

**Business of the Village Board  
Village of Saranac Lake**

SUBJECT: Small Business Revolving Loan Fund (the "RLF") Date: 06/24/2024

DEPT OF ORIGIN: Village Manager

Bill # 93-2025

DATE SUBMITTED: 06/17/2024

EXHIBITS:

APPROVED AS TO FORM:

\_\_\_\_\_  
Village Attorney

\_\_\_\_\_  
Village Administration

EXPENDITURE  
REQUIRED: \$7,000

AMOUNT  
BUDGETED:

APPROPRIATION  
REQUIRED:

SUMMARY STATEMENT:

Resolution authorizing Village staff to contract with Adirondack Economic Development Corporation ("AEDC") to provide certain administrative activities to support the operation and administration of the Village of Saranac Lake Small Business Revolving Loan Fund (the "RLF").

MOVED BY: Scollin SECONDED BY: Ryan

VOTE ON ROLL CALL:

MAYOR WILLIAMS

yes

TRUSTEE BRUNETTE

yes

TRUSTEE RYAN

yes

TRUSTEE SCOLLINS

yes

TRUSTEE WHITE

yes

**RESOLUTION AUTHORIZING VILLAGE STAFF TO CONTRACT WITH  
ADIRONDACK ECONOMIC DEVELOPMENT CORPORATION**

**WHEREAS**, the VILLAGE has and maintains revolving loan Funds to be expended for the origination of loans through the Village of Saranac Lake Small Business Revolving Loan Fund, the general purpose of which is to facilitate small business development along with job creation and retention to principally benefit the Village of Saranac Lake. Eligible projects shall be geared towards the following principles: to provide decent, affordable housing and suitable living environments; to expand economic opportunities, principally for persons of low and moderate income; to create job opportunities for low- and moderate-income persons/families; to prevent or eliminate blight; or to address a community development need that poses a serious and imminent threat to the community's health or welfare; and

**WHEREAS**, VILLAGE funds shall be utilized to create the VILLAGE of Saranac Lake Small Business Revolving Loan Fund for the purpose of making individual loan awards to businesses in the VILLAGE of Saranac Lake; and

**WHEREAS**, AEDC is a not-for-profit corporation organized for the purpose of facilitating economic development and community-based revitalization activities; and

**WHEREAS**, the VILLAGE desires to contract with the AEDC to provide certain administrative activities to support the operation and administration of the RLF; and

**THEREFORE, BE IT RESOLVED**, the Village of Saranac Lake Board of Trustees authorizes the Village Manager to expend up to \$150,000 of CDBG/HUD funds for the creation of the RLF; and

**THEREFORE, BE IT FUTHER RESOLVED**, the Village of Saranac Lake Board of Trustees authorizes the Village Manager to contract with AEDC to provide certain administrative activities to support the operation and administration of the RLF.

**AGREEMENT FOR THE ADMINISTRATION  
OF THE VILLAGE OF SARANAC LAKE SMALL BUSINESS LOAN FUND**

**1. Parties to the Agreement**

- A. **The Village of Saranac Lake**, a municipal corporation of the State of New York, having an address of 39 Main Street, Saranac Lake, New York 12983. Hereinafter referred to as the "**VILLAGE**".
- B. **Adirondack Economic Development Corporation**, a charitable not-for-profit corporation of the State of New York having an address of 67 Main Street, Suite #300, Saranac Lake, New York 12983. Hereinafter referred to as the "**AEDC**".

2. This **Agreement** made and executed as of \_\_\_\_\_ (the commencement date) between the **VILLAGE** and the **AEDC** as set forth above.

**WITNESSETH:**

**WHEREAS**, the **VILLAGE** has and maintains revolving loan Funds to be expended for the origination of loans through the Village of Saranac Lake Small Business Revolving Loan Fund (the "**RLF**"), the general purpose of which is to facilitate small business development along with job creation and retention to principally benefit the Village of Saranac Lake. Eligible projects shall be geared towards the following principles: to provide decent, affordable housing and suitable living environments; to expand economic opportunities, principally for persons of low and moderate income; to create job opportunities for low- and moderate-income persons/families; to prevent or eliminate blight; or to address a community development need that poses a serious and imminent threat to the community's health or welfare; and

**WHEREAS**, **AEDC** is a not-for-profit corporation organized for the purpose of facilitating economic development and community-based revitalization activities; and

**WHEREAS**, the **VILLAGE** desires to contract with the **AEDC** to provide certain administrative activities to support the operation and administration of the **RLF**.

**NOW, THEREFORE**, it is mutually agreed by and between the **VILLAGE** and the **AEDC** as follows:

**SECTION 1: SCOPE OF SERVICES/RESPONSIBILITIES**

The duties of the **VILLAGE** and the **AEDC** shall be undertaken and completed as follows:

**1. The VILLAGE's Responsibilities**

The **VILLAGE** shall be responsible for the following:

- A. Marketing the **RLF** to potential small business borrowers
- B. The preliminary vetting of loan applications received from prospective borrowers to ensure eligibility and subsequent referral to the **AEDC** when and where the **VILLAGE** preliminarily determines potential and alignment with program goals exists.
- C. Upon approval of a loan by **AEDC** and the **VILLAGE**, to advance funds to the **AEDC** for the origination of small business loans, which may be sourced from its Small Cities CDBG fund.
- D. Upon notification of an uncured event of default delivered by **AEDC** to the **VILLAGE**, to undertake loan collection efforts as may be necessary and appropriate to secure repayment thereof.

### 3. The AEDC's Responsibilities

The **AEDC** shall be responsible for the following:

- A. Administration of the **RLF** in accordance with the following:
  - i. The **AEDC** shall underwrite and administer small business loans under the terms of this **Agreement**, applicable laws and regulations and its internal loan policies.
  - ii. The **VILLAGE** will provide 1-5 representatives to attend **AEDC** loan review committee meetings (2<sup>nd</sup> Thursday monthly at 11AM via virtual meeting) when a **VILLAGE** project is on the agenda.
  - iii. The **AEDC** Loan Review Committee shall review all loan applications and shall evaluate the creditworthiness, suitability, economic viability and overall merits of prospective projects/loans and provide a recommendation to the **VILLAGE** or agent(s).
  - iv. Upon **VILLAGE** loan approval and borrower's satisfaction of all loan requirements, borrower's execution of all required loan documents, the **RLF** loan proceeds will be disbursed to borrowers on the date of loan closing.
  - v. All loan fund receipts will be repaid to the **VILLAGE** within 30 days. Loan origination and closing costs incurred by the **AEDC** for each loan will be paid for by the loan recipient as outlined in the loan application commitment letter issued by **AEDC**.
  - vi. The **AEDC** will provide information to the **VILLAGE**, as requested, to permit the monitoring and auditing of funds disbursed and collected.
  - vii. The **AEDC** shall take all necessary steps to establish and maintain a restricted account with a local financial institution approved by **VILLAGE** and in accordance with the **VILLAGE**'s investment policy, wherein all **RLF** funds shall be deposited and maintained pending loan issuance.
- B. **AEDC** shall maintain administrative oversight of **RLF** to ensure that the **RLF** funds are being utilized in a manner consistent with this **Agreement** and the purposes and objectives of the **RLF** as directed by the **VILLAGE**.
- C. **AEDC** will provide the **VILLAGE** with quarterly loan performance reports. The reports will identify the following for each loan application:
  - i. Borrower name
  - ii. Total loan issued
  - iii. Payment history and loan balance
- D. **AEDC**'s other administrative services may include the following:
  - i. Completion of on-site project monitoring activities to document the implementation of projects as proposed
  - ii. Attendance at meetings with municipal or other public officials and loan applicants and recipients as necessary to facilitate program implementation
  - iii. Conduct up to two (2) workshops annually to provide interested parties with information on how to start-up or expand a small business in Saranac Lake including such topics as business planning technical assistance, financial resources and Minority and Women-owned Business Enterprises (M/WBE).

## **SECTION 2: PROJECT COSTS**

**VILLAGE** funds shall be utilized to create the **VILLAGE** of Saranac Lake Small Business Revolving Loan Fund for the purpose of making individual loan awards to businesses in the **VILLAGE** of Saranac Lake. In accordance with this **Agreement** project funds shall be allocated as follows:

1. **Administrative Costs:** Any costs incurred by the **AEDC** associated with administrative delivery of the **RLF** will be accounted for as follows:
  - E. A \$200 loan application will be charged to each borrower to be paid upon submission of a complete application.
  - F. Loan origination/late Fees. **AEDC** may assess an origination fee equal to up to 2 percent of the loan principal in addition, the **AEDC** may retain one hundred (100%) of the late fees for past due accounts (less than sixty days).
  - G. Reasonable closing fees will be billed to the borrower.
  - H. An administrative fee of \$70.00 per hour, not to exceed \$7,000/annum. Administration fees shall be invoiced mid-year (approximately June) and end of year (approximately December). Payment will occur within 45 days of invoice receipt.

## **SECTION 3: DURATION**

This **Agreement** shall take effect on the date first written above and have a duration of 24 months. The **Agreement** may be extended from time-to-time by the parties by a written letter of extension.

## **SECTION 4: TERMINATION**

Either party is able to terminate agreement by written notice via certified mail, return receipt requested with at least a thirty -day notice. Upon termination, all funds under this **Agreement** for authorized activities shall accrue to the **VILLAGE**.

## **SECTION 5: EQUAL OPPORTUNITY/HUD**

The **AEDC** shall not discriminate against loan applicants based upon their race, color, religion, national origin, age gender, disability, family status, sexual orientation as a veteran of the U.S. Armed Forces. **AEDC** shall additionally comply with HUD regulatory requirements.

## **SECTION 6: THE ENTIRE AGREEMENT**

This **Agreement** between the **VILLAGE** and the **AEDC** No statement, promise, condition, understanding, inducement or representation either oral or written, express or implied, which is not herein shall be binding or valid; and, this **Agreement** shall not be changed, modified or in any manner except by an instrument in writing executed by the parties hereto and approved in the same manner in this **Agreement**.