



**CITY OF PLYMOUTH**

**REVOLVING LOAN  
FUND**

# **CITY OF PLYMOUTH REVOLVING LOAN FUND**

## **INFORMATION AND APPLICATION**

### **GENERAL INFORMATION**

The Revolving Loan Fund program provides low interest loans, equity capital, and selected grants for proposed projects that will help business and industry locate, maintain and/or expand existing operations and thereby advance the community's economic development goals and objectives. The Revolving Loan Fund is intended to provide a financial incentive for business and industry to invest in their own growth potential by providing the necessary leverage money. The Revolving Loan fund money, therefore, is meant to serve an important yet secondary role to private capital sources in completing the necessary financing for the proposed projects.

Briefly, low interest loans are of the mortgage and/or installment type requiring fixed paybacks at predetermined intervals. These loans will be similar to a traditional bank loan, except the interest rate will be lower than those available at most lending institutions.

Equity capital consists of direct investment by the City into the business, making the City part owner of the business. Payments to the City are then based solely on the profitability of the business. When financially feasible, the business will acquire the City's share of the ownership.

Grants will be made for the purpose of removing public facility constraints to development. Utility extensions and/or improvements are the most common type of project for grants.

### **LOAN PROGRAM – MINIMUM REQUIREMENTS AND CONDITIONS**

- A. Proposed projects shall be scheduled to occur within the corporate limits of the City.
- B. The creation of one new job or one retained job (full-time equivalent) for each \$15,000 - \$20,000 of requested assistance. Such amount shall be modified annually based on the Consumer Price Index.
- C. The provision of the \$1.00 in private funds for each \$1.00 of requested assistance.
- D. Proposed projects shall be able to be completed within 18 months of loan approval.
- E. Applicant shall provide financial data and projections demonstrating an ability to repay the loan to the satisfaction of the WDF Revolving Loan Committee (hereinafter "RLC") and City.

- F. Proposed projects shall comply with all applicable city zoning and development standards and requirements and funds shall be disbursed only after all applicable permits from all government sources are obtained.
- G. Proposed projects shall be consistent with and further the stated goals and objectives of the City of Plymouth.
- H. Any eligible applicant cannot receive more than 50% of the anticipated three year income of the fund.
- I. Subsequent requests for assistance by an applicant who has previously received assistance will require at least \$1.25 in private funds for each \$1.00 of requested and will require one new or retained job per \$8,000 - \$12,000 of requested aid. The minimum dollar amount per job shall be adjusted annually based on the Consumer Price Index.
- J. Prior to the distribution of industrial/business loan funds to approved projects, there is required to be:
  - 1. Clearance of project action by all relevant permitting agencies;
  - 2. A firm commitment of private financing;
  - 3. Documentation of the use of obligated funds;
  - 4. A signed promissory note;
  - 5. To the extent agreed upon by the RLC and applicant, a signed security instrument on the land, building, equipment, inventory, receivables and other assets as well as personal guarantees.
  - 6. A signed agreement between borrower and the City of Plymouth.
- K. Creation of the obligated number of jobs shall be completed by the applicant within 24 months of the date of approval.
- L. Compliance with the terms and conditions set forth on the application form and such other requirements as set by the City or the RLC.

## **EQUITY PROGRAM – MINIMUM REQUIREMENTS AND CONDITIONS**

The equity capital program is intended to be utilized as a last resource at the discretion of the City and the RLC. All possible effort will be given to structuring a loan that will yield mutually beneficial results. However, in the event that such a package cannot be agreed to, the RLC will analyze the potential for equity participation. To be eligible for this, the applicant must satisfy previous requirements and persuade the RLC and the City that it is advisable to proceed. The applicant must demonstrate to the City and the RLC satisfaction that:

- A. It is unable to repay any loan as described herein.
- B. The venture will be profitable through the vehicle of a market and/or feasibility study done by an independent agency.
- C. Pro forma income statements demonstrate an ability to acquire the City's interest in the business within a reasonable period of time.

## **GRANT PROGRAM**

The final area of the program is the grant area. This tool enables the RLC to resolve public facility impediments to economic development. Such impediments include lack of available water and sanitary sewers, storm sewers, industrial land sites, roads, public utilities, etc. Grants may be initiated by applicants or by the RLC. Grant approval will be based on demonstrating that:

- A. The lack of the public facility is constraining development.
- B. The development of a conceptual solution along with likely cost estimates that present an efficient reasonable solution to the deficiency.
- C. The possibility, if any, of recovering some or all of such grant in the future.

## **PRIORITIES**

First priority will be given to those proposed projects located in an industrial park, expansion of existing industry, obtaining new industry, and proposals to use vacant structures. Second priority will be achieved by those proposed commercial project located in the downtown business district and third priority will be assigned commercial projects located in the other parts of the community.