RESOLUTION 93-15

TO APPROVE APPLICATION AND AUTHORIZE LOAN FROM THE BLOOMINGTON INDUSTRIAL INCENTIVE LOAN FUND (TomCats Pawn Shop)

WHEREAS, on March 5, 1986, the Common Council of the City of Bloomington established the Bloomington Industrial Incentive Loan Fund and approved and authorized Guidelines and Procedures for the use of the Industrial Incentive Loan Fund; and

WHEREAS, procedures established in Resolution 86-6 (the Industrial Incentive Loan Fund Guidelines and Procedures) require that an application be made to the Redevelopment Commission of the City of Bloomington, and following approval by the Redevelopment Commission, the application shall be forwarded to the Bloomington Common Council for approval by resolution; and

WHEREAS, TomCats Pawn Shop, has filed an application for an Industrial Incentive Loan through the Bloomington Industrial Incentive Loan Fund, which application has been approved by the Redevelopment Commission of the City of Bloomington and forwarded to the Common Council for its approval;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, THAT:

A loan in the amount of Thirty-Four Thousand Five Hundred Dollars ($34,500) from the City of Bloomington Industrial Incentive Loan Fund established in Ordinance 86-6 to TomCats Pawn Shop, is hereby approved, for a maximum term of five (5) years and subject to an interest rate of five percent (5%).

The Controller of the City of Bloomington is hereby authorized to release funds in the amount specified and subject to the specific terms and conditions and repayment plan approved by the City of Bloomington Redevelopment Commission in Commission Resolution 93-25, together with all terms and conditions contained in Common Council Resolution 86-6 "Program Guidelines".

This Resolution shall be in full force and effect from and after passage by the Common Council of the City of Bloomington and approval by the Mayor.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 12th day of April, 1993.

JACK W. HOPKINS President
Bloomington Common Council

SIGNED and APPROVED by me upon this 12th day of April, 1993.

TOMILEA ALLISON, Mayor
City of Bloomington

ATTEST:

PATRICIA WILLIAMS, Clerk
City of Bloomington

SYNOPSIS

This Resolution approves and authorizes a loan from the City of Bloomington Industrial Incentive Loan Fund to TomCats Pawn Shop, in the amount of Thirty-Four Thousand Five Hundred Dollars ($34,500). The loan must be repaid to the City Industrial Incentive Loan Fund within five (5) years and is subject to an interest rate of 5%. The loan is subject to all specific terms and conditions contained in the City of Bloomington Redevelopment Resolution 93-25 approving the loan application, as well as "Program Guidelines" contained in Common Council Resolution 86-6.

Signed copies to:
Redevelopment
TOM CATS
Controller

CITY OF BLOOMINGTON

INDUSTRIAL INCENTIVE LOAN FUND

PROGRAM GUIDELINES

I. PROGRAM DESCRIPTION

A. Purpose of Program

The Industrial Incentive Loan Fund was created as a revolving fund to be loaned to industrial, manufacturing, warehousing, and wholesale employers and/or industrial developers as an incentive to maintain and improve the economy of the city of Bloomington. The loan can be used for construction, expansion, or infrastructure improvements. The goals of the fund are to diversify the economy and to retain, provide, or increase permanent full-time industrial jobs.

B. History

The Industrial Incentive Loan Fund was created from funds paid to the City of Bloomington as a payment in lieu of annexation by industries located on the west side of Bloomington. In 1986 the City Council authorized the creation of the revolving loan fund not to exceed $400,000.

II. ELIGIBILITY

A. Geographical Restrictions

Use of the fund is limited to areas within the city's corporate boundaries or within the two-mile fringe. The area must be zoned and have adequate access to water, sewer, and roads.

B. Allowable Business Activities

The purpose of the fund is to encourage the expansion, development, or retention of basic manufacturing and industry. Therefore the use of the fund is targeted to manufacturing, wholesale, industrial development, and warehousing businesses.

C. Allowable Child Care Activities

Section II B. notwithstanding, any existing business or consortium of businesses, in the city or two-mile fringe, can apply for a loan to buy, build, or renovate a building for use as a child care facility (for the children of employees of the business or consortium first and for the general public second). The facility may be at the business site or in near proximity as long as requirements of the zoning code are met.

NEW Section #1

D. Relocated Businesses

Section II B notwithstanding, any business that is required to relocate from its business location due to acquisition of the property by the City of Bloomington for a project serving a public purpose may apply for a loan to buy, build, or renovate a building for use by the business. "Relocate" as used herein means that the business is required to move all its operations from the property to be acquired and cannot use the property for any purpose after the acquisition, except to the extent that, and for purposes that, any member of the public may use the property.

III. PERMITTED USE OF FUNDS

A. Loan proceeds may be applied to capital costs associated with the purchase of land, the construction or expansion of buildings, purchase of capital equipment, or construction of required infrastructure improvements.

B. Loan proceeds for a child care facility loan may be used for the purchase of land, construction, or renovation of a building, or purchase of child care equipment.

C. The loan may be used as a local match for state or federal funds. If the applicant is eligible for such programs, it is expected that the applicant will apply for those funds.

IV. TERMS AND CONDITIONS

Amended Section #2

A. Amount

Except as provided herein, the loan fund is available for projects where the total cost is a minimum of $250,000 or where the project creates five new, permanent jobs. The maximum loan amount is $100,000 or 20% of the total project cost, whichever is less. Where the business seeking the loan is being relocated due to a public project, the minimum project cost, new job, and maximum loan amount requirements may be waived by the Redevelopment Commission and City Council. In addition, the total amount of outstanding loans to any applicant may not exceed $100,000 or 25% of funds authorized for loans through the program, whichever is less.

B. Term

The maximum term is five years.

C. Rate

The interest rate will be the highest interest rate currently available for other city fund investments. Since the rate may change daily, the borrower's interest rate will be determined by the date the application is received by the Loan Specialist. The interest rate assigned to the borrower is good for a period of ninety days from date of application.

D. Payments

Principal and interest payments may be made monthly or quarterly. All monthly payments will be due on the first day of each month. Quarterly payments will be due on the first day of January, April, July, and October.

Payments received after the tenth day of the month due will be assessed 5 percent of the payment due as a penalty fee.

Loan payments will be processed by the Redevelopment Department and forwarded to the Controller's Office for deposit into the Industrial Incentive Loan Fund.

E. Location

The applicant must satisfy one of the following requirements:

1. Be located in the corporate boundaries.

2. Be contiguous and if eligible for annexation, the applicant must agree to voluntary annexation.

3. If ineligible or inappropriate for annexation, the applicant must sign a waiver of remonstrance against annexation and agree to execute such waiver in the event of relocation of the project during the life of the loan.

F. Non-Relocation Clause

Unless specifically approved by the City Council, the borrower may not relocate the funded business activity (or a significant part of the business activity), nor may the borrower expand the funded activity beyond the

geographical limits described in IIA. In determining compliance with this provision, the board shall consider as a prime factor the creation or preservation of jobs within the specified geographical area.

G. Default

The loan may be declared in default and become due and payable within thirty days of written notice to the borrower for any of the following reasons:

1. Failure of borrower to disclose any and all facts pertinent to loan approval or any misrepresentation of information.

2. Failure of borrower to make timely payments.

3. Failure of borrower to use loan funds as described in the loan application.

4. Failure of borrower to maintain mortgaged property, keep it insured and/or pay property taxes on it.

5. Failure to obtain specific approval of the City Council if the funded activity is to be relocated or expanded to another geographical location.

***This is not an all-inclusive list. Lien documents will specify further causes of default.

H. Equal Opportunity

The applicant must be an equal opportunity employer.

V. APPLICATION PROCEDURE

Revised Section #3

A. The applicant will apply to the Redevelopment Commission and then to the City Council. **The application is submitted to the Redevelopment Department's Loan Specialist along with a non-refundable application fee of $100.00.** The Loan Specialist reviews the application for completeness; arranges a meeting with the borrower to discuss the project's eligibility, costs,scope of work; and processes the application for submission to the Redevelopment Commission.

C. If a loan is not approved by the Redevelopment Commission, the applicant will be notified and have the opportunity to discuss with the Loan Specialist and Redevelopment Director the reason for the Commission's decision.

D. If a loan is approved by the Redevelopment Commission, it will be forwarded to the City Council as a resolution.

E. If a loan is approved, the borrower will sign a loan agreement indicating commitment to the loan. The borrower is responsible for securing all necessary lien documents, insurance documentation and title insurance policies (if property is mortgaged). The Loan Specialist is responsible for preparing the promissory note and scheduling the loan closing. The City Corporation Counsel is responsible for the appropriate annexation or in lieu of annexation agreements.

VI. EVALUATION CRITERIA

Certain factors shall be considered when competitively reviewing any application against other current applications and future anticipated requests. These factors shall include, but are not limited to the following:

A. Strength of the business plan. Applicant will be expected to respond to the questions in the attached Business Plan Outline. The Business Plan must comment on the strength and experience of the proposed management team.

B. Net direct impact upon employment. "New" jobs shall be defined as "new" to Monroe County.

C. Net direct impact on area business and the local economy.

D. Net indirect impact upon employment.

E. Leverage of Fund upon other lending sources (ratio of Fund dollars to conventionally obtained capital).

F. Nature and extent of security/guarantees.

G. Repayment schedule and interest rate.

H. Tax base increases, decreases, and any proposed tax abatements which may result from this project.

I. Nature and extent of equity participation by principal owner(s).

In addition to the above criteria, the following two conditions will also be evaluated for proposed child care activities.

J. The proposed financial involvement of the business in the child care program.

K. The number of child care positions available in the facility.

VII. SECURITY

A. Acceptable collateral includes a mortgage against real estate with at least 20 percent equity remaining after total project financing is secured, a lien against the cash value of life insurance, and a lien against a Certificate of Deposit Account.

B. Loans will be secured to the extent that such security does not impair the ability of the Borrower to conduct its activities and may be subordinated to other financing, to and including a subordinated position on personal guarantees as long as the City's loan is adequately secured.

VIII. RELEASE OF FUNDS

A. Once City Council approval is granted, the Applicant must, within ninety (90) days, secure all supplemental loans, securities, and other conditional documentation or action. Failure to secure and furnish proof of these conditions within this period may result in nullification of the proposed loan.

B. All required documentation must be on file with the Department of Redevelopment prior to any release of funds.

C. Loan funds may be disbursed in one sum at the end of the project or if draws are made, interest will be charged to the borrower on those draws at the same interest rate as that of the loan. Lien documents for the total loan amount will be signed for each draw. A final promissory note showing the total loan amount will then be signed at the completion of the project.

D. Progress inspections on construction projects will be made before any release of funds.

CITY OF BLOOMINGTON

INDUSTRIAL INCENTIVE LOAN FUND

APPLICATION FORM

A. Name and location of business:

B. Contact person and telephone number:

C. Description of ownership and principal parties:

D. Brief description of products and/or services:

E. Brief history and overview of current situation:

F. Summary of financial needs and proposed uses of funds:

G. Attach personal financial statements for each owner or partner of the corporation using the form included in this package.

H. Attach a corporate financial statement if not already included in the Business Plan.

I. Each applicant must submit a Business Plan.