

## Manchester Development Corporation

# INVESTMENT GUIDELINES

Adopted May 11, 2001

- ◆ Investment must have economic development purpose, i.e. job creation/retention or tax base enhancement.
- ◆ Projects/investments must be within City of Manchester.
- ◆ Loans or equity investments. It has been and continues to be the policy of the MDC not to make grants.
- ◆ Projects done through participation with other lenders – not sole source
- ◆ Prefer co-first collateral position with private lender
- ◆ Underwriting and loan monitoring to be done by private lender or the cost born by the project or some other self-funding mechanism. The MDC recognizes that there are administrative costs and duties that cannot be borne by current MEDO staff.
- ◆ Repayment terms five years or less. In the case of an equity position, an exit strategy should be in place at closing to maintain the integrity and long term liquidity of the economic development program.
- ◆ Market rate interest charged.
- ◆ Investment Review Committee to review individual investments and to then forward appropriate recommendations to the full MDC board for consideration.
- ◆ Personal guarantees required of principal owners of for profit ventures. Guarantees must flow to the MDC.
- ◆ Limits to be established for single project and as % of MDC liquid assets. The goal is to establish a portfolio of investments for the MDC. Those investments should have finite lives and serve to promote economic development.

**The goal of this policy is to achieve compliance with a preponderance of these guidelines and recognize that there is not an expectation that any one project would meet all of the guidelines.**