

KANKAKEE COUNTY, ILLINOIS REVOLVING LOAN FUND APPLICATION PACKAGE

Kankakee County is please to provide information on its Revolving Loan Fund (RLF), which is a major component of the County's economic development incentives package. The Fund was established to provide financial assistance, through low-interest loans, to new or expanding businesses in Kankakee County and to secure public benefit for the residents of the County by developing a stronger economic base and expanded job opportunities.

This package will provide the prospective applicant with information on the fund, possible uses of the funds, and what information is needed to apply for a loan from the County.

Use of the funds is governed by a variety of rules and regulations mandated by the State and Federal agencies that provide the original grants to Kankakee County as well as policies adopted by the County.

Creation of the Fund

Kankakee County Revolving Loan Fund program was created by loans made to local businesses from the State of Illinois, through its Community Development Assistance Program (CDAP). As these CDAP loans are repaid to the County, the County placed the funds in its RLF program for future economic development opportunities within the County. The recipients of these loans are required to make monthly payments to the County.

Revolving Loan Fund Goals and Objectives

1. Stimulate economic growth and job development in the Kankakee County area by assisting with the retention and growth of the existing industrial and commercial base, providing needed equity to new start-up and expanding businesses, encouraging the development of minority, female-owned, not-for-profit and service-orientated businesses, and providing an incentive for established businesses to relocate to Kankakee County.
2. Assist new or existing Kankakee County area businesses to create and retain jobs.
3. Ensure that jobs created or retained by business applicants' benefit a minimum of 51% low-moderate income households in the area.
4. Increase Kankakee County property tax and sales tax base.
5. Provide businesses with the opportunity to expand.
6. Encourage and leverage loans to businesses by area private financial institutions.
7. Assist short- and long-term economic development by supporting projects which create and retain jobs and protect the existing tax base.
8. Encourage the involvement of area financial institutions through joint efforts and partnerships to make feasible projects, which would otherwise not be undertaken (i.e. written agreements with participating institutions).
9. Insure the financial security and stability of the Revolving Loan Fund through appropriate due diligence in the use of funds.

Revolving Loan Fund Recapture Strategy

Job Creation/Retention Requirements

The basis for use of monies from the Revolving Loan Fund is job creation. For every \$15,000 of revolving loan funds provided, one full-time equivalent (FTE) job should be created or retained. (FTE jobs are positions consisting of a minimum of 1,950 hours worked a year). In addition, job creation/retention should take place within 12 months after the money is disbursed from the fund.

At least 51% of all jobs created/retained shall benefit persons from low-moderate income households based upon Federal HUD (Section 8) Income Guidelines. Employee certifications and quarterly reports on the creation/retention of jobs shall be submitted to the County.

Geographic Area

Recaptured funds will be expended for projects which are located in eligible areas of Kankakee County and/or which are determined to principally benefit residents of Kankakee County.

In the event that an applicant for an RLF loan is (will be) located in a municipality with a revolving loan fund program, the business owner shall first pursue funding from the local municipality. In the event that the local municipality can not provide funding or satisfy the loan request, a letter from the chief elected official of the municipality shall be required explaining the reason(s) why the community is unable to participate.

Maximum/Minimum Loan Amount & Equity

The minimum Kankakee County RLF Program Loan amount shall be \$20,000. Kankakee County RLF loans shall be made on a matching basis. The match may be in the form of owner equity, bank loans, or supplier financing. All matching funds shall be financial contributions. Revolving lines of credit shall not be considered matching funds. Funds spent prior to approval of the RLF application will not count as match. A match of 3-to-1, private-to-public financing, will generally be required.

The RLF applicant shall be required to provide 10% owner equity.

Interest Rate & Terms

The interest rate on loans made from the Kankakee County Revolving Loan Fund shall be 4 points below the prime rate, however the rate shall not be lower than 3%. The loan's interest rate shall be set on the date the loan is approved by the County Board. The term of the loan is negotiable, but shall not exceed 10 years.

(Note: In no event shall County RLF participation exceed the terms granted by the participating lender for the same class of asset.)

Eligible Uses of Funds

The following are considered eligible uses of the Revolving Loan Fund monies:

- A. Site development/infrastructure extension costs.
- B. Construction of a new facility or additions.
- C. Renovation of existing facilities.
- D. Leasehold improvements where appropriate.
- E. Purchase of new or used machinery and equipment.
- F. Working capital.
- G. Inventory

Ineligible Uses of Funds

- A. Projects of speculative nature.
- B. Refinancing of existing debt of any kind.
- C. Restaurants

The transfer of firms and jobs from one location within the State of Illinois or Kankakee County using Kankakee County RLF proceeds is prohibited unless it can be shown that proposed jobs/job opportunities will be lost to another county, state or country.

Targeting of Funds

The funds will be targeted to assist the existing industrial and commercial base of the Kankakee County, start-up, female, and minority-owned businesses, service-orientated and not-for-profit firms that create employment, and businesses that are interested in relocating to Kankakee County.

Applications will be generated by:

- a. Sending RLF information to the county's existing businesses.
- b. Including RLF information in the county's marketing package.
- c. Provide RLF information to area economic development commissions and the chamber of commerce to include in their area marketing information.
- d. Staff participation in business related seminars or workshops held in the area.
- e. Provide RLF information to local chapter of NAACP, Urban League and other organizations representing minority groups and offer to speak at meetings periodically.
- f. Provide information to area women's entrepreneur associations and women's service organizations.
- g. Publicize approved loan projects by sending news releases to area media and holding news conferences, ribbon cuttings and ground breakings to encourage media coverage.
- h. Area lending institutions will be provided with information about the RLF and asked to inform potential borrowers of fund availability.

Demonstration of Need

Kankakee County, utilizing recaptured Community Development Assistance Program (CDAP) dollars from the State of Illinois, may participate with any lending institution and/or source of equity in making County RLF Program Loans. Applicants and participating lenders must demonstrate a financial need for local CDAP-RLF funds. Financial need can be demonstrated by meeting one or more of the following financial need criteria:

- a. CDAP funds are needed to “fill the gap” between the estimated project cost and what lenders are able and willing to lend.
- b. The estimated return on investment (ROI) exceeds the bank-determined, industry-wide standard.
- c. The banks determine there is insufficient collateral without CDAP revolving loan fund participation.
- d. CDAP-RLF financing is needed to keep the firm in the community (applicant must furnish the bank with detailed incentive letters from other states and detailed cost information/explanations on how CDAP-RLF funds equalize the costs between the community site and the out-of-state site, CDAP-RLF funds cannot be used to relocate a firm from one part of the State of Illinois to another part of the state).

This need will be demonstrated by a lender and community CDAP-RLF committee review of applicant’s financials (see application at end of document for financial information requirements).

Distribution of Funds

Funds will be distributed from the RLF on a first come, first served basis. Applications that demonstrate the greatest potential for job creation/retention and meeting the goals and objectives of the fund will be given the highest priority.

Applicants

- a. Applicants must have the ability to repay the loan and be an acceptable credit risk as determined by the participating lender and/or county board.
- b. Upon completion of any construction activities, the applicant’s property must comply with all applicable code, permit, and license requirements of the jurisdiction it is located.
- c. Applicant must make adequate progress toward loan closing within six (6) months of loan approval by the County Board. Failure to do so could result in a revocation of the authorized loan unless the County Board grants an extension.

Collateral Requirements

The participating lender shall have the primary responsibility for determining the applicant’s credit risk and, if it requires, shall be entitled to the senior lien or security interest on any collateral given as security. In the case where the local government secures the RLF loan with identical collateral, its lien or security interest shall be subordinated to the participating lender. In addition, Personal Guaranty and Key Man Life Insurance will be required on Kankakee County RLF Program loans.

Loan Application Fee

The Kankakee County Revolving Loan application fee is \$200 (non-refundable) and is payable at the time of submittal of the application.

Loan Call Provisions

Failure to abide by the Kankakee County RLF program guidelines or administrative guidelines or administrative procedures can result in calling of the RLF loan at the County Board's request. Also, the County can call the RLF loan due and payable in the event of: 1) the transfer of substantially all the borrower's assets to any third party; 2) bankruptcy or insolvency of the borrower; 3) cessation of the conduct of active trade or business in Kankakee County by the borrower for any reason, including, but not limited to, fire and other casualty; 4) inability to meet the obligations for job creation/retention as originally stated. These provisions are contained in a loan agreement between the borrower and Kankakee County.

Activities Completed Prior to Loan Closing

All project activities completed prior to loan closing are ineligible for financing through the Kankakee County RLF Program. Also, any lender financing or equity, which is disbursed prior to loan closing, cannot be counted as match.

State/Federal CDAP Program Requirements (Title I)

The RLF Program will be operated according to applicable CDAP Program requirements which include, but are not limited to, environmental review, prevailing wage rate, equal employment opportunity, minority business enterprise, Section 3 ("Local Hire") Provisions, and Persons with Disabilities/Developmentally Disabled provisions.

RLF Management Plan

1. The Kankakee County Board Chairman, with the consent of the County Board, shall appoint five (5) members to the RLF Review Committee. The Committee shall consist of two County Board members (one from each party) and three members of the public. At least 2 of the members of the Committee shall have experience in finance, business development, or commercial lending.

Upon submittal of an application to the Planning Department, the Planning Director shall review the application for completeness. The application will then be forwarded to the Committee for review. The Committee will meet with the applicant, meet with the representatives of the participating lending institutions, visit the site if necessary, negotiate terms, length, security of loans and ensure compliance with the RLF goals and objectives. A recommendation will be prepared for the County Board's Planning, Zoning, and Agriculture Committee's approval or denial which will include a description of the project, project costs, source of funds, security required, special conditions, and reasons for approval or denial. All other application information is kept confidential. The Full County Board will formally approve or deny the application.

2. The Planning Department, States Attorney, and the County Treasurer will staff the Program.
3. The loan documents, including commitment agreements, liens, title policies, security recordings, transfer tax declarations, amortization schedules, and security releases shall be obtained and completed by the States Attorney. The Planning Director shall monitor repayments of the loan, job creation and/or retention reports required to be provided semi-annually until the commitment is met, monitor other special conditions required by the loan and submit semi-annual reports on the status of the RLF to the Department of Commerce and Community Affairs and County Board.
4. Delinquent Loans. When an RLF payment becomes 16 days past due, the County Treasurer will place a telephone call to the borrower and request payment. At 30 days past due, the Treasurer will send a formal letter requesting payment. Should the payment become 45 days past due the matter will be turned over to the States Attorney to pursue. All legal rights will be exercised by the County to reclaim funds. Legal counsel will be consulted during foreclosure and liquidation proceedings if events warrant.

Assurances

1. Not more than 10 percent of the annual revenue to the RLF will be used for administration of the RLF fund. Administrative expenses will be documented via receipts, bills, invoices, timesheets, etc.
2. Assistance proved from the RLF will result in at least 51 percent benefit to low-to-moderate income persons and these benefits will be documented by utilizing Job Training Partnership (JTPA) service providers, Illinois Employment and Training Centers or the employee certification forms found in this document.
3. Kankakee County agrees to report semi-annually on the status of the RLF to the Department of Commerce and Community Affairs.
4. Any changes to the recapture strategy will be submitted to the Department of Commerce and Community Affairs for approval.
5. In the event of a bad loan, legal steps will be taken to recover the RLF funds.

Kankakee County
Revolving Loan Fund (RLF)
Loan Application

Application/Business Information

Legal Name of Borrower: _____

Home Address: _____

Home Phone: (____) _____

Contact Person: _____ Title: _____

Business Address: _____

Business Phone: (____) _____ Fax Number: _____

Cell or other Numbers: _____

Type of Business/Products Produced, Services Provided: _____

Number of Years in Business: _____

Number of Years Operating at Present Business Address: _____

Business Ownership: Sole Proprietorship Partnership

Corporation Other (Specify)

Principal Owners (Individuals, Address, and Phone of those owning 20% or more)

Present Number of Employees: Full Time: _____ Part Time: _____

Anticipated Number of Employees:

1 Year Full Time: _____ Part Time: _____

2 Year Full Time: _____ Part Time: _____

(Provide listings of job classifications, salary ranges, and number of positions as a separate attachment)

NOTE: Individuals meeting low-to-moderate income guidelines as established by the Illinois Department of Commerce and Community Affairs must fill 51 percent of all jobs created and/or retained. Please see attached "Employee Job Certification Form at the back of this application.

Activity Detail

1. Property Acquisition

Applicable to the Project? Yes _____ No _____
If "Yes", complete items below.

Address (If different from business address): _____

Phone Number (If different from business phone): _____
Applicant: _____ owns _____ leases business property.

If leased, owner's name: _____
Owner's Address: _____
Terms of Lease: _____ (attach copy of Lease)
Property Size: _____ (Sq. Ft. / Acreage)

Existing Buildings:
Total Square Footage Occupied: _____
Approximate Year Constructed: _____

Proposed Buildings/Expansions: _____ Sq. Ft.

Assessed Valuation of Property: \$ _____ (most recent year)
Real Estate Taxes Paid: \$ _____ (200_)

2. Description of Machinery / Equipment Acquisition for Project

Item Description _____	Estimated Cost: \$ _____
Item Description _____	Estimated Cost: \$ _____
Item Description _____	Estimated Cost: \$ _____
Item Description _____	Estimated Cost: \$ _____
Item Description _____	Estimated Cost: \$ _____

3. Description of Working Capital Expenditures (inventory, payroll, etc.)

Applicable to Project? Yes _____ No _____
If "Yes", complete items below.

Activity Description _____	Estimated Cost \$ _____
Activity Description _____	Estimated Cost \$ _____
Activity Description _____	Estimated Cost \$ _____
Activity Description _____	Estimated Cost \$ _____
Activity Description _____	Estimated Cost \$ _____

Total Estimated Project Costs

Site Acquisition \$ _____
Site Improvements \$ _____
New Construction \$ _____
Building Renovations \$ _____
Capital Equipment \$ _____
Inventory/Working Capital \$ _____
Other Associated Project Costs \$ _____

TOTAL: \$ _____

Estimated Target To:

Begin Project: _____

Complete Project: _____

Occupancy/Start up: _____

Project Financing:

Approached Lending Institution?: Yes _____ No _____

If Checked "No", please explain: _____

If Checked "Yes", please complete the following:

Name of Lending Institution: _____
Address: _____

Contact Person: _____
Title: _____
Phone Number: _____

Please state the Amount, Interest Rate, and Term of the lender's loan commitment. Attach the lender's commitment letter (must indicate that RLF funds are needed.)

Select at least one of the following; provide detailed justification on an attached sheet for the need for RLF funds.

- FINANCING GAP – This argument will demonstrate that a business can raise only a portion of the financing necessary to complete the project. Reference the documentation within the application which supports this argument.

Other Information

- **Market Information/Business Plan.** Submit information on the company's products or services and identify existing and potential major customers and competitors.
- **Three Years Historical Financial Statements.** Include a balance sheet, profit and loss statement and a statement of net worth. This information should cover three years, as well as the most recent 90 days. Accountant's notes or detailed notes, in those instances where the statement is not audited, must be included with the statement. For those small companies with no formal financial statements, the prior 3 years of tax statements may be submitted. If a limited partnership, the financial statements of the general partners are required. If a corporate general partner, the personal and corporate financial statements of the general partner should be submitted.
- **Personal Financial Statements.** Submit the financial statements of each principal (proprietor, partner, officer, stockholder) owning 20 percent or greater share of the outstanding stock in the company, as well as a brief personal history statement for each of the above named persons.
- **Projected Earnings Report.** Include a three year project balance sheet and profit and loss statement, as well as a one year monthly cash flow statement. Base assumptions must also be included.
- **Letters of Leverage Commitment.** All sources of leveraging must be firmly documented in commitment letters. Loans from financial institutions must have language indicating the loan amount, the specified term and interest, collateral, conditions attendant to the loan and the fact that the loan is approved. Equity contributions must be documented through signed letters from the borrower. Any commitment to purchase a revenue bond must have an executed inducement resolution and the rates, terms, and conditions of approval of the buyer.
- **Documentation Evidencing Existence of Business Entity and Authorization to Enter into the Loan.** Submit the following, as appropriate:
 - **Corporations.**
 - Articles and Certificates of Incorporation
 - Secretary's Certificate of Board of Director's Resolution Authorizing Loan
 - Copy of Corporate By-Laws
 - **Partnerships**
 - Certificates of General or Managing Partner Authorizing Loan
 - Certificate of Partnership (for Limited Partnerships)
 - Copy of Partnership Agreement
 - Certificate of Good Standing (for Limited Partnership)
 - **Sole Proprietorship**
 - Operation Licenses/D.B.A. Certification
 - **Land Trust**
 - Copy of Trust Agreement
 - Letters of Direction to Trustee Authorizing Execution/Acknowledgement of Loan Documents
 - Disclosure of Beneficial Interest
 - All Preliminary Documents for Guarantor under items list above.

Certification

The undersigned applied for the loan indicated in this application to be used in connection with the project described herein. All statements made in this application are true and are made for the purpose of obtaining the loan. Verification may be obtained from any source named in the application. The applicant agrees to abide by all Kankakee County RLF requirements and to notify the County, within a reasonable time period, of any changes, including names, addresses, debts, obligations, etc., to the information submitted herein. The Applicant agrees to furnish any additional information to Kankakee County as needed to review and consider this loan request. The undersigned understands that the deliberate and willful submittal of incomplete and incorrect information of this application will be cause for denial and possible legal action.

Signature of Applicant

Date

Print Name

Contact Person

For further information on Kankakee County Revolving Loan Fund program or other incentives available for new or expanding businesses, please contact the following:

Michael J. Van Mill, AICP
Kankakee County Planning Director
189 East Court Street
Kankakee, IL 60901
(815) 937-2940
e-mail: mvanmill@k3county.net

ADDENDUMS

EMPLOYER JOB CERTIFICATION FORM

Name of Firm: _____

I/We hereby certify that we will retain/create jobs, at least 51 percent of which will go to persons of low-to-moderate income. The number of Full Time Equivalent (FTE) jobs we intend to retain are _____; the number of Full Time Equivalent (FTE) jobs we intend to create are _____. Of the figure(s) indicated, at least 51 percent or _____ FTE jobs will go to low-to-moderate income persons as documented by completed Employee Certification Forms. I/We further certify that these jobs will be retained and/or created within two (2) years of the applicant's approved Kankakee County RLF application.

Signed

Owner

Owner

Owner

Owner

Date

ENVIRONMENTAL REVIEW CHECKLIST

Kankakee County RLF projects are generally subject to environmental reviews by certain state and federal agencies. In order for them to clear your project for development, we need for you to submit the following information listed below (please put a check mark to the left of the item that is attached):

- _____ Map showing geographical location of project area in relation to City and County boundaries;
- _____ A U.S. Geological Survey Quad (USGS) Map showing the precise location of the project (i.e. county/township/range and section);
- _____ Site plan map(s) showing specifics of proposed undertaking;
- _____ Current photos of all standing structures within the project area;
- _____ Total acres to be acquired, if applicable;
- _____ Current land use of property to be acquired;
- _____ City/County zoning designation of the site;
- _____ Steps to be taken to rectify any disturbance of surface and subsurface drainage systems which could accelerate erosion problems;
- _____ Identification of the materials, production processes and products;
- _____ Anticipated production rates;
- _____ Anticipated water use and wastewater discharge;
- _____ Volume of solvents or degreasers used in process;
- _____ Air emission sources and control equipment;
- _____ Volumes and types of hazardous or solid waste generated;
- _____ Determination of whether sewer or water main extensions will be required;
- _____ Name and phone number of manufacturer's representative (plant manager or environmental engineer).

RLF APPLICATION CHECKLIST

- Read, sign and date Certification page.
- Personal financial statement of each principal shareholder owning a 20 percent or greater share of the outstanding stock in the company.
- Attach one copy of each of the following:
 - ✓ Profit and loss statements, and balance sheets of the company for the last three years (if the company has no formal financial statements, submit the last three years tax statements).
 - ✓ Current financial statement of the company covering last 90 days.
 - ✓ Pro forma balance sheets and profit/loss statements for next three years. First year's cash flow of the company outlined month to month.
- Primary lender commitment letter(s).
- Company commitment letter, including a statement authorizing the loan application.
- Market information/Business plan.
- Written justification for RLF funding (gap, locational, etc.)
- Completed Employer Job Certification Form.
- List of job classifications, salary ranges, and number of positions.
- Completed Environmental Review Checklist