**PURPOSE**

The purpose of the City of Grand Island’s CDBG Revolving Loan Fund (RLF) program is to provide financial assistance existing businesses within the City of Grand Island who are in facing challenges due to the economic hardships caused by COVID-19. The RLF priority is to retain low to moderate paid jobs within the City Limits of Grand Island.

The RLF’s must meet one of the Community Development Block Grant’s national objectives which will be to benefit low to moderate income persons through job retention.

**SERVICE AREA**

The RLF program is available to every eligible business within the corporate limits of the City of Grand Island.

**ELIGIBLE BUSINESSES**

**A. Eligible Business - Definition**

An eligible business shall mean any corporation, partnership, limited liability company, or sole proprietorship that derives its principal source of income from any of the following:

1. The manufacture of articles of commerce;
2. The conduct of research and development, including business incubation;
3. The processing, storage, transport, or sale of goods or commodities which are sold or traded in interstate commerce;
4. The sale of services in interstate commerce;
5. A business that derives its principal source of income from retail trade;
6. Headquarters facilities relating to eligible activities as listed in this section;
7. Telecommunications activities including services providing advanced telecommunications capability;
8. Manufacturing assembling, fabrication or processing of tangible personal property;
9. Storing, warehousing, distributing, transporting, or selling of tangible personal property;
10. Conducting research, development, or testing for scientific or industrial purposes;
11. Performing data processing, telecommunications, insurance or financial services;
12. Transportation, retail, service and tourism that are for profit and/or not for profit;
13. The administrative management of any activities, including headquarter facilities relating to such activities; or
14. Food processing or agricultural processing.
B. Eligible to Receive Program Benefits Multiple Times

Eligible businesses may apply more than once and receive program benefits more than once. However, at least five years must have passed from the conclusion of one funding package and the beginning of another.

Eligible businesses may only have one open CDBG project Application at a time with the City of Grand Island. You may apply for other CDBG funding opportunities once you have been awarded funding and your application process is completed.

ELIGIBLE ACTIVITIES

The RLF program may fund the following activities:

1. Direct loans or grants to eligible businesses for fixed assets, working capital, or both;
2. Grants or agreements for job training;
3. Commercial/industrial recruitment and promotional activities;
4. Acquisition of machinery, property, or non-design related services.

The RLF program does not fund design or construction activities.

TYPES OF ASSISTANCE

The types of financial assistance available shall include, but not limited to direct loans, deferred loans, performance based loans, loan guarantees, and grants.

AMOUNTS OF ASSISTANCE

RLF assistance shall not exceed $3,000 for every job created or retained by a project. No request shall be larger than $15,000 (5 FTEs). The City of Grand Island will consider the number of jobs created or retained, the fixed assets of the project, the amount of private leveraging, and the potential benefits to the business and community.

TERMS OF ASSISTANCE

The right is reserved to negotiate the terms and conditions of the financial assistance with each applicant, which terms and conditions may differ substantially from applicant to applicant.
A. Interest Rate, Term, and Security

The interest rate shall be at zero percent and 50% of funds granted are to be repaid back to the revolving loan fund. The term of note shall be 3 years, 50% of note will be forgiven 12 months (1 year) after creation of note if all goals are in place to be met. At 12 months a 24 month repayment plan will begin for the remaining 50% of funds in need of repayment to the Revolving Loan Fund. Security for loans may include, but will not be limited to, Promissory Notes, a Deed of Trust, UCC filings and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary commercial or government lender.

B. Procedure for Determining Necessity and Appropriateness

The criteria and procedure to determine the necessity and appropriateness of permitting an eligible business to participate in the RLF program and for determining the time within which an eligible business must meet the goals set forth under its participation agreement shall include the review and verification of application and financial data set forth herein. The City of Grand Island must receive documentation that shows how jobs would have been lost without this funding.

C. Loan Repayment Schedule

A loan repayment schedule providing for monthly, payments will be approved in conjunction with project approval. Repayments shall be deposited into the RLF program for future projects as approved. Repayment plans will start 12 months after the creation of note.

APPLICATION PROCESS FOR FINANCIAL ASSISTANCE TO BUSINESSES

A. Application Process and Selection of Participants:

Businesses seeking assistance will be required to:

1. Complete an application which may be obtained from the Grand Island Area Economic Development

2. Submit the completed application together with all the information as set forth below to the Grand Island Area Economic Development Corporation.
3. The Community Development Administrator or the GIAEDC shall make a preliminary determination as to whether (a) the Applicant is eligible; (b) the proposed activities are eligible; (c) the Applicant has any legal actions pending; and (d) all required information has been received.

4. The Entitlement Stakeholders shall review the application, provide guidance concerning any financial assistance package negotiations, and make a recommendation that (a) the application is approved, (b) the application is not approved, or (c) the group is unable to make a recommendation due to a lack of information.

5. The Community Development Administrator or GIAEDC shall notify any applicant if their application is or is not approved.

APPLICATION REVIEW PROCESS

Each application shall be presented to the Entitlement Stakeholders.

The Entitlement Stakeholders shall evaluate each application according to the following criteria:

1. Eligibility under the RLF Program;
2. Soundness and creditability of the business proposal;
3. Track record, credibility, and credit worthiness of applicant;
4. Favorable probability the funds will be repaid by the business; and
5. Other criteria the Entitlement Stakeholders may establish for evaluating applications for direct financial assistance.

LOAN CLOSING PROCESS

A. Closing Process

The Community Development Division shall prepare all necessary documents to complete the approved funding request. Standard loan or grant closing documents may include but are not limited to Promissory Note, Loan Agreement, Security Agreement, Deed of Trust, Financing Statement, Personal Guaranty, Automated Clearing House (ACH) form, Title/Lien Search, and Resolution authorizing Mayor’s signature. All necessary documents shall be reviewed and approved by the City’s Legal Department prior to closing.

B. Proceeds

Financial Assistance proceeds will be provided to the applicant at the time of closing, or in increments as defined by the Entitlement Stakeholders after all necessary documents have
been signed.

**LOAN SERVICING PROCESS**

**A. Auditing Loan Fund**

The RLF and its portfolio of loan funds will be audited annually by a selected firm of certified public accountants as part of the City of Grand Island’s annual audit.

**B. Monitoring**

The Community Development Administrator shall monitor each loan by requiring annual financial statements, annual insurance renewals, conducting regular site visits to the borrowers, continuing UCC’S, job creation/retention reports, and other reports that are specific to each loan.

**ADMINISTRATION AND REPORT PROCEDURES**

**A. Late Payments**

If a default occurs as specified in the Loan Agreement, the Community Development Administrator shall contact the borrower to remedy the default. The Community Development Administrator shall attempt to work with the borrower to assist the borrower but protect the RLF program as well. All action taken on a financial assistance package shall be documented in regular reports to the Entitlement Stakeholders.

If the default cannot be remedied the Community Development Administrator will work with the City’s Legal Department to proceed with foreclosing on the collateral secured by the City.

**B. Rescheduling Agreement**

Special circumstances regarding business loans may require a different repayment plan and will be structured accordingly. Some projects require special financing techniques to meet a borrower’s needs. Recognizing that, a subordinate position to other lenders of record at time of the project may be taken. If a subordinate position is required, additional considerations will be taken so as to not jeopardize the RLF program. Other special financing techniques may include quarterly or semiannual payments, interest only payments during the first year, or some other method agreed up on by the City of Grand Island and the applicant. All fees associated with any subordination requests, shall be the borrowers responsibility.
CDBG COMPLIANCE PROCESS

The Community Development Administrator shall review each loan and grant to ensure compliance with the CDBG Economic Development Program Income RLF monitoring checklist. The CDBG requirements include but are not limited to: National Objective, Environmental Review, Job-Pirating exclusions, Procurement, Labor Standards, Acquisition, and Relocation. The Community Development Administrator shall document that each project funded meets a National Objective.

The Community Development Administrator shall also be responsible for preparing and reporting all required documentation for the RLF program to the United States Department of Housing and Urban Development.

The following requirements must be met for jobs to be considered retained.

- If jurisdictions fund activities that create jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons; and

- For funded activities that retain jobs, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:
  - The job is held by a LMI person; or
  - The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

The following requirements apply for jobs to be considered available to or held by LMI persons.

- Created or retained jobs are only considered to be available to LMI persons when:
  - Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and
  - The State and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

- Created or retained jobs are only considered to be held by LMI persons when the job is actually held by a LMI person.

PROCESS TO ENSURE CONFIDENTIALITY OF BUSINESS INFORMATION
RECEIVED

In the process of gathering information about a qualifying business, the City of Grand Island, may receive information about the business that is confidential and, if released, could cause harm to such business or give unfair advantage to competitors. The City of Grand Island shall endeavor to maintain the confidentiality of business records that come into its possession.

To protect businesses applying for assistance and to encourage them to make full and frank disclosure of business information relevant to their application, the City of Grand Island shall restrict the number of people with access to the files and shall take all steps afforded by Nebraska statutes to preserve the confidentiality of said information.

ADMINISTRATIVE PROCEDURES

A separate file will be maintained for each RLF program applicant and borrower. The file will include all application documents, Environmental Review documents, loan documents, insurance forms, general correspondence, financial statements, site visit reports and job creation/retention reports.

Community Development Division shall maintain and keep all applications as well as all other required documents, records and other evidence in conformance with the close out requirements.

AMENDMENT PROCEDURES

In an ongoing effort to improve the quality of the RLF program, the City of Grand Island will accept suggestions from the public and program participants with regard to program guideline amendments. All suggestions received will be taken under consideration by the City of Grand Island. Upon approval and adoption by the City Council, the amendment will be included in the program guidelines.

GRIEVANCE PROCEDURES

In the event that any applicant feels he or she has been unfairly treated or discriminated against during the application process or within any other segment of the RLF program, he or
she may make an appeal to the Community Development Administrator, Entitlement Stakeholders, or to City Administration for their consideration. The appeal must be submitted, in writing, within fourteen (14) calendar days of the decision of the Entitlement Stakeholders. City Council shall be formally notified within thirty (30) days of the receipt of the appeal. The City Council shall have final authority in the decision.

**CONFLICT OF INTEREST**

No officer, employee, or agent of the City of Grand Island who will participate in the selection, the award, or the administration of the RLF program may obtain a personal or financial interest or benefit from the activity or have an interest in any financial assistance with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for two years thereafter. Upon written request, exception may be granted upon a case by case basis when it is determined that such an exception will serve to further the purposes of the RLF program and the effective and efficient administration of the City of Grand Island’s RLF program.