

PHILLIPS COUNTY REVOLVING LOAN FUND

Adopted by the Phillips County Commission

Adoption: September 14, 1987

Revision: February 19, 2007

PHILLIPS COUNTY  
REVOLVING LOAN FUND (PCRLF)  
GUIDELINES  
FOR USE AND PLACEMENT

**PURPOSE**

The purpose of the Phillips County revolving loan fund (PCRLF) is to stimulate private investment and create or retain permanent jobs for low and moderate income (LMI) citizens of Phillips County. Job expansion created by this fund will increase the general tax base of Phillips County through a creation emphasis on primary jobs (defined as a job that creates other jobs). The objective of this fund is to provide fixed asset financing for healthy expanding businesses. The PCRLF shall be used to stimulate economic growth by leveraging as much private capital as possible for the following specific economic activities.

**ELIGIBLE ACTIVITIES**

All projects must demonstrate that they are economically viable. The objective of creating permanent private-sector jobs requires that the overall project feasibility and job creation potential be emphasized. The focus of the PCRLF is strong local companies who require financing for expansion. Existing Phillips County businesses and companies moving into the county will be eligible. The guidelines for eligibility are outlined below:

Types of Businesses: Listed in order of priority

- a. Manufacturing – Primary jobs
- b. Valued Added Agriculture Production Firms
- c. Service
- d. Wholesale/Distribution
- e. Retail

Structure of Business:

- a. Sole Proprietor
- b. Partnership
- c. Corporation
- d. Developer
- e. Profit and Not for Profit Organizations
- f. Specifically excluded are limited partnerships & unincorporated associations.

### Uses of Capital (Listed in order of preference)

1. Land
2. Machinery and Equipment
3. Working Capital (only when it is in conjunction with an expansion project and is fully collateralized with fixed assets.)
4. Buildings – Construction or Purchase (Except speculative)
5. Leasehold Improvements (provided that lease equals at least the life of the investment.)
6. No refinancing will be allowed.

### Geographic Boundaries

To be eligible the business shall be located within the boundaries of Phillips County. Citizens of Phillips County seeking funds for business outside of Phillips County will not be eligible.

### Financial Assistance from PCRLF

Financial assistance from the PCRLF will be based upon the applicant's ability to meet the following objectives and criteria.

### Leverage

The purpose of the PCRLF is to stimulate as much private capital leverage as possible. To this end proposals that exceed these minimum standards will receive as much consideration as possible. The following leverage requirements will be considered:

1. For all loans over \$50,000 the minimum leverage match will be 1:1. One dollar of PCRLF to one dollar of private capital.
2. For all loans under \$50,000 the minimum leverage match will be 50c of PCRLF per \$1.00 of private capital (PCRLF loan of \$10,000 would require a \$5,000 match).
3. Some projects may use uncollateralized assets of the business as a leverage match. In no case shall all non cash items be used as leverage.
4. The project that has 10% cash leverage will have a higher rating and be given preferred attention.
5. PCRLF Funds can be used as leverage to match SBA loans, EDA funds, UDAG, or other non-CDBG public and private grants.

### Collateral

1. The PCRLF will take a full collateral position in all deals. The priority will depend on the number and the type of private capital involved.
2. A second priority position is acceptable when it is subordinated to a bank or other financial institution and the value of the collateral is sufficient to secure the position.
3. Fixed assets will be valued at their appraised value. Appraised value will be established by local standards with three written appraisals required in all cases.

Types of Financing

It is the presumption that the PCRLF will make primarily direct loans to small businesses. However, this does not preclude a package in which funds will be used to guarantee a loan or to be used to obtain a more favorable interest rate for a development within Phillips County.

Loan Limits

The minimum loan amount will be \$10,000 from the PCRLF. It is the intention of the PCRLF to assist as many small businesses as possible with the proceeds of this fund. As a policy, the PCRLF loan amount should not exceed 50% of the assets of the loan fund at the time.

<u>APPLICATION DEADLINE</u>	:	Year Round
<u>RATE OF INTEREST</u>	:	Negotiable (fixed rate over Loan term, rate <u>below</u> prime)
<u>TERM OF LOAN</u>	:	For asset loans: 3-15 years, based on asset life For working capital 3-7 years based on repayment ability.
<u>REPAYMENT</u>	:	Scheduled to fit the business Plan
<u>EQUITY</u>	:	Flexible. No 100% financed projects will be considered.  Minimum 10 -20% owners equity will be targeted.
<u>PROJECT TIME PERIODS</u>	:	Maximum 18 months' project life from award date.

<u>PERSONAL GUARANTEES</u>	:	For owner- use projects required
<u>JOB CREATION CRITERIA</u>	:	Emphasis on job-creating projects One job created for every \$10,000 To \$15,000 of PCRLF
	:	51% of jobs must be for the benefit Of persons in the low or moderate income range.
	:	Primary jobs will be targeted.

SPECIAL CONSIDERATIONS

Although all projects that meet the minimum requirements will be considered, preference will be given to those projects that:

- 1) Have demonstrated funds are not available from other sources (SBA, 504 loans, or exclusive bank financing). Letters of rejection will be required.
- 2) Have shown they will exceed the minimum requirements of job creation while maintaining the ability to meet debt service.
- 3) Requested loans are for capital assets.
- 4) Create primary jobs in the private sector which will spin-off additional New manufacturing service and retail sector jobs.
- 5) Have exceeded the minimum leverage requirements.
- 6) Provide substantial benefit to LMI people exceeding 51%.
- 7) Shorter than 18 months project time schedules will receive special considerations.

ADMINISTRATION OF THE FUND

Administration of the PCRLF will be the responsibility of the Phillips County Commissioners. The services of the 1<sup>st</sup> National Bank of Phillipsburg Trust Department will be used to account for transactions and to make investments. The service of a grant administration will be used to monitor compliance with all applicable Federal and State laws that apply to this fund. For the purposes of Federal and State compliance, the current Community Development Block Grant Administration Manual will be used to monitor the fund.

ADMINISTRATION FEES

The maximum amount of funds that can be expended from the PCRLF is 10% of the total assets of the fund. This administrative use will include, but is not limited to, Trust Department fees, Administrative Consultant fees, audit expenses, and promotional expenses associated with the advertisement of the fund. Phillips County will enter into contracts with the appropriate agencies.

### AUDIT

The PCRLF will be audited annually at the same time as the Phillips county books are done. Costs that are incurred over and above the normal audited costs of the county will be paid from the funds administration budget. Audit reports will commence one year after the fund is capitalized.

### CONFLICTS OF INTEREST

No conflicts of interest shall be permitted. No member of the Phillips County Economic Development Committee, Phillips County employee, or county elected official may be the recipient of a loan from the PCRLF nor may they have any beneficial interest in the project. All applicable federal, state, and local laws shall apply.

### PROMOTION

It shall be the duty of the Phillips County Economic Development Committee to annually submit a plan and budget to promote the use of the PCRLF for business development. Once approved by the Phillips County Commissioners, funds can be drawn from the trust for eligible expenditures.

### AMENDMENTS TO THE PCRLF

From time to time, amendments to this plan may be necessary. Amendments will be considered by the Phillips County Commissioners only after review and written recommendation of the Phillips County Economic Development Committee. Only those amendments which are consistent with the general purposes of this plan will be considered.

### EXCEPTIONS:

Due to the changing levels of available monies in the fund and Phillips County Economic Development being a large alternative source of monies for business development support, the following are exceptions created for the PCRLF in pertaining to the funds procedures.

1. The Phillips County Economic Development committee (board) can inject monies into the PCRLF at any time or for a particular project. These injected monies and any interest earned will remain in the PCRLF for future prospects. Monies injected by the PCED committee into the PCRLF can be designated toward a specific project (business).
2. Any monies injected into the PCRLF from the PCED committee can be held as an exception to the loan limits section. Up to 100% of the amount injected into the PCRLF may be loaned out toward a particular project. This exception only applies to PCED initially injected monies to the PCRLF for a particular project for economic development. Monies returned to the PCRLF in payments by the applicant fit into the regular rules of the fund, not the exception section.

APPENDIX A

PHILLIPSBURG AREA INDUSTRIES, INC.

INFORMATION TO BE OBTAINED

FROM APPLICANT IN INTIAL INTERVIEW

A. PROJECT DESCRIPTION

Certain basic key information will be necessary to explain a project. This information will include:

1. OWNER/DEVELOPER:

a. Name of Owner/Developer: Provide the full legal name of the owner and/or developer participating in the project.

b. Address, City/Village, County/Zip: Provide the complete and official mailing address of the participating owner/developer's principal office.

c. Contact Person, Title, Telephone: Provide the name, title and business telephone number of the owner/developer's representative most knowledgeable about the proposed project.

2. BUSINESS ORGANIZATION AND PRODUCTS: Describe the company's Organization, including ownership type, building locations and sizes, parent or subsidiary relationships, and other background information. Also, provide a brief history of the company's existing operations.

3. COMPANY PRODUCTS: Briefly describe the company's current product line or services.

4. RESUMES: Provide resumes of all principals with 20% ownership or more.

5. SCOPE OF PROJECT: Describe the size of the project, i.e., new building construction, Expansion of existing building, building rehabilitation, purchase of machinery and equipment, land acquisition, site developments, etc., in quantifiable terms. (SF, LF, etc.)

6. BUDGET: Identify the portion of the project which will specifically be assisted with the PCRLF funds and that portion which will be assisted with other public and private funds, and state what the company hopes to accomplish with the overall project. Also identify potential collateral positions.

7. PROJECT PARTICIPANTS: Provide the full name of all organizations or individuals Participating in the project. This includes, banks, savings and loans, public agencies., etc.

8. WHY ARE PCRLF FUNDS NEEDED? Describe the reason or reasons the PCRLF funds are needed to implement the proposed project: (Address one or more of the following in detail.)
- a. Inadequate equity – the owners of the business do not have enough of their own funds to invest in the project.
  - b. Inadequate private lender financing – the owners of the business cannot obtain the necessary amount of private lender financing to invest in the project.
  - c. Inability to pay market interest rates or term requirements – the owner is unable to pay the market interest rate, or the project is not economically feasible with the market term, etc.
  - d. Need or incentive financing – a favorable interest rate and term are needed to induce an owner to expand or build a new facility in a community.
  - e. Other, explain – If there are any other reasons why PCRLF funds are needed for the project, briefly describe the reason or reasons.
9. FLOOD HAZARD AREAS: Development within a flood hazard area is prohibited.
10. HISTORIC PROPERTIES: If historic properties are affected by the project, how the applicant will comply with the historic preservation procedures of the Phillips County Historical Society, the State and Federal Government.
11. RELOCATION OF BUSINESS FACILITIES: If the proposed project involves the relocation of industrial, commercial, or other business facilities from one jurisdiction (county, city, village) to another, provide an explanation of why the relocation of the industry or business is necessary. Current Kansas CDBG regulations will apply in this case.
12. ZONING: If the required zoning for the proposed project is not in place, provide the target date when the required zoning change will be approved. Also, explain the community's zoning procedure and indicate whether a change in zoning is needed or a zoning variance. Zoning must be in place before the credit and application process will begin.

B. JOBS CREATED AND/OR RETAINED

1. A jobs exhibit should be prepared to:
  - a. Show the total number of current, full-time jobs Provided by the business. These jobs must be verified
  - b. Show the total number of new, full-time jobs created within 18 months of the start of the loan as a result of this specific project investment.
2. JOBS CREATED BY TYPE AND PAY:

Describe the number of jobs created by type, such as machinist, electrician, manager, clerk, and so forth. Use application form.

3. EXISTING JOBS LOST:

a. If existing jobs will be lost if the project is not completed, provide the number of jobs that will be lost and why. (Be very specific).

C. PROJECT COSTS:

1. Uses of Funds/Projects costs: Itemize all cost elements needed to bring this proposed project to operational status. Provide:

- a) Contractor estimate on building costs.
- b) Purchase options where land or building acquisition is required.
- c) Vendor price lists on machinery, equipment, furniture and fixtures.
- d) Provide an amount in dollars needed to furnish working capital

D. SOURCES OF FINANCING AND REPAYMENT

1. For each source of financing, provide information relative to the source rate, annual debt service, and collateral.

- a. Equity Participants – Provide the source and amount of dollars being injected into this project by the Owner/Developer.
- b. Loan - Provide the appropriate information on lender financing, including commitment letter.
- c. PCRFL Request – Provide the amount of PCRFL funds being requested for this project. Describe repayment terms.
- d. Other – Provide the appropriate information for any other funding source that may be contributing funds to this project.
- e. Following the first interview, provide the following information to the Phillips County Economic Development Committee.:
  1. Historical “Financial Statements” – 3 years’ audited financial statements (balance sheet, profit and loss) will provide historical evidence of the company’s strength.
  2. Business projections (balance sheet, profit and loss) for next 3 years assuming the project goes ahead.
  3. Personal statements of all people with a 20% interest or more in the firm.

4. “Income and Expense Performance” for the developer projects – the performance will provide evidence that the proposed project will generate funds necessary to support the expected annual debt service, (at least three years).
5. “Tenant commitment” – Tenant commitments will provide evidence that the expected rents will support the annual debt service in developer projects.
6. Resumes on principal owners/managers (20% ownership or more).

APPLICATION AND REVIEW PROCESS FOR  
THE PHILLIPS COUNTY ECONOMIC DEVELOPMENT COMMITTEE (PCED)

An effective packaging process is necessary in order not to waste time with ineligible deals and unprepared applicants. The packaging process should consist of:

1. A meeting with PCED to interview potential applicants for the purpose of:
  - a. determining eligibility
  - b. identifying potential of loan structure
  - c. determining the overall debt service capacity of the business
  - d. identifying private sector participants

No initial interview to be conducted unless interviewee can provide all the information requested in items A. 1-11 of Appendix A of this plan.

2. Analyzing financial statements as quickly as possible after the initial interview with PCED and prior to meeting with the private sector lender, PCED will review the financial information submitted. (Items E. 1 – 6 Appendix A) They will:

- a. spread historical financial statements
- b. identify historical trends
- c. determine working capital needs
- d. compare historical trends to projections to identify management character and capacity to see project through
- e. compare historical financials to some standard publication such as Robert Morris
- f. decline deals which fail credit test

3. PCED will then meet with the private sector lender to:

- a. determine lender willingness to participate in project
- b. answer question on public sector participation and give an overview of PCRLF program
- c. agree to cut red tape by packaging loan

4. Applicant prepares a loan package using PCRLF forms which includes, but is not limited to the following information.:

a. Owner/User Deal:

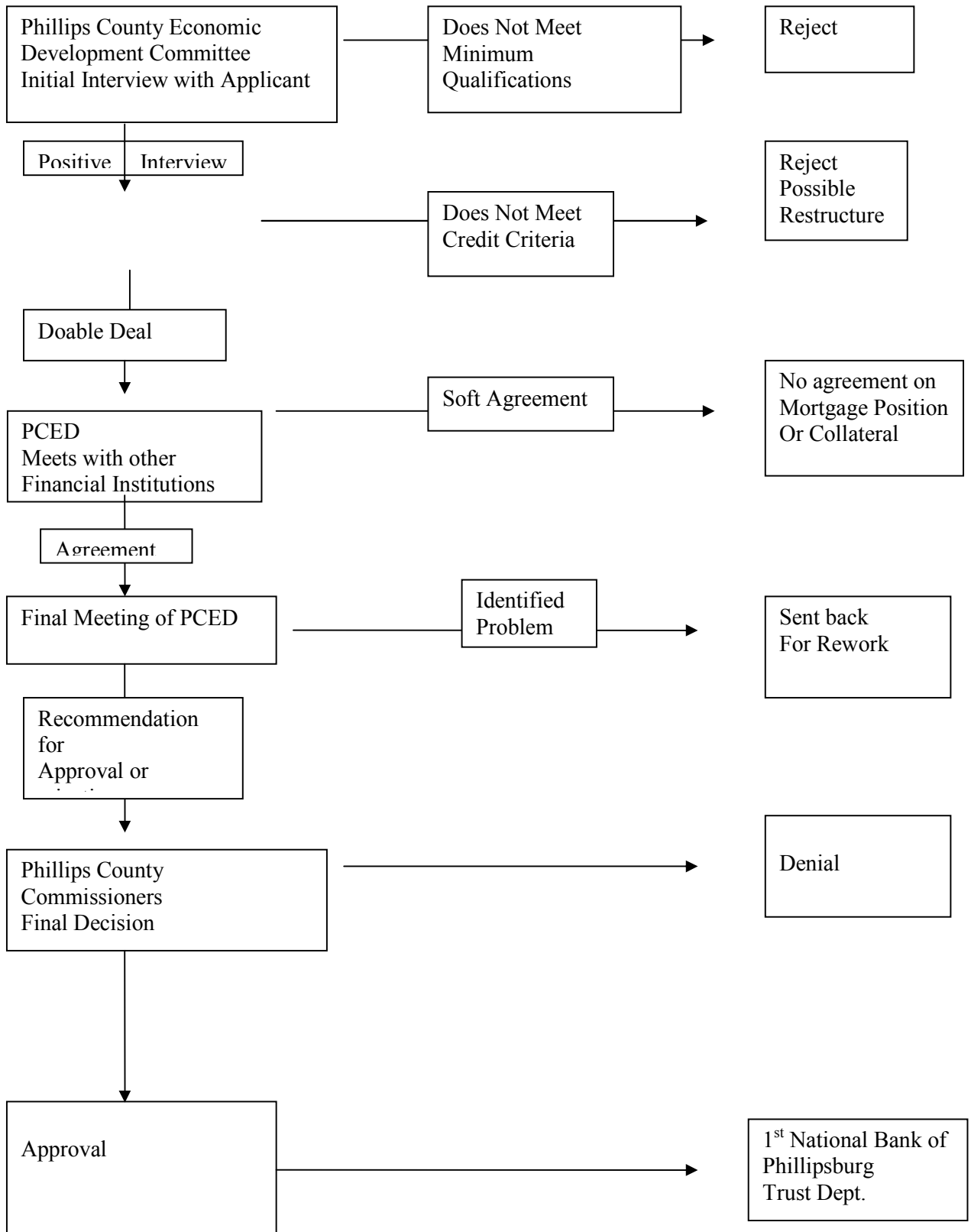
- Loan application (sample form)
- Summary and overview of project
- History of business
- Benefits to business
- Jobs statement
- Purchase agreement
- Real Estate appraisal
- Written cost estimates
- Credit review summary (spread sheet)
- Historical financial statement of company
- Lender commitment letters
- Senior and interim loans
- Projections
- Personal financial statements
- Resume
- List of Obligations
- Benefit statement of sponsoring municipality

b. Developer Deal:

- Loan application
- Summary and overview of project
- Site plan/parking plan/plot size
- Feasibility/appraisal
- Lender commitment letter, interim loans
- Outline specifications
- Typical floor plans
- Rent roll, showing major tenants
- Expenses and support information
- Expenses contributions
- Aerial photograph and maps
- Legal description or leases
- Copies of tenant leases
- Financial statements of major tenant
- Projections and resume
- Personal financial statements
- Resolution and/or benefit statement of the sponsoring municipality

5. Final meeting The PCED will then hold a final meeting to consider the application and make a recommendation to the Phillips County Commissioners to either approve or reject the application. The Phillips County Commissioners will have the final decision in all matters.

PHILLIPS COUNTY  
FLOW CHART  
APPLICATION PROCESS  
PCRLF



PHILLIPS COUNTY  
 REVOLVING LOAN FUND  
 APPLICATION SUMMARY  
 FOR  
 ECONOMIC DEVELOPMENT PROJECT

1. APPLICANT:  
 Name: \_\_\_\_\_  
 Street: \_\_\_\_\_  
 City: \_\_\_\_\_  
 Zip Code: \_\_\_\_\_  
 County: \_\_\_\_\_  
 Telephone: \_\_\_\_\_

2. CONTACT PERSON:  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_

3. PROJECT TYPE:  
 Economic Development:     Infrastructure     Business Financing     Both

4. PROJECT DESCRIPTION:

5. PROPOSED FUNDING:  
 PCRLF Funds Requested in this Application..... \$ \_\_\_\_\_

	<u>Source</u>	<u>Contact Person</u>	<u>Telephone</u>	
(a)	_____	_____	_____	\$ _____
(b)	_____	_____	_____	\$ _____
(c)	_____	_____	_____	\$ _____
(d)	_____	_____	_____	\$ _____
(e)	Subtotal Funds by other Sources.....			\$ _____
	Total Project Funding.....			\$ _____

6. Project Benefit:  
 Economic Development:  
 Total Number of Jobs Committed to be Created/Retained: \_\_\_\_\_  
 Total Number of LMI Jobs Committed to be Created/Retained: \_\_\_\_\_  
 Percent of LMI Jobs Committed to be Created/Retained: \_\_\_\_\_

7. PROPOSED BEGINNING DATE: \_\_\_\_\_  
 ESTIMATED ENDING DATE: \_\_\_\_\_  
 DURATION OF PROJECT: \_\_\_\_\_ mo.

PHILLIPS COUNTY REVOLVING LOAN FUND

SUMMARY OF PROJECT

NAME OF APPLICANT: \_\_\_\_\_

1. Narrative:

PHILLIPS COUNTY REVOLVING LOAN FUND

PROJECT BUSINESS DESCRIPTION FORM

NAME OF APPLICANT: \_\_\_\_\_

1. Name of Business:

2. Business Ownership:

3. Business Management:

4. Business Affiliations:

5. Business History

6. Operation and Product Line:

7. Markets:

8. Wage and Employment History:

PHILLIPS COUNTY REVOLVING LOAN FUND

PROJECT FINANCIAL NEED NARRATIVE FORM  
(Explain why PCRLF funds are needed)

NAME OF APPLICANT: \_\_\_\_\_

PHILLIPS COUNTY REVOLVING LOAN FUND

BUDGET

PROJECT SOURCE AND USE FORM

Name of Applicant: \_\_\_\_\_

1. PCRLF Amount Requested:       \$ \_\_\_\_\_

2. Other Sources of Funds:

Source	Amount	Rate	Term
a. _____	\$ _____	_____%	_____ yrs.
b. _____	\$ _____	_____%	_____ yrs.
c. _____	\$ _____	_____%	_____ yrs.
d. _____	\$ _____	_____%	_____ yrs.

3. Total Project Funding:       \$ \_\_\_\_\_

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4. Use of Funds (in thousands)	Total Cost	PCRLF	Source A	Source B	Source C
a. Acquisition					
<u>Land</u>	_____				
<u>Building</u>	_____				
<u>Other</u>	_____				
b. Water/Sewer					
<u>Extensions</u>	_____				
c. Construction/ <u>Rehabilitation</u>	_____				
d. Working Capital					
(1) <u>Inventory</u>	_____				
(2)	_____				
(3)	_____				
e. Machinery/Equipment					
(1)	_____				
(2)	_____				
(3)	_____				
(4)	_____				
f. Site					
<u>Improvements</u>	_____				
g. Other (Specify)					
(1)	_____				
(2)	_____				
<b>TOTAL PROJECT COST</b>					
		\$ _____			

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PHILLIPS COUNTY REVOLVING LOAN FUND

BUDGET  
CASH NEEDS

PROJECT BENEFIT AND SCHEDULE FORM

Name of Applicant: \_\_\_\_\_

- 1. Total PCRLF Grant Request: \$ \_\_\_\_\_
- 2. Total number of Jobs Created/Retained: \$ \_\_\_\_\_
- 3. PCRFL Cost per Job: \$ \_\_\_\_\_
- 4. Increase in Tax Base from Project: \$ \_\_\_\_\_

5. Expenditure by Activity and Source	CUMULATIVE QUARTERLY SCHEDULE (in thousands)					
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	5 <sup>th</sup> Qtr	6 <sup>th</sup> Qtr
a. Acquisition						
(1) PCRLF						
(2) Non- PCRLF						
b. Water/Sewer						
(1) PCRLF						
(2) Non-PCRLF						
c. Construction/Rehab.						
(1) PCRLF						
(2) Non-PCRLF						
d. Working Capital						
(1) PCRLF						
(2) Non-PCRLF						
e. Machine/Equipment						
(1) PCRLF						
(2) Non-PCRLF						
f. Site Improvements						
(1) PCRLF						
(2) Non-PCRLF						
g. Other (Specify)						
(1) PCRLF						
(2) Non-PCRLF						
h. Sub- Total						
(1) PCRLF						
(2) Non- PCRLF						
i. TOTAL PROJECT COST						
6. Number of Jobs Created/Retained						

PHILLIPS COUNTY REVOLVING LOAN FUND

SUMMARY OF  
JOBS CREATED/RETAINED

NAME OF APPLICANT: \_\_\_\_\_

<u>Job Title/ Classification</u>	<u>Skill Level</u>	<u>Number of Jobs Created/Retained</u>	<u>Number of Jobs Counted as LMI</u>	<u>Salary Level</u>
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PHILLIPS COUNTY REVOLVING LOAN FUND

STATEMENT OF ASSURANCES AND CERTIFICATIONS

The applicant hereby assures and certifies with respect to the loan that:

- (1) It possesses legal authority to make a loan submission.
- (2) It has developed its final statement (application) of projected use of funds so as to give maximum feasible priority to activities which benefit low-and-moderate income families or aid in the prevention of elimination of slums or blight.
- (3) The loan will be conducted and administered in compliance with:
  - (a) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and implementing regulations issued at 24 CFR Part 1:
  - (b) Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing' and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services;
  - (c) Section 109 of the Housing and Community Development Act of 1974, as amended; and the regulations issued pursuant thereto (24 CFR Section 570.601):
  - (d) Section 3 of the Housing and Urban development Act of 1968, as amended and implementing regulations at 24 CFR Part 135;
  - (e) Executive Order 11246, as amended by Executive Orders 11375 and 12086 and implementing regulations issued at 41 CFR Chapter 60;
  - (f) Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 CFR Part 107;
  - (g) Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended and implementing regulations when published for effect;
  - (h) The Age Discrimination Act of 1975, as amended, (Pub. L. 94-135), and implementing regulations when published for effect;
  - (i) The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CRF Part 42;
  - (j) The labor standards requirements as set forth in 24 CRF 570.605 and HUD regulations issued to implement such requirements;

- (k) Executive Order 11988 relating to the evaluation of flood hazards and Executive Order 11288 relating to the prevention, control, and abatement of water pollution;
- (l) The flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1974, (Pub. L. 93-234).
- (m) The regulations, policies, guidelines and requirements of OMB Circular Nos. A-102, Revised A-87, A-110, and A-122 as they relate to the acceptance and use of Federal funds under this federally assisted program;

(4) No Member, officer, or employee of the company receiving the loan, or its designees or agents, no member of the governing body of the Phillips County, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the loan during his/her tenure or for one year, thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the project assisted under the loan, and that it shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this certification;

(5) It will comply with the provisions of the Hatch Act which limits the political activity of employee;

(6) It will give the State, HUD and the Comptroller General or any authorized representative access to and the right to examine all records, books, papers, or documents related to the loan;

(7) It will comply with the lead paint requirements of 24 CFR Part 35 Subpart B issued pursuant to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq. ).

(8) It will comply with all requirements imposed by the State concerning special requirements of law, CDBG program requirements, and other administrative requirements, approved in accordance with OMB Circular No. A-102, revised.

(9) It accepts the terms, conditions, selection criteria, and procedures, established by this program description and that it waives any right it may have to challenge the legitimacy and the propriety of these terms, conditions, criteria, and procedures in the event that its application is not selected for PCRLF funding.

(10) It will comply with the regulations, policies, guidelines and requirements with respect to the acceptance and use of Federal funds for this federally-assisted program.

(11) It will comply with all parts of Title I of the Housing and Community Development Act of 1974, as amended, which have not been cited previously as well as with other applicable laws.

The applicant hereby certified that it will comply with the above stated assurances.

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Signature, Authorized Official

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Name (typed or printed)

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Title

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Date

## OUTLINE OF BUSINESS LETTER OF COMMITMENT

The Business Letter of Commitment should be no longer than 1 ½ - 2 pages and should be signed by the CEO of the company. The purpose of the letter is to acknowledge and to verify the information presented in the grant application and to verify that the project will go forward if the PCRLF loan is approved. The letter in no way intends to legally bind the business to any action. The applicant city may wish to help the borrower to write the letter. The borrower's letter should include the following information:

1. OVERVIEW SUMMARY (1 Paragraph)

Describe the project (plant expansion, open a business, etc. )  
Mention the total project cost  
Mention the total jobs to be create or retained  
Mention the total dollar amount of leverage that will occur if the loan is approved

2. USE OF FUNDS (2 Paragraphs)

In paragraph one, describe the total use of funds in the project in summary form as follows:

Acquire Land/Building	\$ _____
Construct/Renovate Building	\$ _____
Acquire Machinery & Equipment	\$ _____
Other	\$ _____
Total Project Cost	\$ _____

In the second paragraph, list the documents which are separately attached verifying the use of funds (e.g., purchase options, appraisals, cost estimates, etc.)

3. SOURCES OF FUNDS (3 Paragraphs)

In the first paragraph, describe the sources of financing which are committed to the project. List each source and state the amount, rate, term, repayment schedule, and collateral of each source. End the paragraph mentioning which commitment letters are attached to the application.

In the second paragraph, describe the amount of equity or down-payment that the company or its principal's are providing. Briefly describe why the borrower or the principals cannot or will not provide additional funds from their won sources (satisfactory reason include the need to reserve cash for working capitol, the exhaustion of resources, an inadequate rate of return, etc. )

In the final paragraph, describe the PCRLF loan which is being requested including amount, rate, term repayment schedule, and collateral offered including personal guarantees if appropriate.

#### 4. FINANCIAL FEASIBILITY AND CAPABILITY (1 Paragraph)

In this paragraph the borrower should verify that he/she is confident the project will be successful. Comment on the capability of the contractor who will construct the project (if appropriate)> Indicate why market feasibility exists. Refer to the expertise and financial capacity of the borrowing company. End the paragraph by mentioning the financial documents which are attached which verify financial capacity (historical financials, personal financials, projections, etc. ).

#### 5. MEETING PROGRAM OBJECTIVES (1 Paragraph)

In this paragraph, the borrower should verify the job impact of this project by mentioning:

- The total jobs to be created
- The number of jobs which will be available to low and moderate person
- The company's willingness to sue the JTPA or other jobs training programs (if any). Include cooperative agreements appropriate to coordinating with Job Service and/or Local Private Industry Council.

#### 6. READINESS AND INTENT TO PROCEED (1 Paragraph)

In this last paragraph, the borrower should certify that the project is ready to go and will go forward if the loan is approved. In this paragraph, state the following:

- Anticipated start and completion dates.
- That permits, licenses, and zoning clearance have been obtained or can be obtained without legislative action (e.g., a zoning waiver, etc. ).
- That the borrower is willing to abide by all PCRLF regulations.
- That the borrower knows of no reason why the project cannot go forward immediately.
- That the borrower intends to proceed immediately upon the approval of the PCRLF loan.

SAMPLE EXHIBIT

FINANCING COMMITMENT LETTER (Lender)

Dear (Developer/Owner/Tenant) :

We are writing to you in reference to your request of a loan on the (name of project) at (address). We have completed the underwriting analysis on the project and are prepared to provide a portion of the overall financing necessary for the development of the project. Please consider this our firm commitment to make a loan subject to the following provisions:

Amount of Loan: \$ \_\_\_\_\_  
Interest Rate: \_\_\_\_\_ %  
Term: \_\_\_\_\_  
Financing: \_\_\_\_\_  
Expenses at Closing: \_\_\_\_\_  
Insurance Required: \_\_\_\_\_  
Guarantee: \_\_\_\_\_

Our loan will be secured by a valid first lien on \_\_\_\_\_. All work must be in accordance with the plans and specifications on file with us. Any changes that will decrease the value of the project must be authorized by us.

Prior to closing of this loan, we will require the following:

- a. Verification that \_\_\_\_\_ will make funds available for the purpose of \_\_\_\_\_
- b. \_\_\_\_\_

if this commitment is acceptable to you , please, execute and return the enclosed copy of this letter. I will be available to discuss the project with the PCRLF staff and look forward to beginning the project.

Sincerely,

(name, title)

ACCEPTANCE:

DATE:

\_\_\_\_\_  
Name/Title

\_\_\_\_\_

Phillips County  
Revolving Loan Fund  
Checklist

<u>Item</u>	<u>Commissioners</u>	<u>Phillips Development</u>	<u>Phillipsburg</u>	<u>NWKP&amp;DC</u>
Promote Fund		X		
Budget	Approve	Prepare		
Initial Interview		X		
Application Process		X		
Credit Analysis		X		
Recommend App. Loan		X		
Loan Approval	X			
Authorization Letter		X		
Approval of Payments		X		
Payouts			X	
Pre. Const. Conf.				X
Progress Monitor				X
Federal Compliance		X		
Receive Loan Repayment.			X	
Account for Fund			X	
Audit of Fund (Yearly)	X			
Investments			X	
Trans. Of Min. Rt. Paymts.	X			
Investments			X	
Tran. Of Min. Rt. Paymts.	X			
Close of Loan (Final)	X			

PHILLIPS COUNTY REVOLVING LOAN FUND

FISCAL AGENCY AGREEMENT

THIS AGREEMENT is made and entered into this 14 day of August, 1987, by and between Phillips County, Kansas, acting and by and through its County Commissioners, hereinafter referred to as "County", and the First National Bank of Phillipsburg, Kansas, hereinafter referred to as "Bank".

In consideration of the mutual promises, covenants, and agreements made herein, the Bank agrees that its trust department will serve as fiscal agent for the Phillips County Revolving Loan Fund.

As such fiscal agent, the Bank shall have the following responsibilities, to-wit:

- (1) The County shall deposit all of the initial receipts of the Phillips County Revolving Loan Fund to the Bank designating them as "Phillips County Revolving Loan Fund", and the Bank shall be the depository for all such funds.
- (2) The Bank shall hold and invest said funds with the primary investment objectives being safety and liquidity.
- (3) The County shall notify the Bank, in writing, of all loans, advancements, loan guaranties, or other commitments to be made out of the Phillips County Revolving Loan Fund and the Bank shall pay out or encumber said funds in accordance with the County's instructions.

- (4) The Bank shall collect and receive all repayments of loans made out of the Phillips County Revolving Loan Fund. In the event that any loan shall become delinquent, the Bank shall report such delinquency to the County, but the Bank shall have no responsibility to initiate legal action for the collection of the same.
- (5) The Bank shall, at least annually and at such other times as requested by the County, submit an accounting of receipts and disbursements from the Phillips County Revolving Loan Fund. Such accounting shall be furnished to the following:
- (a) Phillips County Commissioners, Courthouse, Phillipsburg, Kansas.
  - (b) The Phillips County Industrial Development Committee, Phillipsburg Chamber of Commerce, Phillipsburg, Kansas.
- (6) The Phillips County Revolving Loan Fund shall annually be audited by an auditor appointed by the Phillips County Commissioners and the Bank shall fully cooperate with said audit and furnish such information as may be deemed necessary for the purposes of such audit.

In consideration of said services as fiscal agent, the Bank shall be entitled to charge a fee equal to the greater of the following:

- (a) A minimum fee of Two Hundred Fifty Dollars (\$250.00) per year, or
- (b) The Bank's standard trust management fee, which shall be based upon a percentage of the total assets of loans and investments under the supervision of the Bank.

Provided however, that no fee shall be due and payable until such time as funds are deposited into the control of the fiscal agent.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

PHILLIPS COUNTY COMMISSIONERS  
PHILLIPSBURG, KANSAS

Leonard Archer  
Chairman

Don Skivitt  
Member

Don Rose  
Member

Attest:

Margaret Williams  
County Clerk

FIRST NATIONAL BANK  
PHILLIPSBURG, KANSAS

James F. Stechen V.P. & A.T.O.



**PLANNING and DEVELOPMENT  
COMMISSION**

319 N. Pomeroy Ave.  
Box 248

(913) 674-2151 Hill City, Kansas 67642

September 14, 1987

Don Hewitt, Chairman  
Phillips County Commission  
Phillips County Courthouse  
Phillipsburg, KS 67661

Dear Don:

The purpose of this letter is to outline services that the Planning Commission intends to provide in conjunction with the Phillips County Revolving Loan Fund (PCRLF).

As you know, I have been reluctant to commit the Planning Commission to any services concerning the Revolving Loan Fund because of my concern about our ability to handle 14 funds staff wise. However, the State/Federal regulations that are currently in existence force the Planning Commission to have some involvement in the Revolving Loan Funds. The issues of Federal Compliance, Current Changing Regulation, and Labor Standards dictate our involvement at this time.

The loan document that we have transmitted to you includes as part of the allowable uses new construction. Because of this, all of the current federal regulations that apply, namely Davis Bacon Wages and Federal Civil Rights, there is a need to assure compliance. If we were to totally eliminate construction from the Revolving Loan Fund than none of these requirements would be applicable. However, construction is normally an essential part of a business development and I believe that you will run into difficulty in trying to keep your fund active if you were to exclude building construction. It could be, with experience, we will find that's not true and than the Commissioners always have the ability to come back and take construction out of the allowable uses and, thereby, eliminating a lot of federal requirements and supervision.

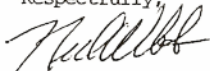
Our Board has approved a proposal to provide monitoring services defined as a once per project visit to review the files of the loan fund and assure that all federal regulations are met. We would also conduct a preconstruction conference on each project to review these regulations with all parties in our offices in Hill City. We would also keep you advised as to any changes in the Federal Block Grant requirements that may occur during this period.

We will provide these services for a period not to exceed two years from the date of capitalization of your Revolving Loan Fund without compensation provided that the Commission has sufficient resources and staff to provide these services.

Don Hewitt, Chairman  
September 14, 1987  
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During this two-year period, it might be advisable for you to designate somebody to work with us so that you might be able to develop this capability in-house or, with some experience behind us, we might be able to provide a proposal for compensation that would be acceptable to Phillips County and to our Planning Commission.

Respectfully,



Ned Webb  
Executive Director

NW:kt  
Encs.