



Financial Assistance Administration Policy

I. STATEMENT OF PURPOSE

These guidelines are adopted in compliance with the requirements of New York Public Authorities Law §2665 (the “Act”) and are intended to set forth the Schenectady Metroplex Development Authority’s (the “Authority”) policies for the administration, management and collection of loans, rents, lease, and other payments in connection with outside party obligations and payables to the Authority.

It is the intent of this policy to enforce the rights, interests, and security with respect to each recipient of Metroplex financial assistance. The Finance Committee (the “Committee”) may evaluate each obligation on a case-by-case basis and undertake actions needed to preserve the Authority’s interests as contained in the legal agreements of the payor. The Policy is intended as a general guide for the review, consideration, and action rather than a manual of set procedures and protocols.

This policy addresses monetary issues and collection as well as non-monetary defaults under any loan, grant, lease, payment-in-lieu-of-tax agreement or other Authority agreement under the purview and responsibility of the Committee. The Board of Directors shall review and re-approve the policy annually.

Committee recommendations must comprise the Treasurer and no less than two other members attending a properly scheduled Committee meeting with respect to these matters.

II. DELINQUENCIES

The Authority’s Executive Director will be responsible for all collections. For purposes of this Financial Assistance Administration Policy (the “Policy”), “collections” mean all amounts due to the Authority under any purchase agreement, lease, easement, license, right of first refusal agreement, option agreement, loan, grant, guaranty, payment-in-lieu-of-tax agreement, parking agreement, management agreement, or any other agreement whereby the Authority is to receive monetary payment(s) and receivables or as with a payment-in-lieu-of-tax agreement, an authorized contract with the Authority with payments to another entity.

All action with respect to delinquencies and non-financial defaults will be authorized by the Finance Committee with the consent of the Treasurer and Chairman where applicable under this Policy. In addition, the account status of all payors shall be reviewed by the Finance Committee twice each year (generally at meetings held in the second and fourth calendar quarter).

III. DEFAULT

A default is the failure to meet the financial or non-financial obligations indicated in the Loan Agreements, Grant Agreements, Guaranty of Completion and/or payment-in-lieu-of-tax agreement, or other Authority agreement that is signed by the payor and the Authority. The default may translate as the payor's inability to repay their obligations on time, complete a project in a timely manner, or other meaningful conditions of accepting the Authority's financial assistance.

The Finance Committee, with the written consent of the Chairman and the Treasurer, may undertake the following actions including but not limited to:

- a) Renegotiating the business terms i.e., extend the maturity date of the loan, grant or other terms of repayment or of the default;
- b) Paying less over more time with a higher interest and/or forgive a portion of the late payment;
- c) Foreclosure allowing for recapture of losses from loan default;
- d) Referral to a collection agency; and
- e) Collecting on personal and/or corporate guaranties.

In asserting its remedies upon a default, the Committee with the consent of the Chairman and Treasurer as executors, may elect not to pursue and/or liquidate personal assets of a borrower if such action will clearly present an extraordinary financial hardship to the payor, the payor's family, or any loan guarantor, or if potential legal remedies and/or ancillary collection costs are considered excessive in relation to probable recovery amounts. Extraordinary financial hardship is generally defined as the creation of a condition of bankruptcy or the loss of personal assets that are necessary to enjoy a minimum level of living comfort.

IV. ADJUSTMENT OF TERMS AND CONDITIONS

Requests by a non-defaulting payor for adjustment of any of the terms and conditions of any agreements requiring payment to the Authority will be reviewed by the Executive Director and referred to the Committee with a recommendation of whether the adjustment is in the best interests of the Authority. Additionally, the Committee shall have the authority to 1) create, add to, or reduce existing valuation reserves relating to the book values of any and all assets, as may be deemed appropriate, to fairly represent the represented value of the Authority's financial position; and, 2) forgive, either in whole or in part, the existing indebtedness of any obligor to the Authority if, in the Committee's discretion, such action is necessary, appropriate, and/or desirable. The Committee shall have the authority to authorize those adjustments that are deemed to be in the best interests of the Authority and with the written consent of the Treasurer and Chairman.

V. ANNUAL FINANCIAL REVIEW / ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Executive Director is responsible for conducting an annual financial review for all payors based upon Authority payment records and on a report of the payor's account status and the annual financial statements submitted by the payor to the Authority, among other things. Additional information may be requested and compiled as appropriate. The reviews will be presented to the Committee for further action or recommendations to the extent deemed necessary or desirable by the Committee.

Twice each year (generally at meetings held in the second and fourth calendar quarter), the Committee intends to review loan receivables and any outstanding monetary and non-monetary defaults as part of a comprehensive evaluation of the Authority's collection efforts and activities. The review is intended to assess the probabilities for successful collections efforts, analyze whether an allowance should be recorded for doubtful loan receivables, and improve the accuracy of interim financial statements.

VI. COMPLIANCE MONITORING

The Executive Director is responsible for monitoring the payor's compliance with all of the conditions and covenants of the applicable agreement. The Executive Director will report any event of non-compliance to the Committee and, where legal action against the payor is an option, the Executive Director will notify Authority Counsel, in each case providing file documentation.

VII. ADOPTION OF THIS POLICY

This Policy will be reviewed and considered for re-adoption annually by the Metroplex Board. This Policy will also be posted on Metroplex's website.