

**SAMPLE**  
**INSERT UNIT OF LOCAL GOVERNMENT NAME**  
**REVOLVING FUND RECAPTURE STRATEGY**

**A. Revolving Fund Goals and Objectives**

1. Stimulate economic growth in the community by assisting with the retention and growth of the existing industrial and commercial base, providing needed capital to new start-up businesses, encouraging the development of minority and female owned businesses.
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 (Imi) income persons in the area.
4. Increase the property tax and sales tax base.
5. Provide businesses with the opportunity to expand.
6. Encourage and leverage loans and investments to businesses by area private financial institutions.

**B. Revolving Fund Strategy**

1. Eligible uses of funds for financial assistance projects:
  - 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 with 51% Imi benefit. (FTE jobs are positions consisting of a minimum of 1,950 hours worked a year)
2. Eligible uses of funds for units of local government:
  - a. Public Infrastructure improvement projects when the activities will directly result in the creation and/or retention of jobs by a specifically identified for-profit or not-for-profit business.

- b. Community Development Block Grant (CDBG) eligible activities (public improvements on public property except for buildings where the general conduct of government is held) showing a 51% lmi benefit. Must have prior written approval from the Department.
- 3. Ineligible uses of funds:
  - a. Projects of a speculative nature.
  - b. Forgivable financial assistance projects.
  - c. Refinancing existing, private debt.
- 4. The geographic area served by the fund will be for projects which are located within 1 1/2 miles of the corporate limits of the unit of local government or which are determined to principally benefit the residents of the unit of local government.
- 5. The funds will be targeted to assist existing industrial and commercial base, start up businesses, female and minority owned firms on a first come, first served basis as the unit of local government expects to receive more applications than available 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.
- 6. Applications will be generated by:
  - a. Sending RF information to the community's existing businesses.
  - b. Including RF information in the community'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 projects by sending news releases to area media and holding news conferences, ribbon cuttings and ground breakings to encourage media coverage.
  - h. Area financial institutions will be provided with information about the RF and asked to inform potential recipients of fund availability.

### **C. RF Management Plan**

1. Members shall be appointed as needed to the Financial Assistance Review Committee. The committee shall consist of, but not be limited to the chief elected official or other representative of the unit of local government, unit of local government's attorney, economic development coordinator/RF administrator, and two experienced area financial institution officers. The committee shall review all applications to the revolving fund. The committee may, as appropriate, meet with the applicant, meet with the representative of the participating financial institution, visit the site if necessary, negotiate terms, length, security of financial assistance agreements and ensure compliance with the RF goals and objectives. A recommendation will be prepared for the unit of local government'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 unit of local government will formally approve or deny the application. The RF will be staffed by the unit of local government's economic development coordinator/RF administrator, finance director and attorney.
2. The financial assistance documents, including commitment agreements, liens, title policies, security recordings, transfer tax declarations, amortization schedules and security releases, shall be obtained and completed by the unit of local government's attorney. The RF administrator 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 as required and submit semi-annual reports on the status of the RF to the Department of Commerce and Economic Opportunity.
3. Delinquent Loans: 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 RF 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 RF to reclaim funds. Legal counsel will be consulted during foreclosure and liquidation proceedings if events warrant.
4. Alternatively, the RF may contract with a financial intermediary to conduct as much or as little of the foregoing through a servicing contract as may be desired. Final authority for approving any financial assistance made through the RF shall remain with the unit of local government, unless formally delegated by resolution and outlined in a formal agreement. The RF is responsible for seeing that the financial intermediary follows all state and federal regulations pertaining to the RF program.

**D. Assurances**

1. Not 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 lmi 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 RF agrees to report semi-annually on the status of the RF to the Department of Commerce and Economic Opportunity and provide additional progress report information to further clarify or document activities as may be necessary.
4. Any changes to the recapture strategy will be submitted to the Department of Commerce and Economic Opportunity for approval before implementation.
5. In the event of a financial assistance loss, the circumstances will be reviewed to determine if legal steps are appropriate to recover RF funds and every effort will be made to recover delinquent funds.
6. The RF will assure that there will be one job created or one job retained with 51% lmi benefit for every \$15,000 used in a financial assistance project.
7. 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.
8. The RF shall assure that environmental reviews will be completed for each project funded, as well as prevailing wages paid if applicable.
9. The RF shall remain active on an ongoing basis. The RF will not remain unused or dormant for more than three years.

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Name of Unit of Local Government

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Date

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Chief Elected Official