

city

CITY OF LeROY

ILLINOIS

ORDINANCE NO. 233
AN ORDINANCE APPROVING RECAPTURE STRATEGY AND ADMINISTRATION OF REVOLVING
LOAN FUNDS PROPOSAL FOR THE CITY OF LEROY IN REGARD TO A COMMUNITY
DEVELOPMENT ACTION PROGRAM GRANT RECEIVED UNDER GRANT NO. 84-24219 FROM
THE STATE OF ILLINOIS AND ADMINISTERED BY THE DEPARTMENT OF COMMERCE
AND COMMUNITY AFFAIRS.

ADOPTED BY THE
CITY COUNCIL
OF THE
CITY OF LeROY

THIS 17th DAY OF December, 19 84.

Published in pamphlet form by authority of the
City Council of the City of LeRoy, McLean County,
Illinois, this 18th day of December,
19 84.

ORDINANCE NO. 233

AN ORDINANCE APPROVING RECAPTURE STRATEGY AND ADMINISTRATION OF REVOLVING LOAN FUNDS PROPOSAL FOR THE CITY OF LEROY IN REGARD TO A COMMUNITY DEVELOPMENT ACTION PROGRAM GRANT RECEIVED UNDER GRANT NO. 84-24319 FROM THE STATE OF ILLINOIS ADMINISTERED BY THE DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS.

WHEREAS, in order to comply with the grant agreement entered into by the City of LeRoy and the State of Illinois, through the Department of Commerce and Community Affairs, under Grant No. 84-24319, it is necessary for the City of LeRoy, McLean County, Illinois, an Illinois municipal corporation, to adopt a strategy and guideline for the recapture of revolving loan funds under the aforesaid grant, and to provide for the administration of the recaptured loan funds,

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of LeRoy, Illinois, in lawful meeting assembled:

Section 1. That Exhibit 1 attached hereto and incorporated herein by reference is hereby approved by the City Council and the Mayor and City Clerk are hereby authorized to sign any and all necessary documents evidencing the adoption of the proposed recapture strategy and administration of revolving loan funds proposal.

Section 2. That this Ordinance shall be in full force and effect from and after its passage and approval, and publication in pamphlet form as required by law.

PASSED by the Mayor and City Council of the City of LeRoy, Illinois, on the 17th day of December, 1984.

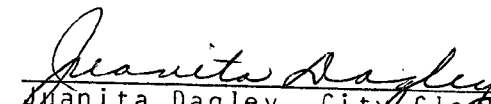
Aldermen elected 6

Aldermen present 6

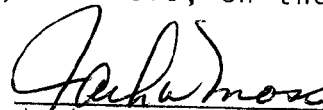
AYES Patrick Derby, Gary Bulta, Michael Hanafin, Jon Winston, Michael Hillard

David King

NAYS None

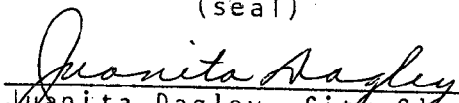

Juanita Dagley, City Clerk of
the City of LeRoy, Illinois

Approved by the Mayor of the City of LeRoy, Illinois, on the 17th day of December, 1984.


Jack Moss, Mayor of the
City of LeRoy, Illinois

ATTEST:

(seal)


Juanita Dagley, City Clerk

RECAPTURE STRATEGY AND ADMINISTRATION OF
REVOLVING LOAN FUNDS

In regard to the application for a Community Development Action Program grant submitted by the City of LeRoy proposed to be used for purposes of assisting in the development of the LeRoy Auto/Truck Plaza under the auspices of the LeRoy Auto/Truck Plaza Associates, the original application proposed that the Recaptured Loan Funds were to be used as follows:

The City of LeRoy would create a Tax Increment Finance District which would oversee the use of the recaptured funds. The City would use the original payback by LeRoy Auto/Truck Plaza to extend the City sewer system to the LeRoy Auto/Truck Plaza facility. The balance of the funds was to be used as a revolving loan fund to promote further economic development in the City of LeRoy.

Further, the Grant Management Plan called for the grant to be administered under the project manager through the Tax Incremental Finance Commission. Since the Department of Commerce and Community Affairs (DCCA) reduced the size of the grant from \$415,000.00, as initially contemplated by the application, to \$200,000.00, and since the City created the Tax Increment Finance District (TIF) with the City Council to administer the revenues received from the district and the further development under the plan providing for the development of the district, rather than having established a separate Tax Increment Finance Commission, certain amendments must be made and the recapture strategy must be expanded to meet Federal and State guidelines.

The City of LeRoy will make a "best effort" to extend the City sewer system to the LeRoy Auto/Truck Plaza facility and enhance both that project and other commercial developments, as well as enhance the public good to be derived from the use of the City sewer system.

If the sewer system is extended to LeRoy Auto/Truck Plaza facility, Chuck Ekstam will establish a Truck Repair Facility separate but adjacent to the LeRoy Auto/Truck Plaza. This will create 24 new jobs of which one-half will be from the low to moderate income group. (See Exhibit 1 attached hereto and incorporated herein by reference.)

The City will, as soon as prudent, extend its sewer system to the LeRoy Auto/Truck Plaza using the repaid loan funds of \$200,000.00 as a loan to the Tax Increment Finance District to accelerate the sewer extension project. If after ten years the City has not deemed it prudent to extend the sewer system in such a manner, it will return to the State of Illinois, Department of Commerce and Community Affairs, the accumulated principal and interest which has been repaid from the owners of the LeRoy Auto/Truck Plaza less administrative costs as permitted under regulations of DCCA. If, on the other hand, the City sewer system has been extended and the CDAP funds have been loaned to the Tax Increment Finance fund, Tax Increment Finance revenues when received shall be used to repay the debt with interest as appropriate, and the City will then use the recaptured funds less administrative costs to establish a revolving loan fund.

In the event the TIF income pledged for this project is inadequate, the City will have no further obligation to repay the funds to DCCA. To the extent, however, that the funds are recaptured, they will be used according to the Revolving Loan Funds Program (RLF) detailed as follows:

I. Purpose.

The revolving loan fund is intended to assist in the creation of new, and the expansion of existing, businesses in the TIF district of the City of LeRoy and to provide jobs and expand the tax base. The following outlines the purpose of this program and will guide policy in its administration.

- A. To stabilize and strengthen the City's economy by providing capital for business start-ups and expansions.
- B. To retain and attract businesses that may provide permanent jobs or a needed community service, especially those benefitting persons of low and moderate income.
- C. To support potential gains in property and sales taxes to the City.
- D. To stimulate private investment.
- E. To develop vacant or blighted land within the TIF District.

II. Eligible Uses of the Revolving Loan Fund.

- A. Funds must be used to advance the previously outlined purposes of the program.
- B. Funds must be utilized for facilities located within the TIF District.
- C. Funds from the RLF can be used for the following: acquisition of land and buildings, construction, expansion, renovation, and modernization of buildings, machinery and equipment. "Soft costs" such as appraisal fees, accounting, architectural services, etc., must be paid by the applicant from sources other than the RLF. Such costs may however be considered as part of the total project costs.
- D. Funds must be used in a manner which maximize the leverage of lending institutions and private investment. At a minimum, 70% of each project by a for-profit business financed in part by the RLF must come from other sources. Projects by non-profit organizations providing a community service must acquire a minimum of 25% of project costs from other sources.

III. Terms and Conditions.

- A. No RLF funds shall be used if sufficient funds are available from other sources which will permit the project to operate with satisfactory income and cash flow to sustain the business in a profitable manner.
- B. No loan will be made where there is reasonable doubt as to the ability of the applicant to repay the loan.
- C. The applicant may be required to provide and assign life insurance for the term of the loan to the RLF.
- D. The applicant will be required to provide fire, hazard and normal business insurance on all assets for the term of the loan. Said insurance shall be sufficient to secure the RLF loan and shall have a loss payable clause to the City.
- E. The term of the loan shall not exceed 10 years. The rate of interest may vary depending on need, term or duration of loan, security and risk of the loan. Covenants such as acceleration of payments, due on sale provisions, balloon payments, variable rates, interest tied to net profit or gross revenues, or other similar loan recapture methods may be required.
- F. The amount of any single loan from the RLF shall not be less than \$1,000 nor more than \$40,000 excepting non-profit businesses providing community services.
- G. The loan may be subordinated to that of another lender as to secured status of the loan when deemed to be appropriate by the City of LeRoy, otherwise a first security position will be required.
- H. A minimum of one permanent job shall be created or retained in the City for each \$10,000 of RLF loan excluding any business which provides a needed community service.
- I. At least 51% of the permanent jobs created must be available to persons who are low and moderate income based on HUD guidelines or who are unemployed.
- J. The applicant may not relocate the facilities or employment outside the TIF District during the term of the RLF loan, unless the outstanding balance is paid in full.
- K. The applicant, through its owner(s)/officer(s), will normally be required to personally guarantee the repayment of the RLF note.
- L. The applicant will be required to submit quarterly financial statements and employment data to the City during the term of the RLF loan.
- M. The applicant will be required to provide a minimum equity within the range of 10%-20% depending on loan amount, loan security and loan risk.
- N. When appropriate, loans made payable to the City from the RLF shall be serviced by a lender of the City's choice. Any servicing

fee shall be borne by the borrower. Otherwise, City shall service the loan itself when appropriate, for example when the loan is a direct loan from the RLF to the borrower.

- O. The applicant shall comply with all federal regulations affecting the RLF, as applicable. The City will assist applicants, on request, in identifying those regulations which will apply and may impact significantly the proposed project.
- P. An affirmative action plan for ensuring equal employment opportunity for the jobs to be created shall be required of all borrowers.
- Q. Any assignment of the loan by the borrower must be approved by the City.

IV. Processing Procedures.

- A. Applications shall be submitted to the designated lending institution. The application shall include all information required and shall be accompanied by a cashier's check for \$50.00 to cover processing expenses. Upon receipt of an application, the lending institution shall review the information submitted and confirm that all information is in order and is adequate to complete its review. Applicants will be advised if any necessary material is inadequate and will be given a deadline for submitting additional information.
- B. The lending institution shall make a recommendation as to the disposition of the application to the City. Such recommendation shall be based on the extent to which the proposal meets the stated purposes of the RLF Program and upon credit analysis, collateral analysis, cash flow analysis, and a review of any and all other information available. Such recommendation shall include proposed terms and conditions for the advance of the funds from the RLF to the applicant.
- C. The City shall determine which, if any, of such applications reviewed by the lending institution shall be funded.
- D. Information supplied by the applicant to the lending institution or the City shall be kept strictly confidential, and shall not be disseminated without the proper written approval of the applicant. However, a summary of the proposed project including the loan amounts, the nature of the business, the jobs to be created and other benefits will be requested on a form which will be available for public dissemination.
- E. The lending institution shall notify each applicant in writing if such application will be funded, has been rejected, or is still under consideration. Said notifications shall be mailed within a timely manner after the established deadline for application submittal.
- F. The City shall take all reasonable steps to ensure that the RLF is properly serviced by a local lender, and that the terms and conditions of the RLF are properly enforced, including legal action to collect debts owed, to foreclose mortgages, and otherwise compel performance by the RLF recipient.

G. The applicant to the RLF shall bear all expenses for submission of the application and review requirements and processes. The cashier's check will be used for any expenses incurred by the staff in application review including but not limited to credit reports, recordings, appraisals, photocopying, etc. The applicant shall be given an accounting of such expenses at application approval or rejection. Unexpended funds will be returned to the applicant. Review or processing expenses incurred over this amount are payable by the applicant at the time of their occurrence.

V. Depository of Funds.

Funds for this program will be the monies (principal and interest less administrative costs) recaptured from the LeRoy Auto/Truck Plaza loan. These funds will be deposited in the LeRoy State Bank in an interest bearing account or certificate.

The unobligated balance of funds in this program will remain in an interest bearing account until such time as the balance accrues to an amount that can be loaned.

VI. Amendment of Program Guidelines.

These guidelines may be amended from time to time to improve the administrative effectiveness or to improve program impact. In no case, however, shall the minimum job creation ratio or the benefit to low and moderate income persons be reduced under the Federal and State guidelines. Amendments may be proposed in writing by any persons or organizations. An application containing the proposal shall be reviewed by the City Council after hearing and due notice thereof, said hearing being for the purpose of considering the proposal. Upon formal notice to the applicant and the public of the City Council's decision as to the proposal, a second hearing shall be set and due notice given thereof for the purpose of considering any appeal of the City Council's decision.

VII. Budget.

The budget for administering the CDAP grant and revolving loan fund as initially contemplated is set forth in Exhibit 2 attached hereto and incorporated herein by reference.



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RES. (AC 309) 828-8031

LETTER OF INTENT

September 1, 1984

Thomas N. Jacob
Suite 4A Hundman Building
200 West Front Street
Bloomington, Illinois 61701

Dear Tom,

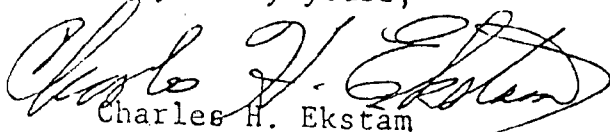
Pursuant to our several conversations please accept this Letter of Intent on my behalf to operate on a lease basis the Fuel Center at the LeRoy Auto/Truck Plaza, LeRoy, Illinois. We would also want to operate the Gift Shop portion of the premises. We will install all counters, display shelves and phones at our expense. We will also join with you in the construction of a large sign at the north end of the tract. I will be in touch with Williams Pipeline Company and major suppliers next week so we can wrap up our agreement.

In addition, I would propose to build a Truck Repair, Sales and Service complex on Lot 1-B in DEMMA INDUSTRIAL PARK adjacent to the AUTO/TRUCK PLAZA. I will need a building approximately 100' x 60' with additional attached buildings. We would build as soon as possible subject to bids and financing.

This Letter of Intent is contingent, of course, upon the approval by the City of LeRoy of the AUTO/TRUCK PLAZA annexation agreement. I understand the City is considering which is definitely necessary to the Truck Stop and also is contingent on the Tax Incremental Financing District as you have described it to me. However, the Truck Repair, Sales and Service Project does not need any help from the TIF so long as the Truck Stop receives the City's support. Hopefully, this will help the District increase the tax base.

I expect the Truck Repair, Sales and Service Center to employ 16-18 people.

Very truly yours,


Charles H. Ekstam

Budget for Administering
the
CDAP Grant and Revolving Loan Fund

1. Audit and Bond	\$500.00
2. Legal Services	1200.00
3. Bookkeeping	1200.00
4. By Contract to Project Manager	<u>6000.00</u>
	\$8900.00

CERTIFICATE

I, Juanita Dagley, certify that I am the duly elected and acting municipal clerk of the City of LeRoy, McLean County, Illinois.

I further certify that on December 17, 1984, the Corporate Authorities of such municipality passed and approved Ordinance No. 233, entitled:

AN ORDINANCE APPROVING RECAPTURE STRATEGY AND ADMINISTRATION OF REVOLVING LOAN FUNDS PROPOSAL FOR THE CITY OF LEROY IN REGARD TO A COMMUNITY DEVELOPMENT ACTION PROGRAM GRANT RECEIVED UNDER GRANT NO 84-24319 FROM THE STATE OF ILLINOIS ADMINISTERED BY THE DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS,

which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 233, including the Ordinance and a cover sheet thereof was prepared, and a copy of such Ordinance was posted in the municipal building, commencing on December 18, 1984, and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the municipal clerk.

Dated at LeRoy, Illinois, this 18th day of December, 1984.

(seal)

Juanita Dagley
Municipal Clerk

