

Chapter 9

City of Evansville Revolving Loan Fund (RLF)

Purpose

The RLF is designed to facilitate business development projects within the City of Evansville that create investment and employment opportunities.

Eligibility

Any CEO, or an equivalent, seeking to establish a new operation, expand an existing or start-up a new business in the Evansville area, may submit an application. Municipal officials, employees, agents or Council Members who exercise decision-making functions or responsibilities relating to the RLF are prohibited from receiving program funds. No loans will be made which are in conflict with any applicable local, state and federal statutes.

Loans *cannot* be used for debt financing, residential projects (unless directly related to business conversion), studies or other "soft" costs, maintenance, or involuntary relocation payments. Nor can funds be used to finance any of the following businesses: speculative investment and/or real estate investments, non-profit business or organizations, lending institutions, gambling operations, and non-public recreation facilities.

The following activities are eligible for program funds: land, building, and fixed equipment acquisition; site preparation and construction, including site clearance, demolition, removal or rehabilitation and improvements; the reconstruction or installation of buildings and fixed equipment; the payment of assessments for sewer, water, street and other public utilities if the provision of the facilities will directly create/retain jobs; working capital, including marketing; workforce development and/or training.

Requirements

To be eligible for funding, all of the following minimum conditions will be considered:

- (1) A minimum of \$1 dollar of private funds leveraged for every \$1 dollar of loan funds requested;
- (2) The creation/retention of at least [1] full-time equivalent, permanent position - excluding those filled by owners/partners or family members - for every \$10,000 dollars requested;
- (3) Project viability and ability to repay the loan;
- (4) Compliance with all applicable local, state, federal codes and laws; and
- (5) Project completion within 36-months of loan approval, detailing hiring, construction and other relevant time-bound schedules.
- (6) Inability to obtain adequate funding from other sources.

Conditions

Applications may be submitted at any time during the year. All completed applications are subject to review by Evansville Economic Development Committee and the RLF Review Board. The City's Common Council determines all final loan decisions.

Loan amounts are subject to program fund availability and eligibility criteria. Terms are as follows (maximum terms listed): working capital - 5 yrs.; machinery, equipment and fixtures – 7 yrs.; and real estate - 10 yrs. Rates are between 4% and prime. To secure 100% of the loan, assets to be purchased with loan proceeds and any/all other assets owned and/or used in the business, plus personal guarantees are required. No funds will be released without *written* commitments from other funding sources.

Repayment schedules are monthly; interest and/or principal may be deferred for up to two (2) years, depending on recommendations of the said review. Interest shall accrue during this deferment period, and be added to the principal loan amount. Thereafter, both interest and principal shall be collected for the remaining term of the loan to maturity. No loan shall be subject to any penalty for prepayment prior to the term of the project. However, late payment penalties are applicable.

Failure to comply with any of the provisions of the RLF may result in default. In addition to the said requirements in the Loan Recipient Obligations section, the following shall also be considered as a default:

- (1) Recipient's failure to create / retain the specified number of jobs within a specified time frame;
- (2) Failure to make any payment of interest or principal within 30 days after payment due date;
- (3) Defaulting on other loans with private lenders;
- (4) Cessation of operations or movement of business from the City;
- (5) Sale of the business.

In the event of default, the City will issue a Notice of Default. All relevant and interested parties, including but not limited to other secured lenders, will be notified of default. Once issued, all sums due and owing the City shall, at the City's option, become immediately due and payable. To avoid foreclosure and any other collective actions, the default must be cured not less than 60 days from the date of notice.

Distribution of Funds

Upon Notice of Award the following conditions, in addition to those previously stated, must be met and verified prior to releasing funds:

- (1) Evidence of all necessary permits, licenses, and any other registration requirements;
- (2) Evidence of program expenditures, such as invoices, receipts, final bills, etc.;
- (3) Evidence of purchased and installed fixed equipment from program funds;
- (4) A prepared loan agreement and repayment schedule by the City;
- (5) A promissory note prepared by the recipient;
- (6) A prepared mortgage or lien instrument(s) by the City.

Loan Recipient Obligations

All RLF recipients shall agree to comply with the following conditions. Noncompliance may result in financial penalties, notice of default, foreclosure and/or other collective actions.

- (1) Create/retain obligated number of jobs within 36-months of RLF Agreement;
- (2) All applicable local, state and federal statutes, as amended and all regulations pursuant to these acts;
- (3) Funds shall only be used in accordance with the Loan Agreement;
- (4) Recipients shall permit the City the right of performance monitoring and audit/inspection of all projects and properties assisted with loan funds. Inspections include, but not limited to, contracts, material equipment, payrolls, and conditions of employment. The recipient shall comply with inspection requests within four working days of the request;
- (5) Recipients shall keep such records of the project, as may be requested by the City. All records shall be kept for at least three years after completion of work for which the loan has been obtained.

- (6) Recipient shall maintain fire and extended coverage insurance on the property required during the term of the business loan. City of Evansville shall be listed as "other" or "additional" insured on the policy. Term life insurance may be required of the applicant to cover the loan balance through the life of the loan.
- (7) Recipient must abide by all federal laws where applicable. These include, but may not be limited to: the Civil Rights Act of 1964; the Age Discrimination Act of 1975; the Contract Work Hours and Safety Standards Act; the Copeland "Anti-Kickback" Act; and all regulations pursuant to these acts.

**City of Evansville Revolving Loan Fund (RLF)
Application**

Instructions: Please read carefully. To receive full consideration, each applicant must provide a complete application. Incomplete applications will not be reviewed until all noted deficiencies are corrected. Applications may be resubmitted, pending review recommendations. For application assistance, contact the Chair of the Evansville Economic Development Committee.

(Please Print or Type)

Applicant Information

Business/Company Name _____
SIC Code _____
Address _____
Phone _____ Fax _____

Business Ownership ___ Individual ___ Partnership ___ Corporation
 ___ Other _____

Chief Executive Officer _____
Person Preparing Application _____
Date of Business Incorporation or Start-Up _____

Total Number of Current Employees _____ (provide breakdown below)

Clerical _____ Skilled _____
Semi-skilled _____ Professional _____

Part-Time _____ Ave. Weekly Hr/Emp. _____
Full-Time _____ Ave. Weekly Hr/Emp. _____

Type of Business ___ Industrial/Manufacturing
 ___ Retail
 ___ Service
 ___ Other (explain) _____

Business Description

Describe the current and/or proposed business operations, noting the following items: (1) date established or proposed start-up and (2) product type, customers and markets.

Please attach or describe (if necessary) the qualifications and experience of each principal associated with the current and/or proposed business.

Please attach the following financial information: (1) prior three years Federal Income Tax returns for both business and individual(s); (2) prior three years and current (within 90 days) signed financial statements documenting balance sheets, profit/loss statements, and accountant notes; and (3) Articles of Incorporation or partnership agreement.

Project Description and Need

Explain the planned RLF usage; attach an 18-month project timeline, noting hiring, construction, and other relevant project time schedules.

Need for Project is Caused By

Business Expansion Product Expansion New Business
 Necessary to Remain in Business (explain) _____

Has a Market Analysis or other investigations been performed to evaluate this project's feasibility? (If Yes, attach copies) Yes No

Description of all Project Costs

_____	Land/Building Acquisition	\$ _____
_____	Rehabilitation/Const.	\$ _____
_____	Acquisition of Equipment	\$ _____
_____	Other	\$ _____

Total Amount of Loan Requested \$ _____

Anticipated Source of Private Funding Match

Not Determined Financial Institution (name) _____
 Other (list) _____

Has this project been reviewed by a private financial institution? Yes No
If Yes, provide institution and loan officer name _____

Action Taken, if Any (please provide written documentation)

Approved Denied Conditional

Projections

Please attach pro forma financial statements, including all notes and schedules over a three-year period. At a minimum, these must be signed compiled statements by an independent accountant.

Total Number of New Jobs Created by Project _____ (provide breakdown below)

Clerical _____	Skilled _____
Semi-skilled _____	Professional _____
Part-Time _____	Ave. Weekly Hr/Emp _____
Full-Time _____	Ave. Weekly Hr/Emp _____
Expected Salary/Wage Range (\$/hr) _____	

Total Number of Jobs Retained by Project _____ (provide breakdown below)

Clerical _____	Skilled _____
Semi-skilled _____	Professional _____

Part-Time _____
Full-Time _____

Ave. Weekly Hr/Emp _____
Ave. Weekly Hr/Emp _____

Expected Salary/Wage Range (\$/hr) _____

I/WE HAVE READ AND UNDERSTAND THE CONDITIONS, OBLIGATIONS AND REQUIREMENTS ASSOCIATED WITH THE CITY OF EVANSVILLE REVOLVING LOAN FUND (RLF). I/WE ALSO UNDERSTAND THAT THIS INITIAL APPLICATION WILL BE UTILIZED TO DETERMINE RLF ELIGIBILITY. I/WE AGREE TO PROVIDE ADDITIONAL INFORMATION AS REQUESTED BY THE ECONOMIC DEVELOPMENT COMMITTEE AND/OR OTHER RELEVANT PARTIES.

Signature

Signature

Name (type or print)

Name (type or print)

Title

Title

Date

Date

***** Official Use Only *****

Date Submitted _____

Review Date _____

Loan Review Board Recommendation

____ Approved ___ Disapproved

Explanation _____

Action taken by EDC

____ Approved ___ Disapproved

Explanation _____

Signature of EDC Chair

Date