



## CITY OF MEDFORD ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND PROGRAM

The Medford Economic Development Authority maintains revolving loan funds to assist in retaining and expanding existing businesses, as well as assisting new start-up companies and those relocating to Medford. The EDA loan program's primary purpose is to provide low-interest loans as "gap" financing. This document is an overview of the two types of revolving loan programs—Commercial Incentive/Improvement loans and Business Expansion/Job Creation loans-- as well as general guidelines, an application to apply for a loan, and the process/criteria used to evaluate the applications. Applicants may apply for either type of loan but may be granted only one type of loan.

For more information on this or other financial assistance available to businesses, please contact City Administrator Heather McCallum 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 or energy efficiency of commercial or industrial properties that contribute to Medford's economic health.

Funds are to be used for the renovation or 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 2<sup>nd</sup> Avenue NW and 3<sup>rd</sup> Avenue SW.

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

- Cleaning, painting, staining and/or siding of exterior surfaces.
- 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, ceilings, 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 a term 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 a 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, 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 or buildings, new construction, acquisition of machinery or equipment, building rehabilitation, working capital and inventory.

The Medford EDA may make loans with a term 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 or other legal entities, 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 10% of the total project cost shall be funded by the owner/applicant through cash or owner equity. No more than 40% of the total project cost may be funded by a Medford Revolving Loan. The remaining balance of the total project cost may be funded by private or commercial lenders.

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

### Other

All loans by the Medford Revolving Loan Program shall be secured by collateral adequate to safeguard the Medford EDA and the City of Medford. If the Medford EDA

is the sole lender, it will take a first security interest in the assets financed. Following funding of a project, periodic 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. In addition to the loan application, the following materials/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 as required by the City

The application and supplemental materials will be reviewed by the EDA Treasurer for completeness and all applicable background checks. After the EDA Treasurer completes the review of materials and the necessary checks, the Treasurer will pass along their recommendation to the EDA Board to move forward with the loan process. The EDA will then make a determination if the loan will yield an economic benefit to the City and its residents. If the EDA determines 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.

In evaluating the application, the EDA will place no weight on the applicant's choice of a private or commercial lender. The applicant shall be under no obligation to utilize a private or commercial lender that is associated with any EDA board member or city council member.

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 shall prepare all the Medford EDA revolving loan documents. Charges for the City Attorney's time shall be paid by the borrower at the time of the loan closing. In situations of real estate involvement, the loan applicant shall be responsible for all filing, recording and other closing fees.

The City of Medford and the Medford EDA is committed to providing an equal opportunity to all applicants. The City of Medford and the Medford EDA shall not discriminate based upon sex, race, ethnicity, national origin, age, religion, or any other legally protected classification.



## 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 individual owners, officers, directors and/or partners having 20% or greater interest:

A. \_\_\_\_\_

B. \_\_\_\_\_

C. \_\_\_\_\_

D. \_\_\_\_\_

**Business/Project Information:**

Business Structure (circle one):

(1) Sole Proprietorship (2) Partnership (3) Corporation (4) Other (State) \_\_\_\_\_

*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				
<b>TOTAL</b>				

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

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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 and anticipate wage levels:

\_\_\_\_\_

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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: \_\_\_\_\_**