

6. The products to be assembled or manufactured or service to be rendered:

7. Amount requested: _____

8. Term of loan agreement requested: _____

II. NATURE OF IMPROVEMENTS

1. Amount requested for purchase of the land: _____

2. Amount requested for building improvements: _____

3. Amount requested for machinery and equipment: _____

4. Amount requested for operation expenses: _____

III. PROPOSED PROJECT

1. Location of the proposed facility: _____

2. Is the applicant presently located in the City of Hesston? _____

3. Will the loan be used to refinance an existing project? _____

4. Is the proposed project an expansion or replacement of another existing project? _____

5. If the facility is a proposed expansion or replacement of another plant, state size and location of current operations:

6. What type and size of building will be constructed?

7. Name and address of contractor and/or architect: _____

8. Is the prospective location properly zoned? _____

9. If a zoning change is pending, cite application number and present status. If application has not been made, briefly describe what change will be needed and plans for submitting application:

10. If unusual demands for water or sewer will be made, specify the demands.

IV. OWNERSHIP AND MANAGEMENT

1. Describe the organization structure of the Applicant Firm (proprietorship, partnership, subsidiary, corporation, etc.) _____
2. Note relationship to parent company: _____

V. FINANCIAL RESPONSIBILITY

1. How many years has the Applicant been in business? _____
2. Please list the source and amount of all other funds to be supplied (by the applicant or other public or private source).

<u>Source</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

3. Credit references:

 Name Address

 Name Address

 Name Address

If the company is rated by Dunn G Bradstreet, please provide rating information:

4. In order to facilitate the application process, please provide the following information:

Existing Firms:

1. Certified copies of financial audits for the past three years.
2. Most recent annual or quarterly financial report.
3. A financial audit, current to date, for each personal guarantor, certified by a Certified Public Accountant and the guarantor.
4. Proforma statements for the first three (3) years of operation after award of loan, including revenue projections, operating expense projections, and a debt authorization schedule.

New Firms

1. Verification of other funding sources.
2. A financial audit, current to date, for each personal guarantor, certified by a Certified Public Accountant and the guarantor.
3. Copies of a marketing feasibility study.
4. Proforma statements for the first three (3) years of operation after award of loan, including revenue projections, operating expense projections and a debt

authorization schedule.

VI. MEASURE OF ECONOMIC GROWTH AND BENEFIT

1. What percentage of sales will be sold locally? _____
3. What is the estimated amount of merchandise and services that will be purchased locally, per year?

3. How many people will the project employ when completed?

Type

Professional: _____

Technical: _____

Clerical: _____

General Labor: _____

TOTAL EMPLOYEES: _____

4. If you will be in direct competition with local firms,

Firms affected: _____

Describe nature of the competition: _____

5. Other miscellaneous benefits to the local economy (renovation of dilapidated building in a deprived area, supplying a service not currently offered locally, etc.):

Applicant should be aware that additional financial data shall be required if requested by the City

Administrator or the City Council.

Attached hereto is the copy of the Policy of the City of Hesston, Kansas, Governing the Establishment and Operation of the Economic Development Revolving Fund for informational purposes, HOWEVER, APPLICANT ACKNOWLEDGES AND AGREES THAT SAID POLICY AS WELL AS THIS APPLICATION IS A SET OF GUIDELINES AND ANY OF THE PROVISIONS STATED THEREIN MAY BE WAIVED OR ADDED TO AT THE DISCRETION OF THE GOVERNING BODY OF THE CITY OF HESSTON.

Signature

Date

City of Hesston, Kansas
Economic Development Revolving Loan Fund
Program Statement
Adopted May 10, 2004

Introduction

The City of Hesston will make funds available to businesses and local entrepreneurs for eligible economic development projects. The eligibility of any economic development project will be determined by its being able to meet “Eligible Activities” criteria established by the Hesston City Council.

Applications for project funding from the City of Hesston’s Revolving Loan Fund must result in the creation of new jobs and/or retention of existing jobs, primarily for the benefit of low and moderate income individuals. Revolving loan fund monies may provide assistance to private for profit or nonprofit entities when assistance is necessary or appropriate to carry out an economic development activity.

The City of Hesston may use proceeds from the revolving loan fund to provide business financing assistance for a new business locating in, or an existing business expanding in the local community. The City may choose to offer assistance to an existing local firm attempting to remain in business. Economic development projects in which there is no change in the product or service, in the market, in the management, or other essential prior circumstances and for which the principal activity is refinancing or “bail out” shall be ineligible.

Statement of Purpose

The City of Hesston confirms and endorses the national and state purpose of a revolving loan fund program which is to develop viable communities by funding economic development programs that benefit all citizens of the community, but especially those persons who are of low and moderate income.

The City has identified the following goals and objectives for the City of Hesston Revolving Loan Fund program:

GOAL 1

To improve the local economy and economic well being of the citizens of Hesston.

Objectives:

- a. To encourage private investment which will result in 1) creation of new jobs and income generation, and 2) the expansion of the tax base.
- b. To encourage the creation and retention of viable businesses which employ and serve the local population.
- c. To promote a strong local government role in maintaining and improving the existing economic base which is essential to the well-being of the community and its economy.
- d. To increase the use of minority and women business enterprises whenever feasible, thereby expanding job creation in that segment of the local economy.
- e. To improve the opportunities for local entrepreneurs to secure funding for projects

- that will result in job creation through small start-up or expansion businesses.
- f. To provide monetary incentives to local businesses to aid in addressing critical capital needs when funding is essential to retain jobs but not essential for the continued economic survival of the business.
 - g. To allow local input into the economic development strategy of the community by actively soliciting public comments on the use of revolving loan fund monies.

Public Participation Process

The City of Hesston, as required, will hold a public hearing to solicit local citizen input on the creation of the revolving loan fund. The public hearing notice will be published in the official city newspaper at least ten (10) days prior to the hearing. The notice of public hearing to obtain citizen's views will contain a brief description of the revolving loan fund program and provide information as to where the revolving loan program document may be viewed. The public hearing will be held by the Governing Body of the City of Hesston at a time and place as prescribed in the public notice and in accordance with all applicable state laws regarding public meetings.

During the public hearing, the Governing Body will furnish upon request of any citizen the following information:

- a. The amount of funds available and pledged to the revolving loan fund program;
- b. The range of activities to be undertaken;
- c. The amount of revolving loan fund monies to be used for activities that will benefit low and moderate income persons;
- d. The Governing Body's plan for minimizing displacement of citizens as a result of an economic development activity using revolving loan fund money;
- e. The plan to ensure that the revolving loan fund will recapture a sufficient amount of funds so as to continue the program goals and objectives;
- f. The proposed method of dispersal of monies to be used if the revolving loan fund program is discontinued.

Further, the City of Hesston will conduct a public hearing on each application submitted for funding under the revolving loan fund program.

The City, in conducting public hearings on revolving loan fund monies, will provide notice of the public hearing to obtain citizen comments and will contain a description of the proposed project, proposed project location, activities to be carried out, and total estimated cost of the activities.

Any public hearing held by the Governing Body to solicit citizen input on a revolving loan fund project will be conducted in the manner as outlined in paragraphs (1) and (2) of the Public Participation Process section.

Eligible Activities

Revolving loan funds may be used to provide business financing assistance for a new business locating in, or an existing business expanding in the Hesston community. The City may offer assistance to an existing local firm attempting to remain in business provided such funding is not for a "bail out" attempt. Revolving loans are not transferable. Revolving loans are for the exclusive use by businesses

that will operate or are in operation within the Hesston City limits. Should a company who has received a revolving loan cease operations as a viable business within the community, the revolving loan must be repaid in its entirety to the revolving loan fund.

Eligible applicants shall be defined as any person, partnership, private or public corporation, association, or development agency. All eligible applicants for revolving loan funds must submit sufficient proof that they meet the criteria as established by this statement.

Preferred projects as provided for under the City of Hesston's Revolving Loan Fund program shall be for the purchase, construction, extension, improvement of real estate, plants, buildings, structures, or facilities whether or not now in existence, used or to be used primarily as a factory, assembly plant, manufacturing plant, fabricating plant, distribution center, warehouse building, transportation and transfer facility, industrial plant, processing plant, commercial or agricultural facility, office building, facility for the prevention, reduction, disposal or control of pollution, sewage or solid waste, facility for conducting export trade activities, or research and development building in connection with any of the facilities defined as a project in this paragraph. The term "project" shall also include any required improvements, including, but not limited to road or rail construction, alteration, or relocation and construction of facilities to provide utility service for any of the facilities defined as a project under this subdivision, along with any fixtures, equipment and machinery, and any demolition and relocation expenses required in connection with any such projects and any capital required to promote and facilitate such projects. Other economic development projects deemed appropriate by the Governing Body of the City of Hesston may be eligible for revolving loan assistance.

Types of Assistance

To help businesses meet their changing physical needs, the City of Hesston's Revolving Loan Fund will provide money to fund new construction or plant expansion and modernization plans. For established businesses, loan fund money may be used for working capital, for fixed assets, and to finance research and development activity. Loan fund money may, in the case of new businesses, be used to provide the necessary local cash injection required as part of the Small Business Administration loan program.

The interest rate for any loan will be determined by the City Council and repayment of any such loan will be made directly to the city's revolving loan program. All loans made by the city shall bear a rate of interest which is based at an average of two (2) percentage points below the New York prime lending rate with a minimum allowable interest rate of three (3) percent.

The City Council may approve amending the interest rate for a specific loan if requested by the business owner once during the term of the loan when declining interest rates make such adjustment appropriate. In order for a business to qualify for an adjustment, the business must be operating in good standing and current with loan payments.

The city will grant no moratorium on interest payments and only grant a moratorium on principal payments for six months. If a longer moratorium is required, the Council will consider such approval by formal action on a case by case basis.

The City of Hesston requires that each applicant furnish collateral which will provide reasonable assurance to the Governing Body that the revolving loan fund will not incur severe financial loss in the event of default. The city may require an independent appraiser to conduct an appraisal of all collateral listed in the security agreement for loan requests that exceed \$15,000.

The City of Hesston's revolving loan fund program will be used to provide the following types of loans:

1) Participatory Loans - Participatory loans are loans of money to a business as part of a total package which will be combined with other private funds to finance an entrepreneurial endeavor consistent with the guidelines of this program. Such loans shall be for a term not to exceed ten (10) years.

2) Loan Guarantee - Revolving fund monies may under this program be used as capital to "guarantee" repayment of privately financed loans should the business fail. In no case will funds for loan guarantee purposes be expended to guarantee a loan which is unsound or not financially feasible. All loan guarantees must be made according to the general guidelines established for the use of revolving loan fund monies. "Loan Guarantee" financing is limited to securing no more than one-third of any combination of loans on a business and may not exceed a "guaranteed" amount of \$75,000.

3) Direct Loan - Direct loans are loans of money to businesses qualifying under the provisions of this program. A direct loan to any business shall not exceed \$100,000 and shall not have a term longer than ten (10) years.

Time of Performance

It shall be the policy of the City of Hesston Revolving Loan Fund program that all projects be designed and scheduled to be completed within eighteen (18) months of the project commencement date as stated in the grant agreement. Time extensions to the contract may be considered based upon an explanation of the circumstances on a case-by-case basis and will require an amendment to the loan agreement.

Submission of Loan Applications

In an effort to provide basic information to the review team, to reduce required paper work and to encourage all eligible applicants to participate, only applications on forms provided by the City of Hesston will be considered. Forms will be available from the City Clerk of the City of Hesston. A complete set of forms with two (2) copies must be submitted to the City Council of Hesston. The Applications must contain a full statement of need demonstrating the necessity of public funding due to a financing gap making the project impossible without public funds.

The applicant must document that the amount requested to be borrowed is the very least amount necessary to close the project's financing gap or make it economically feasible. A statement demonstrating that private investment in the project is contingent upon loan funding to close the financing gap shall be required with all applications.

Upon receipt of any application, the city may request an individual credit report from a credit bureau for each borrower listed in the loan request. Additionally, the city will prepare an estimate of final costs for the applicant(s) that provides the anticipated expenses associated with the loan. The following fees will be paid by the applicant of a revolving loan: attorney's fees associated with document preparation; appraisal fees, if necessary; all mortgage and filing fees; the applicant's credit report; and any other direct expenses incurred by the city relating to the loan.

Any application for revolving loan fund monies must contain a statement demonstrating that it is in the public interest and appropriate to utilize public funds because the project would not be economically feasible if private funds must be substituted for public funding and that no local sources of public funds are available to be used for the project.

Selection of Applicants

Revolving loan fund applications will be evaluated and ranked according to criteria designed to include employment needs, project impact, project feasibility, and to assure benefit to low and moderate income persons. Loan fund applications will be reviewed by an independent board established by the City Council of Hesston. The Revolving Loan Fund Committee will consist of three members who shall represent the community's economic base and shall have experience and interest in the economic development and growth of Hesston.

The Revolving Loan Fund Committee will evaluate all loan fund applications to ensure that necessary criteria are met and will assign rankings to all loan applicants along a format established by the Hesston City Council. In any event where there is a conflict of interest with a loan submitted to the Revolving Loan Committee, the member with the conflict will not participate in evaluating the loan request.

Waiver of Statement requirements

The Governing Body reserves the right to grant or not to grant a revolving loan under circumstances within or beyond the scope of this Statement, or to waive any procedural requirement. The Governing Body is under no obligation to approve any requested loan and reserves the right to deviate from the policies and criteria contained herein if circumstances exist to warrant such deviation. Such circumstances may include, but not be limited to: economic development projects which, due to their unusual nature or magnitude, offer extraordinary benefits to the community.

Compliance with Regulations

The City of Hesston will designate a staff member to serve as a liaison between the City Council and a revolving loan fund applicant to insure that recipients will comply with:

- 1) Title I of the Housing and Community Development Act of 1974, as amended, and;
- 2) The following laws, regulations, and requirements:
 - a) Civil Rights and Equal Opportunity Provisions
 - b) Environmental Standards and Provisions
 - c) Labor Standards and Provisions
 - d) Fair Housing Standards and Provisions
 - e) Administrative and Financial Provisions