

## **REVOLVING LOAN FUND GUIDELINES**

### **CITY OF THIEF RIVER FALLS**

**Purpose:** The Revolving Loan Fund (RLF) program is designed to assist industrial employers by providing eligible industry with financing on favorable terms.

**Eligible industry is defined as:**

- A. Industry located in Thief River Falls, being local industry, or within School District No. 564.
- B. A company engaged in product manufacture, processing or wholesaling, or providing a service not duplicated locally.
- C. Local industry that is independently owned and operated will receive priority.
- D. The industry must be creating or retaining employment within Thief River Falls or the School District No. 564.
- E. The target ratio of the loan amount to the number of jobs created or retained should be in the range of \$10,000 per job. With an emphasis on creating or retaining employment.

**Permissible uses for loan funds:**

- A. Purchases of land for construction of a new plant or expansion of an existing plant.
- B. Construction of a new plant or expansion and/or rehabilitation of an existing plant.
- C. Purchase of an existing plant.
- D. Rehabilitation or expansion of leased plants.
- E. Purchase of equipment and fixed assets.
- F. Operating capital.

**Financing a project will:**

- A. Be determined on a case by case basis following a formal interview of the business and/or the business plan.
- B. Give a higher priority to employment-intensive projects as opposed to capital-intensive projects.
- C. In order to establish terms, consider the viability or demonstrated need of the applicant industry and may vary from case to case.
- D. Be limited only by the amount currently available in the fund.
- E. Be secured with collateral, equity, or personal guarantees equivalent to the loan amount.

- F. Require loan repayment to be immediate should the recipient industry move from Pennington County, Minnesota.
- G. Applicant will be required to authorize the City of Thief River Falls to process monthly payments through Electronic Funds Transfer.

**Application Process:**

- A. Applications from eligible industries for revolving loan funds will be solicited when \$50,000 has accumulated within the fund.
- B. Applications will be made through the City's Economic Development Department.
- C. The Economic Development Department may require additional information from applicants as it deems necessary.
- D. Applications will be reviewed by the Community Development Advisory Board (CDAB) within thirty days after receipt of complete application.
- E. Applicants will be required to make a formal presentation to the CDAB.
- F. The CDAB has the right to recommend approval, denial or a reduction of the amount requested.
- G. The CDAB will make its recommendation to the City Council for final action.
- H. Applicants will be required to pay to the city, prior to disbursement of loan proceeds, the legal fees, filing fees and taxes, and other costs and expenses incurred by City in processing and closing the loans(s).

**Loan Applicants shall provide the following:**

- A. Business Plan.
- B. Total financing amount
  - i. Private sources shall be documented.
  - ii. Public sources shall be documented.
- C. Business financial statements for the last three (3) years and tax returns, unless Applicant is a new business.
- D. Personal last three (3) years financial statements and tax returns.
- E. Three (3) year growth projections.
- F. Current and projected employment
  - a. Current employment.
  - b. Projected employment.
- G. Building purchase will require a letter of intent to sell from owner.
- H. Equipment purchase will require a written cost estimate from supplier.
- I. Project narrative
  - a. Need for loan.
  - b. Letter of intent to proceed.

c. Evidence of business organization.

J. Required Loan terms:

a. Interest and term of loan.

b. Security position.

c. Collateral Description.

d. Corporate and/or personal guarantee of loan.

e. Certificate of insurance.

f. Life insurance for amount and term of loan. Naming City of Thief River Falls as beneficiary.

g. Authorize the City of Thief River Falls to process monthly payments through Electronic Funds Transfer