Community Development Finance Authority
Credit Committee Meeting
14 Dixon Avenue
Concord, NH 03301

January 8, 2019

COMMITTEE MEMBERS PRESENT: Cindy Harrington, Katy Easterly Martey, Scott Maslansky, and Joanna Gagnon.

TELEPHONICALLY: Janet Ackerman, Chair and Ed Kunttu, Underwriting Consultant.

STAFF: Kevin Peterson, Director of Economic Development and Debbie Morin, Chief Financial Officer.

As Ms. Ackerman was not at the meeting in person, she asked that Ms. Easterly Martey chair the meeting.

Ms. Easterly Martey opened the meeting at 9:00 AM.

Ms. Easterly Martey noted there were no members of the public in attendance. There was no public comment.

Ms. Easterly Martey presented the agenda to the Committee.

A. Credit Committee Minutes from December 4, 2018 – 9:04 AM

Ms. Easterly Martey called for questions or comments. There being none, Ms. Harrington moved to approve the minutes, as presented. Mr. Maslansky seconded. The motion carried.

B. Job Retention Fund – SEDC Winnisquam Wood Products, Inc. Loan Application – 9:06 AM

Mr. Peterson reviewed the loan application from Strafford Economic Development Corporation for the purpose of facilitating ownership transition of Winnisquam Wood Products, Inc. There are two separate loan packages being facilitated – one to sell the real estate associated with the business and the second to sell the business equity and other assets. SEDC will be offering some of their funds along with the BFA and Northway Bank. The loan from CDFA will be part of the package to sell the real estate associated with the business. CDFA will hold a first security interest in the note receivable on the property as its collateral. Mr. Peterson called for questions. Several questions were asked by each of the Committee members and answered by Mr. Peterson, Mr. Kunttu and Ms. Morin.

Ms. Ackerman stated she would recuse herself from the vote on this loan application as Eastern Bank, her employer, was originally set to be the lender of record.
Motion: There being no further questions or comments, Mr. Maslansky moved to approve the loan as presented. Ms. Gagnon seconded. Ms. Ackerman recused herself from the vote. The motion carried.

C. Pre-Development Loan – Twin Pines Housing Loan Application Change – 9:40 AM

Mr. Peterson reviewed the changes to the loan application previously approved at the December 4, 2018 Credit Committee Meeting from Twin Pines Housing/South Main Street Housing Trust (TPH). After further conversation between CDFA and TPH, it was determined that the USDA-Rural Development would not allow further liens on the underlying property involved. As this is really a Tax Credit bridge loan, it was decided that the tax-credit equity being raised would provide the necessary collateral for the loan. Additionally, the predevelopment loan program does not require collateral. Mr. Peterson and Ms. Morin felt this change was substantial enough to warrant discussion with the Credit Committee before final approval was given. He called for questions.

Motion: There being no further questions or comments, Mr. Maslansky moved to approve the modifications to the loan proposal as presented. Ms. Gagnon seconded. The motion carried.

D. CDFA Credit Management Policy – 9:44 AM

Ms. Morin presented a review of the Credit Management Policy. She walked the Committee through the tracked changes from the prior version of the policy. Many of the changes are meant to clean up wording, provide better flow of the document and document parts of the policy that were already being done in practice but not noted within the policy. The more major changes are to create a policy that covers not only the loans but also CDBG and tax credit grants. Specifics related to application and underwriting requirements were removed from the policy and referenced back to the applicable Application and Program Guides. The last major change being proposed is to incorporate the Loan Loss Allowance Policy as an appendix to the Credit Management Policy. Ms. Morin stated that in her past experience, an allowance policy was part of the credit policy and not separate.

Mr. Peterson explained to the Committee that the Application and Program Guides were in varying phases of being updated to include specific language related to application and underwriting requirements and processes. Mr. Peterson, Mr. Maslansky, Mr. Kunttu and Ms. Morin were working together to develop standardization of terms and requirements across the various programs as many of CDFA’s clients participate in more than one of its programs. The next step will be to work towards implementing a system that houses applicant information at the organizational level instead of the program level so that applicants will not need to duplicate work when applying for funds from more than one of the programs. Mr. Maslansky offered up that this is an area that clients feel the pressure of unnecessary or redundant work.

During the review, the Committee asked various questions and provided comment. During this time, it was determined that two items needed to be added to the policy under Section 4 Credit Committee. These two items were annual review of the policy by the Credit Committee and annual review of the calculated allowance for loan losses by the Finance Committee.

Motion: There being no further questions or comments, Ms. Gagnon moved to recommend for full Board approval the revisions to the CDFA Credit Management Policy with noted additions. Ms. Harrington seconded. The motion carried.

E. Adjourn – 10:04 AM
There being no further business before the Committee, Ms. Gagnon moved to adjourn the meeting. Ms. Harrington seconded. The motion carried.

Katherine Easterly Marley, Alternate Chair
CDFA Executive Director