



# **Blue Earth Economic Development Authority Revolving Loan Fund**

## **OVERVIEW**

The Blue Earth Economic Development Authority (EDA) Revolving Loan Fund provides assistance to local business within the corporate municipal boundaries. Eligible projects include working capital, inventory, machinery and equipment, and building renovations or expansions and land purchase. The Loan Criteria provided in Exhibit B of this application summarizes the eligible projects and general terms of the Revolving Loan Fund.

The purpose of this fund is to provide capital for new and existing business expansion, retain or expand employment, expand the tax base and encourage new business investment in the community. It is fully intended that all funds repaid to the EDA Revolving Loan Fund by any borrower be re-loaned to other business for additional expansion and economic development projects within the City.

## **APPLICATION PROCEDURE**

The Blue Earth EDA Director serves as the loan officer. The EDA Director will gather preliminary details of the project from the interested business or individual and present an informational summary soon after to the EDA loan committee.

A loan committee consisting of two members of the Blue Earth EDA Board reviews the summary and meets with the applicant if necessary. A full application is provided by applicant and reviewed by the EDA Director, then referred to the loan committee. The loan committee may call a second meeting with the applicant before recommendation to the EDA. The EDA Director and loan committee will complete the due diligence worksheet.

The chairman of the loan committee is responsible for conducting the loan committee meetings and is also the main contact with the EDA Director on application reviews prior to a formal meeting of the loan committee.

The loan committee provides a recommendation to the EDA board for final authorization. No loan shall be made prior to EDA board authorization. Any loan over \$100,000 also requires approval by the City Council as recommended by the EDA.

## **APPROVAL CONSIDERATIONS**

The Loan Committee shall review all information that will provide decision-making assistance as to the viability of the business applicants. The Credit Criteria listed in Exhibit B will be used to review the applications. Committee members will review and discuss the strengths and weaknesses of the business, determine their credit worthiness, and ensure satisfaction of meeting the goals of the Blue Earth EDA Revolving Loan Fund.

Generally, the following criteria will be used in reviewing loan applications to determine their credit worthiness:

- Equity or cash commitment
- Leverage of other funds
- Collateral coverage
- Job creation/retention
- Credit worthiness of applicant
- Economic impact

## **APPLICATION REQUIREMENTS**

To apply for financial assistance to aid in the decision-making process of the Loan Committee, the following items are required:

1. Complete the attached Revolving Loan Fund Application
2. Include all applicable exhibits as outlined in attached Exhibit A – Application Exhibits as deemed applicable by the EDA. Please contact the EDA Director to verify required exhibits.
3. Complete and sign the attached Information Release and Credit Report Authorization.
4. **RECOMMENDED:** Applicants with five (5) or less full time employees (FTE) are encouraged to attend a Profit Mastery Class. 50% of the cost for (1) participant of the Profit Mastery Class will be reimbursed to applicant by the EDA upon completion. This course must be completed within twelve (12) months of loan approval. Upon proof of completion, the EDA will reduce the interest rate of your Revolving Loan Fund by 1%.

## **LOAN APPROVAL**

Upon final approval by the EDA, and City Council when required, the EDA will prepare a Promissory Note, Security Agreement, and Mortgage (if applicable) to be signed and recorded. All fees related to document preparation, legal fees and recording fees are the responsibility of the borrower.