CITY OF NEW YORK MILLS
ECONOMIC DEVELOPMENT LOAN FUND GUIDELINES

The New York Mills Revolving Loan Fund will be made available to existing and potential new businesses for the City of New York Mills. Loan review will be done by the Economic Development Authority.

PURPOSE OF THE NEW YORK MILLS REVOLVING LOAN FUND

The main purposes of the New York Mills Revolving Loan Funds are:

1. To provide capital for existing and new manufacturing and commercial businesses to develop and expand within the city limits of New York Mills.
2. To increase and strengthen the tax base of New York Mills.
3. To leverage other public and private investments.

ELIGIBLE USE OF LOAN FUNDS

1. Acquisition and/or improvement of land, buildings and equipment.
2. New construction or renovation of existing buildings.
3. Demolition and site preparation.
4. Equipment purchases.
5. Consolidation of debts along with expansion proposal.

INELIGIBLE USE OF LOAN FUNDS

1. Professional fees
2. Working capital: Inventory and accounts receivable

PARTICIPATION CRITERIA

1. The maximum loan to any individual business shall normally not exceed $50,000.
2. The loan request generally shall not exceed 40% of the total project cost.
3. A minimum of 10% of owner equity to be committed to the project.
4. The borrower shall demonstrate these funds create or retain jobs.
5. The terms of the loan should coincide with the private portion of the loan.
6. The interest rate shall be the current prime interest rate +50 points.
7. A 1% origination fee will be paid by the borrower.
8. All closing costs will be share 50/50, borrower/EDA respectively.
9. The borrower must meet the underwriting criteria of the private financial institution.
10. Assets pledged as collateral must be approved by both the EDA and the participating private financial institutions.
11. Businesses applying for loan funds must show a positive cash flow or the ability to service the debt.

CITY OF NEW YORK MILLS
MINNESOTA

Business Assistance Application

Business Name: _____

Business Address: _____

City: _____ State: _____ Zip: _____

Contact Person: _____

Daytime Phone: _____

Email Address: _____

For Office Use Only

Date App Rcd: _____
By: _____

EDA Review Date: _____
Action Taken/Date: _____

Type of Assistance Requested (if known):

- ☐ Loan
- ☐ Tax Increment (TIF)
- ☐ Tax Abatement
- ☐ Other

Amount of Assistance Requested: _____

Terms Requested _____

Projected Start Date: _____ Projected Completion Date: _____

****Please attach a description of the proposed project (page 3)****
****Please attach a description of why the assistance is needed, be specific (page 4)****

Estimated Costs (please itemize)	
Land	$
Site Improvements	$
Building Constr./Renovation	$
Utilities	$
Fixtures/Equipment	$
Inventory	$
Working Capital	$
Other (list on separate sheet)	$
Total Costs	$ -

Financing Sources (please itemize)	
Bank Financing	$
Equity	$
Other (please list):	
_____	$
_____	$
_____	$
_____	$
Funds Requested:	$
Total Funds	$ -

Proposed Project Address: _____

Parcel #'s _____ _____ _____
(Attach Legal Description)

If assistance is for a building project, what is the estimated value of the project after completion: $ -

Size of Building or Addition: _____ square feet

Building Type: _____ (e.g. steel, wood frame, concrete, etc.)

Use of building: _____ (e.g. retail, warehouse, manufacturing, storage, etc.)

(Provide a sketch and/or site plan for the project on a separate sheet of paper)

Public Purpose and Job Creation Information

What benefits will the City and its residents gain if assistance is provided?

☐ Job Retention ☐ Needed Infrastructure ☐ Land Clean Up

☐ Removal of Blight ☐ Redevelopment ☐ Needed Service

☐ Job Creation ☐ Incr. Tax Base

☐ Other - Describe: _____

If job creation is part of your proposal please list the number of jobs that will be created with **TWO YEARS**:

	Full Time Jobs	
_____ # of full-time jobs to be created within two years	$ -	Minimum salary (per hour)
_____ # of part-time jobs created within two years	$ -	Hourly value of benefits for full-time jobs
	Part Time Jobs	
	$ -	Minimum part-time salary (per hour)
	$ -	Hourly value of benefits for part-time jobs

Bank & Legal Counsel Information

Name of Bank: _____ Contact Name: _____

Address: _____ Phone Number: _____

_____

Has bank committed to financing? ☐ Yes ☐ No

Please provide a letter from the bank outlining the terms and conditions of their financing

Legal Counsel: _____ Contact Name: _____

Address: _____ Phone Number: _____

_____

Ownership/Company Organization

Type of company (corporation, partnership, LLC, etc):

Owner(s) name(s): _____ Address: _____

Is there a parent company? ☐ Yes ☐ No

If there is a parent company, please describe the relationship on Page 3 - Project Description.

Has the business, owners or parent company ever declared bankruptcy? ☐ Yes ☐ No

If yes is checked, you must include information about the bankruptcy on Page 3 - Project Description.

Has your business or parent company received a business subsidy, for this or any other project, from another Minnesota unit of government during the past 5 years? Yes ☐ No: ☐

If yes is checked, describe the subsidy and by whom it was provided.

There is no fee for application at this time, however, upon review of the application, the EDA will determine what consulting services may be required to complete the process to structure and approve the assistance and the business may be charged a fee prior to moving forward with the application. Any unused portion of the fee collected will be returned to the applicant. If the applicant withdraws the request, a portion of the processing fee may be retained to cover consulting costs.

_____ _____ _____

Applicant Signature Title Date

If this form is being returned by email, please fax this signature page to the City of New York Mills at 218-385-2315

NOTE: Loan applications will require additional information, to include collateral description, business plan and a checklist provided upon preliminary review.

Project Description: *[Please describe the project in narrative form below]*

[place cursor here to begin]

Describe, in as much detail as possible, why assistance is needed:

[place cursor here to begin]

Signature/Title of Authorized Company Official

Date

Required for Business Start ups & Loan Applications:

Business Plan: For assistance in preparing a Business Plan, you may wish to contact the Small Business Development Center (SBDC) at 218-236-2289 or go to their website at: www.asbdc-us.org

The narrative and financial documents for this business plan should be arranged, when possible, in the order listed below and attached to the final loan application.

1 History of Business - Briefly describe the past operation of the business or the events leading to its creation.

2 Market Analysis and Strategy - Describe the following
- A Current buyers and target market - provide verification of purchase orders, contracts, and so on, which relate to the reasons for the loan request
- B Competition
- C Pricing
- D Distribution
- E Advertising
- F Sales Promotion
- G Industry Trends

3 Products
- A Description
- B Propriety position of patents, copyrights, legal and technical considerations
- C Comparisons to competition

4 Manufacturing Process (if applicable)
- A Materials
- B Production methods

5 Financial Projections
- A Monthly cash flow analysis for next twelve (12) months
- B Profit & Loss statement: last three years, current year and two year projection
- C Balance Sheet: last three years, current year and two year projection

6 Schedule of Business Debts

7 Statement of Collateral - provide a detailed list of all collateral offered, its value and security position by funding sources

8 Resumes & Personal Financial Statements of all principals as well as current, dated and signed personal financial statements on all principals who own more than 20% of business

9 Commitment Letters - provide commitment letters from banks and others stating the terms and conditions of their participation

10 Affiliates - describe any affiliates or subsidiaries of business or principals, as well as balance sheets and income statements for the past two fiscal years on each

11 Appraisals/Proposed Lease/Purchase Options or Agreements - an independent appraisal for any real estate which is a subject of the proposed financing or which is offered as a major source of collateral to secure the loan. Also, include copies of existing or proposed lease(s), purchase options or agreements, or other financial arrangements.

12 Corporate Documents - submit copies of Certificate of Authority and Incumbency to include minutes of the corporate meeting adopting the certificate, where applicable, and name and address of legal counsel.

Required ONLY for Loan Applications:

Loan Checklist for FINAL Applications: please attach the required information

1. Copy of last year's submitted business income tax statement
2. Copy of last year's submitted personal income tax statement for owners with 20% share or greater
3. List of any professionals that assisted in the completion of the application or financial projections
4. List, including the name, date and amount of any pending or anticipated legal actions or claims against owners or the company.
5. List, including the name, date and amount of any liens or judgments known to be filed by any party including any unit agency or department of local, state or federal government.
6. List any potential sources of income not stated in any other document.
7. Have you ever applied elsewhere for a loan or grant monies for this project? If so, explain.
8. List all insurance needs for the operation of your business and this project and who you will be pursing it from, if known.
9. Have you ever defaulted on a loan or business subsidy from a unit of government? If so, explain.

CITY OF New York Mills MINNESOTA

Resources for Local Development

Are you thinking of starting a business, growing your existing business or making any improvements? The New York Mills Economic Development Authority (EDA) has recently invested some time in realigning their development goals, policies and procedures in an effort to make obtaining assistance more accessible and understandable to local businesses.

When a local unit of government (City or EDA) provides assistance to a private business, we are required to follow State requirements that include, but are not limited to, adhering to locally adopted Business Subsidy Criteria. The criteria lays out under what conditions we can provide assistance. This information can be found on the back of this sheet for your reference, but we do not want to discourage your interest or questions as to what assistance may be available. We have professional staff that can discuss your project with you confidentially and help direct you to the resources that may be available to you and assist in structuring assistance. We have access to programs that focus on the following:

- Business Development assistance
- Affordable Housing Development
- Infrastructure financing
- Unmet Housing Needs

There are a number of resources available. The following bullets attempt to identify common tools. However, because every project is unique, we encourage you to speak with our staff to learn more about what specific tools may work best for you.

- **Local** resources include Tax Increment Financing (TIF) and Tax Abatement. These tools work only with projects that involve new business or residential construction. The new real estate taxes generated by a project can be captured and returned to the property owner to help cover project costs. The City also has a Revolving Loan Fund (RLF) where they can make direct loans to businesses for land, building, machinery & equipment and other items where necessary. The loans are below market interest rates and the term can be set based on the need and life of the asset being financed.
- **Regiona**l resources include:
  - Small Business Development Center (SBDC) and SCORE are organizations that specialize in counseling individuals interested in starting a business or existing businesses that are facing challenges and don't know where to turn. They are an excellent resource if you have an idea but don't know where to start. Information can be found on their respective websites: SBDC - www.asbdc-us.org; SCORE - www.score.org
  - Northwest Regional Development Commission's (NWRDC). Their programs include the Area Agency on Aging, Northwest Regional Arts Council, Economic Development, Enterprise Fund (business loans), Community Development (housing resources) and Transportation
  - West Central Initiative (WCI) provides financial resources for qualified projects that support families and strengthen the economy of west central Minnesota. WCI does this through
    - Grants: they work through partnerships to provide the resources to help families and communities in west central Minnesota thrive. In particular, WCI focuses on the areas of Community Development, Family Economic Success and Workforce Development
    - Loans: they provide gap loans for business start-ups and expansions in the region.
- **State/Federal** resources are directed through the Minnesota Department of Employment and Economic Development (DEED) which has a number of programs for Businesses, Local Government and Job Seekers. Visit their website at http://www.positivelyminnesota.com/
  - Minnesota Investment Fund (MIF) – this program provides low interest loans to businesses that are creating more than ten high paying jobs.
  - Redevelopment Grants – this program helps fund projects on sites where considerable demolition and clean up are needed to make the project feasible
  - Public Infrastructure Grants – this program funds public infrastructure that may be needed to support your project that may otherwise be a business expense

These programs can be complicated, please do not hesitate to contact City Hall at 218-385-2213 for a referral for our professional staff who can help you determine what direction to go.

CITY New York Mills

Policy Regarding

Business Subsidy Criteria

Approved April 13, 2010

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The Term "City" means collectively the City of New York Mills, and its' Economic Development Authority.

Criteria

The City hereby expresses its support for the use of business subsidies that meet at least one the below listed criteria in addition to increasing the tax base.

- But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. These criteria must be supported by representations of the applicant for business subsidy.
- Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
- Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
- Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land.
- Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available.
- Infrastructure Needs. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
- Compatibility with Comprehensive Plan. The project proposed is generally compatible with the City's overall development plans and objections and with those of the area for which the project is to be located.
- Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available.
- Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
- Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
- Job Creation. The project will create or retain jobs which pay at least federal minimum, wage as adjusted. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
- Tax Base. The project will increase the City's tax base and generate new property tax revenue.

Evaluation

The City will evaluate each request for a business subsidy on a case by case basis. Applicants for assistance shall complete an application form and supply all additional information requested by the City. Meeting all or a majority of our criteria does not mean a subsidy will be awarded or denied. A decision to approve or reject a request for subsidy will be based on the merits of the project and the overall benefit to the community.

Valuation of a Business Subsidy

The City will calculate the value of assistance provided to a business in the following manner.

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City which approximates the interest rate available to the business from a commercial lender.