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DeWitt County Development Council - County Revolving Loan Fund

Guidelines and application follow. A MS Excel version of the application can be downloaded from the DCDC website: www.dcdc-illinois.org/Finance_Resources.html *Please note that financial statements should accompany your application.

DCDC will review your requests as any lending institution would. It works best when the DCDC RLF is in conjunction with a bank loan, hence the term "gap financing." If, for example, you have \$100,000 in assets and request a loan of \$100,000 from a bank and they only authorize \$75,000; you would apply for the additional \$25,000 through the DCDC RLF. When applying, both entities require information that validates that your company will begin to see a Return on Investment (ROI) and will see what you have projected for both revenue and expenses. Also as DCDC strives to help retain and increase the job base in DeWitt County, your ability to provide jobs is key and will be another deciding factor for loan approval.

The DCDC RLF is a short-term loan (between 3-5 years) with low-interest rates (between 3% - 5%.) A volunteer Finance Advisory Committee will review the application. Loan payments to the DCDC RLF begin within 30-60 days of loan approval.

DCDC may be able to help you with resources as you plan to bring your company to DeWitt County. A list of potential sites and buildings may be available. DCDC can provide contact information about SCORE (help with business planning), Illinois WorkNet (help with labor force), Heartland Community College Green Infrastructure Training Program, Department of Commerce and Economic Opportunity (Training Grant Program), Richland Community College (interns and workforce training), Millikin University Entrepreneurship Center, USDA (small business grants and loans), local accounting, internet and computer services providers, transportation, packaging, and recycling companies. Seeing a solid business plan for your company will help us find the resource you need to run your company successfully in central Illinois.

An excellent local organization is SCORE, "Counselors to America's Small Business," a national nonprofit association dedicated to entrepreneur education and the formation, growth and success of the nation's small businesses.

SCORE Chapter #296 provides free and confidential business advice and counseling tailored to meet the needs of your small business and your personal objectives. SCORE Chapter 296 also offers workshops, for a modest fee, for both start-up and in-business entrepreneurs. www.decatour.scorechapter.org

Please contact the DCDC office to discuss the Revolving Loan Fund and other resources, 217-935-0500.

Sincerely,

Ruth Stauffer
Executive Director

Dewitt County Development Council County Revolving Loan Fund Program

Loans made in conjunction with the Revolving Loan Fund Program will be structured as follows:

- Total Funds Available:** \$116,950 (June 2010)
- Leverage Requirement:** \$1 in private funds for every \$1 in Revolving Loan Fund Funds. Private funds can be a blend of bank funds and individual or company funds, or bank funds or individual or company funds.
- Eligible Participants:** Commercial, Retail, and Industrial Businesses expanding or locating in DeWitt County.
- Small, private businesses (defined as those with less than \$1 million in annual projected gross revenues and which will employ 50 or fewer new employees)
- 51% of the outstanding interest in the project has membership or is owned by those who are either citizens of the US or reside in the US after being legally admitted for permanent residence
- Minimum/Maximum** \$3,000 - \$116,950 – Not to exceed 50% of the total project cost.
- Use of Proceeds:** Mixed Assets (land, structure, equipment), Working Capital (inventory, salaries, general operational expenses), Equipment installation costs
- Loan Rates:** RLF – 3% - 5% Fixed
Bank – Negotiated by participant(s)
- Term of Loan:** Not to exceed Life of the Asset(s)
3-5 year
- Job Criteria:** One (1) Full-time Equivalent Job Created/Retained for every \$15,000 from the RLF Program. There must be at least 51% benefit to low/moderate income personas (as defined by JTPA) documented by the participant.

Dewitt County Development Council County Revolving Loan Fund Program

APPLICATION PROCESSING

Potential participants in the Revolving Loan Fund Program must contact Dewitt County Development Council (DCDC) Executive Director to determine eligibility for participation in the RLF financing program. Once eligibility has been determined, the participant must submit the appropriate financial information to the RLF Review Committee for loan review. If Bank Financing is used, after receiving Bank approval; the participant must submit a Firm Letter of Commitment from the Bank he/she chooses for participation to the DCDC Executive Director, which contains the following elements:

- Statement of Loan Approval by an authorized Bank Officer or Committee
- Specified Dollar Amount of Bank Loan
- Specified Loan Term
- Specified Interest Rate
- Collateral or Security Requirements
- Any special conditions of the loan

In addition, the program participant must submit a Borrowers Letter of Commitment to the DCDC Executive Director for the RLF Program, which contains the following:

- Detailed description of the project
- Detailed project cost
- Estimated projection and forecast of 3 years earnings
- Number of jobs to be created or retained
- Benefit to low to moderate income persons
- Type of jobs to be created or retained and wage scales
- Project Schedule
- Potential use of State of Illinois training programs or any other government programs
- Identification of participating bank (attach Letter of Commitment)
- Amount of participant equity in project; minimum to be 10% of total project costs
- Personal guarantee(s) of participants(s)
- Personal financial statement
- Statement of personal history
- Profit and loss statements
- Balance sheet
- Statement that participant will begin project implementation immediately upon RLF Program loan approval

Dewitt County Development Council County Revolving Loan Fund Program

LOAN SELECTION CRITERIA

1. RLF makes direct fixed asset loans in participation with State, Federal and conventional private funds
2. The RLF is designed to cover gaps in existing loan sources and programs
3. The loan interest rate for RLF funds is fixed between 3%-5%
4. The Term of the loan will be between 3 – 5 years
5. The Term of the loan will not exceed life of the asset(s)
6. Participant(s) may be required to provide personal guarantee(s)
7. Participant(s) must provide owner equity of at least 10% of total costs
8. Participant(s) must certify at least 51% of the outstanding interest in the project has membership or is owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.
9. RLF may subordinate its collateral position to other lenders with larger participation
10. No special provisions are permitted that will prevent the recapture of the loan
11. The RLF is available only to for-profit companies to finance business start-ups and expansions
12. Interest payment may be used to cover the direct costs of administration of the RLF. All remaining funds shall be returned to the fund for additional loans to other qualified RLF participants
13. The RLF will not allow:
 - a. Land Banking (Passive Real Estate Investment)
 - b. Refinancing existing loans

Upon receipt of the Letters of Commitment from the bank and project participant, the DCDC Executive Director will certify that the project has met the guidelines for use of the RLF Program funds.

All loans from the RLF shall have approval by majority of the Review Committee and the Review Committee shall make a recommendation to the DCDC Board of Directors for the approved loan. Final approval of any loan application shall be by a majority vote of the DCDC Board of Directors. Upon approval by the DCDC Board of Directors, the approved project participant(s) will enter into a written loan agreement with the participating bank and with the DCDC Board of Directors. The RLF Review Committee and DCDC Board of Directors shall make final decisions as to the use of the RLF Program funds, in conjunction with bank financing.

The RLF Review Committee shall be appointed by the DCDC President with a majority approval of the DCDC Board of Directors as needed. The committee shall consist of, but not be limited to the Executive Director, at least two (2) representatives of DCDC, and three experienced area financial institution commercial lenders.

Dewitt County Development Council County Revolving Loan Fund Program

At Closing Applicant must provide:

Incorporation Papers

Corporate Tax ID

Social Security Number

Driver's License (copy front and back)

Agreement to provide insurance with DCDC as Loss Payee

Copy of any additional signed funding

Verification of any personal investment

Applicant must sign:

Promissory Note

Personal Guarantee

Applicant is responsible for Closing costs which may include:

Attorney fees

Other expenses incurred by DCDC specifically related to this transaction