

Kennedy EDA Revolving Loan Fund Program Guide

I. Purpose

The Kennedy EDA Revolving Loan Fund has been established to promote an improved business climate by providing lower interest rate and long-term gap financing for projects that will create new jobs or retain existing jobs in the community.

II. Fund Administration

The Kennedy EDA Revolving Loan Fund will be administered by the City of Kennedy. Loan requests will be reviewed by a Loan Review Committee established by the City, which will make recommendations to the City Council for action. The Loan Review Committee will generally consist of at least five members representing the following areas: the City of Kennedy, financial services, local business, community groups and labor. Technical Assistance on Loan Fund matters will be obtained from the Northwest Regional Development Commission as needed.

III. Fund Maintenance

The Loan Fund will be maintained by the use of principal and interest payments from the participants.

IV. Eligibility

Any for-profit, private sector business or industry, located or to be located in the City of Kennedy is eligible to apply for funding.

V. Guidelines

- The Loan Fund will typically fund up to ½ of the total project amount.
- Refinancing is not normally an eligible activity for the Kennedy Revolving Loan Fund, unless there is a demonstrated need for the business and overall business cash flow is substantially improved by the refinance.
- An equity contribution of at least 10% of the total project cost will typically be required.
- The interest rate charged by the Loan Fund will set depended on security provided on the loan.
- Applicants will normally be required to secure each loan by a promissory note, mortgage, personal guarantee, security agreement or other method; as determined by the Loan Review Committee.

VI. Priorities

Priority will be given to projects which demonstrate the following:

- The creation of one job for each \$10,000 in funding requested.
- Projects which have higher rates of equity contribution, and other non Loan Fund financial participation.
- Projects which will create increases in the local tax base.
- Projects which do not compete directly with existing business or industry in Kennedy.
- Projects which make jobs available to low and moderate income persons.

VII. Microloans

Projects having a total funding need of \$10,000 or less will be considered on a case by case basis under the following guidelines:

- Funding priority will be given to start up businesses or existing businesses adding products or services not currently available in the City.
- Kennedy EDA Revolving Loan Fund may be the sole source of funding for eligible projects.
- Funding will create or retain at least one job.
- Equity contribution requirements may be waived.

VIII. Procedures

Applicants will be required to complete an application as provided by the City. The application will be reviewed by the Loan Review Committee and the applicant may be required to appear before the Committee to explain the project. The following additional requirements will apply if the project is approved by the Committee and the City Council:

- A loan closing package will be prepared by the City which will spell out the terms of the loan and the appropriate security arrangements.
- Loan funds will be disbursed as project costs are incurred and in an amount proportional to total spending in the project.
- The loan payments will be made to the City Clerk as specified in the loan papers.