

RUSHFORD EDA/CITY OF RUSHFORD
Micro Loan and Micro Grant Program
Adopted August 12, 2013
Revised February 10, 2014
Revised December 14, 2015

1. PURPOSE

The purpose of this document is to establish guidelines for application and administration of the City of Rushford's Micro Loan and Micro Grant Program. These guidelines are intended to ensure equitable treatment and to avoid discrimination in the application of procedures. However, as these policies are merely guidelines, departure from them is allowed when supported by reason and approved by the appropriate authority. Applications will be reviewed on a first-come, first served basis. The program will only continue as long as funds are available and partial project awards may be made in order to increase the impact of the program. These funds are intended to be used widely throughout the City therefore projects may be denied if the EDA or City find that there are too many similar projects in the same location. Moreover, funds may be denied if the applicant has already received assistance through this or other incentive programs.

2. POLICY STATEMENT

Recognition of Needs: The City of Rushford and Rushford Economic Development Authority (EDA) recognize the need to stimulate private sector investment for the beautification of commercial structures primarily located in the downtown, for improving way-finding signage, and for other purposes that will positively impact the experience of both local and visiting customers. This program has been created to provide incentive financing for the exterior beautification of commercial/mixed use buildings in order to promote the viability and vitality of the downtown area primarily and secondly to make Rushford a more attractive place to visit and shop. Participants in this program are strongly encouraged to keep the funds local by utilizing vendors and suppliers from Rushford whenever possible. Funds will remain within the community. Awardees may be asked to participate in an EDA survey to evaluate the effects of the program.

3. PROJECT ELIGIBILITY

3.1 **Micro Loan funds** can be used for: 1.) Any exterior improvements that have an estimated life of more than 5 years; 2.) way-finding or business signage, 3) Other uses consistent with the intents of other EDA programs, such as business and employee expansion and retention.

3.2 **Micro Grant funds** can be used for 1) bike racks, 2) website development for the business, 3) other marketing uses including online, 4) flowers/plants, 5) public sidewalk seating benches, 6) other uses that might have an estimated life of less than 5 years.

4. LOAN AMOUNT

4.1 **Micro Loans** of up to \$5,000 per building may be granted upon approval of the EDA/City Council. The Micro Loan amount shall be loaned for a period of 5 years with interest applied annually. Payments start 12 months after funds are disbursed to the applicant. Applicants may choose to make payments either annually or semi-annually. Applicants shall be required to repay the outstanding loan amount if they sell or transfer ownership of their building within 5 years of receiving assistance. Payments will go back into the Micro Loan fund for further community investment. Micro Loans are not considered gap financing under the City's Revolving Loan Policy. Interest rates will be set annually by the EDA.

4.2 **Micro Grants** will match applicant funds dollar for dollar up to a total EDA contributed amount of \$500 per building, per year may be granted by the Rushford EDA if all conditions of an application are met. Micro Grants will not be subject to pay back; however, any proceeds derived from the sale of items purchased through the Grant shall be paid back to the City. Recipients will receive a 1099 for the amount of the Micro Grant at the end of the year.

5. REGULATIONS FOR IMPROVEMENTS

All building construction or renovation is to be in compliance with the applicable building codes, design guidelines, and other City codes and policies. All projects, outcomes, and effects on any other parties are the responsibility of the applicant.

6. MICRO LOAN SECURITY AND GUARANTEES

The application must provide a certificate of insurance indicating the building to be improved is insured for its full replacement cost.

7. PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

7.1 Application and Review

- A. Interested loan applicants should meet with City staff/consultants to obtain information about the Program, to discuss the proposed project, and to obtain application forms.
- B. The completed application form will be reviewed by City staff/consultants to determine compliance with all City policies, ordinances and codes. Incomplete applications will not be forwarded to the EDA/City Council.

7.2 Project Review

- A. City staff/consultants shall review each Micro Loan or Micro Grant application in terms of its proposed activities in relation to its local economic impact and ability to meet program goals. Staff will make a recommendation concerning funding of the proposed project to the EDA/City Council for final approval.
- B. After receipt of the project cost summary or estimates and the application, Staff will evaluate the project in terms of the following:
 - 1. Project Design - Evaluation of project design will include review of proposed activities, timeliness and capacity to implement.
 - 2. Financial Feasibility - Availability of funds, private involvement, financial packaging and cost effectiveness.
 - (a) Projects that leverage private funds with Loan or Grant fund shall be deemed more desirable to fund.
 - (b) Determination of financial viability of the request.
 - (c) Letter of commitment from applicable business pledging to complete project during proposed project duration if loan application is approved.
 - (d) Proof of matching funds if indicated.
 - (e) Additional consideration for local contractors/suppliers.
- C. All applications failing to meet the minimum threshold standards may be reviewed on a case-by-case basis. The EDA/City Council reserves the right to waive certain requirements of this program and may request additional information and documentation as deemed necessary.
- D. **Program funds will be released at the completion of the project.** The applicant will be required to provide copies of project invoices to document total project costs.
- E. The Rushford EDA, as authorized by the Rushford City Council, will award Micro Grants. All Micro Grants awarded will be reported to the City Council. Denied applicants may appeal to the City Council who will determine funding based upon the merits of the project and the meeting of the intent of the Micro Grant project goals.

7.3 Liability and Hold Harmless Provisions

Applicant releases from and covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the, "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project.

A. Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, Applicant agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inaction's of Applicant (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement.

B. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

8. ORIGINATION

The Micro Loan closing will be handled by City staff/consultants. At the closing, one or all of the following documents will be executed:

- A. Loan Agreement and Promissory Note
- B. Loan Security Agreement, applicant to pay for any filing fees
- C. Mortgage or UCC, applicant to pay County recording fees and Mortgage registration tax.
- D. Loan repayments will be made by the recipient signing an authorization for a direct withdrawal (ACH) payable to the City of Rushford.
- E. An amortization schedule will be provided to the loan recipient.

Micro Loan and Grant Program Approved and recommended to Rushford City Council


 _____ Date 12-9-15
 Rushford EDA

Micro Loan and Grant Program Approved by Rushford City Council


 _____ Date 12-14-15
 Mayor