RESOLUTION NO. 2015-XX

A RECAPTURE STRATEGY FOR CORTLAND'S REVOLVING FUND

RESOLUTION OF THE PRESIDENT AND BOARD OF TRUSTEES OF THE TOWN OF CORTLAND IN SUPPORT OF PASSAGE OF

A RECAPTURE STRATEGY FOR CORTLAND'S REVOLVING FUND

WHEREAS, the Illinois Department of Commerce and Economic Opportunity has allowed the Town of Cortland to recapture principal and interest from a CDAP grant that was loaned to a local business to create a Revolving Fund to expand Cortland's economic base; and,

WHEREAS, the Illinois Department of Commerce and Economic Opportunity requires that the Town of Cortland establish a Recapture Strategy as amended to guide its Revolving Fund; and,

NOW, THEREFORE, BE IT RESOLVED that President and Board of Trustees of the Town of Cortland, Illinois, adopt the attached Recapture Strategy as the document that will guide the use of its Revolving Fund.

ACCEPTED BY THE BOARD OF TRUSTEES THIS ____ DAY OF _____ 2015, A.D.

By: Mayor Russell C Stokes _____

Attest: Cheryl Aldis, Town Clerk _____

REVOLVING FUND (RF) RECAPTURE STRATEGY

A. Revolving Fund Goals and Objectives

1. Stimulate economic growth in the Town of Cortland by assisting with the retention and growth of the existing industrial and commercial base, providing needed financial assistance 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 income persons in the area.

4. Increase the Town of Cortland's property tax and sales tax base.

5. Provide businesses with the opportunity to expand.

6. Encourage and leverage financial assistance to businesses by area private financial institutions.

B. Revolving Fund Strategy

1. Eligible uses of funds.

    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. (FTE jobs are positions consisting of a minimum of 1,950 hours worked a year).

    h. Projects of a speculative nature are ineligible for funding.

2. The geographic area served by the fund will be within the corporate boundaries of the Town of Cortland. A business located outside but immediately adjacent to Cortland's corporate boundaries may be eligible

for assistance if it agrees to annex to the Town of Cortland and said annexation takes place within 30 days of the RF loan closing.

3. The funds will be targeted to assist existing industrial and commercial base, start up businesses, female and minority owned firms and established businesses on a first come, first served basis as the Town of Cortland expects to receive more applicants than available annual 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.

4. Applications may be generated by:

   a. Sending RF information to the city's existing businesses.

   b. Including RF information in the city'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 loan projects by sending news releases to area media and holding news conferences, ribbon cuttings and ground breakings to encourage media coverage.

   h. Area lending institutions will be provided with information about the RF and asked to inform potential borrowers of fund availability.

C. Revolving Fund Management Plan

1. The Mayor shall appoint, with the approval of Town Board, members as needed to the Business Financial Assistance Review Committee. The committee shall consist of a minimum of three members and shall always have an odd number of members. One of these members, who will represent the Town Board of Trustees, will be the Mayor or a member of the Town Board of Trustees. The other members shall consist of two or more experienced area financial institution commercial lenders or members of Cortland's business community that have expertise in financial analysis and packaging. The Committee will review each application to Cortland's RF fund and will submit its recommendation to

the Cortland Town Board of Trustees to approve or deny the application. During the review process the Committee may meet with the applicant, meet with the representative of the participating lending institution, and visit the site if necessary.

It is the Committee's responsibility to negotiate terms, length, and security of financial assistance for each loan it recommends and to ensure compliance with the RF goals and objectives. A recommendation to the Town of Cortland's Board of Trustees will be prepared for each application which will recommend approval or denial and 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 Town Board will formally approve or deny each application.

2. RF administrative tasks may be performed by the Town of Cortland's Treasurer, Attorney, other Town staff members with financial expertise, outside consultants, or a combination thereof. The Mayor may appoint a member of the Town's existing staff or an outside consultant to perform the majority of the RF administrative functions. That person shall be designated the RF Administrator.

3. The financial assistance agreements, including commitment agreements, liens, title policies, security recordings, transfer tax declarations, amortization schedules and security releases, shall be obtained and completed by the Town's attorney. The Town Treasurer 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 required by the financial assistance agreement and submit semi-annual reports on the status of the RF to the Department of Commerce and Economic Opportunity.

4. Delinquent financial obligation: When an RF payment becomes 10 days past due, a representative of the Town will place a telephone call to the borrower and request payment. At 30 days past due the Town will send a formal letter requesting payment. Should the payment become 45 days past due the matter will be turned over to the Town Attorney to pursue. All legal rights will be exercised by the city to reclaim funds. Legal counsel will be consulted during foreclosure and liquidation proceedings if events warrant.

D. Assurances

1. No 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 low-to-moderate income persons and these benefits will be documented by utilizing Job Training Partnership Act (JTPA) service providers, Illinois Employment and Training Centers or the employee certification forms found in the RF handbook.

3. The Town of Cortland agrees to report semi-annually on the status of the RF to the Department of Commerce and Economic Opportunity.

4. Any changes to the recapture strategy will be submitted to the Department of Commerce and Economic Opportunity for approval.

5. The grantee shall agree to pursue legal remedy to recover delinquent loans. Legal action shall include that authorized by federal and state law, including, but not limited to, efforts to collect and pursue the interests of the RLF through bankruptcy court.

6. A minimum leverage ratio of $1 non-RF funds to $1 RF funds must be obtained for each project. RF funds may not comprise more than 50% of the financing for any project.

7. The grantee shall assure that environmental reviews will be completed for each project funded, as well as prevailing wages paid if applicable.

_____	_____
Russell C Stokes	Attest: Cheryl Aldis, Town Clerk
Date: _____	Date: _____