

(passed 9-0)

**RESOLUTION 00-19**

**TO AMEND GUIDELINES FOR  
THE BLOOMINGTON BUSINESS INCENTIVE LOAN FUND PROGRAM  
(Authorizing Bridge Loans for Businesses Jeopardized by City Improvements and  
Correcting the Name of the Program)**

- WHEREAS, the Common Council in Ordinance 86-04 established the Industrial Incentive Loan Fund (Fund) with an initial allocation of \$400,000 from the City's Special Non-Reverting Improvement Fund; and
- WHEREAS, the ordinance provided that the repayment of loans "including principle and interest, together with interest income accrued on investment of idle funds within the Industrial Incentive Loan Fund, shall constitute a revolving loan fund from which subsequent loans may be made under the procedures and criteria established by Resolution 86-06"; and
- WHEREAS, in May of 1999 the Council adopted Resolution 99-17, which established new guidelines and procedures for the administration of the Fund; and
- WHEREAS, Resolution 99-17 incorrectly named the program the "Bloomington Business Incentive Fund" rather than the "Bloomington Business Investment Incentive Fund"; and,
- WHEREAS, the City of Bloomington has undertaken a large-scale public works utility project to rehabilitate storm drainage boxes in the Kirkwood and Dunn street business district; and
- WHEREAS, several businesses may be adversely affected by the restrictions placed on automobile traffic in the immediate vicinity of their business during the storm drainage construction; and,
- WHEREAS, it is in the community's interest to create a means of providing temporary assistance to businesses experiencing demonstrable economic distress as a result of a City of Bloomington public works project; and,
- WHEREAS, the current guidelines for the Bloomington Business Investment Incentive Fund do not allow for the loans for short-term operating expenses necessary to maintain a minimum level of operation during the construction period; and,
- WHEREAS, changes to the guidelines are necessary to create a separate review committee to expedite the process to grant low-interest loans to businesses experiencing economic distress as a result of a City of Bloomington public works project; and,
- WHEREAS, these loans would provide up to \$35,000 to each qualifying business to meet minimum operation expenses at an interest rate of two percent, to be paid back in full within one year;

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

SECTION 1. The Common Council declares that the Bloomington Business Incentive Loan Fund Program (as it was named in Resolution 99-17) shall be now known as the "Bloomington Business Investment Incentive Fund" program (hereinafter "Fund").

SECTION 2. The Common Council amends Resolution 86-06 by approving the attached document entitled the "City of Bloomington Business Investment Incentive Fund" (hereinafter "Fund Guidelines") in its entirety as an amendment to the guidelines and procedures of the Fund.


SECTION 3. The Common Council further amends Resolution 86-06 by declaring that the business disruption bridge loan review committee (hereinafter "Committee") created in the attached Fund Guidelines is hereby empowered to approve business disruption bridge loans according to the provisions set forth in the Fund Guidelines and in this resolution. The Committee shall meet as often as is needed to accomplish the goals of the Fund Guidelines, but shall not meet less often than once per calendar year. The Committee may submit claims for loans from the Fund according to the City Controller's standard claim schedule or may request from the City Controller's office a special warrant for expedited release of monies from the Fund if it determines that the business receiving the business disruption bridge loan has demonstrated a reasonable need for the loan proceeds before the date a check would be released pursuant to the Controller's standard claim schedule. The Committee shall not approve any loans after December 31, 2000 and shall dissolve once its duties in regard to the outstanding loans have ceased.

SECTION 4. Once the Committee has dissolved in accordance with Section 3 of this resolution, the Executive Assistant for Economic Development or whatever position is responsible for administering the Fund Guidelines, shall remove the amendments to the Fund Guidelines adopted with this resolution and file a copy of the new Fund Guidelines with the Clerk of the City along with a memo explaining the action.

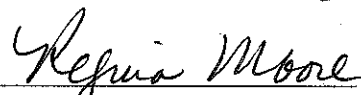
PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 12<sup>th</sup> day of July, 2000.

  
TIMOTHY MAYER, President  
Bloomington Common Council

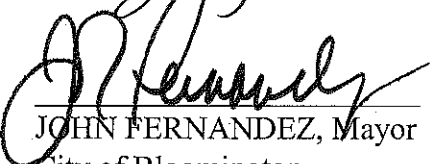
ATTEST:

  
REGINA MOORE, Clerk  
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 13<sup>th</sup> day of July, 2000.

  
REGINA MOORE, Clerk  
City of Bloomington

SIGNED and APPROVED by me upon this 13<sup>th</sup> day of July, 2000.

  
JOHN FERNANDEZ, Mayor  
City of Bloomington

## SYNOPSIS

This resolution amends Resolution 86-06, which established the Industrial Incentive Loan Fund Program, and which was subsequently amended by other resolutions, including Resolution 99-17. It adopts new guidelines, which adds a section to create a business disruption bridge loan for businesses affected by city public works projects. The loans can be used for operating expenses to maintain operations at a minimum level until the construction project is completed. It authorizes a loan review committee to approve business disruption bridge loans and to request expedited release of loan funds upon a demonstration of need by the loan recipient. The resolution also corrects Resolution 99-17 by naming this compendium of loans and grants the Bloomington Business Investment Incentive Fund program.

*Note: On July 12, 2000 the Common Council adopted Resolution 00-19 by a vote of 9 – 0 with three amendments.*

*Am 01 was approved by a vote of 9 – 0 and extended the repayment period of the loans from 1 to 3 years. (affecting Part II (5) (d) (4) of the Fund Guidelines.*

*Am 02 was defeated by a vote of 3 – 6.*

*Am 03 was adopted by a vote of 7 – 2 and authorized the approval of loans up until December 31, 2000, dissolved the loan review committee once its obligations towards these loans had ceased, and directed staff to file a redacted version of the guidelines when that occurred. (affecting Sections 3 and 4 of the resolution).*

*Am 04 was adopted by a vote of 9 – 0 and added two council members to the loan review committee. (affecting Section II (5)(b) of the Fund Guidelines)*

*Signed Copies to:*

*Controller*

*EO. Dev.*

*Legal*

*Chamber*

*Comm for Blngtn Downtown*

# City of Bloomington



## Business Investment Incentive Fund

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CONTACT: Nathan Hadley  
Executive Assistant for Economic Development

## I. PROGRAM DESCRIPTION

- A. Purpose:** The Business Investment Incentive Fund is a revolving loan fund created by the City of Bloomington to provide low interest loans to eligible businesses committed to improving the economic vitality of our community. The City of Bloomington offers this economic development tool to promote the retention, expansion, and attraction of a diverse business base. With certain exceptions, loan proceeds can be used for capital improvement projects and the purchase of eligible equipment.

## II. ELIGIBILITY

- A. Geographical Limitations:** Only businesses within or contiguous to the City of Bloomington's corporate boundaries or within an "Area Intended for Annexation" (AIFA) are eligible to seek assistance from the Business Incentive Loan Fund. The area must be properly zoned and have or plan to have access to adequate infrastructure, including water, sewer, roads, and telecommunications. If the business is located within the AIFA or contiguous to the City's corporate boundary and eligible for annexation, then the applicant (and the property owner, if different) must agree to voluntary annexation. If the applicant is ineligible for annexation at the time the loan is approved, then the property owner must sign and record a waiver of remonstrance against future annexation.
- B. Eligible Business Activities and Permissible Use of Funds:** As the fund is intended to support and promote a diverse economic base, the following eligible activities have been targeted as the primary beneficiaries of loan proceeds:
- 1. Business retention, expansion, attraction:** Any qualified business under these guidelines demonstrating a commitment to job growth, quality wages and benefits, and the overall economic vitality of the community is eligible to submit a loan application for permissible projects as identified by the guidelines. Eligible businesses range from basic manufacturing to high-tech service firms.
    - a. Permissible uses of funds:** Loan proceeds shall be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of equipment; or infrastructure improvements.
    - b. Evaluation criteria:** Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to, the following:

- 1.) Strength of business plan or business proposal.
- 2.) Projected new jobs to be created as a result of the project.
- 3.) Overall projected impact on the economic vitality of the community.
- 4.) Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
- 5.) Nature and extent of security/guarantees.
- 6.) Credit history.
- 7.) Expected tax base increases or decreases as a result of the project.
- 8.) Any proposed tax abatements or other city/state sponsored incentives expected to be received for the proposed project.
- 9.) Nature and extent of equity participation by principal owner(s).
- 10.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)

c. **Loan amounts:** Applicants seeking loan funds under this section for qualified projects are eligible to borrow funds where the total project cost is a minimum of \$250,000. The maximum loan amount is \$100,000 or 20% of the total project cost, whichever is less.

2. **Businesses within the Downtown Development Opportunity Overlay district:** Any qualified for-profit or not-for-profit business owner and/or commercial property owner located within the City of Bloomington's *Downtown Development Opportunity Overlay (DDOO)* district demonstrating a commitment to the economic vitality of Bloomington's downtown is eligible to submit a loan application for permissible projects as identified by the guidelines.

a. **Permissible uses of funds:** Loan proceeds shall be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of equipment; facade improvements; or infrastructure improvements.

b. **Evaluation criteria:** Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to the following:

- 1.) Strength of business plan or business proposal.

- 2.) Overall projected impact on the economic vitality of the downtown.
  - 3.) Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
  - 4.) Nature and extent of security/guarantees.
  - 5.) Credit history.
  - 6.) Expected tax base increases or decreases as a result of the project.
  - 7.) Any proposed tax abatements or other city/state sponsored incentives expected to be received for the proposed project.
  - 8.) Nature and extent of equity participation by principal owner(s).
  - 9.) If applicant is not owner of property/building then approval of said owner is required.
  - 10.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)
- c. **Loan amount:** If the business is making an application under this section as a DDOO eligible business, the maximum loan amount is 50% of total project costs at or under \$100,000 and 20% of any remaining project costs over \$100,000 with total loan not to exceed \$100,000.
- d. **Non-profit grant initiative:** To encourage capital improvements to facilities owned and/or operated by eligible non-profit organizations within the DDOO district, eligible organizations may obtain matching grant funds for qualified projects. Eligible non-profit organizations are those within the DDOO district that have a retail or commercial activity as its primary purpose including, but not limited to, performance venues, galleries, and retail shops. The maximum matching grant is 50% of total qualified project costs with total grant not to exceed \$25,000. An eligible non-profit organization can only receive one grant disbursement every 5 years. Grant funds are in lieu of loan funds. An eligible non-profit cannot receive both a loan and a grant.
3. **Business supported child care facility:** Any qualified business or consortium of businesses can apply for a loan to provide a child care facility for the children of employees of the business or consortium of businesses first and for the general public second. The facility must be at the business site or in near proximity.

- a. **Permissible uses of funds:** Loan proceeds may be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of child care equipment; or infrastructure improvements.
  - b. **Evaluation criteria:** Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to the following:
    - 1.) Strength of business plan or business proposal.
    - 2.) Projected number of employees to be served by the facility.
    - 3.) Projected number of general public, if any, to be served by the facility.
    - 4.) Use of funds to leverage other sources of capital including conventional financing and grant funds.
    - 5.) Collaboration with or impact on existing child care facilities.
    - 6.) Nature and extent of security/guarantees.
    - 7.) Credit history.
    - 8.) Any proposed city/state sponsored incentives expected to be received for the proposed project.
    - 9.) Nature and extent of equity participation by principal owner(s).
    - 10.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)
  - c. **Loan amount:** Applicants seeking loan funds under this section for qualified projects are eligible to borrow funds where the total project cost is a minimum of \$250,000. The maximum loan amount is \$100,000 or 20% of the total project cost, whichever is less.
4. **Public purpose induced business relocation:** Any qualified 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 is eligible to submit a loan application for permissible projects as identified by the guidelines. "Relocate" as used in this subsection means that the business is required to move its primary business operations from the property.
- a. **Permissible uses of funds:** Loan proceeds may be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of



buildings; purchase of eligible equipment; or infrastructure improvements.

**b. Evaluation criteria:** Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to the following. The Common Council may waive one or more of these requirements if it finds that public policy so dictates.

- 1.) Strength of business plan or business proposal.
- 2.) Projected new jobs to be created as a result of the project.
- 3.) Overall projected impact on the economic vitality of the community.
- 4.) Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
- 5.) Nature and extent of security/guarantees.
- 6.) Credit history.
- 7.) Expected tax base increases or decreases as a result of the project.
- 8.) Any proposed tax abatements or other city/state sponsored incentives expected to be received for the proposed project.
- 9.) Nature and extent of equity participation by principal owner(s).
- 10.) Projected public benefit of relocation.
- 11.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)

**c. Loan amount:** Applicants seeking loan funds under this section for qualified projects are eligible to borrow funds where the total project cost is a minimum of \$250,000. The maximum loan amount is \$100,000 or 20% of the total project cost, whichever is less. If public policy dictates, the maximum loan amount can be waived.

**5. Business disruption bridge loan:** A qualified business that suffers significant loss of sales and revenues in an area determined to be economically distressed due to disruptions caused by a City of Bloomington public works project is eligible to submit a loan application for short-term operating capital costs. Businesses applying for loans under this section must have been in operation at their affected site for at least 12 months prior to the start of construction of the public works project. The Review Committee established under this section shall make the

determination of the areas that are economically distressed due to City of Bloomington public works projects.

- a. **Permissible uses of funds:** Applicants receiving loans under this section may use the proceeds in order to meet minimum operational expenses, including but not limited to rent or mortgage, utilities, payroll, or other unavoidable expenses necessary to maintain the business at a minimum operational level.
- b. **Loan Review Committee:** Applications received under this section shall be reviewed by a committee composed of the Mayor's Executive Assistant for Economic Development, the City Controller, the President of the Economic Development Commission, the President of the Common Council, the Common Council member whose district includes the affected business, and two Common Council members appointed by the President of the Common Council, or their designees. The loan committee shall be chaired by the Mayor's Executive Assistant for Economic Development.
- c. **Review process:** The committee shall meet as often as is needed, but shall not meet less often than once per calendar year. Loans approved by the loan review committee established under this chapter do not require additional approvals from the Economic Development Commission or the Common Council. The Mayor's Executive Assistant for Economic Development will coordinate with the city's Legal Department the preparation of all necessary loan documents and a loan closing date.
- d. **Evaluation criteria:** The loan review committee established under this section shall establish criteria for the acceptance, review and approval of loans, which shall at a minimum include, but not be limited to, the following:
  - 1.) Each business must demonstrate financial need for the loan in order to meet minimum operation expenses, including but not limited to rent or mortgage, utilities, payroll, or other unavoidable expenses necessary to maintaining the business at a minimum operational level.
  - 2.) Each business shall provide proof of sales figures for the current time period in which the business has experienced economic distress due to the public works project, along with proof of sales figures for the same time period in the prior calendar year.
  - 3.) Each business shall provide proof of similar expense levels required to generate the same level of sales in the current time period, compared to the sales levels for the same time period in the preceding calendar year.

- 4.) Each business shall provide a plan that describes how the business will use the loan proceeds; forecasted expenses and revenues for the period beginning with the first day of the month in which the loan is granted through the last day of the month proposed for final repayment; and a proposed monthly repayment schedule which shall provide for total repayment of the loan no later than three (3) years from the date the public works project ceases causing significant disruption to the business. This date shall be determined by the loan review committee, in conjunction with the city department performing the project.
- e. **Loan amounts and terms:** Loans approved under this section shall be made with the following limitations and terms:
- 1.) Subject to the availability of funds, a maximum of \$150,000 in loans may be made at any one time under this section.
  - 2.) A loan made under this section shall be limited to \$35,000 for each qualified applicant.
  - 3.) No interest shall be charged or accrue on loans before the date the public works project ceases causing significant disruption to the business. This date shall be determined by the loan review committee, in conjunction with the city department performing the project. Thereafter, interest on each loan shall accrue on a monthly basis at an annual rate of two percent of the unpaid balance of the loan on the last day of each month.
  - 4.) The loan review committee may submit claims for loans from the fund according to the City Controller's standard claim schedule or it may request from the City Controller's office a special warrant for expedited release of moneys from the fund if it determines that the business receiving the loan has demonstrated a reasonable need for the loan proceeds before the date a check would be released pursuant to the standard claim schedule.

### III. ADDITIONAL TERMS AND CONDITIONS

- A. **Term:** The maximum term is five years, unless the loan is a business disruption bridge loan made under Section II. B. 5.
- B. **Rate:** Except for business disruption bridge loans made under Section II. B. 5, the interest rate will be the highest interest rate currently available for other city fund investments at time of application. The interest rate assigned is good for a period of ninety days from date of application.
- C. **Payments:** Except for business disruption bridge loans with a different approved payment schedule, principal and interest payments are to be

made monthly. All payments are due on the first day of each month. Payments received after the tenth of the month will be assessed a 5% late

fee. Loan payments are to be mailed to:

City of Bloomington  
Controller's Office  
P.O. Box 100  
Bloomington, IN 47402

- D. 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. Failure to comply with this section is grounds for default.
- E. Default:** The loan may be declared in default and become due and payable within 30 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 the 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 approval for relocation of business.
  6. Failure to comply with any material terms of the loan documents, including but not limited to, the loan agreement, mortgage, financing statement, and personal guaranty.
  7. Failure to comply with voluntary annexation agreement or waiver of remonstrance agreement.

#### **IV. APPLICATION PROCEDURE**

- A.** The following application procedures apply to all loans except the business disruption bridge loan under Section II.B.5. The applicant will contact the Mayor's Executive Assistant for Economic Development for a pre-application meeting. At that meeting, the applicant will receive

instruction for submitting a complete application for consideration. Except of those businesses applying under Section 5, upon completion, the applicant will submit the application along with a \$100.00 processing fee to the Executive Assistant for Economic Development for review. If the application is determined to be complete and eligible, the Executive Assistant for Economic Development will initiate the formal approval process.

- B.** If the application is submitted for formal approval, the Executive Assistant for Economic Development shall schedule a meeting of the Economic Development Commission. At this public meeting the applicant will have an opportunity to present his/her proposal. The Economic Development Commission shall review the application based on the guidelines and either approve or deny.
- C.** If a loan is approved as is by the Economic Development Commission, it will be forwarded to the City Council in the form of a resolution for the Council's approval or denial.
- D.** If a loan is approved by the City Council, the borrower will sign all necessary loan documents for the loan. The borrower is responsible for securing all necessary lien documents, insurance documentation and title insurance policies as necessary. The Executive Assistant for Economic Development will coordinate with the City's legal department the preparation of all necessary loan documents and a loan closing date.

## **V. SECURITY**

- A.** Acceptable collateral includes a mortgage against real estate with at least 20% equity remaining after total project financing is secured, a lien against the cash value of life insurance, a lien against a Certificate of Deposit Account, a lien against qualified equipment, and/or any other acceptable and approved form of security.
- B.** Loans will be secured to the extent that such security is feasible and 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.

## **VI. RELEASE OF FUNDS**

- A.** Once City Council approval is granted the applicant must secure all supplemental loans, securities, and other conditional documentation or action within 90 days. Failure to comply with any terms, conditions, or

other requirements within this time period may result in nullification of the approved loan.

- B.** All documentation must be on file with the Executive Assistant for Economic Development in the Mayor's Office and approved by the City of Bloomington's Legal Department prior to any release of funds.
- C.** Loan funds may be disbursed in full at time of closing or in two disbursements within the first year following approval. Lien documents for the total loan amount will be signed for each disbursement.
- D.** Claims for the payment of Business Disruption Loan proceeds do not need approval of the Board of Public Works prior to disbursement.

# **Business Investment Incentive Fund Application**

**A. Name:**

**B. Applicant:**

**C. Address:**

**D. Phone:**

**E. Email:**

**F. Management:**

**G. Equity Ownership:**

**H. Loan Information:**

**1. Purpose:**

**2. Total Project Cost:**

**3. Business Investment Incentive Fund Request:**

**4. Source of Repayment (if a loan):** *(List any collateral, accounts receivable, guarantees, etc.):*

**I. Personal Financial Information:** *(Complete attached Personal Information form for each owner or partner of business).*

**J. Business Plan:** *(Submit a complete business plan with corporate financial statements. See attached outline.)*

# **Business Plan Contents**

- I. Summary**
  - A. Business description
    - 1. Name
    - 2. Location and facility description
    - 3. Product(s)
    - 4. Market and competition
    - 5. Management expertise
  - B. Business goals
  - C. Summary of financial needs and application of funds
  - D. Earnings, projections, and potential return to investors
  
- II. Market Analysis**
  - A. Description of total market
  - B. Industry trends/Target markets
  - C. Competition
  
- III. Products or Services**
  - A. Description of product line or service
  - B. Proprietary position: patents, copyrights, and legal/technical considerations
  - C. Comparison or competitors' products or services
  
- IV. Manufacturing Process (if applicable)**
  - A. Materials
  - B. Source of supply
  - C. Production methods
  
- V. Marketing Strategy**
  - A. Overall strategy
  - B. Pricing policy/Sales terms
  - C. Method of selling, distributing and servicing products
  
- VI. Management Plan**
  - A. Form of business organization
  - B. Board of Directors composition
  - C. Officers: Organization chart and responsibilities
  - D. Resumes of key personnel
  - E. Staffing plan/number of employees
  - F. Facilities plan/planned capital improvements
  - G. Operating plan/ schedule of upcoming work for next one to two years
  
- VII. Financial Data**
  - A. Financial history (three years to present)
  - B. Three year financial projections (first year my months; remaining years quarterly)
    - 1. Profit /loss statement and balance sheet
    - 2. Cash flow chart
    - 3. Capital expenditure estimates
  - C. Explanation of projections