

**CDAP RECAPTURE STRATEGY
MINIMUM REQUIREMENTS**

A. Revolving Fund Goals and Objectives

1. Stimulate economic growth in the (*unit of local government*) _____ by assisting with the retention and growth of the existing industrial and commercial base, providing needed financial assistance to new start-up businesses, encouraging the development of minority and female owned businesses and providing an incentive for established businesses to locate to _____.
2. Assist new or existing _____ businesses to create and retain jobs.
3. Ensure that jobs created or retained by business applicants benefit a minimum of 51 percent low-to-moderate income persons in the area.
4. Increase the (*unit of local government*) _____ property tax and sales tax base.
5. Provide businesses with the opportunity to expand.
6. Encourage and leverage financial assistance to businesses by area private financial institutions.

B. Revolving Fund Strategy

1. Eligible uses of funds.
 - a. Site development / infrastructure extension costs.
 - b. Construction of new facility or additions.
 - c. Renovation of existing facilities.
 - d. Leasehold improvements.
 - e. Purchase of new or used machinery or equipment.
 - f. Working capital.
 - g. For every \$15,000 of revolving funds provided, one full time equivalent (FTE) job should be created or retained. (FTE jobs are positions consisting of a minimum of 1,950 hours worked a year).
 - h. Projects of a speculative nature are ineligible for funding.
2. The geographic area served by the fund will be within the corporate boundaries of the (*unit of local government*) _____.
3. The funds will be targeted to assist existing industrial and commercial base, start up businesses, female and minority owned firms and established businesses on a first come, first served basis as the (*unit of local government*) _____ expects to receive more applicants than available annual funding will cover. Applications that

demonstrate the greatest potential for job creation and meeting the goals and objectives of the fund will be given the highest priority.

4. Applications will be generated by:
 - a. Sending RF information to the city's existing businesses.
 - b. Including RF information in the city's marketing package.
 - c. Provide RF information to area economic development commissions and the chamber of commerce to include in their area marketing information.
 - d. Staff participation in business related seminars or workshops held in the area.
 - e. Provide RF information to local chapter of NAACP, Urban League and other organizations representing minority groups and offer to speak at meetings periodically.
 - f. Provide information to area women's entrepreneur associations and women's service organizations.
 - g. Publicize approved loan projects by sending news releases to area media and holding news conferences, ribbon cuttings and ground breakings to encourage media coverage.
 - h. Area lending institutions will be provided with information about the RF and asked to inform potential borrowers of fund availability.

C. Revolving Fund Management Plan

1. The *(unit of local government)* _____ shall appoint members as needed to the Business Financial Assistance Review Committee. The committee shall consist of, but not be limited to the mayor or other representative of the city council, city attorney, city economic development coordinator, and two experienced area financial institution commercial lenders. The committee will have expertise in financial analysis and packaging. The committee will meet with the applicant, meet with the representative of the participating lending institution, visit the site if necessary, negotiate terms, length, security of financial assistance and ensure compliance with the RF goals and objectives. A recommendation will be prepared for the city council's review for approval or denial which will include a description of the project, project costs, source of funds, security required, special conditions, and reasons for approval or denial. All other application information is kept confidential. The city council will formally approve or deny the application.
2. The RF will be staffed by the city's economic development coordinator, the city's finance director and the city attorney.
3. The financial assistance agreements, including commitment agreements, liens, title policies, security recordings, transfer tax declarations, amortization schedules and security releases, shall be obtained and completed by the city attorney. The city's finance director shall monitor repayments of the financial assistance agreements, job creation and/or retention reports required to be provided semi-annually until the commitment is met, monitor other special conditions required by the financial

assistance agreement and submit semi-annual reports on the status of the RF to the Department of Commerce and Economic Opportunity.

4. Delinquent financial obligation: When an RF payment becomes 10 days past due, the fund administrator will place a telephone call to the borrower and request payment. At 30 days past due the city will send a formal letter requesting payment. Should the payment become 45 days past due the matter will be turned over to the city attorney to pursue. All legal rights will be exercised by the city to reclaim funds. Legal counsel will be consulted during foreclosure and liquidation proceedings if events warrant.

D. Assurances

1. No more than 10 percent of the annual revenue to the RF will be used for administration of the RF fund. Administrative expenses will be documented via receipts, bills, invoices, etc.
2. Assistance provided from the RF will result in at least 51 percent benefit to low-to-moderate income persons and these benefits will be documented by utilizing Workforce Investment Act (WIA) service providers, Illinois Employment and Training Centers or the employee certification forms found in the RF handbook.
3. The (*unit of local government*) _____ agrees to report semi-annually on the status of the RF to the Department of Commerce and Economic Opportunity.
4. Any changes to the recapture strategy will be submitted to the Department of Commerce and Economic Opportunity for approval.
5. The grantee shall agree to pursue legal remedy to recover delinquent loans. Legal action shall include that authorized by federal and state law, including, but not limited to, efforts to collect and pursue the interests of the RLF through bankruptcy court.
6. A minimum leverage ratio of \$1 non-CDAP funds to \$1 CDAP RF funds must be obtained for each project. RF funds may not comprise more than 50% of the financing for any project.
7. The grantee shall assure that environmental reviews will be completed for each project funded, as well as prevailing wages paid if applicable.

Signature of Local Official

Date