICES

A. Loan Underwriting & Origination Support

- Financial analysis of applicants, including cash flow, collateral, and creditworthiness
- Risk assessment
- Preparation of underwriting memoranda and credit recommendations
- Assistance in developing loan policies and underwriting guidelines (as needed)

B. Loan Closing & Documentation

- Coordination of loan closings
- Preparation and/or review of loan documents
- Ensuring compliance with federal, state, and local regulations
- Filing and recording of liens and security instruments

C. Loan Servicing & Payment Management

- Billing and collection of loan payments (principal, interest, fees)
- Maintenance of borrower accounts and payment records
- Customer service and borrower communication

D. Portfolio Monitoring & Reporting

- Ongoing financial monitoring of borrowers
- Tracking covenant compliance and insurance requirements

- Preparation of monthly, quarterly, and annual portfolio reports
- Performance analysis. Including delinquency and default trends

E. Delinquency Management & Recovery

- Early stage delinquency outreach and borrower engagement

F. Coordination with RLF Committee

- Attendance at RLF Committee meetings as needed
- Presentation of loan recommendations and portfolio updates
- Support for committee decision-making processes
- Implementation of committee-approved actions

G. Other Services

- Compliance & Risk Management: Ensure compliance with lending laws and City policies
- Audit support: Assistance with annual audits and preparation of required documentation
- Portfolio Risk Management: Identification of systemic risks and recommendations for mitigation
- Data Management Systems: Provision or use of a secure loan servicing platform with reporting capabilities
- Regulatory Reporting: Preparation of reports required by funding agencies (EDA) if application
- Insurance & Collateral Tracking: Monitoring of UCC filings insurance certificates and collateral status
- File Management: Maintenance of complete and compliant digital and/or physical loan files

4. QUALIFICATIONS

- Experience with small business lending
- Experience with RLF or CDFI programs

5. PROPOSAL REQUIREMENTS

- Firm Overview
- Relevant Experience
- Approach to Services
- Staffing Plan

- Technology & Systems
- Fee Structure
- References

6. EVALUATION CRITERIA

- Experience (25%)
- Approach (25%)
- Capacity (15%)
- Technology (10%)
- Cost (15%)
- Equity focus (10%)

7. CONTRACT TERM

The RLF servicing contract will be subject to annual renewal with an initial term of up to five 1-year periods. The vendor shall be solely responsible for servicing all loans for the term of such loans in accordance with the terms and conditions of the contract irrespective of the agreement term.

8. PROCUREMENT SCHEDULE

To be determined.

9. SUBMISSION INSTRUCTIONS

Submit electronically to the City of Nashua Economic Development Department.

10. GENERAL CONDITIONS

The City reserves the right to accept or reject proposals.

11. POINT OF CONTACT

To be determined.

12. ATTACHMENTS

RLF Guidelines

Loan Application

Portfolio Summary