



Village of Rantoul, Illinois EDA Revolving Loan Fund Plan

TABLE OF CONTENTS

PART I : REVOLVING LOAN FUND STRATEGY.....	1
A. Economic Adjustment Overview	1
1. Cause, Nature, and Scale of Economic Adjustment Problem(s).....	1
2. Plan(s) or Strategies Developed.....	4
3. Support of Specific Activities of CEDS	7
B. BUSINESS DEVELOPMENT STRATEGY.....	10
1. Objectives.....	10
2. Targeted Businesses	11
3. Business Needs.....	12
4. Other Programs and Activities	13
C. FINANCING STRATEGY.....	15
1. Financing Needs.....	15
2. Local Capital Market.....	15
3. RLF Financing Niche.....	16
D. FINANCING POLICIES	16
1. Eligible Lending Area.....	16
2. Allowable Borrowers.....	16
3. Allowable Lending Activities	17
4. Prohibited Lending Activities	17
5. Loan Size.....	17
6. Interest Rates.....	17
7. Terms	17
8. Fees	18
9. Equity and Collateral.....	18
10. Moratoria.....	19
11. Start-ups	19
12. Working Capital.....	19
13. Credit Not Otherwise Available	19
E. PORTFOLIO STANDARDS AND TARGETS.....	19

1.	Target Percentages	19
2.	Private Sector Leverage	20
3.	Job Cost Ratio	20
F.	RLF LOAN SELECTION CRITERIA	20
G.	PERFORMANCE ASSESSMENT PROCESS	21
1.	Evaluation of the RLF Performance	21
2.	Intergradation Process	21
PART II: REVOLVING LOAN FUND OPERATIONAL PROCEDURES		22
A.	ORGANIZATION STRUCTURE	22
1.	Critical Operational Functions	22
2.	Loan Administration Board	22
3.	Conflicts of Interest	23
B.	LOAN PROCESSING PROCEDURES	24
1.	Standard Loan Application Requirements	24
2.	Credit and Financial Analysis	24
3.	Environmental Review	25
4.	Loan Write-Up	26
5.	Procedures for Loan Approvals	26
C.	LOAN CLOSING AND DISBURSEMENT PROCEDURES	27
1.	Loan Closing Documents	27
2.	Loan Agreement Provisions	27
3.	Loan Disbursement	28
D.	LOAN SERVICING PROCEDURES	28
1.	Repayment	28
2.	Monitoring	29
3.	Loan Files	29
4.	Job Creation	30
5.	Defaulted Loans	30
6.	Write-Offs	30
E.	ADMINISTRATIVE PROCEDURES	31
1.	New RLF's: N/A	31

2. Accounting.....	31
3. Administrative Costs.....	31
4. EDA Reporting.....	31
5. Audits.....	32
Reference Documents List.....	32

A. ECONOMIC ADJUSTMENT OVERVIEW

1. Cause, Nature, and Scale of Economic Adjustment Problem(s)

Rantoul is located in Champaign County, Illinois and occupies seven square miles; half of which comprised the former military installation Chanute Air Force Base (“Chanute”) until its closure in 1993. The population of Rantoul has steadily declined since 1970; from a population of 25,562 in 1970 to 12,941 in 2010.

The Air Force hired civilian personnel from the area for over 75 years and had 2,665 employees at Chanute; of which 1,040 lived off base. The effects of the base closure continue to elevate economic distress due to a variety of property vacancies, challenges with ownership changes, arduous process to coordinate with the United States Government via the Air Force, along with property contamination and blight. As its military members and civilians left town in the 1990’s, the Village of Rantoul (“Village”) revenue decreased dramatically. In addition, the number of streets now under Village maintenance doubled; as did the Village’s street and police department budgets. The Village also had to assume responsibility for antiquated gas and steam systems at Chanute, as well as many buildings in desperate need of repair or demolition.

At the time of the base closing, the University of Illinois estimated that Chanute had contributed directly to 25% of the total economy in Rantoul. Many additional service sector jobs were lost as a result of the loss of Chanute population; in particular retail, restaurant, construction, and auto businesses that depended upon military and civilian personnel.

The Village has faced the challenge of locating new employers in every sector to its economy to offset those directly or indirectly lost by the base closing. Decreased activity in these industries continue to erode the tax base for the school districts and other taxing bodies, which has led to a stagnant economy in Rantoul; with higher than average poverty rates and the highest consolidated property tax rate in the county. This challenge continues, along with the need to financially support commercial and industrial development in Rantoul.

Rantoul’s Economic Development Administration (“EDA”) Revolving Loan Fund (“RLF”) Program was created in 1993 in response to the Chanute closure. The RLF has provided financial leverage for businesses to start-up and expand, in a challenging economic climate. As the challenges continue, so do the needs for providing alternative financing and gap financing.

A survey of Rantoul citizens in 2014 reported challenges viewed that included negative community image; above average ratio of rental units and low-income housing; dilapidated buildings; negative media attention; lack of downtown activities; limited downtown shopping hours; negative perception of schools/school report card; slow economy; focus on the past; lack of ownership and pride in the community; and Chanute maintenance and redevelopment.

The Comprehensive Economic Development Strategy (“CEDS”) for the area was completed in 2013 for the East Central Illinois Economic Development District (“District”), which included the counties of Champaign, Douglas, Ford, Iroquois, Piatt, and Vermilion. Although the official designation of the district is no longer active, the same regional municipalities, agencies, and services are still active and partnering on economic development initiatives.

Per the CEDS, the District is distinguished by: lower than State average population below the poverty level; higher than State average educational attainment level; lower than State average unemployment rates; diverse yet stable employment structure that has strengths in education, health services, and manufacturing; extensive interstate and railroad system connectivity; significant acreage of highly productive soil; and geographic proximity to many major national markets.

The District has goal themes for furthering quality economic development. These goals reflect national and state interests and accentuate the unique qualities of the six-county area. Key concepts of the CEDS goals include:

- a. **Collaboration**
- b. **Strengthening workforce and community**
- c. **Increasing global competitiveness**
- d. **Strengthening infrastructure and services**
- e. **Leveraging resources**
- f. **Environment**
- g. **Disaster recovery**

According to U.S. Census Bureau data used in the CEDS, the poverty rate for the District is below the national average and very close to the state average. Champaign County has the largest number of people in poverty, with 21.8 percent of its 201,081 residents falling below the 2011 level. Between 1970 and 2000, the largest decreases in District employment were a 92.7% decrease in military employment, a 41.2% decrease in federal and civilian government employment, and a 39.9% decrease in farm employment.

From the CEDS, the largest industry clusters in the District are Education, Agribusiness, Biomedical, Manufacturing, Business, Information Tech, and Transportation. Star clusters

in Champaign County include Agribusiness/Food Processing & Technology, Biomedical/Biotechnical (Life Sciences), and Chemicals & Chemical Based Products. Emerging clusters in Champaign County include Education and Knowledge Creation, Manufacturing Supercluster, Business and Financial Services, Information Technology and Communications, and Energy (Fossil & Renewable).

Challenges related to the CEDS goals of the District have included:

a. Collaboration

- i. Many layers of government make economic development difficult to coordinate
- ii. Many agencies do not hear about funding and data sources, especially smaller communities
- iii. Often economic development is competitive among local agencies rather than cooperative
- iv. Related industries that use same skill set (clusters) are not fully understood
- v. Having a regional strategy that covers both small and large communities and rural and urban interests
- vi. Need to continue to develop relationships between businesses, community colleges, and K-12 schools
- vii. Data distribution centralized source is lacking
- viii. Raising awareness about branding and tourism
- ix. Raising awareness about available technical and financial assistance to smaller private businesses

b. Workforce Strengthening

- i. Availability of short-term housing leases for executives coming into the community
- ii. Need to improve awareness regarding available housing for all levels of employees
- iii. Difficult to find lower cost and/or rental housing in smaller communities
- iv. Difficult to match population with available jobs
- v. Aging workforce retiring brings in younger workers with little or no experience
- vi. Older workforce sometimes does not know how to use emerging technologies; need training
- vii. Few people in rural areas for labor force potential
- viii. Challenge to hold on to younger population
- ix. New GED guidelines that require higher fees to take the test, which is electronic based (some who are not technologically savvy will have to prepare more)
- x. Difficult for high-tech companies to find employees
- xi. Lack of training opportunities to start a business, especially in rural areas

c. Global Competitiveness

- i. Lack of adequacy with local airport
- ii. Market for Bloomington or other airports outside the region provides better service
- iii. Other states do a better job of helping businesses understand their place in the global market

d. Infrastructure and Services Strengthening

- i. Catching up with developers in building adequate and connective roadways
- ii. Lack of infrastructure in some areas
- iii. Need to increase capacity for electrical distribution
- iv. Lack of broadband/internet service in some rural locations
- v. Medical services lacking in rural areas
- vi. Fire protection-response times in rural areas, ISO ratings
- vii. Need to raise awareness of how municipal codes impact affordable housing and its development

e. Leveraging Resources

- i. Perception of Illinois being high tax, high cost; difficult to compete
- ii. Lack of local matching funds to match federal/state grants
- iii. Cost of business compared to other locations in the world
- iv. Local budgets are very tight
- v. Reduced opportunities for Federal and State funding

f. Environment

- i. Water quantity and quality
- ii. Aquifer protection and expending more than can be recharged
- iii. Negative impact of some energy resources that could be “greener”
- iv. High energy prices affect where businesses do business and locate employment centers

g. Disaster Recovery

- i. Flooding is principal natural disaster that can affect the District
- ii. Regional collaboration and planning – most efforts are locally based

2. Plan(s) or Strategies Developed

The Village continues to update municipal plans and strategies to further economic development and commercial success in the community. Strategies have included improving infrastructure, continuing transference of Chanute properties to the Village,

assisting business development and improvements, increasing aesthetics and beautification especially in the downtown, and improving marketing efforts.

The Village has invested in bonds for streets and sidewalks, storm sewer, water and facilities upgrades. Continued investments in Village electric, gas, water, sanitary and storm sewer systems-investments now keeps rates lower long-term. The Village is also expanding recreation programming and reinvesting in Village facilities. In addition, the Village is collaborating with the Champaign County Regional Planning Commission and Champaign-Urbana Mass Transit District to operate a fixed bus route busing system that will connect neighborhoods within the community to area retailers, the downtown, major employers, and the cities of Champaign and Urbana in the future. The route addresses opportunities of mobility within Rantoul to expand job recruitment; increase the quality of life for Rantoul residents; and provide reliable, affordable public transportation to workers.

The Village is investing in neighborhoods by using new and existing programs to promote home ownership, and increasing the amount of high-quality rentals. Rantoul is working on building the education curriculum that will focus on providing Rantoul students with the tools they need to be critical thinkers, giving them an edge in the job market of tomorrow.

The Village offers façade improvement and microloan programs for downtown businesses. Recent improvements in the downtown include restoration and maintenance of Constitution Grove; working to drive traffic to the downtown area farmer's market; design and creation of a new downtown mural; and implementing phases of the "Doing Downtown Differently" project. The Downtown Association is focusing on beautification and clean-up; updating ordinances and streamlining codes; instilling pride in ownership and marketing; and conversion of downtown into an event venue.

Recent downtown public investments have included extension of the downtown bike path, downtown lighting improvements, downtown streetscape, downtown farmer's market, and downtown façade program. Short-term strategies for increasing the viability of downtown Rantoul include creating "pop-up" shops; allow for interim uses of vacant lots; bring in food trucks; invite artists to create installations; install outdoor kiosks; and install a bike path to connect to downtown. Long-term strategies for downtown include eliminating regulatory barriers to redevelopment; creating more flexible zoning code definitions of building use; waiving local development fees; and making underutilized public land available for private sector development.

Recent private investment and development in Rantoul has included the JELD-WEN University Expansion; BRG Expansion; new Subway restaurant; remodels of Jimmy John's

and McDonald's; new assisted living facility; new Holiday Inn Express; growth at Taylor Studios; continued redevelopment at Chanute; and opening of C & C Kitchen in downtown.

Rantoul Township High School has been emphasizing early college and career academy; increasing percentage of students on track to graduate after freshman year; developing individualized career plans for every incoming freshman; and expanding partnerships with industry. The school district would like community businesses and organizations to provide opportunities for high school students to job shadow in different areas.

The Village has additional strategies to counteract economic development challenges in Rantoul.

Commercial goals include:

- a. Enhance the economic strength of retail shopping and service areas in clusters of existing areas including parts of the Chanute redevelopment area
- b. Strengthen existing business areas through the addition of approved mixed-used opportunities and cultural facilities
- c. Improve accessibility, convenience, and safety of retail activity in shopping areas
- d. Prevent and reduce undesirable strip commercial development
- e. Support further development near the I-57 interchange
- f. Improve the aesthetic quality of all commercial developments
- g. Accommodate needed types of business facilities
- h. Increase employment opportunities within Rantoul
- i. Maximize the use of the Chanute Air Force base properties

Industrial goals include:

- a. Expand industrial uses in the Village to broaden the tax base and to increase local employment opportunities
- b. Consider improvement of aesthetic quality of existing and proposed developments and thereby encourage additional industrial uses
- c. Evaluate and monitor the environmental impact of new industrial developments prior to approval
- d. Protect industrial use and zones from encroachment by incompatible uses
- e. Protect the environment and surrounding ecosystems from all forms of pollution

The Village continues to work with the United States Air Force on transference of remaining acres of land and facilities at Chanute. The Air Force has recommended that properties be conveyed to the Village using a combination of public benefit conveyance, economic development conveyance, donation, and negotiated sale methods. Much of the property

was contaminated and is in the process of being cleaned up, which takes several years in some cases. Land use restrictions and institutional controls are established prior to transfer. The Village intends to sell off or continue to lease parcels; operate recreational and public works facilities; utilize the landfill and encumbered properties in new ways; minimize additional costs; and enable some of the parcels to be added back on to the property tax rolls.

The purpose of the economic development conveyance agreement with the Air Force is to complete the transfer of the remaining properties, in order to maintain the jobs that the community has worked diligently to create over the past twenty years. Though the opportunity exists that additional new jobs will be created over the longer term as part of a larger regional economic development initiative, the Village's primary focus is on maintaining the existing jobs on the site.

The Village provides assistance to encourage the private sector, including local property owners and businesses, to undertake redevelopment projects and other improvements that are consistent with the goals of the Tax Increment Finance (TIF) District redevelopment plans. The Village provides assistance to support businesses that may include but is not limited to financial and other assistance for building rehabilitation, façade improvements, leasehold improvements, and construction of facilities. The TIF Districts provide resources for commercial development, rehabilitation for existing buildings, and redevelopment of vacant and underutilized parcels.

Strategies for the District in achieving goals include implementing projects that foster quality of life and further investment in the community; enhancing relationships with agencies and all levels of government; and continually seeking funding for research, new technologies and construction of essential infrastructure.

3. Support of Specific Activities of CEDS

The CEDS for the region was completed in 2013 for the East Central Illinois Economic Development District, which included the counties of Champaign, Douglas, Ford, Iroquois, Piatt, and Vermilion. There are sixteen colleges and universities in or near the District. The University of Illinois is the largest school in the District, with over 40,000 students in 2013. Parkland College covers parts of 13 counties, including all six counties of the District. Parkland enrolls 18,000 students per year. The Rantoul EDA RLF supports development projects in Rantoul, which are also assisted by the following CEDS activities:

a. Workforce Development

The Workforce Investment Act provides framework for a unique national workforce preparation and employment system designed to meet both the needs of the nation's

businesses and the needs of job seekers and those who want to further their careers. The most important aspect of the Act is its focus on meeting the needs of businesses for skilled workers and the training, education, and employment needs of the individual. The Champaign County Regional Planning Commission administers the Local Workforce Investment Act (LWIA) center #17.

The Academy for Entrepreneurial Leadership (AEL) at the University of Illinois offers entrepreneurship programs, services and resources to faculty, students and community members. AEL's mission is to encourage entrepreneurial awareness and initiatives across all disciplines at the University. Drawing on the strengths of all fields across the Illinois campus, AEL helps to initiate, build and connect an understanding, appreciation and inclusion of entrepreneurship. AEL sponsors events for faculty, student entrepreneurs and staff throughout the year, including workshops, public discussions, business plan competitions, symposia, professional FastTrac courses and lectures.

The East Central Illinois University Center is a partnership among local educational institutions and business development resources to promote and foster entrepreneurship in the region. The program's mission is to create a growing pipeline of long-term innovative and vibrant business activity within the region through entrepreneur education, start-up assistance, incubation, growth support and investment. The East Central Illinois University Center's offerings for entrepreneurs include: FastTrac NewVenture course offered through Parkland College's Community Education programs; FastTrac TechVenture course; iOS mobile application development course; Entrepreneur in Residence consulting services at the Research Park; Rantoul Business Incubator facility at the Rantoul Business Center; Small Business Development Center consulting services at the Rantoul Business Incubator; ESRI Business Analyst studies and reports through the Champaign County Regional Planning Commission; Shared Services Program support at EnterpriseWorks and Rantoul Business Incubator; SBIR and STTR Technical Assistance Program at EnterpriseWorks for east central Illinois entrepreneurs.

By continually seeking new industry partnerships with state, regional, and national workforce resources, Parkland College strives to boost its communities' access to higher-paying jobs and advancing technologies, and to meet the needs of district employers. Parkland Business Training provides customized, short-term, intensive training and consulting based on the current needs of working and transitioning professionals and businesses. This is accomplished through corporate and customized training and consulting for business and industry, government, non-profit agencies, schools, and universities; public offerings targeting individuals who want to upgrade their skills in their current positions or future positions, receive training and education

for a new career, and the underemployed and unemployed; and traffic safety programs.

The Champaign County Economic Development Corporation (EDC) is a public-private partnership dedicated to fostering a cooperative, county-wide approach to economic and workforce development. EDC coordinates with a number of key organizations in the area to promote an environment in which business thrives. EDC facilitates local educational opportunities for businesses and their employees.

b. Collaboration

The communities within the District work with other jurisdictions, agencies, and interested parties to achieve regional and local impacts. This includes regular communication; involvement on committees and boards of local agencies; meetings with stakeholders; and collaborating on projects and plan updates.

c. Strengthening Workforce and Community

Local municipalities and businesses partner with WIOA, Parkland College, and the University of Illinois in providing educational and training opportunities that are compatible with industries well suited to the District. There are also efforts to establish programs connecting K-12 schools and community colleges to local businesses.

The District helps entrepreneurs and small business owners find resources to grow their businesses and create jobs, by assisting at the municipality level, county, and regional agencies. Information is made available regarding educational programs, mentoring opportunities, and financing programs for small businesses.

d. Increasing Global Competitiveness

The District developed an inventory of the region's resources that can affect the area's success in the global market. Agencies within the District regularly link businesses and partners to existing innovation or research and development networks.

e. Strengthening Infrastructure and Services

The District maintains an inventory of existing transportation, sewer, water, electricity, and internet infrastructure. The District also maintains a list of potential funding sources.

f. Leveraging Resources

The District maintains a listing of potential angel investment groups, venture capital, in-kind opportunities with other agencies, and other collaborative funding mechanisms. Smaller and disadvantaged communities and businesses are informed

of available funding sources. The District also supports local jurisdictions to adopt transparency and disclosure protocols for publicly funded projects.

g. Environment

The District looks at critical components of the natural environment that need special consideration from an economic development perspective, and promotes sustainable manufacturing protocols. Agencies within the District also promote the protection of the Mahomet Aquifer and other water sources.

h. Disaster Recovery

The District works with affected communities to seek funding, assist in writing applications for funding, and pursue other agencies' support in their recovery. The Champaign County Regional Planning Commission provides this assistance, and facilitates assistance to displaced workers when feasible.

The Village EDA RLF will more widely promote financing with the District partners in order to assist the financial start-ups and expansions of Rantoul businesses that are working on expanding and training their employment base; building commercial and industrial infrastructure; researching and developing high-tech products and services; and expanding economic development.

B. BUSINESS DEVELOPMENT STRATEGY

1. Objectives

It is the mission of the Village to enhance the economic, physical, cultural, and spiritual qualities of life for citizens, businesses, and industries of Rantoul by meeting today's challenges and focusing on the future. The Village strives to stimulate sustainable growth for the community and improve quality of life for all residents. A primary objective is to retain and attract private sector investment that will directly increase and further diversify the economic base of Rantoul.

The Village strives to further economic development in Rantoul by:

- a. Attracting new businesses
- b. Managing current employer relations, for retention and growth opportunities
- c. Offering developer incentives and financing for construction and improvements
- d. Providing customized support for each of the business districts
- e. Coordinating assistance for workforce development needs
- f. Revising Village plans/policies as needed to support zoning, planning, and development

The Village encourages many types of business development, including creation of products and services that are innovative and sustainable; entrepreneurial revitalization; quality employment opportunities for Rantoul residents and the region; and public-private partnerships between the Village, organizations, and businesses.

Marketing initiatives include promotion of incentives and financing programs on the Village website; development of marketing materials for electronic and manual distribution; and direct communication with industrial and commercial businesses to discuss incentive and financing options for business development and expansion.

2. Targeted Businesses

The Village intends to continue utilizing the EDA RLF to assist start-up and expanding industrial businesses, commercial business, small businesses, and micro-businesses. Focused areas include the downtown/central business district, Chanute properties, I-57 area, Route 136 corridor, and Route 45 corridor. Rantoul has four TIF districts that provide incentives for business development, construction, rehabilitation, streetscape, and façade improvements. The Village also has an Enterprise Zone to target additional areas for development incentives.

Examples of business types that are proposed for future development and prospective EDA RLF financing include a downtown microbrewery; additional downtown restaurants; a new hotel; expansion of industrial park businesses; commercial development at Chanute; and development and expansion of industrial, commercial, and high tech businesses throughout the business districts.

The Village continues to work with existing major employers in Rantoul to facilitate retention and expansion needs. The major employers include:

Rantoul Foods	380
BRG (Easton-Bell) Sports	367
AT&T Call Center	250
Conair Corporation	340
JELD-WEN	280
Eagle Wings Industries	130
Combe Laboratories	100
SourceHOV Services	100
Engineered Plastic Components	100
Charles Industries	50
Poly Conversions	48
Taylor Studios	40

Prospective borrowers have a full range of businesses characteristics:

- a. Numbers of employees currently range from 1 to 500 employees
- b. Age ranges from 18 and up
- c. Ownership includes individuals and entities with business locations within Rantoul corporate boundaries
- d. Management structures range from small proprietors to large corporations
- e. Products range from research and services to commercial, retail, industrial, and high-tech equipment
- f. Existing markets include sports, personal care products, high-tech solutions, food processing, industrial manufacturing, and display exhibits
- g. Industry cluster participation includes Agribusiness/Food Processing & Technology, Biomedical/Biotechnical (Life Sciences), and Chemicals & Chemical Based Products
- h. Competitiveness factor is stable due to many of the prominent existing businesses having establishment in Rantoul for many years with continued focus on innovative sustainability
- i. Production process includes large facility space with access to major transportation routes
- j. Capital usually requires additional incentive when possible
- k. Types of jobs range from service to production and high-tech development

The Rantoul EDA RLF is able to offer additional financing to highly valued existing companies when expansion needs arise, and also offer financing to start-up businesses as well. The Village is focused on projects that provide community benefit, such as blight reduction, increased equalized assessed value, employment, increased sales tax base, sustainability, and creation of value in Rantoul. Additional factors that the Village is seeking are small businesses, minority business enterprises, and women's business enterprises that benefit Village growth and infill plans.

3. Business Needs

Businesses in Rantoul continue to need qualified employees, access to transportation, access to capital, marketing, technical training, appropriate facility space, increased customer base, and site readiness. These needs have been determined by multiple approaches:

- a. The Village of Rantoul staff regularly communicates with existing and prospective businesses through retention and recruitment visits.
- b. The Champaign County Economic Development Corporation coordinates with the Village to communicate with existing and prospective businesses.
- c. The Illinois Small Business Development Center located in Champaign County consults with and advises start-up and expanding businesses throughout the region, including Rantoul.

- d. The CEDS document involved surveying various stakeholders in Rantoul regarding business needs.
- e. The recent development plans for TIF projects and local development have included surveying businesses and individuals in Rantoul.
- f. The Mayor and Village Board regularly communicate with residents and business owners in Rantoul regarding development and business needs.

4. Other Programs and Activities

In addition to the Rantoul EDA RLF, the following programs and activities are undertaken by the Village, public agencies, and/or local economic development organizations to address the needs of the targeted businesses in Rantoul:

a. TIF Districts

The Village has four TIF Districts to assist redevelopment of properties in specific targeted areas including: along I-57 corridor, downtown, Route 45 corridor, Route 136 corridor, and Chanute properties. Each district is intended to reduce blight, foster improvement, and enhance the tax base of each district. Eligible project expenses generally include land acquisition, financing costs, and site improvements.

b. Enterprise Zone

The Village has an Enterprise Zone which includes the Chanute properties. The current Enterprise Zone will terminate on December 31, 2017 and a new replacement Enterprise Zone will commence on January 1, 2018 for a minimum of 15 years. Incentives include sales tax exemption on building materials and real estate tax abatements for qualifying projects.

c. Micro Loan Fund

The Village has a Micro Loan Fund program to lend qualifying borrowers up to \$50,000 at low interest rate over 5 to 7 years. Eligible projects include equipment, real estate acquisition, and real estate improvement.

d. Foreign Trade Zone

The Village has a general purpose Foreign Trade Zone on the Chanute properties that is a subzone of the Peoria-based Foreign Trade Zone. Incentives in this zone offer the importation, manufacturing, assembling, or re-exportation of products with lowered duties on foreign goods.

e. Historically Underutilized Business (HUB) Zone

The HUB Zone program in Rantoul is certified by the Small Business Administration to help small businesses gain preferential access to federal procurement opportunities.

- f. Chanute-Rantoul National Aviation Center Redevelopment Commission**
The formation of the Chanute-Rantoul National Aviation Center Redevelopment Commission was established with the power to acquire, own, sell, lease or dispose of property and to issue revenue bonds.
- g. Rantoul Business Center**
The Rantoul Business Center is managed by the Village and offers high-tech office and laboratory space at low costs. The building has multiple tenants and offers free parking, auditorium, conference rooms, kitchens, lobby seating, and excellent location.
- h. Champaign County Economic Development Corporation (EDC)**
The EDC is a public-private partnership dedicated to fostering a cooperative, county-wide approach to economic development. EDC brings together community leaders to support Champaign County economic development by aligning interests through productive relationships, open dialogue, and advocacy that supports primary employer job growth and retention. Their partners include local and state government; education leaders including the University of Illinois, Parkland College, and K-12 schools; utility providers; business leaders and other organizations that plan an important part in the development and growth of Champaign County.
- i. Illinois Small Business Development Center (SBDC)**
The SBDC in Champaign County provides advisory support and training assistance to small businesses throughout the region at no charge.
- j. Champaign County Chamber of Commerce Business Advisors' Council (BAC)**
The BAC provides experienced advisors who offer complimentary business counseling, workshops, and seminars.
- k. Champaign County Regional Planning Commission (RPC)**
RPC provides gap financing programs for businesses throughout Champaign County and East Central Illinois. RPC also houses the local Workforce Development Services branch that provides education support and work experiences for youth; job search assistance, supportive services and training assistance for adults and dislocated workers; job search assistance, supportive services and re-training assistance for displaced workers; and employee training.

C. FINANCING STRATEGY

1. Financing Needs

The types of financing needs and opportunities for target businesses identified in the business development strategy include:

- a. **Access to start-up capital:** Need for financing to new businesses when surplus collateral is not available
- b. **Access to micro-financing:** Need for micro-loans to small businesses for smaller projects
- c. **Access to construction financing:** Need for financing of construction phases of development
- d. **Access to affordable financing:** Need for flexible rates and terms, along with longer-term affordable financing
- e. **Access to site financing:** Need financing for site remediation, infrastructure improvements, and overall site preparation and readiness
- f. **Access to varied:** Need for financing to assist with multiple uses including working capital, equipment, inventory, and real estate improvements

2. Local Capital Market

Currently, the availability of private financing can be limited in flexible terms, amounts, and require high levels of collateral and owner equity. Commercial lending is restricted by risk level and requirements imposed from bank restrictions and guaranty program restrictions. Many banks are not interested in considering gap financing from other resources to assist on projects.

Public financing is available in Champaign County through the Village programs and RPC programs. In addition to the Rantoul EDA RLF, the Village has the Micro Loan Fund for businesses; Enterprise Zone for business development incentives; TIF Districts for reimbursing qualified development costs; a Façade Improvement Grant Program for downtown business property improvements; and a Foreign Trade Zone in parts of the Chanute area to help companies save costs on duty payments on foreign merchandise.

The RPC has a Community Development Corporation financing program that provides gap financing to businesses within Champaign County and surrounding communities; a Community Development Assistance Program that provides financing to businesses within Champaign County; and an Intermediary Relending Program that provides financing to businesses and other projects in rural areas of East Central Illinois. Each of the RPC programs are intended to fill a financing gap of up to 50% of the project cost.

The Village programs and RPC programs allow businesses to complete the financing needed for projects that traditional bank financing may be unable to offer due to risk, collateral, and federal requirements. Both the Village and RPC subordinate their collateral positions to the bank involved on a project, and provide flexible terms and interest rates.

Currently, there are challenges in fulfilling the financing needs due to the public financing requirements of filling a percentage gap versus the full amount of financing needed for the project. Many start-ups and less collateralized expansions have a difficult time finding the remaining financing. Opportunities exist for public lenders to continue communication with traditional lenders in efforts to partner on joint financing of business start-ups and expansions.

3. RLF Financing Niche

The Rantoul EDA RLF can assist with gap financing on amounts up to \$500,000. Types of businesses include start-ups, expansions, commercial, service, retail, industrial, high-tech, and office. The size of business is generally smaller in scale, ranging from 1 employee to 500 employees at the local level. Types of financing include working capital, inventory, machinery, equipment, construction, installation, and renovation of commercial and industrial development that intends to increase permanent jobs in the region. Terms of financing include monthly payments for up to 10 years depending upon the type of project; collateral to reflect financing needs with a subordinated position utilized when needed; flexible interest rates with minimum EDA requirements and reflective of current economic climate.

D. FINANCING POLICIES

1. Eligible Lending Area

The eligible lending area for the Rantoul EDA RLF includes all locations within Village corporate limits, for any business located with a business/commercial/industrial zoning classification.

2. Allowable Borrowers

Allowable borrowers for the Rantoul EDA RLF include for-profits, start-up businesses, business expansions, business retention, retail, commercial, service, industrial, high-tech, and office. Borrowers must be operating legally in accordance with all federal, state, and local laws and regulations; and must be current with all Village taxes, fees, and licenses. Allowable borrowers must be unable to obtain the full financing with conventional methods.

3. Allowable Lending Activities

Allowable lending activities for the Rantoul EDA RLF support economic development purposes including: working capital, inventory, machinery, equipment, construction, installation, and renovation of commercial and industrial development that intends to increase permanent jobs in the region.

4. Prohibited Lending Activities

Prohibited lending activities of the Rantoul EDA RLF include;

- a. Acquisition of an equity position in a private business
- b. Subsidization of interest payments on an existing RLF loan
- c. Providing a borrower's required equity contribution under other Federal loan programs
- d. Enabling borrowers to acquire an interest in a business, unless sufficient economic benefit is documented that aligns with the RLF and governing regulations
- e. Providing a loan for purpose of investment capital unrelated to the RLF
- f. Refinancing existing debt, unless 'sound economic justification' or purchase rights of prior lien holder are achieved under alignment with the RLF and governing regulations

5. Loan Size

Loan size will range from \$5,000 to \$500,000 for a single borrower, with maximum loan size not to exceed 25% of the RLF Capital Base.

6. Interest Rates

Interest rates will be determined in relation to current market rates and shall consider economic conditions, Village administrative costs, bank terms, and project details. The minimum interest rate will be four percentage points below the lesser of the current money center prime interest rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four percent or 75 percent of the prime interest rate listed in the Wall Street Journal. Should the prime interest rate listed in the Wall Street Journal exceed 14 percent, the minimum RLF interest rate is not required to be raised above 10 percent if doing so compromises the ability of the Village to implement its financing strategy.

7. Terms

The driving force behind the analysis and loan structure will be the minimization of risk to the RLF through appropriate cash flow requirements and collateralization. Repayment terms will consider the useful life of the collateral, projected cash flow to cover debt service,

and terms that a participating bank utilizes for the project. Standard terms include 3 to 7 years for working capital, 5 to 10 years for equipment, and 10 years for real estate. A balloon term may be utilized if necessary to keep the debt service payment low, preserve cash for the business operations, and to extend the 10-year term on real estate. Fixed asset and real estate based loan amortizations will be directly tied to the estimated useful life of the asset. Working capital loan amortizations will be established after reviewing the cash flow and profitability outlook of the borrower.

8. Fees

Standard loan fees will include:

- a. \$100 application fee
- b. UCC lien filing fees when applicable
- c. Title work fees when applicable
- d. Mortgage filing fees when applicable
- e. Attorney closing fees when applicable
- f. Other fees when applicable

9. Equity and Collateral

The Village does not require a certain amount of equity from the borrower, but will require that the borrower secure twice as much investment or financing as the RLF amount for the project. Collateral is required. The Village will look at collateral value and seek first position on collateral if a participating bank loan is not part of the financing. If the client is utilizing bank financing, then the Village will secure a subordinate position on collateral behind the bank. Collateral could include a UCC blanket lien on business assets, a specific UCC lien on certain equipment or assets, a mortgage on real estate, an assignment of life insurance, and CDs or cash/investment collateral. Fixed asset and real estate based loans will require at least a security interest in the property acquired.

Standard collateral requirements will also include personal guarantees from appropriate individuals such as the borrowers, principals, and investors. Additional collateral requirements will be determined on a case-by-case basis. Working capital loans will require the pledging of all available collateral of the business and individual. Each loan will be reviewed to determine risk of loss, especially in relation to collateral value. In making the capital determination, the Village Administrator and/or his or her designee will consider assets available to the borrower; the historical profitability and cash flow if an existing business; jobs to be created and retained; collateral value; utilization of alternative financing; and credit references of the principals involved.

Each loan will be reviewed individually for equity capital requirements, which may be easier for an established business to meet. Accordingly, the Village Administrator and/or his or her designee and the Loan Administration Board will assess start-ups to determine if all

available personnel and business equities are utilized in the project and will factor this analysis into the ultimate equity requirement of the borrower.

10. Moratoria

Factors to be considered in a moratorium will include the cause of the cash flow problem; likelihood of change in cash flow; personal income sources to supplement business cash flow; current and future value of collateral; economic impact on the community if the moratorium is not extended. Payments may be temporarily modified to allow interest-only payments, followed by re-amortizing the loan upon returning to principal and interest payments.

11. Start-ups

Start-up financing will undergo the same credit analysis and review as expanding companies, with the following additional considerations:

- a. The business owner/principal must have experience in the industry and/or partner principals who have experience in the industry.
- b. The principals' personal financial statements, business plan, business financial projections, and principal resumes will be thoroughly reviewed for sound experience, history, planning, impact, and projections.
- c. Additional collateral will be considered when a participating bank has secured first position.

12. Working Capital

Working capital loans are permitted in the program and will carefully consider the business experience, history, financials, employment, impact, equity, principals, and collateral.

13. Credit Not Otherwise Available

The Village will determine and clearly demonstrate in the loan documentation for each RLF loan that credit is not otherwise available. A signed bank turn-down letter will be required, demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. Alternate documentation can include a fully documented traditional bank referral notification.

E. PORTFOLIO STANDARDS AND TARGETS

1. Target Percentages

Land Use: Commercial 60%, Industrial 40%

Business Status: Start-ups 50%, Expansions 50%

Loan Type: Fixed Assets 50%, Working Capital 50%

2. Private Sector Leverage

Each loan is expected to be leveraged by at least 2 to 1. The Village will ensure that the private investment of the whole RLF portfolio is leveraged by at least 2 to 1 private investment to RLF investment ratio.

3. Job Cost Ratio

Each project should create or retain at least 1 full time job for every \$30,000 that is lent out.

F. RLF LOAN SELECTION CRITERIA

1. The Rantoul EDA RLF capital shall be used for the purpose of making RLF loans that are consistent with the RLF plan or such other purposes approved by EDA. To ensure that RLF funds are used as intended, each loan agreement clearly states the purpose of each loan.
2. The Village Administrator and/or his or her designee and the Loan Administration Board will ensure that each proposed loan application capitalizes on existing regional assets. The Village Administrator and/or his or her designee will work with local and regional agencies to partner on resources, data, and financial assistance available.
3. The Village Administrator and/or his or her designee and the Loan Administration Board will consider whether the proposed loan supports and advances innovation, and increases productivity in a particular industry or emerging sector of the economy.
4. The Village Administrator and/or his or her designee will consider if the potential borrower is part of an existing industry cluster, and will provide supporting data in the credit analysis.
5. The Village Administrator and/or his or her designee will provide data to support the extent to which the project's private investment would not otherwise come to fruition without the RLF investment.
6. The Village Administrator and/or his or her designee will consider if the proposed loan will result in the creation or retention of higher-skilled, higher-wage jobs.

7. In reviewing the loans, consideration will be given to the enhancement of the community; Chanute properties; diversification of employment base; employment of low and moderate-income persons; women and minority owned businesses; infill redevelopment; and expansion in targeted areas. Loans will not be made if full financing is determined to be otherwise available.

G. PERFORMANCE ASSESSMENT PROCESS

1. Evaluation of the RLF Performance

The Village Administrator and/or his or her designee will monitor the loan portfolio on a monthly basis at minimum to determine the level of consistency with the policies and procedures in this plan and in the strategy. The Village Administrator and/or his or her designee will advise the Village Comptroller and the Loan Administration Board of actual performance with the policies and procedures, along with any changes in the plan or strategy. The Village Administrator and/or his or her designee will review all reports, EDA monitoring, and audits in assessing the need for changes. Factors in the assessment will include, but not be limited to:

- a. Deviations from the primary goal and objectives of the strategy
- b. Deviations from the financing policies, portfolio standards and operational procedures herein
- c. Loan default rates
- d. Changes in the economic base of the community
- e. National and regional economic trends
- f. EDA mandates

The Loan Administration Board will make any changes needed on the recommendation of the Village Administrator and/or his or her designee.

2. Intergradation Process

The Village Administrator and/or his or her designee and the Loan Administration Board will modify procedures as indicated from the performance reviews, and will update the RLF Plan accordingly. The Village will update the RLF Plan as necessary in accordance with changing economic conditions in the region and will submit an updated plan to EDA for approval every five years at a minimum.

PART II: REVOLVING LOAN FUND OPERATIONAL PROCEDURES

A. ORGANIZATION STRUCTURE

1. Critical Operational Functions

The critical operational functions of the Rantoul EDA RLF will be overseen by the Village Administrator and/or his or her designee, and the Loan Administration Board. Specific functions will be conducted by staff as follows:

- a. Marketing the RLF, identification and development of appropriate financing opportunities will be conducted by the Village Administrator and/or his or her designee. The Village Administrator and/or his or her designee will communicate the program to local lending institutions, businesses, and agencies.
- b. Connection of business assistance and advisory services available will be coordinated by the Village Administrator and/or his or her designee, which includes partnering with agencies such as the Illinois Small Business Development Center located in Champaign County, Parkland College, Champaign County Economic Development Corporation, Champaign County Regional Planning Commission, and Champaign County Chamber of Commerce Business Advisors' Council.
- c. Environmental Reviews for each loan, as required by EDA, will be conducted by the Village Administrator and/or his or her designee who has experience in conducting Environmental Reviews.
- d. Loan processing including review of applications, conducting credit analysis, preparing loan documentation and recommendations will be conducted by the Village Administrator and/or his or her designee.
- e. Loan closings will be conducted by the Village Attorney.
- f. Loan servicing including monitoring repaying activities, referring troubled loans to the appropriate technical assistance provider, administering loan collections, and handling defaulted loans and foreclosures will be handled by the Village Administrator and/or his or her designee, Village Comptroller, and Village Attorney.
- g. Organizational administration including financial record keeping and ensuring compliance with all EDA requirements will be handled by the Village Comptroller and Village Administrator and/or his or her designee.

2. Loan Administration Board

The Loan Administration Board consists of seven members appointed by the Mayor of Rantoul, and shall be responsible for making all final loan decisions. They include: two members having lending experience with a lending institution; one member having significant experience with a retail or service commercial business; one member having significant experience in industrial business; one at-large member; two members from the

municipality – the Mayor or his/her designee; and the Village Administrator or his/her designee. The Mayor or his/her designee shall chair the board meetings. The Board will have terms ranging from three to five years, with reappointment possible. A quorum will be represented by a minimum of four out of seven Board Members. Approvals will require a majority vote of the quorum. In addition to the Loan Administration Board, the Village Board approves the financial disbursements of loans at its regular meetings.

3. Conflicts of Interest

The Village will ensure that no Interested Party is using their position for a purpose that constitutes or presents the appearance of personal or organizational conflicts-of-interest or of personal gain. An “Interested Party” is defined in 13 CFR 300.3 as “any officer, employee or member of the board of directors or other governing board of the Recipient, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of the Recipient, such as agents, advisors, consultant, attorneys, accountants or shareholders.”

An Interested Party also includes the Interested Party’s “Immediate Family”, defined as a person’s spouse, parents, grandparents, siblings, children and grandchildren; but does not include distant relatives, such as cousins, unless the distant relative lives in the same household as the person, and other persons directly connected to the Interested Party by law or through a business organization. In addition, “Immediate Family” includes a person’s “Significant Other” or partner in a domestic relationship with an “Interested Party.”

The Village will ensure that no Interested Party receives any direct or indirect, financial or personal benefits in connection with the EDA RLF for payment or reimbursement of costs by or to the Village. An Interested Party shall not receive, directly or indirectly, any personal or financial benefits resulting from the disbursement of RLF loans. The Village will not lend RLF funds to an Interested Party. The Village will ensure that former board members of the Village and members of his or her immediate family shall not receive a loan from the RLF for a period of 2 years from the date that the board member last served on the RLF Board.

No member of the governing body of the Village and no other officer, employee, or agent of the Village who exercises any functions or responsibilities in connection with the planning and carrying out of the RLF program, shall have any personal financial interest, direct or indirect, in any loan agreement or financing contract; and the borrowers shall take appropriate steps to assure compliance.

B. LOAN PROCESSING PROCEDURES

1. Standard Loan Application Requirements

All loan applications will be submitted to the Village Administrator and/or his or her designee. Staff will evaluate each application and provide an analysis to the Loan Administration Board for consideration. The Rantoul EDA RLF application requirements include:

- a. Loan application
- b. Business plan
- c. Sources and uses of funds
- d. Two years of business federal tax returns/financial statements for existing businesses
- e. Two years of personal federal tax returns for all principals
- f. Current balance sheet for existing businesses
- g. Current profit and loss statement for existing businesses
- h. Financial projections
- i. Personal financial statement and resume for all principals

Additional data is required as applicable to the project: lease agreement, purchase agreement, site plan, estimates, existing debt terms and schedules, appraisal. Certain situations may require additional items not on these lists.

2. Credit and Financial Analysis

- a. The credit and financial analysis will be conducted by the Village Administrator and/or his or her designee who has experience in credit and financial analysis. The Village Administrator and/or his or her designee will obtain personal credit reports for principal applicants. Dun & Bradstreet will be checked when appropriate. Credit references supplied by the borrower will be thoroughly considered. The principals' personal financial statements, business plan, business financial statements, and resumes will be thoroughly reviewed for sound experience, history, planning, impact, and projections. Financials will be analyzed for details, trends, and ratios in sales, cost of goods sold, gross income, expenses, net income, assets, liabilities, and equity as part of the financial analysis.
- b. Standard collateral requirements will include personal guarantees and a security position on the collateral being financed by the loan. Additional collateral may also be required.
- c. Standard equity requirements include proof of the equity being provided, such as a bank account statement or signed documentation of funds being injected.
- d. Appraisal reports are generally required when real estate is being purchased.

- e. A signed bank turn-down letter will be required, demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. Alternate documentation can include a fully documented traditional bank referral notification.

3. Environmental Review

The Environmental Review will be conducted by the Village Administrator and/or his or her designee who has experience with Environmental Reviews; who will ensure compliance with applicable environmental laws and regulations, including EDA regulations, the National Environmental Policy Act of 1969, and all other Federal environmental mandates.

For all construction projects being considered for financing by the RLF, the Village Administrator and/or his or her designee will conduct the following assessments:

- a. Determine whether the project will result in a significant adverse environmental impact. Additional documentation may be needed from the applicant. The project will not be approved that would result in a significant adverse environmental impact unless that impact will be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation will be made part of the loan conditions.
- b. Determine whether the project involves new above-ground development within a floodplain based on a review of the proposed development against FEMA Flood Insurance Rate Maps. No activity will be financed which would result in new above-ground development in a 100-year floodplain, per E.O. 11988. This determination will be made by reviewing the proposed development against FEMA Flood Insurance Rate Maps.
- c. Determine whether the project will be located within or adjacent to any wetland area. The applicant may be required to provide wetland delineation information as necessary. No activity will be financing which would result in alternation of any wetland or in any adverse impact on any wetland without consultation with the U.S. Department of the Interior Fish and Wildlife Service and, if applicable, a Section 404 Permit with the Army Corp of Engineers will be obtained.
- d. The Village Administrator and/or his or her designee will notify the State Historic Preservation Officer (SHPO) of each approved loan that involves significant new construction and expansion; and will request and receive comments on the effect of the proposed activity on historic and archaeological resources prior to closing of the loan. In cases where SHPO has recommended actions or has determined an adverse impact, the Village Administrator and/or his or her designee and the loan applicant will work with SHPO and EDA to address any issues identified before the loan is closed.

- e. The Village will require all loan applicants to provide information regarding whether or not there are any hazardous materials such as EPA listed hazardous substances, leaking underground storage tanks, asbestos, polychlorinated biphenyls (PCB), or other hazardous materials present on or adjacent to the affected property that have been improperly handled and have the potential of endangering public health. If necessary, the loan applicant will be required to perform or provide evidence of performance of a Phase I Site Assessment to identify possible sources of contamination, a Phase II Site Assessment to test soil and/or groundwater samples, and a Phase III Site Remediation involving mitigation of applicable contaminants. Financing will not be approved which involves unresolved site contamination issues. The loan applicant will be responsible for working with the appropriate state environmental agency office to resolve any outstanding issues before any loan can be approved for the affected site.

4. Loan Write-Up

The loan write-up will be provided by the Village Administrator and/or his or her designee to the Loan Administration Board. The write-up will summarize key components of the proposed loan including: business history, management, product, production capability, market conditions, financing, collateral, repayment ability, consistency with the RLF financing policy, and whether any environmental issues exist.

5. Procedures for Loan Approvals

Completed loan application and all appropriate supporting documentation will be presented by the Village Administrator and/or his or her designee with recommendation to the Loan Administration Board. Meetings will be scheduled as needed. Detailed minutes of the Loan Administration Board's deliberations shall be kept for each meeting. In addition to the Loan Administration Board, the Village Board approves the financial disbursements of loans at its regular meetings.

The Loan Administration Board consists of seven members appointed by the Mayor of Rantoul, and shall be responsible for making all final loan decisions. They include: two members having lending experience with a lending institution; one member having significant experience with a retail or service commercial business; one member having significant experience in industrial business; one at-large member; two members from the municipality – the Mayor or his/her designee; and the Village Administrator or his/her designee. The Mayor or his/her designee shall chair the board meetings. The Loan Administration Board will have terms ranging from three to five years, with reappointment possible.

A quorum will be represented by a minimum of four out of seven Loan Administration Board Members. Approvals will require a majority vote of the quorum. In addition to the

Loan Administration Board, the Village Board approves the financial disbursements of loans at its regular meetings.

The Village Administrator and/or his or her designee will inform all applicants of the board's decision and shall not make commitments to a borrower without formal board approval. The Village Administrator and/or his or her designee will ensure that the Loan Administration Board reviews and approves loans in accordance with the approved financing policies, targeting criteria, and loan selection criteria of the RLF Plan.

C. LOAN CLOSING AND DISBURSEMENT PROCEDURES

1. Loan Closing Documents

The Village Administrator and/or his or her designee and the Village Attorney will prepare all necessary loan documents for closing. The Village Administrator and/or his or her designee shall utilize the approved checklist to insure all necessary documents have been prepared and shall review the documents with the Village Attorney. After review by the Village Attorney and fulfillment of any pre-closing terms, the Village Administrator and/or his or her designee along with the Village Attorney will proceed with closing the loan. At a minimum, the loan closing documents will include:

- a. Original, signed loan application
- b. Loan agreement
- c. Meeting minutes documenting the approval of the RLF loan request
- d. Promissory note
- e. Security agreement
- f. Deed of trust or mortgage (as applicable)
- g. Agreement of prior lien holder (as applicable)
- h. A signed turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed, or a fully documented conventional bank referral

2. Loan Agreement Provisions

- a. The Village Administrator and/or his or her designee will ensure that RLF funds are used as intended by disbursing the funds according to the Loan Disbursement procedure. Evidence of the activity being financed will be required, through methods including site visit, invoices, receipts, and other documentation as needed. The Village Administrator and/or his or her designee will follow up with each borrower at least annually to review business financial statements and status. Each borrower will sign a detailed loan agreement outlining the requirements under which the loan will be made and covenants to which the borrower will conform to.

- b. All RLF loan documents and procedures shall protect and hold the Federal government harmless from and against all liabilities that the Federal government incur as a result of providing the RLF grant to assist directly or indirectly in site preparation or construction, as well as the direct or indirect renovation or repair of any facility or site.
- c. Prospective borrowers, consultants, or contractors will be made aware of and comply with the Federal statutory and regulatory requirements that apply to activities carried out with RLF loans. All RLF loans will include loan call stipulations for instances of non-compliance.

3. Loan Disbursement

Disbursement of the loans will vary with the type of loan approved, and will protect RLF assets. Following are general guidelines for each type of loan, assuming all other documentation requirements have been fulfilled:

- a. **Fixed Asset Purchase Money:** Proceeds directly payable to vendor upon receipt of invoice
- b. **Fixed Asset Non-Purchase Money:** Proceeds payable to borrower
- c. **Real Estate Purchase Money:** Proceeds directly payable to seller at closing
- d. **Real Estate Non-Purchase Money:** Proceeds payable to borrower
- e. **Real Estate Construction Money:** Proceeds payable to contractors or subcontractors as work is completed and inspected with appropriate lien waivers provided
- f. **Working Capital:** Proceeds payable to borrower or accounts payable vendors depending on loan agreement language

D. LOAN SERVICING PROCEDURES

1. Repayment

All loans will require monthly payments based on an amortization schedule provided to the borrower at the loan closing. The Village Administrator and/or his or her designee will review all loans regularly to determine their status and provide updates to the Loan Administration Board. Additionally, the Village Administrator and/or his or her designee will provide data regarding undisbursed RLF funds to the boards, along with commitments outstanding and applications pending.

The Village Administrator and/or his or her designee will contact a borrower when a payment is 15 days past due. When a payment is 30, 45, or 60 days past due, the Village

Administrator and/or his or her designee will send notice to the borrower. All communications shall be documented in the loan file. The Village Administrator and/or his or her designee will keep the Loan Administration Board updated on loan status. The Village Administrator and/or his or her designee and the Loan Administration Board shall review each delinquency in detail to ensure the RLF's position is not being eroded or that non-action on the part of the RLF is the prudent course of action. Loan payments that are 90 days past due or beyond are addressed in the Defaulted Loans section.

2. Monitoring

The Village Administrator and/or his or her designee will require periodic submission of financial statements from the borrowers such as quarterly or annually; annual insurance renewals; UCC lien extensions if needed; site visits with the borrower annually and as needed, depending upon the status of the loan; and will schedule additional monitoring activity as appropriate per loan. The Village Administrator and/or his or her designee will ensure that any Federal requirements of the RLF are adhered to. The Village Administrator and/or his or her designee will review and document job creation/retention projections for each loan on an annual basis until the requirement is fulfilled and monitoring period has ended.

3. Loan Files

The Village will maintain all loan files, which include all required data, communications, and signed original loan documents. These files will be kept in a fireproof filing cabinet or fireproof facility. Specific documentation includes, but is not limited to:

- a. Loan application
- b. Loan agreement
- c. Board meeting minutes approving the loan
- d. Promissory note
- e. Security agreement
- f. Deed of trust or mortgage (as applicable)
- g. Agreement of prior lienholder (as applicable)
- h. Signed turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed, or a fully documented conventional bank referral
- i. Copy of private lender loan agreement (as applicable)
- j. Financial statements
- k. Annual insurance certifications (as applicable)
- l. Annual site visit reports
- m. General correspondence
- n. Job reports

The Village will also maintain closed loan files and all related documents, books of account, computer data files and other records over the term of the closed loan and for a three-year period from the date of final disposition of the closed loan. The date of final disposition of a closed loan is the date:

- a. Principal, interest, fees, penalties, and all other costs associated with the closed loan have been paid in full; or
- b. Final settlement or discharge and cessation of collection efforts of any unpaid amounts associated with the closed loan have occurred

4. Job Creation

The initial job creation claims will be reviewed to ensure the project will create or retain at least 1 full time job for every \$30,000 that is lent out. The Village Administrator and/or his or her designee will provide a job data form to the borrower on an annual basis after the loan is disbursed in order to track employment by the borrower. The employment requirement will be documented in the loan agreement.

5. Defaulted Loans

The Village Administrator and/or his or her designee will attempt to reach the loan client for collection of loan payments and possible loan modification. The Village Administrator and/or his or her designee will coordinate with the Village Attorney to handle any civil cases for collection, collateral seizure, and settlement negotiations that may be needed.

When proceeds are received that are not subject to liquidation pursuant to 13 CFR Ch. 111, Part 307.20, the proceeds will first be applied toward any costs of collection, second towards outstanding penalties and fees, third toward any accrued interest to the extent due and payable, and fourth towards any outstanding principal balance due. If a loan reaches 90 or more days past due, the Village Administrator and/or his or her designee will coordinate with the Village Attorney to determine the best course of action for maximum loan collection. The Village Administrator and/or his or her designee will keep the Loan Administration Board up to date on defaulted loans.

6. Write-Offs

Once the Village Administrator and Loan Administration Board determine that a loan is unable to be collected further payment from, the loan will be charged off. All collection efforts will have been exhausted; or the client will have a discharged bankruptcy and is no longer required to pay the loan. The Village Administrator, the Village Attorney, and the Loan Administration Board will diligently pursue all prudent avenues of collection prior to write-off, in order to preserve the RLF funds.

E. ADMINISTRATIVE PROCEDURES

1. New RLF's: N/A

2. Accounting

The Village Comptroller manages the accounting for the RLF and will operate in accordance with generally accepted accounting principles ("GAAP") as in effect from time to time in the United States and the provisions outlined in OMB Circular A-133 and the Compliance Supplement, as applicable. A separate bank account is established that houses the RLF funds, including repayments and interest income. The EDA RLF portfolio and funds are clearly distinguishable from any other Village loan program.

3. Administrative Costs

The source of RLF administrative costs is generated from the interest charged on the loans. The anticipated maximum percentage of income to be used for eligible and reasonable administrative costs is 10%. If expenses exceed RLF income, the Village will utilize General Funds to cover remaining costs. When charging costs against RLF income, the Village will comply with applicable Federal cost principles and audit requirements found in 2 CFR part 225, part 230, part 220; and OMB Circular A-133. RLF administrative costs will be tracked via the Village employee timekeeping database, invoices paid from the RLF fund, and entries by the Village Comptroller's office to the RLF fund.

The Village will maintain adequate accounting records and source documentation to substantiate the amount and percent of RLF income expended for eligible RLF administrative costs. The Village will retain records of administrative costs incurred for activities and equipment relating to the operation of the RLF for three years from the actual submission date of the last semi-annual or annual report that covers the period that such costs were claimed, or for five years from the date the costs were claimed, whichever is more. The Village will make available for inspection any retained records, including those retained for longer than the required period.

4. EDA Reporting

The Village Administrator and/or his or her designee will coordinate with the Village Comptroller to prepare EDA's required RLF financial reporting and will submit the same in a manner designated by EDA. The Village will update the RLF plan a minimum of every 5 years or sooner if changing economic conditions warrant.

5. Audits

The Village acknowledges that the EDA's federal RLF funds are subject to an annual audit requirement in compliance with 2 CRF Part 200 "Uniform Guidance" and the full value of the RLF (outstanding loans and available cash) will be shown every year on the Schedule of Federal Expenditures. If the dollar amount of the RLF qualifies the EDA RLF as a major federal program, the Village will ensure that the auditor performs the required federal audit procedures.

Reference documents used in the update of this plan include:

- a. Code of Federal Regulations (CFR): 13 CFR Chapter III
- b. East Central Illinois Economic Development District Comprehensive Economic Development Strategy (CEDS) July 2013
- c. Economic Development Conveyance Agreement for the former Chanute Air Force Base
- d. Economic Development Conveyance Application for the former Chanute Air Force Base
- e. EDA RLF Operators Memo RE Guidance for Updating/Creating Revolving Loan Fund (RLF) Plans
- f. U.S. Census Bureau Data
- g. U.S. Department of Commerce EDA RLF Financial Assistance Award Standard Terms and Conditions
- h. Rantoul National Aviation Center Airport Master Plan Update
- i. Rantoul Tomorrow Plan
- j. Village of Rantoul Ordinances, Memos, Financial Statements, Policies, Procedures
- k. Village of Rantoul Comprehensive Plan
- l. Village of Rantoul Zoning Code
- m. Village of Rantoul Redevelopment and Incentive Plans
- n. Village of Rantoul Community Experience Plan