



**EDA**

**ROANE COUNTY ECONOMIC DEVELOPMENT  
REVOLVING LOAN FUND PLAN**

# PURPOSE

- The purpose of the policies and procedures contained within the Roane County Economic Development Revolving Loan Fund Plan, hereafter referred to as the “ Plan,” is to present the criteria which governs the economic development activities which makes funds available through the Roane County Revolving Loan Fund (RLF) program.
- Create new jobs and retain existing jobs
- Aid small businesses development

# EDA HISTORY

- Roane County Government received Revolving Loan Funds (RLF) from the U.S. Economic Development Agency (EDA) in 1987.
- Funds are used to provide low interest loans to local businesses.
- These businesses, in return for use of the public funds, provide private investment towards the assisted activity and most importantly creates job opportunities.
- When a business repays Roane County these funds are used to recapitalize the local revolving loan fund (RLF).
- Roane County acts as a “bank” and accepts the responsibilities of a commercial lender when making a RLF loan to a business.

# BOARD MEMBERSHIP

- Roane County shall establish a formal RFL Board. The Board shall consist of individuals representative of the economic development community of Roane County, and having special expertise and knowledge of commercial lending and economic development processes.
- Roane County Executive, as Chair
- Representative of the Chamber of Commerce
- Chairman of the Roane County Commission
- Representative from the Roane County Development Board
- Local Bank officer
- Two local business leaders
- The Roane County RLF Board shall have four (4) non-voting members which shall consist of the County Attorney, Director of Accounts and Budgets, CEO/ President of the Roane Alliance and the RLF Loan Manager.

# ELIGIBLE ACTIVITIES

- Acquisition of land, buildings and fixed equipment.
- Site preparation and the construction or reconstruction of building or the installation of fixed equipment.
- Clearance, demolition or the removal of structures or the rehabilitation of buildings and other such improvements.
- The payment of assessments for sewer, water, street and other public utilities if the provision of the facilities will directly create or retain jobs
- Working capital (inventory and direct labor costs only)
- The minimum loan amount shall be **\$25,000** and the maximum loan amount shall be **\$100,000**.

# INELIGIBLE ACTIVITIES

- Refinancing or consolidating of existing debt.
- Reimbursements for expenditures prior to loan approval.
- Specialized equipment that is not essential to the business operation.
- Residential building construction or reconstruction (unless reconstruction is intended to convert building to a business or industrial operation)
- Routine Maintenance
- Professional services such as feasibility and marketing services, accounting, management services and other similar service. Legal services occurred in the closing of the RLF loan are eligible.
- Other activities that the RFL Board may identify during the administration of the program.

# INELIGIBLE BUSINESSES

- Speculative investment companies
- Real Estate investment companies
- Lending Institutions
- Gambling Operations
- Non-public Recreation
- Other businesses not serving the interest of Roane County

# ELIGIBLE APPLICANTS

- Any business wishing to establish a new operation or expand an existing operation in Roane County.
- No member of the governing body, RLF board, or any elected official, employee or agent of Roane County who exercises decision-making functions.
- Applicants shall not be disqualified based on age, sex, race, religion, color, handicap, physical condition, development disability, sexual orientation or national origin.



# APPLICATION PROCESS

- Meet with the Roane County EDA Loan Manager.
- Complete the Roane County RLF loan application with \$250 application fee.
- Signature of application acknowledging receipt of standards and special conditions of the Roane County EDA Revolving Loan Fund.
- Supply personal and business tax returns, if there is an existing business (last 3 years)
- Evidence demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.
- Meet with a business advisor from SCORE.
- Make a brief presentation to the Board.
- Upon successfully obtain a loan, the applicant must purchase key life insurance for the amount of the loan with the county being the beneficiary.
- Provide collateral as approved by the board including personal guaranties.
- Supply additional information as requested by the Board.

# DUTIES

## EDA LOAN PROCESS

- Financial Status of Funds-----Amber and Jennifer
- Interview with applicant----Ron and Amber
- Application Process-----Amber
- Consultation-----Amber
- Receive Application---Amber
- Evaluate Application ---Ron and Amber
- Return Application-----Amber
- Evaluate (2<sup>nd</sup> time)----Ron and Amber
- S.C.O.R.E (Dana at Chamber)
- Schedule Board Meeting---Amber
- Minutes of Meeting----Amber
- Work with Greg Leffew with any issues
- Issue Checks-----Amber

## FINANCIAL RESPONSIBILITIES

- Balance Sheet (Money Available)
- Servicing Existing Loans-Jennifer
  - 1) Life Insurance
  - 2) Loan Maintenance-Jennifer
    - a. Check Receipts
    - b. Notices if no payments
    - c. Begin process if Delinquent
  - 3) Reports-Jennifer