



CITY OF URBANDALE, IOWA REVOLVING LOAN FUND (RLF) PROGRAM QUICK FACT SHEET

(Refer to Administrative Guidelines for Additional Detail)

The City of Urbandale's Revolving Loan Fund is a local incentive to provide financial assistance to businesses that plan to make a capital investment and create new job opportunities and/or retain existing jobs in Urbandale.

Types of Assistance

The Revolving Loan Fund may be used in one of two ways:

1. As the required local match for a State assistance application through the Iowa Economic Development Authority
2. As a funding source to assist qualifying businesses to locate or grow in Urbandale that do not apply for State assistance

An applicant seeking the required local match to a State assistance application does not need to complete a separate application with the City.

The guidelines below pertain to applicants only requesting City assistance.

General Program Guidelines

Projects will be reviewed and eligible if financial assistance is necessary and appropriate to accomplish the project. One or more of the three needs must exist:

- Financing Gap
- Insufficient Return on Investment
- Locational Disadvantage
- RLF assistance will be limited to loans where it can be shown that the initial outlay of funds by the City will not exceed fifty percent (50%) of the total project cost, or be no greater than for any other form of project funding or project subsidy.
- Multi-year funding commitments for a project will not be allowed.
- There must be evidence of at least 10% owner or business equity in the project.



Minimum Eligibility Requirements

- Applicant must provide services in interstate commerce. Retail, health or professional services are generally not eligible industries.
- Applicant must have a minimum of 30% of sales from clients located outside of the state of Iowa to qualify for financial assistance. □ “Sales from clients located outside of the state of Iowa” is defined as: Payment source is located outside of the state of Iowa.

Maximum Award Amounts

If applicant has:

- 30-50% of sales from clients located outside of the state of Iowa, the maximum award amount is \$25,000, and must comprise no more than 50% of total project cost.
- 50% or more sales from clients located outside of the state of Iowa, the maximum award amount is the lesser of \$50,000 or 20% of total project cost.
 - If total project cost is \$125,000 or less, maximum award is \$25,000 and must comprise no more than 50% of total project cost.

Eligible Uses of Funds

- Acquisition, construction, reconstruction, or installation of commercial or industrial buildings, structures, and other real property;
- Acquisition of equipment and machinery;
- Reuse of vacant or abandoned facilities; □ Modernization of plant equipment or machinery;
- Research and product development

Ineligible Uses of Funds

- Working capital
- Marketing



Job Creation and Retention

- The dollar cost job ratio shall not exceed a maximum of \$5,000 per job created or retained.
- Provide an average hourly wage rate equal to or greater than 90% of the regional labor shed wage as determined by the Iowa Department of Workforce Development for the ZIP code in which the project would be located. This requirement applies to new or retained jobs being taken into consideration for assistance.

Project Timeline and Reports

- The project may begin upon loan approval and must be completed within twenty-four (24) months or another time frame if approved.
- The borrower will file an annual progress report with the City within 7 days of the anniversary of the loan approval to certify level of job creation.
- A one-time report must be filed with the City once funding has been expended in accordance with the Loan Agreement.
- The date of the first payment of principal and interest will not exceed one (1) year beyond the initial date of the loan approval.

Application—Review and Approval/Denial

- Interested applicant must meet with Economic Development staff to discuss the proposed project *prior* to submitting application.
- One hard copy of a signed, completed application including all supplemental materials and requested documentation must be submitted to the Economic Development department.
- City staff will review the application on a first-come, first-served basis and may require external review.
- The City Manager will prepare a recommendation for any project forwarded to the City Council for RLF assistance.
- City staff will meet again with applicant to discuss proposed recommendation to City Council.
- The City Council will consider the recommendation at a public meeting, to be presented in the form of a Resolution and either approve or deny RLF assistance.
- City staff will inform the applicant in writing of the decision.



City Retains the Right to Ultimate Review

Due to the inherent inability to fully anticipate future situations and projects, the City retains the right to grant loans to projects that are deemed in the public interest, yet may deviate from the above criteria.

Security of the Loan

- The City prefers to assume a first position to the banks and other lending financial institutions involved in the proposed project.
- The applicant may be required to submit letters of equity and letters of commitment from the financing lenders with the application, indicating source, amount of loan, rate, term, end annual payment of supplemental financing.
- The applicant will provide a minimum of ten percent (10%) personal equity or business equity towards the total project cost. This amount should exclude the RLF request and bank financing and other financing secured for the proposed project. The equity should also exclude "sweat equity" and projected future cash flow return.
- Revolving Loan Fund loans will be secured by an Irrevocable Line of Credit. Other options may be considered, which include a pledged Certificate of Deposit, Corporate Guaranty, Personal Guaranty of owners comprising at least 50% of ownership, or pledged assets.
- Each applicant receiving a Revolving Loan Fund loan will be required to sign a Loan Agreement. Failure of a RLF recipient to abide by the provisions of the Loan Agreement may result in legal action.
- The City reserves the right to file a security interest with the Secretary of State if the applicant secures the loan with personal property, and to file a lien on real estate. If appropriate, the City reserves the right to record a lien and loan documents with Polk County or Dallas County, as may be appropriate.

Repayment of the Loan

The loan repayment terms, interest rate, and any other conditions will be determined on a case by case basis. In general, the following shall serve as guidelines:

- The date of the first payment of principal and interest will not exceed one (1) year beyond the initial date of the loan approval;
- The term of the loan will generally not exceed five (5) years or the life of the fixed asset financed by the RLF, whichever is shorter;



- The interest rate on the loan will generally not be less than one-half (1/2) the rate charged by the senior participating lender on the project, and a zero (0) interest loan may be considered;
- No penalty shall be assessed for prepayment or early retirement of the debt; and
- Loan may be renegotiated; however, renegotiation is not an inherent right of the borrower.

In general, principal and interest will be repaid in equal installments for the term of the loan. Principal and interest will be due and payable on a regular schedule, and will be returned to the RLF program.

Prompt payment of due loan installments will be required based on the terms stated in the individual loan agreements and documents. No deviation from the terms of the loan agreement will be allowed unless when specific written approval is granted.

Termination of Loan Agreement

If the project fails to comply with the terms of the loan agreement, or fails to use the RLF loan for only those purposes set forth, the City may terminate the loan agreement in whole, in part, or accelerate payment of all principal and accrued interest and penalties, and may immediately declare same due and payable at any time before the date of completion.

For more information, contact Economic Development Director, Curtis Brown, at cbrown@urbandale.org or 515-331-6756 or Assistant Economic Development Director, Aaron DeJong at 515-251-1644 or ADeJong@urbandale.org