



CITY OF RENSSELAER PLANNING AND DEVELOPMENT

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Economic Development Loan Program Application Guidelines

Purpose:

The City of Rensselaer's Economic Development Loan Program ("Loan Program") is designed to offer below-market rate prime fixed at closing loans to eligible City businesses to encourage local economic growth. Monies for this purpose have been appropriated through the City's Community Development Block Grant/Small Cities Program, as well as through the repayment of previous loans. It is anticipated that the loan program will be instrumental in retaining and attracting businesses, creating new jobs, and expanding the City's tax base.

The Program is administered on behalf of the City of Rensselaer Economic Development Loan Committee ("the Committee") by a five (5) member loan committee as prescribed in Chapter 28 of the City Code. The by-laws of the Committee shall reflect the provisions set forth in Section 28 of the City Code Section §28-1 to §28-5.

Eligibility/Continuity of Ownership:

All borrowers must continue to operate the eligible business for the entire life of the loan. Failure to do so could result in a demand of full repayment of the loan balance plus interest and penalties at the discretion of the loan committee. Further all borrowers shall be required to keep all taxes current.

Applicants must demonstrate that loans will result in the retention or creation of job opportunities in the City, especially for people of low and moderate income.

The City of Rensselaer does not discriminate against any applicant on the basis of race, color, creed, sex, national origins or other reasons extraneous to the stated purpose of the Program.

Use of Funds:

The City of Rensselaer Economic Development Loan Program funds can be used for the purchase of equipment, and working capital.

Approval Criteria:

1. Financial condition of the applicant, especially the ability to repay the loan, and the management experience of the principals. An applicant must obtain and submit a current credit report with their application.
2. Number of jobs to be retained or created by the project, especially for people of low and moderate income. The minimum standard will be one full-time equivalent permanent job per \$10,000 of program loan. One FTE permanent job is based on a 35-hour workweek. The minimum loan shall be \$30,000.
3. Ratio of program financing to private financing (Program funds should not exceed 40% of the total project cost.)
4. Project serves a recognized community need included but not limited to:
 - Benefit to the local economy
 - Impact on the City tax base
 - Availability of job training for City residents
 - Elimination of blighted conditions
 - Benefit to businesses serving environmental justice communities as defined by the NYS Department of Environmental Conservation.

Some of the above-specified standards may be pertinent to individual applications. However, while approval criteria will be given greater weight in the evaluation process; the applicant(s) will be judged on general compliance with the stated purposes of the Program. Interest rates are fixed at closing with a rate equal to the lowest WSJ Prime Rate Index. The maximum term of the loan is 10 years, and the maximum loan amount is \$15,000 subject to availability of funds. Real estate loans may allow a 15-year amortization.

Reporting & Planning Requirements:

Borrowers must document job retention creation on forms to be provided at closing. Additionally, borrowers must submit quarterly job retention reports for the first two years of the loan or until employment targets are met. If the borrower fails to report or reach employment targets or until employment targets are met. If the borrower fails to report or reach employment targets or fails to comply with the NYS and Local Building and Zoning Laws at any point during the life of the loan, repayment of the borrower's loan plus interest and penalties can be demanded in full. Repayment is to be made payable in full within thirty (30) days from the date of the Committee's latest request for documentation.

Applicants shall demonstrate full compliance with New York State and Local Building and Fire Codes as well as documentation which exhibits full compliance with the City of Rensselaer Zoning Ordinance. Documentation shall, at the minimum, include a zoning verification letter issued by the City Planning Department and code compliance letter issued by the Building and Zoning Administrator. Additional approvals may include but are not limited to documentation of final site approval granted by the City of Rensselaer Planning Commission and an area or use variance granted by the Zoning Board of Appeals. "Approvals issued by the Commission or the Board of Appeals which have been allowed to expire shall

not be accepted by the Committee. Expired projects must renew, extend, or reapply for all necessary approvals before being considered for an Economic Development Loan.

Since economic development projects are rated against each other, the more completely the submission requirements are met, the greater the potential exists for enhancing the impact score of the project.

The material listed below shall be submitted with each Economic Development Loan Program Application:

1. Business Description
 - A. Schedule of Ownership
 - B. Management /Principal Resumes (Give a brief description of education, technical training, employment and business experience for each person listed in the Management Section of Business Plan.)
 - C. History and description (a brief description of the business and its history.)
 - D. Corporate resolution to borrow.
2. Project Description
 - A. Project description
 - B. Project objectives
 - C. Estimated Project Cost
 - D. Discussion of financing sources to include the necessity and the term of the CDBG assistance and the proposed lien structure. Also the amount, and the nature of any equity investment.
 - E. Letters from all financing sources which discuss the amount and terms of the proposed financing.
 - F. Documentation of all appropriate feasibility issues including, but not limited to, site control zoning public approvals and permits, impact fees & corporate authorizations, infrastructure, environmental and relocations (includes environmental review, if appropriate).
 - G. A development budget showing all costs for the project including professional fees and working capital.

- H. Marketing analysis and summary and other data which supports the anticipated success of the project.
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 - K. A discussion of employment impact which includes a schedule of newly created positions. The schedule should identify the number, salary, and skill level of each position. The applicant must show how persons from low and moderated-income households will be accorded first consideration for employment opportunities.
 - L. Documentation to support project cost, Documentation should be from a third-party source and be consistent with the following:
 - 1. Real Estate acquisition costs should be supported by an appraisal by a licensed real-estate agent or appraiser and a fully-executed purchase contract.
 - 2. Machinery and equipment costs should be supported by current/unexpired vendor quotes.
 - 3. Soft costs also supported by quotes unless otherwise specified in the commitment letter (legal, accounting, title insurance, etc.)
 - M. Any other documentation requested by the Committee.
3. Financial Information
- A. Historical Financial Data preferable for the last three years (or if less than three years then since inception). This information may be submitted under separate cover with confidentially requested. It is recognized that historical financial data may be unavailable or inappropriate for some projects (e.g. start-up companies and real estate transaction). Provide copies of Federal income tax returns (IRS FORM 1040)
 - B. Current Financial Data including a credit report from a generally accepted credit agency.
 - C. Loan Proceeds-State amount of the loan requested and explain exactly the purposes for which it is used.
 - D. If the applicant is a new business or owner thereof: Balance Sheets and Income Statements for the most recent three fiscal years along with a current interim Balance Sheet and Income Statement, no older than 90 days (if the fiscal year end was more than 90 days from the application date). Also required as part of an application for a

loan to an existing business: Projected Income Statements, complete with assumptions and used in making the projections, for the current year and two succeeding fiscal years. If the applicant is starting a new business: pro forma Balance Sheet and projected income statements for the first three years, complete with assumptions used to make the projections shall be submitted.

- E. Schedule of Outstanding Debt-list all installments, debts, contract, notes and mortgages payable, showing to whom payable, original amount, original date, present balance, interest rate, maturity date, monthly payments, security, and whether current or delinquent. This applies only if you are already in business.
- F. Personal Financial and History Statements- provide a personal financial statement from the owner, partners, or stockholders with 20% or more ownership. Also include a personal history of yourself, emphasizing your work experiences and reasons why you feel qualified to operate your business.
- G. Bank References-Bank and other lenders' commitment letters. List all collateral to be offered as security for the loan, with your estimate of the present market value of each item. Collateral includes a home, property stocks and bonds (single item or combination of items). Assessment must include an assessment of the project's consistency with the elements contained in the previous review criteria section; including a summary of the process used in determining the amount and terms of the CDBG participation.
- H. Any other documentation requested by the Committee.

For more information, please contact the Office of Planning & Development, City Hall, Rensselaer, New York, 12144 or call the Planning Office at (518) 462-4839.