



CITY OF MEDFORD ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND PROGRAM

The Medford Economic Development Authority maintains a revolving loan funds to assist in retaining and expanding existing businesses, as well as assisting new start-up companies and those relocating. The EDA's loan programs primary purpose is to provide low-interest loans as "gap" financing. This document is an overview of the two types of revolving loan programs, general guidelines and an application to apply for a loan, and the process/criteria used to evaluate applications.

For more information on this or other financial assistance available to businesses, please contact City Administrator Bill Goldy at 507-455-2866.

I. COMMERCIAL INCENTIVE/IMPROVEMENT REVOLVING LOAN FUND

The purpose of this fund is to provide low interest improvement loans to upgrade the appearance and energy efficiency of commercial and industrial properties which generally provide improvement of Medford's economic health.

Funds are to be used for the renovation and improvement of existing buildings or business relocation. Priority will be given to renovation, improvement or relocation into Medford's central business district along Main Street between 2nd Avenue NW and 3rd Avenue SW.

Eligible improvements and use of proceeds under the program include interior and exterior work on buildings such as:

- Cleaning, painting, staining and/or siding of exterior surface.
- Masonry repair or replacement, and/or roofing.
- Repair or replacement of building facades, cornices, entrances, doors, windows, decorative details and awnings.
- Building identification, sign removal, repair or replacement.
- Parking lots, including lighting, surfacing and landscaping.
- Fixed interior improvements including the repair of walls, ceiling, floors, lighting, windows, doors, entrances, electrical, plumbing, mechanical, air conditioning, architectural or energy conservation improvements.
- Reasonable engineering, legal, architectural, and related service fees necessary to the plan, including the cost of building permits and energy audits.

The Medford EDA may make loans with terms up to ten years and with a maximum loan amount of \$20,000 for this program. The interest rate for the Commercial Incentive/Improvement Revolving Loan Fund is currently set at 2.5% fixed rate.

II. BUSINESS EXPANSION/JOB CREATION REVOLVING LOAN FUND

The purpose of the Business Expansion/Job Creation Revolving Loan Fund is to facilitate small business expansion, relocation or start-ups; and thereby creating additional LMI (Low/Moderate Income) jobs in the community. At least 51% of all jobs created under this program are to be made available to LMI individuals.

Eligible uses of proceeds include acquisition of land, buildings, new construction, machinery and equipment, building rehabilitation, working capital and inventory.

The Medford EDA may make loans with terms up to twenty years and with a maximum loan amount of \$40,000 for this program. The interest rate for the Commercial Incentive/Improvement Revolving Loan Fund is currently set at 2.0% fixed rate.

III. GENERAL GUIDELINES FOR BOTH REVOLVING LOAN FUNDS

Applicants may be individual owners, partnerships, corporations, tenant operators or contract for deed purchasers of any legitimate business whose primary place of business is located within Medford city limits. Loans are limited to one per year to any borrower.

At least sixty percent (60%) of the total project cost shall be funded privately or through a private lender, with not less than ten percent (10%) of the project provided by the business owner/applicant in cash or owner equity. The remaining forty percent (40%), the financing gap, may be provided by a Medford Revolving Loan Fund.

The terms of the loan are determined by the Medford Economic Development Authority, with the following as guides:

- | | |
|----------------------------|-----------------------------|
| 1. Acquisition of Land | up to 20 years of financing |
| 2. Acquisition of Building | up to 20 years of financing |
| 3. New Construction | up to 20 years of financing |
| 4. Building Renovation | up to 10 years of financing |
| 5. Machinery and Equipment | up to 7 years of financing |

Ineligible Use of Proceeds

Refinance debt, paying delinquent taxes, product development costs, organization start-up costs, residential real estate and improvements completed prior to loan closing are ineligible for funding through Medford's revolving loan programs.

Other

All loans shall be secured by collateral adequate to safeguard the lenders. If the Medford EDA is the sole lender, it will take a first security interest in the assets financed. Following funding of a project, period financial reporting, record keeping and other similar requirements may be necessary. Failure to abide by City requirements and approved plans will result in calling of the loan at the City's request.

IV. APPLICATION PROCESS

An applicant's property must conform to the City's Zoning Ordinance before the project will be deemed eligible for funding.

An application is required to determine preliminary eligibility, financing need and to explore all financing options. Applications must be completed and returned to City Hall by the 15th of the month to be considered at the following month's meeting. In addition to the loan application, the following material/information may also be required:

- Business plan with detailed summary and overview of the project
- History of business
- Written cost estimates
- Projections and market research
- Applicable purchase agreements
- 3 years worth of both business and personal financial statements
- Current statement within 90 days
- Credit review summary
- Resumes of all participants
- Lender commitment letters and interim loans
- Personal and business references
- Other miscellaneous exhibits, information or material

The application and material will be reviewed by staff for completeness and referred to the EDA at a regularly scheduled meeting—currently the 3rd Wednesday every other month at 6:00 pm. The EDA will make a determination if the loan will yield an economic benefit to the City and its residents. If the EDA determined it so, the board will meet with the applicant at the next scheduled EDA meeting; a Special EDA Meeting may be called to expedite the process. The EDA will then make a recommendation to the Medford City Council; the Council will then make the final determination.

If approved, the responsible parties shall proceed with signing of a loan agreement, promissory notes, mortgages, and/or other documents required for loan closing. Upon completion of the project/improvements, the applicant's property shall comply with all applicable code, permit and license requirements, and shall have a current certificate of occupancy.

Loan repayment shall be according to the amortization schedule which shall be included in the closing documents.

The Medford City Attorney prepares all the revolving loan documents. Charges for the City Attorney's time will be paid by the borrower at the time of the loan closing. The approximate cost of closing a loan is approximately \$250 when real estate is not involved. In situations of real estate involvement, the loan applicant shall be responsible for all filing, recording and other closing fees.



Medford Economic Development Authority Revolving Loan Fund Application

Applicant Information:

Business Name: _____

Address: _____ Phone: _____

Authorized Representative: _____

Address: _____ Phone: _____

Management Information:

Names and addresses of all major owners, officers, directors and/or partners having 20% or greater interest:

A. _____

B. _____

C. _____

D. _____

Business/Project Information:

Business Structure (circle one):

(1) Proprietorship (2) Partnership (3) Corporation (4) Other _____

*Please attach an overview of the business, principal products or services offered and a description of the project under consideration***SOURCE OF FUNDS**

ACTIVITY	LENDING INSTITUTIONS	EQUITY	OTHER	LOAN REQUEST
Land Acquisition				
Building Acquisition				
New Construction				
Machinery/Equipment				
Bldg Rehab/Renovation				
Other				
TOTAL				

List "Other" funding activity and "Other" source of funding in the field below.

If the project involves **New Construction**:

Land Area Needed: _____

Proposed Building Size: _____

Building Type/materials: _____

If the business is **existing**, number of current employees: ____ Full-Time ____ Part-Time

How many additional jobs will be created through the project: ____ Full-Time ____ Part-Time

Explain types of positions: _____

Proposed Start-up Date: _____ Proposed Completion Date: _____

The following information may be requested once the application is under review (applicants are encouraged to supply this supplemental material with their application):

1. Detailed Business Plan with three year projects
2. Current Balance Sheet and Income Statement
3. Income Projections (Profit and Loss Statements) and Balance Sheets
 - a. Two Year Summary
 - b. Detailed by month for the first year
 - c. Detailed by quarter for the second year
 - d. Notes of explanation if necessary
4. Pro-Forma Cash Flow
 - a. Two Year Summary
 - b. Detailed by month for the first year
 - c. Detailed by quarter for the second year
 - d. Notes of explanation if necessary
5. Resumes of Principals and key individuals
6. Personal financials of Owners

Signing below authorizes the Medford EDA to check my/our credit and employment history and/or other information deemed necessary to evaluate and process this application.

Signature: _____ Date: _____ Signature: _____ Date: _____

Signature: _____ Date: _____ Signature: _____ Date: _____

EDA Review and Recommendation: APPROVE: ____ DENY: ____ DATE: _____

