PROP Review Committee Procedures

Objective

The Prop Review Committee is established to review all aspects of PROP Applications, including but not limited to: project benefits, project costs, private financing sources, CDBG National Objective, CDBG Eligible Activity, Comprehensive Underwriting, Loan structure(s), and all additional considerations. The goal of the committee's review is to make one of the following recommendations: Deny the application, approve the application, or table/rework the application.

Members

The PROP Review committee will consist of 6 members who will attend all meetings after conducting a preliminary review of all applications on the docket:

- Tom Brennan
- Rich Gray
- Adrienne Celestine
- Brian Roberts
- Robert Stuart
- William Hall

Approval Process & Areas of Focus:

- All PROP Committee members will have, at a minimum, reviewed each project application and associated financial information prior to the committee meeting.
- Project Manager will give brief presentation on each project outlining project benefits, project drawbacks, and fulfillment of all eligibility criteria.
- Lead underwriter (Brian Roberts) will give a brief presentation of the project/principal(s) relevant financial information.
- After the project and underwriting presentation, the committee will discuss the application, until a majority consensus is reached, focusing specifically on the following areas/questions:

1) CDBG Components:

- What National Objective does the project meet?
- What eligible activities are associated with the project?
- Is there a public benefit component to the project?
- Does the project meet CDBG Underwriting standards?

2) Project Specific Components:

- What specific areas/communities does the project benefit & what characteristics of these areas make it an attractive project?
- How many jobs will be created/retained per $ CDBG contributed to the project? How many and what percentage of those jobs will be LMI?
- Does the project have a sound business plan?
- What is the total project cost?
- What % of the project will be funded by CDBG Dollars? (Extra consideration if <75%)
- How much equity and in what form will be contributed to the project?
- Are there other sources of private financing? Are they committed to the project?
- What is the timeline of the project and is it feasible?
- Does the underwriting show the project will have adequate cash flow to service all debt?
- Is there cash available for working capital?
- Are pro formas & other projections reasonable and comparable to industry standards?
- Does the project meet all eligibility criteria? Have we already asked specific questions about eligibility criteria in other questions? If so, remove this one
- Does the project provide an essential service to the community? (extra consideration)
- Does the project have demonstrated community support? (extra consideration)
- Does the project benefit a community that was especially hard or slow to recover? (extra consideration)

3) Principal/Company specific components:

- Have the principal(s)/company submitted all relevant personal financial information?
- Is the credit history of the principal(s)/company acceptable?
- Do the principal(s)/company have adequate financial resources to guarantee the project?
- Do the principal(s)/company have experience and/or capabilities to complete this type of project?

- <u>At this point the committee may elect to deny the application or table the application and schedule a site visit/meeting with the applicant.</u>
- <u>If the committee consensus is to recommend approval of the project, the discussion will continue in the following areas:</u>

4) Loan Structure:

- Is the requested amount reasonable? Should we approve at that amount?
- What loan terms/structure was requested by the applicant?
- Does the committee feel this is the best structure?
- If not, what structure does the committee recommend?

5) Compliance Considerations:

- Has the applicant obtained an adequate environmental review?
- If not, what is the estimated time to completion of the environmental review?
- Are there any compliance issues specific to this project?
- What is the timeline to closing?

The committee will then make one of the following recommendations: Deny the application, approve the application, or table/rework the application. All recommendations will be forwarded to Robin Keegan, Executive Director of OCD, for final decision.