

REVOLVING LOAN FUND PLAN - COMPARISON

Ref./ Sec.	Subject	Existing RLF Plan (Approved - March 2016)	New CARES ACT RLF Plan (To Be Approved)
PART I - REVOLVING LOAN FUND STRATEGY			
A. ECONOMIC ADJUSTMENT PROGRAM OVERVIEW			
	Program Name	City of Peoria - Revolving Loan Fund	City of Peoria - Business Recovery Revolving Loan Fund
	Program Background	Fund created in 1989 with \$770,000--\$500,000 from EDA and \$270,000 from City. Current capital fund has grown to \$1.29 million.	Proposed RLF grant to include \$1.29 million to create new capital fund plus \$120,000 for administrative expenses. No matching funds required.
B. BUSINESS DEVELOPMENT STRATEGY			
1	Goals & Objectives	Gap financing for private businesses	In addition . . . Emergency, Disaster, Recovery Financing.
2	Targeted Businesses	Industry Targets plus: start-up businesses, MBE, SDBE, DBE, and businesses in redevelopment areas (TIF, E-Zone, and HUB Zone).	In addition, . . . key target includes businesses recovering from economic crisis caused by COVID-19.
C. FINANCING STRATEGY			
3	Financing Niche	Added Single Source Borrowing	In addition, . . . to provide quick deployment of sole-sourced, flexible, deferrable, adjustable, and convertible financing to meet business recovery needs by creating "standardized" loan products.
D. FINANCING POLICIES			
2	Allowable Borrowers	Private sector businesses	Same
5	Loan Size	Lesser of: a) \$250,00 , b) 33% of project cost, up to 50% if MBE, SDBE, and DBE, or c) \$25,000 per job created/retained, up to \$35,000 for MBE, SDBE, and DBE.	Lesser of: a) \$250,00 , b) 95% of project cost, up to 97.5% if MBE, SDBE, and DBE, or c) \$25,000 per job created/retained, up to \$35,000 for MBE, SDBE, and DBE.
6	Interest Rate	High - WSJ prime rate minus 4%, or maximum allowable by State of IL. Low - Lower of a) 4%, or b) 75% of WSJ prime rate, but no higher than 10%, Default Rate - 12%	In addition, . . . as low as 0% interest during disbursement permitted, or 24 months from grant award (July 27.2020).
7	Repayment Terms	Coincide with life of asset.	In addition, . . . and in the event of an economic disruption, disaster, emergency declaration, the amortization/maturity periods may be extended up to three times the asset life, up to maximum of: a) 30 years for real estate, b) 30 years for machinery and equipment, and c) 15 years for inventory and working capital.
8	Fees	Applicant shall pay all out-of-pocket expenses. City may elect to charge: a) an upfront application fee between \$50 to \$100, and b) an underwriting/closing fee between 0.75% to 1.0% of the principal loan amount at closing (fee can be added to principal).	Applicants may be required to pay fees and fold all fees into the principal loan amount.
9	Private Equity & Collateral	10% of total project cost, or 5% for MBE, SDBE, and DBE.	5% of total project cost, or 2.5% for MBE, SDBE, and DBE.

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PART I - REVOLVING LOAN FUND STRATEGY (cont.)			
10	Moratoria	Moratoria/Deferment not permitted	Moratoria will be permitted. The temporary suspension of interest and principal payments , up to 12 months of deferment, will be allowed upon demonstration of temporary financial hardship and during a period of economic disruption.
12	Working Capital	Individual WC loans up to 5 years. No portfolio requirement.	Individual WC loans up to 15 years. No portfolio requirement.
13	Credit Not Otherwise available	Applicant to document that private capital is not otherwise available through: a) "conditional approval letter" to fund a portion of project, b) "turn down letter", c) applicant certification of denial, or d) applicant justification that other financing is not feasible and City loan is critical to project.	In addition, . . . , the credit elsewhere requirement is waived during disbursement period, or 24 months from grant award (July 27.2020). This will allow for primary and sole-lending.
E. PORTFOLIO STANDARDS & TARGETS			
2	Private Sector Leverage	For every \$1 of RLF need \$2 of "Private Investment". "Private Investment" clarified, includes: a) unencumbered cash, b) SBA guarantees, and c) other government loan funds. Does not include equity on existing assets.	In addition, . . . the leverage requirements is waived during disbursement period, or 24 months from grant award (July 27.2020). This will allow for financing up to 95% or 97.5% of Project costs.
PART II - REVOLVING LOAN FUND OPERATIONAL PROCEDURES			
A. ORGANIZATIONAL STRUCTURE			
2	Loan Administrative Board	Creation of ad hoc Loan Review Panel (LRP) to advise City Manager (CM). LRP consist of at least 5 individuals. Loans under \$15,000 (microloans) to be approved by CM. Loans \$15,000 or greater recommended to City Council for final approval.	Creation of ad hoc Loan Review Panel (LRP) to advise City Manager (CM). LRP consist of at least 5 individuals. Loans of \$50,000 or less (microloans) to be approved by CM. Loans greater than \$50,000 recommended to City Council for final approval.
B. LOAN PROCESSING PROCEDURES			
1	App. Requirements	There are no application fees but may charge for other fees.	There may be application fees depending on loan amount and administrative review required.
5.d)	Procedures for Loan Approval	City Manager authorized to approved loans up to \$15,000.	City Manager authorized to approved loans \$50,000 or less.