

CITY OF GOTHENBURG – DOWNTOWN REVITALIZATION PROJECT
Revolving Loan Program

PURPOSE

The purpose of this plan is to establish policies, application forms, approval procedures, and administrative support for the proper use of, in accordance with federal and state requirement, program income (including repayments of prior and subsequent economic development loans) from the State of Nebraska Community Development Block Grant Program (CDBG #08-DTR-106) will be called the "Gothenburg, Nebraska, Revolving Loan Fund" (RLF). The budget for the program is \$100,000 in CDBG Funds

The Revolving Loan Program is to assist businesses in the downtown area. Types of assistance may be for building needs, inventory needs, personnel, or any other need required by a business in order to expand or maintain the business. Applications will be accepted on June 22nd starting at 9:00 AM at the office of the City Clerk. All qualified projects will be reviewed and will require approval by the City Retail Re-Use Committee in order to be funded. All funding will be on a first-come, first serve basis. The Loan Committee shall require a minimum of 25% cash match to be put into the project. The Loan Committee also may require loan guarantees such as liens, letters of credit, etc.

Any project that includes structural changes will be subject to review from the Downtown Revitalization Committee which shall approve or deny any of the plans and specifications.

APPLICATION

Application is attached. Applications must be submitted to the City Clerk. The Clerk will not accept any applications before June 22nd, starting at 9:00 AM.

GOALS AND OBJECTIVES OF THE PLAN

1. To provide financing for start-up and existing businesses that cannot obtain conventional financing.
2. To create and retain jobs primarily for low-moderate income persons.
3. To diversify the regional economy by assisting businesses which are not presently in the region.
4. To encourage the redevelopment of vacant or blighted buildings and land.
5. To promote entrepreneurship and new business development.
6. To minimize "leakage" of dollars which leave the region.
7. To provide necessary public infrastructure to businesses.

A. ELIGIBLE BUSINESSES/ACTIVITIES

Eligible businesses must be located and must be used within the downtown target area for revitalization for Gothenburg, Nebraska. This plan will be under the direction of the Downtown Revitalization Committee, and upon approval of this plan or as it is amended from time to time,

shall consider applications for loans and grants that will eliminate slum and blight conditions in the target area. The objective of this plan is to support businesses, which maintain and/or expand the area's economic base or provide support for the local economy.

Eligible businesses include but are not limited to:

1. Storage, warehousing, distribution, or sale of tangible personal property; retail trade businesses; the conducting of research, development or testing for scientific, agricultural, animal husbandry, food products or industrial purposes; the performance data processing, telecommunications, insurance, or financial services; the assembly fabrication, manufacture, or processing of tangible personal property; the administrative management of any activities, including headquarter facilities relating to such activities; or any combination of the above activities, which include value added enterprises.
2. Tourism attractions which are expected to draw 2,500 additional visits annually from origins of at least 100 miles away. Tourist attractions are sites and facilities, which draw visitors from a distance because of their scenic, historic, cultural, scientific, and/or recreational attributes. Examples of eligible attractions are: historic restorations, museums, participatory sports facilities, and convention centers.
3. Ineligible businesses include: any business that derives revenues from gaming or solicitation of gaming activities or more than 25 percent from the sale of alcohol and/or tobacco; production agriculture, generally including crop and livestock production; and petroleum production.
4. Eligible activities, for which loan funds may be used, may include:
 - A. Purchase of land and buildings, including infrastructure.
 - B. Construction or renovation of real estate either leased or owned.
 - C. Machinery, equipment purchase, both new or used.
 - D. Working capital, inventory.
 - E. Loan guarantees.
 - F. Public Works development grants.

Eligible activities, for which direct use of funds may be used, shall be limited to the cost of administration of the program, including fund management (compliance cost for approved projects), assistance to prospective applicants and explanation of the program to potential applicants.

B. TYPES OF ASSISTANCE

Direct loans, deferred loans, performance-based loans, loan guarantees, preferred stock purchases, grants for public works, public infrastructure and real estate purchase, construction or renovation.

C. GUIDELINES FOR ASSISTANCE

The maximum amount available for a project is an amount not to exceed 50% of the total project cost.

The amount of owner equity in the business generally required for a project is 20% for an existing business (more than 2 years) and 20% for a start-up business. Minimum owner equity requirement will be decided on a case-by-case basis.

The interest rate on loans shall be the lesser of:

- A) 1/2 of the rate charged by the primary lender; or
- B) Current New York prime

The loan terms may not exceed the useful life of the assets financed.

Terms of the loan are dependent upon the type of financing provided and in no case shall the term exceed useful life of assets financed.

- A) Working capital-up to 3 years
- B) Machinery and equipment- up to 10 years
- C) Land & Building- up to 15 years

All applicants of approved projects shall provide adequate assurances that the project will be started, completed and the loan repaid. Security for loans may include but will not be limited to a tangible real and personal property, and supported by personal and/or corporate guarantees, as appropriate.

ADMINISTRATION OF THE PLAN

A. APPLICATION PROCESS

1. APPLICATION

Businesses may obtain an application from the office of the City Clerk.

2. REVIEW

The Retail Re-Use Loan Committee will review loan applications and make a recommendation to the City Council.

3. DETERMINATION

The Governing Body of the City of Gothenburg shall take official action, in an open public meeting, to deny or approve request.

B. LOAN PACKAGING, CLOSING & PROJECT MONITORING

1. PACKAGING

The City of Gothenburg will assist the business in the preparation and completion of an application. This shall include, but not be limited to compilation of financial statements and credit analysis. The City of Gothenburg may contract for these services if necessary.

2. CLOSING

Loan and legal documents will be prepared by The City of Gothenburg, with review and approval as to form by City of Gothenburg legal counsel. The City of Gothenburg will facilitate loan closing and recordation and filing of security documents. The City of Gothenburg may contract for these services if necessary.

3. DISBURSEMENT

Funds will be disbursed on a lump sum basis at the time of closing, to the businesses upon compliance with program guidelines.

4. PROJECT MANAGEMENT

The City of Gothenburg will establish a file management system, loan portfolio, and cash management system in compliance with OMB Circular A-102.

5. PROJECT MONITORING

The City of Gothenburg will monitor the project. The City of Gothenburg may contract for these services if necessary.

6. REGULATORY REQUIREMENTS

The City of Gothenburg will participate in all areas of CDBG compliance, as applicable to specific projects. The City of Gothenburg may contract for these services if necessary.

PART V: REPORTING REQUIREMENTS

A. INITIAL REUSE

The first re-use/loan of program income funds to a business from CDBG 08-DTR-106 will be submitted to the Nebraska Department of Economic Development for approval prior to approval by the Governing Body of the City of Gothenburg. All subsequent requests for re-use/loan of program funds will be determined exclusively by the City of Gothenburg Governing Body.

B. PROGRAM INCOME

Semi-annual program income reports will be submitted by the City of Gothenburg to the Nebraska Department of Economic Development. Reports to the DED are due by July 15 and January 15.

PART VI: EFFECTIVE DATE OF PLAN

This plan shall become effective upon its approval and passage by the Governing Body of the City of Gothenburg, Nebraska.

A. PLAN AMENDMENTS

The Gothenburg City Board may consider amendments to this plan at any time; provided that prior to making any changes to this plan. A public hearing shall be held on all changes. Changes shall be adopted by resolution of the City Council.

B. ADOPTION OF THE PLAN

The participating governmental entity, after providing notice as required by law, may adopt this plan. Such adoption shall be by resolution.

To be filled in by the City Clerk Application Number: _____
Time and date received: _____

GOTHENBURG CDBG DOWNTOWN REVITALIZATION
RETAIL REVOLVING LOAN APPLICATION

Business (Borrower) Information:

Name of Business requesting assistance: _____ Federal ID# _____

Address: _____ ; _____ , _____ , _____
(City) (State)(Zip)

Contact Person: _____ Telephone No. _____ Cell No. _____

Fax No. _____ Email Address: _____

Project Information:

<u>USES OF FUNDS</u>	<u>TOTAL PROJECT COST</u>	<u>FUNDS REQUESTED</u>
Land Acquisition	_____	_____
Building Acquisition	_____	_____
New Facility Construction	_____	_____
Acquisition of Machinery/Equip.	_____	_____
Acquisition of Furniture/Fixtures	_____	_____
Working Capital (includes inventory)	_____	_____
Other (specify) _____	_____	_____
TOTAL:	_____	_____

Participating Lender Information:

Name of Lending Institution: _____

Address: _____

Contact Person: _____ Phone No. _____

Loan Amount: \$ _____ Loan Term (Yrs) _____

Interest Rate: _____ (percent) _____ Variable _____ Fixed

Collateral Required: _____ Equity Required: _____

Equity Information: Amount available by business or owners for Investment: \$ _____

Any jobs How many jobs will be created? PT _____ FT _____ retained? PT _____ FT _____

List the job types created or retained: (If part-time, how many hours per week)

Explain the proposed use of the loan briefly: _____

Business Organization: ___ Proprietorship ___ Corporation ___ Partnership
___ Other (Explain) _____

Does the Company have a Parent or Subsidiaries? ___ Yes ___ No
If Yes, please identify by Name: _____
Address: _____
City, State, Zip: _____

Business Status: ___ Start-up (0-5 yrs old) ___ Acquisition ___ Existing (Years in business) _____

Ownership: List all officers, directors, partners, owner(s), co-owners and/or stockholders.

<u>Name</u>	<u>Title</u>
_____	_____
_____	_____
_____	_____
_____	_____

The above information is accurate to the best of my knowledge and belief. The above information is provided to help you evaluate the feasibility of obtaining public financial assistance. I further authorize release of personal and business credit information to City of Gothenburg.

Signature: _____ **Date:** _____
Signature: _____ **Date:** _____
Signature: _____ **Date:** _____

- 3-yr historical balance sheets and operating statements. Statements should be less than 90 days old. For start-up, provide projected year-end statements for first two years of operation.
- Please attach copies of all purchase agreements, leases, estimates of costs and other items that will assist the loan committee.
- Personal Financial Statement: Complete and attach Personal Financial Statement for each person.
- Please attach proof of (a) bank is committed to participating in loan (b) proof that Applicant is unable to obtain requested loan from a local bank, or (c) proof that bank loan rates make the project unfeasible.
- Brief description of business/history and the proposed project. For new business and existing business expanding into new product line, include business plan.