

CITY OF PEORIA

GUIDELINES FOR BUSINESS DEVELOPMENT FUNDS



The Business Development Fund (BDF) has been created to encourage business development and expansion in the City. The intent of the Program is to use the BDF in targeted redevelopment areas for projects that create or retain jobs, especially for low and moderate income persons.

Business Development Funds are used as secondary financing. Secondary financing is the concept that additional, subordinate financing is essential for certain projects that would not otherwise meet standard underwriting criteria. Applications are analyzed to ensure normal credit is not otherwise available on terms and conditions which would permit successful completion of the project.

Application and Eligibility Requirements

Application for a Business Development Fund loan is made in conjunction with a commitment from a lead lender, reviewed by a Loan Review Committee, and recommended for action by the City Council.

Any industrial, commercial, or service related business located in the City of Peoria which will create or retain jobs is eligible.

General guidelines for loans include:

- X Subordinated financing up to 33% of a total project cost, but not greater than \$150,000. Minimum loan size is \$10,000.
- X Up to \$10,000 for each full-time equivalent (FTE) job created and/or each existing FTE job retained.
- X Equity participation required of no less than 10% of project costs. Equity could include retained earnings from the business entity.
- X Fixed interest rate, 4% below the prime interest rate as published in the *Wall Street Journal* at the Loan Review Committee's date of approval.
- X Lead lender certifies that subordinate financing is critical to proceed with this loan.
- X Loan term no longer than that of lead lender.

- X Loan secured with appropriate collateral and guarantees.
- X Loan contract includes Equal Employment Opportunity assurances.

Procedures

1. A potential applicant discusses projects with City of Peoria Economic Development Staff.
2. Applicant submits a Business Development Fund loan application with all necessary exhibits as outlined on application checklist.
3. The BDF application is reviewed by City staff for eligibility and completeness. Additional information may be requested.
4. The Loan Review Committee reviews the application and determines if it should be recommended for approval by the City Council.
5. If recommended for approval, the City Council will review the request.
6. If approved by the City Council, the Loan Agreement, Note, Guarantee, and Security Agreement will be executed and the funds disbursed in accordance with prudent lending practices.

The estimated time of the application process is 30 - 90 days.



BUSINESS DEVELOPMENT FUND APPLICATION

I. Applicant Information

Name of Business

Current Street Address

City State Zip

Address of Project (if different)

Name of Borrower (If different from company listed above)

Relationship of Borrower to Company Listed Above

Chief Executive Officer

Principal Contact Telephone Number

Loan Officer

Telephone Number

III. Business Information

Type of Business (check a and b):

a) _____ Individual _____ Corporation _____ Partnership

b) _____ New _____ Existing

Date Business was Established

Date Business Fiscal Year Ends

Accountant Telephone Number

Participating Bank

BUSINESS DEVELOPMENT FUND APPLICATION

II. Project Information

Attach a description of the proposed project including a business plan and a marketing plan.

Ownership of Business: (use additional sheet if necessary)

Economic Impact of Project:

a) Present number of employees:	b) Additional employees to be hired or retained because of this project:
Full Time _____	Full Time _____
Part Time _____	Part Time _____
TOTAL _____	TOTAL _____

Name and Title % Owned

Name and Title % Owned

Name and Title % Owned

Average Salary of New or Retained Employee

Current Projected

Property Taxes: _____

Sales Tax (if applicable): _____

Name and Title % Owned

Name and Title % Owned

III. Financial Information

Attachments 1, 2, 3, and 4 need to be completed. Additionally, the following information needs to be attached to this application.

1. Letter from lead lender certifying that City participation is critical to this project.
2. Previous two (2) years Federal Income Tax Returns.
3. Information on all liens, secured creditors, and outstanding debt.
4. If partnership, provide Partnership Agreements and Buy/Sell Agreements. If corporation, attach current resolution concerning officers and borrowing authority.
5. Personal financial statements of principal owners.
6. Description of proposed collateral and value.

APPLICATION CERTIFICATIONS

The applicant certifies that this project is a new business start-up, expansion, or retention.

The applicant certifies that the project will comply with all applicable laws and regulations prohibiting discrimination on the basis of race, sex, religion, national origin, age, or handicap.

The applicant certifies that all information contained in this application, including the documentation, is true to the best of his/her knowledge.

Signature of Chief Executive Officer

Date

BUSINESS DEVELOPMENT FUND (BDF)

APPLICATION CHECKLIST

Please be sure that all applicable items are attached to your completed application. Failure to provide the required information will result in delays of the processing of your application. Forms for Attachments 1-4 are provided.

- ✓ **Attachment 1 – Actual Year–End Balance Sheets**
- ✓ **Attachment 2 – Projected Year–End Balance Sheets**
- ✓ **Attachment 3 - Actual and Project Income Statements**
- ✓ **Attachment 4 – Sources and Uses of Funds**
- ✓ **Attachment 5 – Letter from Lead Lender** (must verify need for assistance as well as outline the term, interest, collateral, and conditions attendant to the loan)
- ✓ **Attachment 6 – Federal Income Tax Returns** – Previous two (2) years of Corporate Tax Returns
- ✓ **Attachment 7 - Liens, Secured Creditors, Outstanding Debt** – Please provide information on any existing liens filed against the business as well as any secured creditors and outstanding debt of the business.
- ✓ **Attachment 8 – Business Documents (If Applicable)** – Any Partnership Agreements, Buy/Sell Agreements, or Corporate Resolution regarding borrowing authority.
- ✓ **Attachment 9 - Personal Financial Statements of Principal Owners**
- ✓ **Attachment 10 – Description of Collateral and Value**
- ✓ **Attachment 11 - Land and Building Information (If Applicable)** -- If land and/or buildings are being acquired with BDF funds or being used as collateral, attach an appraisal and proof of title insurance for the property in question.
- ✓ **Attachment 12 - Machinery and Equipment Description (If Applicable)** -- If equipment or machinery is to be acquired with BDF funds or being used as collateral, cost estimates or appraisals for equipment needs to be attached.
- ✓ **Attachment 13 - Working Capital Description (If Applicable)** -- If working capital is being funded through the BDF, provide a detailed explanation of the need for and use of funds for working capital.