City of McCook
Economic Development Revolving Loan Fund
Excerpt from City of McCook Economic Development Plan

Revised February 21, 2011 - Ordinance i No. 2011-2852-7- February 2011

8.1 General Guidelines

1. The amount of funds available for any single project shall not exceed the amount of funds available under the Economic Development Program during the project term, nor shall it provide for more than fifty percent (50%) of applicant's total project costs. An applicant must provide participation and evidence of participation through private funding as distinguished from Federal, State, or local funding in the minimum amount of ten percent (10%) equity investment. The right is reserved to negotiate the terms and conditions of the loan with each applicant, which terms and conditions may differ substantially from applicant to applicant.

2. The interest rate shall be fixed and negotiated on an individual basis; usually one-half of the lending rate for the project at a traditional banking source. The term shall not exceed ten (10) years for loans used for capital assets and seven (7) years for loans involving any other asset category. Security for loans will include, but will not be limited to, Promissory Notes, Mortgages or Deeds of Trust, and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary lender.

3. If the loan is approved as performance based, a qualifying business may be approved to recapture a portion of the loan amount. The recaptured amount will be determined by the Program Administrator, based upon job creation or retention and economic impact on the project to the community.

4. A loan repayment schedule providing for monthly, quarterly, or annual payments will be approved in conjunction with project approval. Repayment will be held in the revolving loan fund for future projects when approved.

5. The Program Administrator is responsible for auditing and verifying job creation and retention and determining grant credits toward any loans made. No grant credits are available unless pre-approved in the initial application and project approval.

6. It is anticipated that the Program can be fully administrated by the Program Administrator. Administration costs for the loan fund will be defrayed by loan fees and the portion of sales tax revenue directed to administration expenses as outlined in the Plan Budget.

8.2 Eligible Applicants

The revolving loan fund can provide loans or loan guarantees to any business eligible for assistance under LB 840. While not meant to restrict the scope or flexibility of the fund, evaluation of applications should give special priority to businesses which meet one or more of the following criteria:

1. Businesses which create one job for each $25,000 or less in public financing assistance.

2. Applications which provide for the expansion or enhancement of existing businesses in McCook or its surroundings.

3. New business starts.

4. Businesses that in the opinion of the loan committee have unusual potential for growth.

5. Businesses that are relocating from outside Nebraska.

6. Businesses that provide for important local or regional needs.

7. Businesses that bring revenue into McCook from outside Nebraska.

8.3 Application Requirements

1. Complete an application that may be obtained from the office of the McCook Economic Development Corporation, P.O. Box 626 McCook NE 69001, or contracted Program Administrator.

2. Submit the completed application together with all information as set out below to the office of the McCook Economic Development Corporation. The application will then be reviewed by the Program Administrator and the loan committee, and upon completion of the review the committee will make a final decision on the project.

3. The Program Administrator will notify any applicant of the decision of the committee.

4. A non-refundable $100 application fee to help with administration costs, including a Criminal History Check, is to be submitted with the completed application.

8.4 Information Required

The qualifying business shall provide the following information before the Program Administrator and the Loan Committee considers any application:

1. Submit a City of McCook LB 840 Economic Development Revolving Loan Program application.

2. Business plan.

3. Two years complete individual federal tax returns, if over 25% ownership (signed).

4. Two years complete corporate tax returns (signed).

5. Current year to date profit and loss statement (signed).

6. Recent balance sheet (signed).

7. Articles of Incorporation, By-Laws, and Minutes of last meeting.

8. Corporate Resolution authorizing loan application and execution of required documents.

9. Credit Bureau Report (CBR) for Shareholders with over 25% ownership.

10. Other information as requested by the Program Administrator, Loan Committee or by the City Council

8.5 Required Timeline to Meet Goals

A business receiving a loan shall have 18 months from the date of loan approval to meet the employment and/or expansion goals as indicated in the sales tax application on file.

8.6 Loan Default

The Loan Fund Administrator will be responsible for contacting the borrower if a payment is in default. If a payment is more than 30 days in default, a letter will be sent by the Loan Fund Administrator to the borrower and the primary lender requesting immediate payment. If payment is not made within 10 days of the letter, a committee composed of the City Attorney, City Clerk, City Manager, Program Administrator, Loan Fund Administrator, and the President of the MEDC will meet to determine appropriate action.

CITY OF MCCOOK, NEBRASKA
ECONOMIC DEVELOPMENT REVOLVING LOAN FUND PROGRAM
APPLICATION

Applicant Name: ______________________________ Title: ____________________

Company Name: ____

Address: ____
Street City State Zip Code

Telephone: (____) ____________________

Contact Person (if different than applicant): ____

Telephone: (____) ____________________

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Business Type: ______Corporation, ______Partnership, _____Sole Proprietor

IF COPORATION OR PARTNERSHIP LIST OFFICERS/PARTNERS:

Name: _________________________ Title: __________________ Ownership: _______%

Name: _________________________ Title: __________________ Ownership: _______%

Name: _________________________ Title: __________________ Ownership: _______%

Name: _________________________ Title: __________________ Ownership: _______%

Project Type: _____Business Start-up _____Business Expansion

Business Activity (Product or Service): ____

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Years in Business: _____ Current Employment: ___________________________________
(Full-Time Equivalent)

Proposed Employment: ___________________________ (New/added jobs related to project)

Project Narrative: ____

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TYPE OF ASSISTANCE REQUESTED:

Loan Amount: $_____ Term: _____Yrs Rate: _____%

Use of Funds: (Check all that apply)

_____ Purchase Land _____ Purchase Building

_____ Construction _____ Renovation

_____ Mach/Equip _____ Working Capital

_____ Interim Financing

_____ Training Assistance Amount: $_____

_____ Public Improvements Amount: $_____

Describe: _____

SOURCES AND USES OF ALL PROJECT FUNDS

Description	Cost	Bank Loan	City Loan	Equity
Land/Building	$_____	$_____	$_____	$_____
Mach/Equip	$_____	$_____	$_____	$_____
Work Capital	$_____	$_____	$_____	$_____
Interim Finance	$_____	$_____	$_____	$_____
Training	$_____	$_____	$_____	$_____
Public Improve	$_____	$_____	$_____	$_____
Other: _____	$_____	$_____	$_____	$_____
Project Totals	$_____	$_____	$_____	$_____

To Be Included With Application:

A. Resume of Principal (s)

C. Business Plan (including):
1. Cash flow and income projections monthly 1st yr. annually for next two years, including your assumptions
2. Management plan
3. Market demand summary/purchase orders

D. Personal Financial Statement of Principal (s)

E. Two years complete individual federal tax returns, if over 25% ownership (signed)

F. Two years complete corporate tax returns (signed)

G. Corporate balance sheets for the last 2 years (except startup)

H. Articles of Incorporation, By-Laws, and Minutes of last meeting

I. Corporate Resolution authorizing loan application

J. Credit Bureau Report (CBR) for Shareholders with over 25% ownership

K. Other information as requested by the Program Administrator or Loan Committee

The applicant hereby certifies that all information in this application, and all information furnished in support of this application is given for the purpose of obtaining assistance under the Economic Development Loan Program and is true and complete to the best of the Applicant's knowledge and belief. Verification may be obtained from any source named herein. Provided that any and all information related to the financial status of the business shall be held confidential and not subject to review by the public.

Signature of the Applicant: ______________________________

Date signed: _____/_____/_____ Title: ______________________

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Referred to Loan Review Committee: _____/_____/_____

Recommendations:

Loan Review Committee: _____Approval _____Disapproval (reasons): ___________

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City Council Action: Date: _____/_____/_____ Resolution No: ___________

_____Approval _____Disapproval (reasons): ______________________