

CITY OF LEROY
RESOLUTION NO. 97-12

**A RESOLUTION PROVIDING RECAPTURE STRATEGY FOR
CITY OF LeRoy REVOLVING LOAN FUND**

WHEREAS, the City of LeRoy, Illinois, is filing an application for Community Development Assistance Program (CDAP) grants with the Illinois Department of Commerce and Community Affairs, and

WHEREAS, said application was for Dixie Holdings - LeRoy, Inc., in the amount of five hundred thousand dollars (\$500,000) to provide low interest loan funds to Dixie Holdings - LeRoy, Inc., for the (purchase and installation of equipment), (site improvement) and (working capital); said project is to provide approximately one hundred twenty-five (125) full-time equivalent jobs within three (3) years of completion of the project, and

WHEREAS, if the Illinois Department of Commerce and Community Affairs awards the City of LeRoy a Grant in the amount of five hundred thousand dollars (\$500,000) for Dixie Holdings - LeRoy, Inc., the City of LeRoy shall be permitted to retain both the principal and interest on funds repaid by Dixie Holdings - LeRoy, Inc., if the City of LeRoy establishes the City of LeRoy Revolving Loan Fund, and

WHEREAS, the City of LeRoy is required to adopt an acceptable recapture strategy for the funds loaned from the City of LeRoy Revolving Loan Fund, if such fund is established,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LeRoy, MC LEAN COUNTY, ILLINOIS, AS FOLLOWS:

SECTION ONE: (Separate Fund) - That all funds derived from the Illinois Department of Commerce and Community Affairs - Community Development Assistance Program (CDAP), including the repayment of funds, shall be deposited in the City of LeRoy Revolving Loan Fund account, and shall be maintained separate and apart from all other funds and revenues of the City of LeRoy

SECTION TWO: (Eligible Fund Uses) - The City of LeRoy Revolving Loan Fund shall be used solely for those projects that will create or retain jobs in the area of the City of LeRoy, and for such other purposes as are permitted by the Illinois Department of Commerce and Community Affairs - Community Development and Assistance Program (CDAP). Loans shall be limited to no more than ten thousand dollars (\$10,000) per permanent job created or retained. The project developer shall provide at least fifty percent (50%) of the project costs through private and other sources, and at least fifty-one percent (51%) of the jobs created or retained on any project must benefit low to moderate income persons, with said low to moderate income standard determinations to be as established from time to time by Illinois Department of Commerce and Community Affairs Community Development Assistance Program (CDAP). Any public facility improvements must show definite support of a particular project.

SECTION THREE: (Geographic Area) - Funds may be used for any project that demonstrates definitive impact on the economic development of the City of LeRoy. In general, funds shall be used only for those projects within the City of LeRoy. However, the City of LeRoy reserves the right to loan funds for projects outside the corporate limits by special agreement with the project developer and upon such terms and conditions as the City of LeRoy deems necessary and advisable. Loans made for the purpose of retail trade shall be given a higher priority if the retail trade is minority owned, female owned, located in a TIF (Tax Increment Financing) District, Illinois State Enterprise/Empowerment Zone, area of high unemployment, or a business that addresses a void in the local retail/service economy.

SECTION FOUR: (Deposit of Funds) - All unobligated monies in the fund shall be deposited in interest bearing accounts at various savings institutions and banks. All accrued interest shall be credited to the fund.

SECTION FIVE: (Administrative Expenses) - The funds shall pay for the administrative costs thereof. These costs shall include, but shall not be limited to, bookkeeping and auditing expenses, legal fees, engineering fees and any other fees paid by the City to administer the funds, provide loans, and

to carry out the purpose of the Revolving Loan Fund. The administrative costs shall not exceed ten percent (10%) of the annual revenue generated by the City of LeRoy Revolving Loan funds. All Administrative expenses of the fund shall be billed to the fund in such manner so as to be easily identifiable in an annual audit and documentation shall be kept on file.

SECTION SIX: (Decision Making Structure) - The funds shall be administered by the City Council of the City of LeRoy. Application shall be made on forms provided by the City and the content of the form shall be modeled after the Illinois Department of Commerce and Community Affairs - Community Development Assistance Program (CDAP) application form currently in use.

Completed applications shall be returned to the City of LeRoy for review and evaluation. Completed applications shall be reviewed and evaluated in accordance with Illinois Department of Commerce and Community Affairs - Community Development Assistance Program (CDAP) guidelines and forms. Applications receiving a favorable rating shall be given consideration. In the case of multiple proposals and a restrictive amount of funds to be loaned, the proposals meeting the greatest number of priorities shall be given the highest ranking. No loan shall be granted that is not appropriate to the goals and objectives of this program. The City may request the Illinois Department of Commerce and Community Affairs review and comment on any proposed project. An unfavorable review of any project by any of the foregoing agencies may be a basis for refusal and denial of the application.

All applications that are approved by the City of LeRoy shall not be funded until all necessary legal agreements, documents, and other pertinent items relating to the project have been approved by the City of LeRoy.

All awards from the City of LeRoy Revolving Loan Fund shall be made at regular or special sessions of the City Council of the City of LeRoy.

The City reserves the right to create a three person subcommittee appointed by the City Council of the City of LeRoy, to act in behalf of the City Council. This subcommittee shall consist of the Mayor or his/her designee, a City Council member or his/her designee, and at least one individual from a local lending/thrift institution.

Applications and other information shall be made available to anyone requesting it, and shall be made available at the City Hall. Additionally, the availability of this program shall be advertised locally in a manner as deemed appropriate by the City.

SECTION SEVEN: (Changes to re-use Plan) - The plan to re-use recaptured funds may be changed from time to time by the City Council of the City of LeRoy, only after approval, in writing, from the Illinois Department of Commerce and Community Affairs.

SECTION EIGHT: Interest Rates - Interest rates shall be no lower than three (3) percent per annum and no more than six (6) percent per annum.

SECTION NINE: Terms of Loan - The terms of any and all loans shall be a conventional length in accordance with the amount of the loan.

SECTION TEN: Other Requirements -

1. The City of LeRoy will submit semi-annual reports to the Illinois Department of Commerce and Community Affairs as required.
2. The City of LeRoy must target female and minority owned businesses. Females and minority businesses are hereby encouraged to participate in this program.
3. The City of LeRoy must initiate appropriate legal proceedings in case of the default of an outstanding loan, and/or the failure to generate appropriate number of jobs, and/or to properly assist lower income people
4. Priority shall be given to businesses seeking to retain jobs.
5. Loan recipients who have received loan funds fraudulently or through other means of misrepresentation shall be deemed to be in violation of the purpose of this program. All funds determined to have been loaned due to fraud or misrepresentation on the part of the borrower shall be promptly repaid to the City with interest being due from the date funds were loaned (to the recipient). Said interest shall be due and payable at a rate equal to the greater of the loan rate first agreed upon or the interest rate charged by Busey Bank (or any successor lending institution resulting from a merger of Busey Bank with any other lending institution or bank(s) at its LeRoy Branch office, on the date funds were loaned, for loans of the same length of time, repayment schedule and type and amount of collateral. In the event Busey Bank (or any successor lending institution) no longer has a branch office in LeRoy, Illinois, then the rate charged by Busey Bank shall be that charged (on the date funds were loaned) at Busey Bank's branch location nearest LeRoy (or such branch location of any successor lending institution resulting from a merger), Illinois. The loan recipient shall also be liable for all costs incurred by the City, and/or its designee, related to the recapture of said loan funds.

PASSED AND APPROVED by the City Council of the City of LeRoy, Illinois, this 16th day of June, 1997, by roll call vote of the City Council:

AYES: 6 NAYS: — ABSTAIN: — ABSENT: —

APPROVED: Robert Rice
Robert Rice, Mayor

ATTEST: Sue Marcum
Sue Marcum, City Clerk

SEAL