Mountain Community Capital Fund Operating Committee Rules of Procedure

The purpose of Rules of Procedure is to maintain consistency in board work and resolve internal conflict and confusion by establishing a standard and efficient process for conducting public business.

Article 1: Purpose

The Mountain Community Capital Fund (the “Fund”), as sponsored by The City of Asheville, Buncombe County, Self-Help Ventures Fund (“Self-Help”), Carolina Small Business Development Fund (“CSB”), and Mountain BizWorks (“MBW” and, together with Self-Help and CSB, “Participating Lenders”), is an approximately $530,000 fund aimed at providing debt financing to small business enterprises within the city of Asheville and surrounding areas. The Fund is governed by a separate Allocation of Services and Duties Agreement, dated October 11, 2018, and subsequent amendments (the “Agreement”), and these Rules of Procedure are designed to assist in the implementation of the Fund. In the event of any conflict between these Rules and Procedures and the Agreement, the terms of the Agreement shall prevail. Any terms used herein but not otherwise defined shall have the meanings ascribed to them in the Agreement.

Article 2: Authority

The Mountain Community Capital Fund Operating Committee (the “Committee”) was established by City of Asheville Resolution No. 18-241 and Buncombe County Resolution No. 18-10-11, and is governed by a separate Allocation of Services and Duties Agreement (the “Agreement”), dated October 30, 2018. This Agreement, as amended by Resolution Nos. 24-257, [xx], and [xx], directs the work of this board, with other duties and responsibilities to be determined by the City Council.

Article 3: Members

3.1 Composition

Membership of the Committee shall be governed by the City of Asheville Rules on Boards and Commissions adopted by Resolution No. 25-121 adopted on June 10, 2025. Each person appointed to serve as a member on any board, commission, or committee, whose appointment was made by the Asheville City Council, shall serve at the pleasure of the Council. [Ordinance No. 5179, adopted October 14, 2024]

The Committee shall be composed of voting members, consisting of two (2) members of City of Asheville staff to be appointed by the City of Asheville, two (2) members of Buncombe County Staff to be appointed by Buncombe County, two (2) community stakeholders to be appointed by the City of Asheville, two (2) community stakeholders to be appointed by Buncombe County, and non-voting members consisting of one (1) representative of each of the Participating Lenders.

3.2 Term Length

The term length of Committee members shall be governed by Section 2-51 of the Asheville Code of Ordinances, and by the Agreement. Members may be eligible for reappointment after being off the Committee for one year.

3.3 Attendance

It is expected that all members be present for at least 75% of regularly held meetings in a 12-month period. Members shall give the Committee Chair advance notice if they know they will not be able to attend a scheduled meeting. Absences in excess of this requirement may only be excused for good cause. Examples of good cause include, but are not limited to, illness, a death in the family, a court appearance, or a planned vacation. The Committee may recommend the removal of members to the appointing body based on non-attendance.

If a board member arrives late to a meeting, and a quorum was established before they arrived, they can be counted as present for the purposes of this Article.

3.4 Participation by Telephone or other Virtual Means

Any one or more members may participate in a Committee meeting by means of a conference telephone or similar communications device that allows all persons participating in the meeting to hear each other. Members who are participating via these means shall be counted as present for the purpose of quorum. They are permitted to participate in board discussions and are permitted to vote.

3.5 Discipline/Removal/Replacement

Members of the Committee may be disciplined or removed at the discretion of their appointing body. Any individual may file a complaint alleging a violation by a committee member of the City's Rules on Boards and Commissions (i.e., conduct, ethics) by contacting the City Clerk's Office to request a Complaint form.

Committee members shall be designated in writing; such documents must be signed by the institution's or organization's contact person, as identified through investment documentation. Committee members may resign at any time by submitting written notice of their resignation to the Committee Chair. Members may be replaced at any time by delivering to the Secretary of the Committee a written statement of representational replacement signed by the institution's or organization's contact person.

Article 4: Officers and Duties

The officers of the Committee shall consist of a Chair, a Vice Chair, and a Secretary. Officers shall be elected by a majority vote of the membership of the Committee. The term for each officer is one year from July 1 through June 30, or until a successor has been elected. Any officer may be removed by a majority vote of the membership of the Committee.

4.1 Chair

Each Board shall have a Chair who shall preside at all Committee meetings, ensure that the work of the Committee is accomplished, and have authority over the Committee's general management. The Chair shall be primarily responsible for the implementation of policies of the Committee, carry out the agenda, state and put to a vote all motions, rule on all points of order, declare recesses and adjourn meetings (unless a member objects, in which case a full Committee vote is required to adjourn). The Chair may sign and execute instruments on behalf of the Committee except in cases where the signing and the execution thereof shall be expressly delegated by the Committee to some other officer or agent of the Committee. In addition, the Chair shall perform and carry out other duties as necessary and pertinent to the office.

4.2 Vice-Chair

Each Board shall have a Vice-Chair who shall be elected by the Committee from among its members in the same manner and for the same term as the Chair. The Vice-Chair shall serve as Chair in the absence of the Chair, and when serving as Chair shall have all the same powers and duties of the Chair. The Vice-Chair shall serve as the next Chair, subject to election or vote on Vice-Chair for two (2) years - one (1) as Vice and one (1) as Chair, after the Chair’s term ends.

4.3 Secretary

Should the Committee desire more detailed meeting minutes, it may elect a Committee secretary, whose responsibility it will be to prepare the detailed minutes to submit to the Committee for adoption. The Committee secretary shall be elected by the board from among its members in the same manner and for the same term as the Chair.

4.4 Staff Liaison

Each Board shall have a Staff Liaison whose responsibilities will include, but not be limited to:

1. Keeping accurate action minutes to submit to the Board for adoption
2. Maintaining the Board website and records for public access
3. Arranging for all required public notices to be given

Action minutes shall include item discussion topics and timestamps, as well as every motion acted upon by the Committee, and all votes of members of the Committee upon any motion or upon the final determination made by the Committee, indicating the names of members absent or failing to vote.

4.5 Appointment of Subcommittees

Any subcommittee, task force, or similar subset group of the full board or commission must obtain approval from its staff liaison, Department Director, or Assistant City Manager (who must verify with the City Attorney’s Office) before the subgroup can commence. This applies even if the subgroup has existed for some time or the creation authority has been specifically granted in the board’s ordinance/resolution. If approval is granted, guidelines will be given in order to ensure

compliance with the North Carolina open meetings law, including notices, public access to meetings, quorums, etc.

Any group of Committee members, less than a quorum, can meet together to discuss Committee business. However, the Committee must not vote to form the group, or vote to charge them with a specific purpose.

Term of Office

The term of members of each subcommittee shall run from July 1 (or from the date of election for the initial election) through June 30. Members shall continue to serve until a successor is appointed.

Vacancies

Vacancies in the membership of any subcommittee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Removal

The Committee may remove a member from a subcommittee at any time, with or without cause, by a majority vote of the membership of the Committee.

Automatic Succession

Should a Committee member who also serves on a subcommittee be replaced pursuant to Section 3.5, their successor on the Committee automatically assumes their seat on that subcommittee.

Quorum

A quorum shall consist of a majority of the voting membership of the subcommittee, excluding vacant seats. If a quorum is not present, the Chair of the subcommittee shall cancel the meeting, and no deliberations shall take place. If a member is formally excused by their board and leaves a meeting early, their departure impacts quorum. If a member withdraws from a meeting without being excused, that member continues to count toward quorum. Recusal of members from participation with respect to certain items due to a conflict of interest or other official duties shall not destroy a quorum.

Regular Meetings

Subcommittees shall establish a regular meeting schedule annually and set a regular meeting place for the year. They shall provide a copy of the regular meeting schedule to the City Clerk’s Office and post a copy on their parent Committee’s webpage. Notice of meetings of subcommittees shall be given as required by law by the parent Committee.

Article 5: Meeting Structure

5.1 Regular Meetings

The Staff Liaison, in conjunction with the members of the Committee, shall establish its regular meeting schedule annually and set a regular meeting place for the year. They shall provide a copy of the regular meeting schedule to the City Clerk's Office and post a copy on their Committee's webpage. The Committee may amend the meeting schedule as deemed necessary and in compliance with the North Carolina open meetings law. The Staff Liaison shall notify the Clerk's Office if there are any amendments to the regular meeting schedule.

5.2 Special Meetings

Subject to the provisions of Article 33C of the N.C.G.S. Chapter 143 (Open Meetings Law), special meetings of the Committee may be called at any time by the Chair or a majority of the membership. At least forty-eight (48) hours' written or oral notice of the time, place, and purpose of the Special Meeting shall be provided to the Clerk's Office. However, no special meeting may be held until City staff have had sufficient time to provide public notice and secure a meeting location sufficient to meet the standards of the open meetings law.

5.3 Emergency Meetings

Subject to the provisions of Article 33C of the N.C.G.S. Chapter 143 (Open Meetings Law), emergency meetings may be called by the Chair or a majority of the membership. The public body shall cause notice of the meeting to be given to each local newspaper, local wire service, local radio station, and local television station that has filed a written request, which includes the newspaper's, wire service's, or station's telephone number, for emergency notice with the clerk or secretary of the public body or with some other person designated by the public body. This notice shall be given either by email, by telephone, or by the same method used to notify the members of the public body and shall be given immediately after notice has been given to those members. This notice shall be given at the expense of the party notified. Only business connected with the emergency may be considered at a meeting to which notice is given.

5.4 Quorum

A quorum shall consist of a majority of the voting membership of the Committee, excluding vacant seats. If a quorum is not present, the Chair shall cancel the meeting, and no deliberations shall take place. If a member is formally excused by the Committee and leaves a meeting early, their departure impacts quorum. If a member withdraws from a meeting without being excused, that member continues to count toward quorum. Recusal of members from participation with respect to certain items due to a conflict of interest or other official duties shall not destroy a quorum.

An affirmative vote of a majority of the votes of the members present at a meeting shall be required to take any action.

5.5 Procedure

All meetings of this body shall be governed by these rules of procedure. If these rules fail to provide direction on a particular issue, the Committee may consult its designated legal counsel.

5.6 Agenda

The Chair, in consultation with the Staff Liaison, shall set the agenda for each meeting. Any member of the Committee or staff may request that an item be placed on the agenda.

5.7 Authority

All boards shall adhere to the City of Asheville Rules on Boards and Commissions, the North Carolina open meetings law, and all other applicable laws and regulations.

5.8 Public Accommodation

Reasonable accommodations for persons with disabilities will be made upon request to the Staff Liaison at least 48 hours prior to the meeting.

Article 6: Motions

6.1 Action by the Board

1. Motion: The board shall proceed by motion. Any member may make a motion.
2. Second Required: A motion shall require a second prior to a vote being taken upon the motion.
3. One Motion at a Time: A member may make only one motion at a time.

6.2 Substantive Motion

A substantive motion is out of order while another substantive motion is pending. Only one substantive motion may be pending at a time.

6.3 Adoption by Majority Vote:

Unless otherwise stated in these rules, the affirmative vote of a majority of all members of the Committee (excluding vacant seats) shall be necessary to adopt any vote. A vote to adjourn or regarding the attendance of absent members may be adopted by a majority of the members present.

6.4 Debate

Following a motion and a second, the chair shall state the motion and then open the floor to debate on it. The chair shall preside over the debate according to the following general principles:

1. The introducer (the member who makes the motion) is entitled to speak first.
2. A member who has not spoken on the issue shall be recognized before someone who has already spoken.
3. To the extent possible, the debate shall alternate between opponents and proponents of the measure.

6.5 Procedural Motions:

In addition to substantive proposals, the following procedural motions, and no other, shall be in order. Unless otherwise noted, each motion is debatable and may be amended.
The procedural motions are:

1. To Adjourn: The motion may be made only at the conclusion of action on a pending substantive matter; it cannot interrupt the deliberation of a pending matter.
2. To Take a Brief Recess
3. Call to Follow the Agenda: The motion must be made at the first reasonable opportunity, or the right to make it is waived for the out-of-order item in question.
4. Call of the Previous Question: The motion is not in order until there have been at least 20 minutes of debate, and every member has had an opportunity to speak once.
5. To Postpone or Continue a Matter to a Certain Time or Day
6. To Amend: An amendment to a motion must be pertinent to the subject matter of the motion. An amendment is improper if adoption of the amended motion has the same effect as rejection of the original motion.

A motion may be amended, and that amendment may be amended, but no further amendments may be made until the last-offered amendment is disposed of by a vote.

7. To Reconsider: The motion must be made by a member who voted with the prevailing side, and only at the meeting during which the original vote was taken, including any continuation of that meeting through adjournment [or recess] to a time and place certain. The motion cannot interrupt deliberation on a pending matter, but is in order at any time before final adjournment of the meeting.
8. To Prevent Reconsideration for Six Months: The motion is in order immediately following the defeat of a substantive motion and at no other time. The motion requires for adoption a vote equal to two-thirds of the actual membership of the board, excluding vacant seats. If adopted, the restriction imposed by the motion remains in effect for six months or until a majority of the board's membership has reseated with new members.

6.6 Renewal of Motion:

A motion that is defeated may be renewed at any later meeting unless a motion to prevent reconsideration has been adopted.

6.7 Withdrawal or Modification of Motion:

A motion may be withdrawn or modified by the introducer at any time before a vote.

Article 7: Voting

7.1 Requirement

All voting members are entitled to one vote per action item, including the Chair. No member may abstain from voting if present, unless excused by the remaining members due to a legal conflict of interest. A recusal of this nature may only be granted if the member, or the member's immediate family, has a valid financial interest in the outcome of a vote. A personal perspective or advocacy for an issue, or even a predetermined inclination towards a certain outcome, shall not constitute a legal conflict of interest.

7.2 Failure to Vote

Unless excused, a failure to vote shall be recorded as an affirmative vote.

7.3 Tardiness

If a Committee member arrives late to a meeting, the Staff Liaison shall note in the meeting minutes which items the member was present for and voted on.

7.4 Unexcused Absence

If a member leaves a meeting without being formally excused and a vote occurs in the member's absence, that nonvote counts as a yes.

7.5 Excused Absence

If a Committee member is excused and leaves a meeting early, the meeting minutes must note their absence in all subsequent votes as excused.

7.6 Roll Call Votes

For virtual meetings or hybrid meetings, votes shall be conducted via roll call to allow the minutes to reflect the vote of each Committee member. When a vote is taken, each member votes "Yes" or "No" as their name is called.

7.7 Conflicts of Interest:

No Committee member shall take part in the consideration, deliberation, or vote in any case in which the member is personally or financially interested. A personal perspective or advocacy for an issue, or even a predetermined inclination towards a certain outcome, shall not constitute a legal conflict of interest.

It is the responsibility of an individual board member to bring to the attention of the entire board any item for which there may be a conflict of interest, whether real or potential. If a conflict exists, the Committee must vote to excuse a member from considering a particular item.

Legal assistance is available to all boards and commissions to help the board with decisions in this area.

Article 8: Public Address to the Committee

8.1 Agenda

The Committee may include a public comment period on every agenda.

8.2 Time Limit

Any person addressing the Committee shall be limited to 3 minutes. Public Comment shall not exceed 30 minutes at a Committee meeting.

8.3 Request to be on the Agenda

Any individual or group who wishes to address the Committee outside of general public comment periods may make a written request to the Staff Liaison at least three days before a meeting. The Chair and the Staff Liaison will determine, based upon the completeness of the request and any other necessary business of the board, whether the item will be placed on an agenda. If included on an agenda, the speaker will not be limited to 3 minutes, but rather a time limitation to be determined by the Chair and Staff Liaison in advance of the meeting. The Committee will receive written information from any individuals or groups who cannot conclude their presentations within their allotted time.

8.4 Decorum

Persons addressing the board are expected to observe decorum, be respectful of the board, City staff, and the public; refrain from the use of profanity or foul language; refrain from personal attacks and commentary on candidates for political office; and refrain from making disclosures prohibited by the Personnel Privacy Act with respect to any City employee.

Article 9: Closed Session

The Committee may only hold closed sessions as provided by law and with the approval of the City Attorney's Office. The Committee shall only commence a closed session after a motion to go into closed session has been made and adopted during an open meeting. The motion shall state the general purpose of the closed session and must be approved by the vote of a majority of those present and voting. The Committee shall terminate the closed session by a majority vote.

Only those actions specifically authorized by North Carolina law may be taken in closed session. A motion to adjourn or recess shall not be in order during a closed session.

Article 10: Public Decorum During Meetings

Members of the public who are present during board meetings shall observe the same rules of decorum as those who are addressing the Committee and shall abide by the restrictions of Article 8. Members of the public shall follow the instructions of the Chair or any other presiding officer and shall refrain from impeding or interrupting the conduct of business. This shall include, but not be limited to, clapping, yelling, or other audial expressions of approval or disapproval of comments made during the meeting. Failure to abide by these rules may result in removal from the meeting.

Article 11: Amendments

The Committee shall review these Rules of Procedure annually.

All proposed amendments must be presented in writing, including via email, at a regular meeting and voted on by the Committee. Any amendments approved by a majority vote of the Committee members shall be presented to the City Attorney's Office for consideration.

ARTICLE IV
DUTIES AND GENERAL POWERS OF THE COMMITTEE

Section 4.1 General Powers
The Committee shall govern and monitor the Fund in accordance with these Rules of Procedure and the Allocation of Services and Duties Agreement. Duties and General Powers of the Committee shall include the following:

a. Form and appoint members to the other subcommittees, as determined to be advisable or necessary by the Committee;
b. Review Loans closed, delinquencies, defaults, and Borrower feedback;
c. Monitor Loan volume, delinquencies, and defaults;
d. Impose a moratorium on the Program if any of the "Trigger Point" measures exceed pre-set targets;
e. Review and modify loan underwriting criteria as required;
f. Raise capital to augment the Fund;
g. Create and disseminate an Annual Report as required; and
h. Terminate the Fund.

Section 4.2 Operating Committee
The Operating Committee shall have and exercise the following duties and general powers:

a. All loans will require the approval of the Operating Committee.
b. Loans greater than $50,000, up to $1000,000, will be reviewed by the Operating Committee after loan closing for a period of time up to twelve months. The Operating Committee shall have the right to continue this additional review for an additional six months by majority vote of the membership.
c. If a Participating Lender incurs a loss due to a Borrower Default on a Loan under the Program (a "Participating Lender Loss") after following the terms and conditions of this Agreement, then such Participating Lender may apply to the Operating Committee for reimbursement of such Participating Lender Loss. The Participating Lender shall submit to the Operating Committee all documents and materials reasonably requested by the Operating Committee to demonstrate the amount of the Participating Lender Loss. Upon approval of such documents and materials, the Operating Committee shall notify Custodian, and Custodian shall pay to such Participating Lender the amount of the Participating Lender Loss that is an Eligible Loss.

Section 4.3 Trigger Points
In accordance with the Allocation of Services and Duties Agreement, the Committee shall define certain "Trigger Points" with respect to annual loan origination volume, portfolio-wide delinquencies as a percentage of principal outstanding, and credit loss defaults as a percentage of principal outstanding.

Section 4.4 Notification of Trigger Points

The Operating Committee shall notify the Fund Sponsor, the Note Holders, other Mountain Community Capital funders, and Participating Lenders, as defined in the Allocation of Services and Duties Agreement, immediately in the event a Trigger Point is met or exceeded, after which a meeting of the Committee will be convened within 30 days.

Section 4.5 Imposition of Moratoriums

In the event that any one or more of the "Trigger Point" parameters are exceeded at any time, the Committee may impose a moratorium on the Program (as defined in the Allocation of Services and Duties Agreement). The Committee shall have the authority to lift the moratorium at any time prior to termination of the Fund. Notwithstanding any of the foregoing, in the event that Fund-wide delinquencies exceed twenty percent (20%) or average annual credit loss defaults exceed five percent (5%) of principal outstanding, the Operating Committee may impose a moratorium on further lending activities under the Program.

Section 4.6 Termination of the Fund Prior to Maturity

In accordance with the Allocation of Services and Duties Agreement, the Fund may be terminated prior to maturity by.

a. The City of Asheville, but only after a duly authorized, valid vote of the City Council, and by providing written notice of termination to the Custodian and the Participating Lenders at least 30 days in advance of termination;
b. Buncombe County, through its manager or the manager's designee, by providing written notice of termination to the Custodian and the Participating Lenders at least 30 days in advance of termination;
c. Any Participating Lender, as to that Participating Lender, by providing written notice of termination to The City of Asheville and Custodian at least 30 days in advance of termination; or
d. The Operating Committee, by a valid vote of no less than two-thirds of the total eligible votes of the Operating Committee and by providing written notice of termination to The City of Asheville and the Participating Lenders at least 30 days in advance of termination.

These Rules of Procedure are adopted this [xx] day of [xxxx], 20[xx].

_____
Board Chair [name, printed]

_____
Board Chair Signature