



## **REVOLVING LOAN FUND PROGRAM 2018**



For Information Contact:

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# REVOLVING LOAN FUND PROGRAM

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## GENERAL GUIDELINES

**Program History & Background:** The City's Revolving Loan Fund (RLF) was established in 1988 through funds from the US Economic Development Administration, and has grown to nearly \$1.2 million.

**Program Description:** The RLF offers fixed-rate, low-interest, loans to assist businesses with start-up/location/expansion projects and growth opportunities that retain/create jobs and stimulate investment.

**Eligible Projects/Borrowers:** Any private for-profit entity that can meet all of the following criteria:

1. Project/Borrower must meet an evaluation of: a) market/project need, b) project readiness, c) financial feasibility & leveraging, d) commitment to job retention/creation, and e) environmental impact.
2. The City loan must be the lesser of: a) \$250,000, b) 33% of project cost, up to 50% if MBE, SDBE, and DBE, or c) \$25,000 per job created/retained, up to \$35,000 for MBE, SDBE, and DBE. A job is defined as "full-time equivalent job" equal to 2,080 hours of employment within a 12 month period. Minimum loan is \$5,000. Jobs retained/created from loan must take place within 24 months after disbursement.
3. Owner Equity requirement must be 10%, to as low as 5% for MBE, SDBE, and DBE, and shall not include accrued equity in a borrower's assets. Owner's Equity for a project may include: a) unencumbered cash of owner, and b) private equity raised from other sources.
4. Demonstrate other funds are not sufficiently available to finance project at profitable levels.  
MBE=Minority Business Enterprise (BE), SDBE=Socially Disadvantaged BE, and DBE=Disrupted BE
5. If a construction project, use of federal prevailing wage and certified payrolls are required.

**Ineligible Borrower:** Not-for-profit organizations and an entity previously suspended, debarred or declared ineligible for Federal financial assistance programs.

**Eligible Project Costs:**

1. Fixed Assets: Land, building, machinery and equipment, including new construction and renovation/rehab of existing facilities.
2. Working Capital: Inventory, employee salaries and fringes, insurance, and other general operating expenses.

**Ineligible Project Costs:** Refinancing or acquiring an equity position in a private business. Please note expenditures made prior to loan will not be counted.

**Loan Terms:** Loans term may not exceed: a) 10 years, b) loan term of lead lender, or 3) life of asset being collateralized. Interest rates for the program are fixed and below market rate, and typically 4%. There is no prepayment penalty.

**Collateral:** The City will require sufficient collateral secured by mortgages, liens, co-signers, assignments, and corporate guarantees. Personal guarantees may also be required.

**Program Fees:** There is an upfront application fee (\$50-\$100), processing/filing fees (at cost), and loan closing fee (0.75 to 1.0%) that can be paid at closing. The loan closing fee can be added to principal of loan.

**Approval Process:** Varies 30-90 days depending on assets being financed. Typical process: a) submittal of preliminary application for staff review, b) forwarding a final application with documentation to a loan review panel for advisement, c) City Manager recommendation to Council, or City Manager approval for loans under \$15,000, and e) City Council Approval for loans \$15,000 or greater.



## REVOLVING LOAN FUND - APPLICATION

### I. Application Information:

Name of Business:	_____	Name of Applicant (if different):	_____
Address:	_____	Address of Project (if different):	_____
City/State/Zip:	_____	City/State/Zip:	_____
Owner/President:	_____	Relationship of Applicant to Business:	_____
Telephone:	_____	Telephone:	_____
Email:	_____	Email:	_____

Applicant is organized as:    an Individual    a Corporation    a Partnership    Other \_\_\_\_\_

Date Business Established: \_\_\_\_\_

Loan Amount Requested: \_\_\_\_\_

### II. Project Description: (please write or attach a summary)

Blank space for project description.

### III. History of Business /Applicant: (please write or attach a summary)

Blank space for history of business /applicant.

## REVOLVING LOAN FUND - APPLICATION

<b>IV. Project Financing:</b>						
<b>Sources and Uses of Funds</b>						
<b>Uses of Funds</b>						
<b>Uses of Funds (Project Costs)</b>	<b>Total Amount</b>	<b>%</b>	<b>Total Amount - Breakout</b>			
			<b>Owner's Equity</b>	<b>Bank</b>	<b>City RLF</b>	<b>County RLF</b>
Acquire Real Estate						
Construction/Renovation						
Infrastructure Improvements						
Machinery and Equipment						
Furniture & Fixtures						
Inventory						
Working Capital						
<b>TOTAL PROJECT COST</b>						
<b>Sources of Funds</b>						
<b>Sources of Funds</b>	<b>Total Amount</b>	<b>%</b>	<b>Interest Rate</b>	<b>Term (years)</b>	<b>Collateral &amp; Lien Position</b>	
Equity						
Bank						
City RLF						
City Other						
County RLF						
Other 1						
Other 2						
<b>TOTAL SOURCES OF FUNDS</b>						
<p><b>Documents Required (please provide after completing form and meeting with staff):</b></p> <ol style="list-style-type: none"> <li>1 <b>Income/Cash Flow Statements</b> - Business Actual/Projected/Year-to-Date (3 years past/forward)</li> <li>2 <b>Balance Sheet</b> - Business Actual/Projected/Year-to-Date (3 years past/forward)</li> <li>3 <b>Sources and Uses of Funds</b> - Finance Commitment Letters from Lenders or Equity Investors</li> <li>4 <b>Personal Financial &amp; History Statement</b> - Current SBA Form 413, and Personal History Statement</li> <li>5 <b>Federal Tax Returns</b> - Business and Owners (of 20% or more) for 3 years past, IRS-Form 4506-T</li> <li>6 <b>Schedule of Debt</b> - Mortgages, Loan Agreements, Promissory Notes, Liens</li> <li>7 <b>Schedule of Collateral</b> - Valuation/Description of Assets, Appraisals, Titles, Environmental Studies</li> <li>8 <b>Legal Documents</b> - Corporate By Laws, Partnership Agreements, Leases</li> <li>9 <b>Startup Business</b> - Above docs plus: Business Plan, and monthly income/cash flow statement in year 1</li> </ol>						



## REVOLVING LOAN FUND - APPLICATION

<b>V. JOB RETENTION &amp; CREATION:</b>			
Employment characteristics of the company and project should be described below.			
Employee Certification Form (EIC) must be submitted with the application for existing employees.			
PLEASE NOTE: Job Projections should be based upon full-time equivalent positions (2080 hours = 1 FTE) after two years.			
	<b>Total Jobs</b>	<b>Sales Tax</b>	<b>Property Tax</b>
<b>Current</b>			
<b>To Be Retained</b>			
<b>To Be Created</b>			
<b>TOTAL IMPACT</b>			

<b>VI. APPLICANT ASSURANCES</b>
The applicant provides the following assurances of compliance according the City's RLF Program guidelines.
<ol style="list-style-type: none"> <li>1. The applicant is an Equal Employment Opportunity Employer, pursuant to Federal guidelines</li> <li>2. The applicant agrees to provide additional documentation, if necessary part of loan.</li> <li>3. The applicant agrees to a personal credit check and business check as a condition of the loan.</li> <li>4. The applicant agrees to sign a personal guarantee on the loan, if necessary.</li> <li>5. The applicant agrees to provide project and financing information on a periodic basis to the City of Peoria.</li> </ol>

\_\_\_\_\_

Signature of Applicant

\_\_\_\_\_

Date

The space below is reserved for the City of Peoria					
<b>Findings</b>					
<u>No. of Retained Jobs</u> (F.T.E)	<u>No. of New Jobs</u> (F.T.E)	<u>Total Jobs</u> (F.T.E)	<u>Factor</u>	<u>Maximum Loan</u>	
_____	_____	_____	\$25,000	_____	
			times	\$35,000	_____ job basis
Total Private Investment _____			times	50%	_____ PI basis
Total Project Cost _____			times	33 - 50%	_____ PC basis
<b>MAXIMUM LOAN AMOUNT \$</b>				<b>-</b>	

## REVOLVING LOAN FUND PROGRAM APPROVAL SCHEDULE - 2018

	<b>INITIAL DISCUSSION</b> Concept Review and Determination of Eligibility	<b>MID-TERM</b> <b>APPLICATION</b> Staff Reviewed and Revisions to Proposal	<b>FINAL APPLICATION</b> Determination of Completion & Schedule for Committee Review	<b>RECOMMENDATION</b> RLF Panel Thu. Mtg. - 10:30 am	<b>DECISION</b> City Manager Wed. - 12:00 pm	<b>FINAL DECISION</b> City Council Tue. Mtg. - 6:00 pm
1	December 5, 2017	December 12, 2017	December 19, 2017	December 28, 2017	January 2, 2018	January 9, 2018
2	December 19, 2017	December 26, 2017	January 2, 2018	January 11, 2018	January 16, 2018	January 23, 2018
3	January 9, 2018	January 16, 2018	January 23, 2018	February 1, 2018	February 6, 2018	February 13, 2018
4	January 23, 2018	January 30, 2018	February 6, 2018	February 15, 2018	February 20, 2018	February 27, 2018
5	February 6, 2018	February 13, 2018	February 20, 2018	March 1, 2018	March 6, 2018	March 13, 2018
6	February 20, 2018	February 27, 2018	March 6, 2018	March 15, 2018	March 20, 2018	March 27, 2018
7	March 6, 2018	March 13, 2018	March 20, 2018	March 29, 2018	April 3, 2018	April 10, 2018
8	March 20, 2018	March 27, 2018	April 3, 2018	April 12, 2018	April 17, 2018	April 24, 2018
9	April 3, 2018	April 10, 2018	April 17, 2018	April 26, 2018	May 1, 2018	May 8, 2018
10	April 17, 2018	April 24, 2018	May 1, 2018	May 10, 2018	May 15, 2018	May 22, 2018
11	May 8, 2018	May 15, 2018	May 22, 2018	May 31, 2018	June 5, 2018	June 12, 2018
12	May 22, 2018	May 29, 2018	June 5, 2018	June 14, 2018	June 19, 2018	June 26, 2018
13	June 5, 2018	June 12, 2018	June 19, 2018	June 28, 2018	July 3, 2018	July 10, 2018
14	June 19, 2018	June 26, 2018	July 3, 2018	July 12, 2018	July 17, 2018	July 24, 2018
15	July 10, 2018	July 17, 2018	July 24, 2018	August 2, 2018	August 7, 2018	August 14, 2018
16	July 24, 2018	July 31, 2018	August 7, 2018	August 16, 2018	August 21, 2018	August 28, 2018
17	August 7, 2018	August 14, 2018	August 21, 2018	August 30, 2018	September 4, 2018	September 11, 2018
18	August 21, 2018	August 28, 2018	September 4, 2018	September 13, 2018	September 18, 2018	September 25, 2018
19	September 4, 2018	September 11, 2018	September 18, 2018	September 27, 2018	October 2, 2018	October 9, 2018
20	September 18, 2018	September 25, 2018	October 2, 2018	October 11, 2018	October 16, 2018	October 23, 2018
21	October 9, 2018	October 16, 2018	October 23, 2018	November 1, 2018	November 6, 2018	November 13, 2018
22	October 23, 2018	October 30, 2018	November 6, 2018	November 15, 2018	November 20, 2018	November 27, 2018
23	November 6, 2018	November 13, 2018	November 20, 2018	November 29, 2018	December 4, 2018	December 11, 2018
24	November 20, 2018	November 27, 2018	December 4, 2018	December 13, 2018	December 18, 2018	December 25, 2018

\* Note - 1) For further details please contact Cesar Suarez, Senior Development Specialist for City of Peoria 309-494-8645.  
2) Applicant must attend City Council Meeting.