SCHOOL COMMITTEE REPORT TO MEETING FOR BUSINESS
10/13/19

Last month School Committee reported that it had submitted a simple loan agreement between Meeting and School; as requested at May's business meeting and restated at August's meeting, to Meeting's Finance Committee and others. This agreement was styled after the acceptable 2018 loan agreement that was intended to document what was essentially a hand shake agreement between family members.

Meeting's Finance Committee rejected this agreement saying that since this loan is for a longer time frame there needs to be a stronger agreement. School Committee has been able to accommodate most of what Finance Committee wants in the agreement but there are two items that we are not able to reach agreement on and need the body of Meeting to decide.

The School has agreed to pay interest on the loan at the rate of 4% ($8,000) that came out of the August 18th informal meeting. After seeing that the payback term would be in the school's 2020-2021 fiscal year Finance Committee requested additional interest and suggested several different ways of calculating it, which could conceivably double the interest payment by the School. The School cannot afford to pay more than 4% regardless of when the loan is payed back.

The School has agreed to secure the loan with its property (Parcel 2). Meeting will have a second position behind Friends of Friends, LLC on this secured property. Finance Committee has requested that a condition be included in the agreement that Meeting can foreclose on the secured property if the loan is not repaid. The School cannot agree to this because the loan from Friends of Friends, LLC is a longer term loan and having Meeting foreclose on the secured property while the Friends of Friends, LLC loan is still effective would remove its security. In the unlikely event that the School cannot repay the loan within the intended time frame Meeting and School will need to discuss options which could include extending the repayment date.

One item of serious concern to School Committee and the School is disbursement of the loan funds. Those School Committee members present at the August Business Meeting heard the senses of the Meeting to be to disburse the loan to the School and then follow up with an agreement worked out with Meeting's Finance Committee. The minute from the business meeting was: "Approved: that Meeting loan Friends School an additional $100,000, pending a simple agreement for repayment to be reviewed by the Finance Committee over the next few days." Finance Committee has disbursed half of the amount but is holding $50,000 because they consider the wording of the minute to imply that an agreement has to be worked out before the funds can be fully disbursed. The School needs the money now.

Action Items:

1. Direct the Finance Committee to disburse the remaining $50,000 of the loan to the school.

2. Approve the enclosed simple loan agreement between the Meeting and School with an interest rate of 4%.