

Jo Daviess County Economic Development

Revolving Loan Fund Application Package



Jo Daviess County
Fertile Ground ~ Shovel Ready

**Committed to providing a source of financing
that enables business to
thrive and grow.**

JO DAVIESS COUNTY ECONOMIC DEVELOPMENT REVOLVING LOAN FUND APPLICATION PACKAGE

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***These items plus the submittals required in the Application Checklist constitute the complete application. Please deliver your application, with cover letter, to:**

**NW Illinois Economic Development
1 Commercial Drive, Suite 2
Hanover, IL 61041**

Approved By Jo Daviess County Board
February 9, 2021

Thank You!

JO DAVIESS COUNTY ECONOMIC DEVELOPMENT REVOLVING LOAN FUND APPLICATION

Dear Applicant:

Thank for your commitment to starting or growing your business in Jo Daviess County!

The purpose of the Jo Daviess County Revolving Loan Fund (RLF) is to ensure that businesses like yours grow and prosper within the county and we are glad you've chosen to seek financial assistance through our RLF. Working together with you and your bank we hope to enable you to accomplish the goals you've set for your business.

This application packet asks a series of questions aimed at determining the following:

- Your business activity, products and services
- Your business's viability and potential for growth
- Your financial commitment and commitment to maintaining your company in the county
- The RLF's ability to meet your financial gap
- The level of risk the RLF takes on by assisting your company

We also require submittals to support the information you're giving us. We encourage you to use the checklist at the end of the application to ensure that you have supplied the documents we need to adequately assess and approve your request. We promise to utilize great care in the handling and sharing of your documents (see privacy statement below). Please note the "Loan Evaluation Criteria" which details the criteria by which your application will be reviewed.

We assume that you are working with your local banker to complete this application. However, if you are new to our County, welcome!. Let us help you connect with our local banks so that you can choose a financial institution to assist you, and to make this application process as easy as possible. **Please be advised that Jo Daviess County requires a \$100 (non-refundable) application fee at the time of submittal** in order to cover the administration of the application and review process. This fee is in addition to any fees that may be charged by your financial partner.

Again, we thank you for doing business in Jo Daviess County, where we take pride in our business-friendly environment!

Jo Daviess County Administrator's Office

Statement of Confidentiality

All information submitted to the County relating to this application is subject to the Freedom of Information Act. Confidentiality cannot be guaranteed, however every effort will be made to assure that the applicant's information is reviewed only by the applicant's banker and NW Illinois Economic Development to ascertain the appropriateness of the loan request. The Development & Planning Committee Chair may convene an executive session of that committee to review the application in its entirety.

JO DAVIESS COUNTY REVOLVING LOAN FUND GUIDELINES AND PROCEDURES

Purpose

The Jo Daviess County Revolving Loan Fund (RLF) is established to provide a source of financing, for expanding or start-up businesses. Used to fill a "financing gap" in a business development project, RLF offers a low-interest option to complete a financing package. Further, the RLF seeks to:

- Retain and attract businesses that provide permanent jobs
- Maximize investment within the County
- Redevelop vacant and/or blighted land
- Promote sales and tax generating projects
- Provide financial assistance to eligible businesses

The Revolving Loan Fund adds another tool to the "tool box" of the county's economic development efforts. The incentives provided to a business through this RLF are a fixed rate, low interest, and/or long-term financing for a business wanting to expand or locate within the county. The RLF is not the primary source of financing for a project, however, the combination of public and private financing lessens the risk for the primary lender and yields an overall lower cost of money for the borrower.

It is the intent of the RLF to view both existing and start-up business as equal under the criteria with preference given to those expansions and start-ups that result in retained or new jobs and/or new sources of economic activity within the county. Jo Daviess County seeks to work with companies that have excellent potential for growth, will provide increased employment in the county, and will help diversify our economy. For an existing business the primary criteria to be considered are the following:

- Dedicated and experienced management
- Past performance
- Current economic viability of the business
- High potential for profitability
- High potential for growth
- Sufficient collateral and cash flow to service and secure the loan

In the case of an entrepreneurial start-up business the following will also be considered:

- Market strengths such as providing a new service or product development or distribution in Jo Daviess County as demonstrated by local market and/or feasibility study.
- Complementary business development that serves an existing county business entity.

Process

Administration:

The RLF is administered by NW Illinois Economic Development and most RLF applications begin with the applicant's local banker who recommends the County's revolving loan fund.

RLF applicants from outside the County are encouraged to bank locally.

The RLF application review is conducted by NW Illinois Economic Development, on behalf of the county. NW Illinois Economic Development reviews and recommends approval or denial of an application to the Jo Daviess County Development & Planning Committee. The Jo Daviess County Board is the final authority on granting the loan, following a recommendation from the Committee.

The county's RLF funds are available through a combination of local, state and federal funds and are therefore bound by restrictions as dictated by those entities.

Application:

All applicants for the county's RLF are charged a (non-refundable) \$100 processing fee.

Application packages are available through local participating banks, the office of the County Administrator, on the Jo Daviess County website, www.jodaviess.org and on NW Illinois Economic Development's website, www.nwiled.org. Applicants are urged to complete the application in conjunction with applicant's banker. Upon recommendation from NW Illinois Economic Development, the application is referred to the Development & Planning Committee for their motion to approve and to send to the full county board for approval. Upon final approval, the originating bank will issue and service the loan on behalf of the county according to an agreement with the bank.

Confidentiality:

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Guidelines

Eligibility:

Existing businesses within the county, businesses wishing to relocate to Jo Daviess County, or individuals and/or partnerships looking to start a new business are eligible. Expansions and new business shall result in creation of new sources of economic activity within the county¹

Municipalities or not-for-profit agencies/corporations may be considered on a case-by-case basis for special projects that will result directly or indirectly in increased economic activity.²

Uses of Revolving Loan Fund:

- Land and building acquisitions.
- Site preparation and land development costs
- Building construction.
- Building renovation.
- Tenant improvements
- Machinery and equipment.
- Inventory, working capital, technology and software.

Loan products

Loans originate at local banks and are serviced by the local bank. It is recommended that the applicant work with his/her banker throughout the process.

Loan limits:

Loans shall not be made for less than \$5,000.00 and may not exceed 25% of the total amount of the financing package up to \$100,000.00.

Terms:

- Rate: Two (2) points below Prime Rate, adjusted as Prime Rate changes, maximum rate is capped at 2%.
- Terms: Not to exceed 10 years, depending on the use of funds and security provided. To be determined with every loan agreement. Loan terms are typically one to seven years for working capital; two to ten years for machinery and equipment; and five to ten years for land and buildings. The County retains the right to adjust individual loan terms in order to facilitate a successful RLF project.
- Personal Guaranty: Required.
- Collateral: The County seeks to have the best possible collateral position that ensures loan fund security. Collateral decisions will be determined with every loan agreement.
- Deferrals: Deferral of principal payments may be provided for up to one year, if required to make the project feasible.
- Equity: 10% of total project costs. Equity can be land, cash, equipment or a combination.

¹ New sources of economic activity are those that provide increases in sales or other revenues, i.e., expanded internet access, warehousing or logistics, and may add jobs indirectly.

² "not-for-profit" may include, but is not limited to, churches, human service agencies or development corporations

- Fees: Any bank fees for services, including application fees, processing and administrative fees will be paid by the applicant. May be included in the loan.
- Default and delinquency terms are defined in the security documents of the originating bank.
- In consideration for ongoing services, the originating bank is allowed to charge the County up to .25% (one-quarter of one percent) annual service fee.

Additional business requirements:

- Must show adequate financial ability to repay the debt
- Must maintain hazard insurance on collateral
- Must carry lines and coverage of insurance appropriate to the business and corporate organization

**JO DAVIESS COUNTY ECONOMIC DEVELOPMENT
REVOLVING LOAN FUND
APPLICATION**

BUSINESS NAME _____

ADDRESS _____ **ZIP CODE** _____

CONTACT PERSON _____ **EMAIL** _____

PHONE _____ **FAX** _____ **CELL** _____

FEDERAL I.D. # _____

PERSON COMPLETING APPLICATION: _____

SIGNATURE _____ **TITLE** _____

RELEASE OF INFORMATION AND CERTIFICATION

PLEASE READ CAREFULLY BEFORE SIGNING:

I hereby give permission to Jo Daviess County to research the company's history, make credit checks, contact the company's financial institution, and perform other related activities necessary for reasonable evaluation of this proposal. I understand that all information submitted to the County relating to this application is subject to the Freedom of Information Act and that confidentiality can not be guaranteed. I hereby certify that all representations, warranties or statements made or furnished the County in connection with this application are true and correct in all material respects. I understand that it is a criminal violation under Illinois law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or political subdivision.

SIGNATURE OF COMPANY OFFICER: _____

DATE: _____

NOTE: Jo Daviess County will not provide assistance in situations where it is determined that any representation, warranty or statement made in connection with this application is incorrect, false, misleading, or erroneous in any material respect. If assistance has already been provided by the County prior to discovery of the incorrect, false, or misleading representation, the County may initiate legal action to recover County funds.

DATE RECEIVED: _____ **BY:** _____
(initials)

1. DESCRIPTION AND HISTORY OF BUSINESS (Provide a narrative history of the company, e.g. type of business structure, product(s) and/or service(s).

2. DESCRIBE IN DETAIL THE PROPOSED BUSINESS PROJECT/EXPANSION: (e.g., company relocation, plant expansion, remodeling, new product line, refinancing). If description is attached, please summarize here.

3. WHAT IS YOUR ANTICIPATED START-UP DATE? _____

4. WHAT DATE WILL YOUR PROJECT BE COMPLETED? _____
(Note: Funds are normally not available until approximately two months after the County's actual approval.)

5. HAS ANY PART OF THE PROJECT BEEN STARTED?

☐ NO ☐ YES (please describe) _____

6. HOW MANY EMPLOYEES ARE CURRENTLY EMPLOYED BY THE COMPANY? _____

7. IF AWARDED COUNTY RLF FUNDS HOW MANY NEW, FULL-TIME AND PART-TIME EMPLOYEES WILL THE COMPANY ADD TO THE PAYROLL?

Full-Time:

12 months _____	24 months _____	60 months _____
	Cumulative (if applicable)	Cumulative

Part-Time:

12 months _____	24 months _____	60 months _____
	Cumulative (if applicable)	Cumulative

8. WHAT IS THE ESTIMATED ANNUAL PAYROLL FOR THE NEW EMPLOYEES RESULTING FROM THIS PROJECT?

Year One: _____	Year Two: _____	Year Three: _____
	Cumulative (if applicable)	Cumulative

9. WHAT IS THE AVERAGE WAGE RATE (not including fringe benefits) PROJECTED TO BE FOR THE NEW EMPLOYEES?

10. HOW WILL THIS PROJECT BENEFIT JO DAVIESS COUNTY AND THE COMMUNITY? (i.e., new jobs, payroll, economic diversification, capital investment, real estate tax, sales tax, utility tax)

11. WHAT FORM OF INVESTMENT WILL THE BUSINESS CONTRIBUTE TO THE PROJECT? PLEASE EXPLAIN CLEARLY. (i.e., direct cash investment, existing equity, new equipment)

12. IDENTIFY ALL AGENCIES OR INSTITUTIONS INVOLVED IN THE PROJECT AND WHAT THEIR INVOLVEMENT IS:

USE OF FUNDS		SOURCES					
ACTIVITY	COST	SOURCE	SOURCE	SOURCE	SOURCE	SOURCE	SOURCE
		A	B	C	D	E	F
LAND ACQUISITION							
SITE PREPARATION							
BLDG. ACQUISITION							
BLDG. CONSTRUCTION							
BLDG. REMODELING							
MACHINERY & EQUIPMENT							
FURNITURE & FIXTURES							
WORKING CAPITAL (detail)							
OTHER							
OTHER							
TOTAL							

TERMS OF PROPOSED FINANCING				
CODE: SOURCE	AMOUNT	TYPE (1)	RATE	TERM
(include all sources in chart above)				
SOURCE A: JO DAVIESS RLF COMPONENT				
SOURCE B:				
SOURCE C:				
SOURCE D:				
SOURCE E:				
SOURCE F:				
TOTAL				

13. EXPLAIN WHY ASSISTANCE IS NEEDED FROM THE COUNTY RLF AND WHY IT CANNOT BE OBTAINED ELSEWHERE (i.e., financing gap, rate of return, location, lower rate)

14. EXPLAIN REQUEST FOR SPECIFIC TYPE OF ASSISTANCE (forgivable loan vs. loan, etc.)

15. WHAT TYPE OF SECURITY AND IN WHAT AMOUNT WILL THE BUSINESS PROVIDE THE COUNTY? IF NO SECURITY IS OFFERED, AN EXPLANATION MUST BE PROVIDED.

Mortgage on _____ \$ _____
What seniority or position? _____

Lien on _____ \$ _____
What seniority or position? _____

Personal Guarantee: _____
Other: _____
None: _____ Explain: _____

16. GENERALLY A DECISION ON THIS APPLICATION BY THE DEVELOPMENT & PLANNING COMMITTEE OF THE COUNTY BOARD CAN BE EXPECTED WITHIN 30 DAYS OF RECEIPT OF THE APPLICATION. IS THERE AN URGENT NEED FOR A MORE IMMEDIATE DECISION? (1-2 weeks)

☐ NO ☐ YES (why?) _____

17. HAS THE BUSINESS BEEN CITED OR CONVICTED FOR VIOLATIONS OF ANY FEDERAL OR STATE LAWS OR REGULATIONS WITHIN THE LAST FIVE YEARS? (including environmental or safety regulations)

☐ NO ☐ YES (please explain) _____

18. WILL YOUR BUSINESS BE PURCHASING PROPERTY ON WHICH THE FOLLOWING MAY BE LOCATED:

<input type="checkbox"/> YES	<input type="checkbox"/> NO	Underground tanks (whether or not in current use) for the storage of petroleum products
<input type="checkbox"/> YES	<input type="checkbox"/> NO	Agricultural or other chemicals
<input type="checkbox"/> YES	<input type="checkbox"/> NO	Waste oil or other liquid waste
<input type="checkbox"/> YES	<input type="checkbox"/> NO	Other flammable, corrosive, reactive or explosive liquid or gas

19. WILL YOU BE STORING ABOVE GROUND OR AROUND YOUR BUSINESS PREMISES IN TANKS OR OTHER UNITS FOR ANY LENGTH OF TIME

- ☐ any purpose liquid or gas included in question 24 above
- ☐ any flammable, corrosive, reactive or explosive solid, excluding ordinary refuse

20. WILL YOU BE TREATING, TRANSPORTING, OR DISPOSING OF ANY LIQUID, GAS OR SOLIDS INCLUDING THOSE ITEMS REGARDING QUESTION 18 OR 19 ABOVE, EITHER ON OR ABOUT YOUR BUSINESS PREMISES?

- ☐ NO
- ☐ YES (please specify the substance and its use in your business or on your business premises) _____

21. IF THE BUSINESS GENERATES SOLID OR HAZARDOUS WASTE, IT IS REQUIRED TO SUBMIT AN AUDIT AND MANAGEMENT PLAN TO REDUCE THE AMOUNT OF WASTE AND TO SAFELY DISPOSE OF THE WASTE. FOR THE PURPOSE OF MEETING THIS REQUIREMENT, THE BUSINESS IN LIEU OF PROVIDING IN-HOUSE AUDITS, COMPLETED AUDITS MAY BE SUBMITTED BY EITHER THE WASTE MANAGEMENT AUTHORITY OF THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES (IDNR) OR THE ILLINOIS WASTE MANAGEMENT. JO DAVIESS COUNTY WILL NOT PROVIDE FINANCIAL ASSISTANCE UNTIL AUDIT IS SUBMITTED.

- ☐ In-house audit
- ☐ IDNR or other source audit

22. PLEASE USE THIS SECTION FOR ADDITIONAL EXPLANATIONS OR COMMENTS.

FOR ADMINISTRATIVE USE ONLY:

PARTICIPATING BANK: _____

BANK REPRESENTATIVE: _____

DATE OF REVIEW: _____

SUBMITTALS COMPLETE: ☐ YES ☐ NO (please list missing documents)

DOCUMENTS TO BE SUBMITTED: _____

BY: _____
(Date)

DATE OF FINAL REVIEW: _____

SCORE: _____ **APPROVED:** ☐ YES ☐ NO

SIGNATURE _____ **DATE:** _____

APPLICATION CHECKLIST

The following attachments are required for a complete application. Please use this list to ensure that all items required are submitted. If any item is not submitted, please attach explanation.

- ☐ Business plan (if new business)
- ☐ Marketing plan (if new business)
- ☐ Copies of the company's Quarterly Illinois (or other state) "Employers Contribution and Payroll Report" for the past year
- ☐ Copy of the most recent monthly payroll register
- ☐ Letter of commitment of funds (from banks, private funding, etc.)
- ☐ Profit & Loss Statements (3-year historical and 2-year projections)
- ☐ Balance sheets (3-year historical and 2-year projections, including aging accounts receivable schedule, aging accounts payable schedule and a schedule of other debt)
- ☐ Personal financial statement and tax return
- ☐ Certification of good standing from the Illinois (or other state) Secretary of State or an authorization to conduct business in Illinois.
- ☐ Listing of current board of directors and current officers if a corporation, or a listing of the general partners if a partnership.
- ☐ Corporate signatory authorization naming an officer to execute loan documents, if approved.
- ☐ Cost Estimates of construction, machinery and/or equipment, technology/software (if construction or equipment upgrades are required)
- ☐ Federal Identification Number
- ☐ Map indicating location of the project
- ☐ Other

LOAN EVALUATION CRITERIA

Projects are evaluated on the following criteria and compared to other applications that are received.

Business Activity

Does the project have potential to stimulate additional economic activity as a purchaser or supplier of goods and/or services in the County?

Investment

How much money will be invested in real estate?

Improvements

How much money will be invested in the business compared to the loan amount requested?

Financial Ability to Repay

Does the applicant show a liquidity position and cash flow ability to repay payments on funds borrowed from the RLF per the terms of the promissory note.

Risk Assessment

What are the potential benefits to the County compared to the risks associated with providing a loan?

Economic Impacts

Will the project have a positive impact on the County's economy?

Neighborhood Impacts

Will the project have a positive impact on the neighborhood/area in which it will be located?