

## **Finance Cmte & Board Approval to Open Line of Credit with Tompkins Community Bank (May 2022)**

**Purpose:** Seeking Board approval to enter into a \$500,000 Line of Credit (LOC) from Tompkins Community Bank while the Carver Center is in a strong financial position. The Finance Committee approved the LOC on May 4th, 2022, along with a change to the current financial policy to require board approval for any borrowing requests.

**Summary of Terms:** Previous LOC with the same bank expired in Feb 2021. Terms are consistent except loan amount increased from \$350,000 to \$500,000.

- \$500,000 line of credit
- Prime + 1.0% with a floor of 4.25%
- Loan date based on signing and will mature in 5 years from signing
- Fee: \$250 annually
- Amortization: Interest only for 24 months: Payable in full immediately upon Lender's demand. If no demand, payable in 36 monthly installments beginning May 2024.
- Secured by certain collateral including inventory and equipment, but excluding the building
- Provide finance statements, tax returns, and other such information if required
- Negative covenants include prohibition on incurring additional indebtedness including loans and capital leases

### **Tompkins Community Bank**

- Local community bank serving Westchester, Putnam, and Dutchess counties since 1927. Headquartered in Ithaca, NY with a local branch in Yonkers.
- Owned by Tompkins Financial Corporation, a publicly traded company with four wholly owned banking subsidiaries
- Profitable for 59 years; Has paid cash dividends for 80 consecutive years; covered by the FDIC

### **Financial and Accounting Policies**

- Board must approve a LOC with a lending institution by resolution; Board Treasurer and Carver CEO will be authorized to execute the credit agreement
- Current policy states that Individual borrowing requests up to \$100,000 can be approved by the Treasurer and Finance Committee must approve individual borrowing requests over \$100,000 or when the aggregate borrowing exceeds \$200,000 following such borrowing.
- Finance Committee will revise the policy to require board approval to borrow against the Line of Credit