



REVOLVING
LOAN FUND

— PROGRAM DESIGN OVERVIEW —

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**DOWNTOWN REVITALIZATION REVOLVING LOAN PROGRAM
FOR CHELSEA CENTRAL ZONING DISTRICT AND HOLLYHOCK ISLAND
PROGRAM DESIGN OVERVIEW**

PURPOSE

The revolving loan program is intended to provide the incentive for businesses to locate or stay in the Downtown Revitalization Area by offering favorable term financing to qualified businesses. Through financial and business mentoring, this program element will actively strive to assist businesses become and remain successful. The expected outcomes include populating the downtown with new and expanding businesses, increasing the numbers of new employees with higher levels of disposable income, increasing the tax base and reducing the number of vacancies in downtown buildings.

FINANCING DESCRIPTION

This program will function as a revolving loan 50% guarantee and will leverage funds held by Community Economic Development Fund (CEDF), the loan administrator, or by private lending institutions. The intended use includes making funds accessible to new and expanding businesses where market rate financing from private conventional lending institutions are either unavailable or insufficient. The loans will be administered and disbursed in accordance with the financing plan outlined in the Downtown Revitalization Programs Project Plan and in accordance with the following terms:

- The loan may not be less than \$5,000 nor more than \$100,000. If deemed in the best interest of the City, NCDC may recommend that by exception the loan be enrolled in the program.
- Maximum term of the borrowing is 10 years, other terms may be negotiated with the loans administrator on a case by case basis
- A commitment of equity including personal guarantee will be required and will be determined based on a debt to worth ratio and projected cash flow
- The loan program will be professionally managed by CEDF. Eligible applications will be presented to CEDF as loan administrator and will be processed in accordance with their established procedures and underwriting criteria
- Every effort will be made to ensure that 70% of the loans are utilized by fabricators, processors, professionals, bio-tech and bio-pharma industries and Green industries; the remaining 30% will be made available for retail or service business that support a modern family oriented urban living environment and a creative community
- Applicants will have to certify that they are not involved in any litigation with the City of Norwich or NCDC
- Funds will not be used to support City infrastructure improvements
- Funds are not intended to support State, Federal or Tribal projects

- This program can be used in conjunction with any other program offering based upon the eligibility of the applicant

PROGRAM LOCATION

This program applies to businesses and properties utilizing existing commercial space in the areas known as Chelsea Central zoning district and the waterfront area known as Hollyhock Island.

OPERATIONAL MATTERS

As the agency designated to oversee and administer the programs, NCDC will be responsible for establishing a Revolving Loan Program application evaluation and selection committee.

Duties of the evaluation and selection committee will include:

- Determining applicant eligibility based on defined criteria
- Making a preliminary determination on the viability of business based on plans and financial statements
- Providing program assistance to NCDC as needed
- Reviewing reports, project paperwork, and documents for completeness and accuracy
- Reviewing loan applications and making recommendations for funding

Evaluation and selection committee membership will comprise NCDC staff and three to five professionals with experience in:

- Business/Administration
- Architect/Engineer/Technology
- Real Estate/Development
- Finance/Accounting
- Human Resources/Employment.

ELIGIBLE APPLICANTS

Eligible applicants for these loans include screened and qualified businesses with business plans that demonstrate a high probability of success. These businesses include but are not limited to entrepreneurial, start-up businesses, new to market businesses and expanding current market business. The program targets new or expanding for-profit businesses but private non-profit organizations (such as arts or cultural agencies) in the program area are also eligible if the facility is open to the public and the use is consistent with the local Plan of Conservation and Development. This program is not designed to support municipal or social service delivery.

ELIGIBLE USES OF FUNDS

Eligible uses for these loans include office, commercial, retail, recreation, and water dependent businesses and can include

- Workspace improvements
- Acquisition of equipment
- Acquisition of inventory
- Working capital (limited amount)
- Other uses will be considered on a case-by-case basis as zoning allows

APPLICATION, APPROVAL AND PAYMENT PROCESS

The Application Process: In order to be considered for this program all applicants must submit a completed application to NCDC.

- Applicant should contact NCDC for program information, application forms, and other guidelines as applicable. It should be noted that the program is subject to change and interested applicants are advised to contact NCDC prior to beginning the application process;
- NCDC staff will meet with applicant as necessary to review application forms and processes with applicants;
- Applicant prepares and submits a completed application with other required documentation to NCDC for preliminary review which will include:
 - Application forms;
 - Proof that applicant is current with municipal taxes, mortgages and utility payments at the time of application; in order to remain eligible for this funding applicant will be required to periodically submit proof that taxes and utilities remain current;
 - Proof of required collateral and/or personal guarantee;
 - Status of lease agreements with landlord and tenant(s) as applicable including letters of intent or executed leases;
 - Business plan and most recent prepared financial statements with projected cash flows and pro-forma statements, or business plan with projected cash flows and pro-forma statements;
 - Marketing plan or other documents that demonstrate the business' sustainability and potential to grow;
 - Other documents as required by the loan administrator.

The Approval Process: Once the application has been determined complete and applicants pass the preliminary screening process, the application is forwarded to the evaluation and selection process of the loan administrator. The loan administrator evaluates the application based on the following criteria:

- Eligible applicants will be evaluated based on factors and criteria defined by the loan administrator's underwriting processes
- Fiscal impacts
- Employment levels and quality of jobs
- Community goals
- Financial need of applicant

The loan administrator will document and present their funding recommendations to NCDC. Successful applicants will be required to execute an agreement noting the terms and conditions for program participation. A rejected application may be resubmitted, provided it is revised in accordance with the recommendations made by the loan administrator and NCDC and loan dollars are still available.

Applicants shall not be disqualified based on age, race, color, handicap, physical condition, sexual orientation or national origin.

All loan recipients are required to participate in the Financial and Quickbooks Pro classes offered by CEDF unless specifically exempted by NCDC or CEDF. Cost of training may be built into the loan.

The Payment Process: Payment will be made to the business in accordance with the loan administrator's established disbursement procedures.

PROGRAM TIMETABLE

NCDC has a five-year period to accept and fund applications for the revolving loan program and requests will be funded on a first come first serve basis as long as funds are available. Any uncommitted funds will be either re-allocated to the commercial lease rebate program, to the code correction program, or not allocated at all.