

## DCIDA REVOLVING LOAN FUND

Since 1993, the Dutchess County Economic Development Corporation (DCEDC) has administered the DCIDA a Revolving Loan Fund (DCIDA RLF) for the benefit of small business development throughout Dutchess County.

This fund has been capitalized by the Dutchess County Industrial Development Agency since its inception.

### A.) Objective:

The primary goal of the DCIDA RLF is to enhance job retention and creation within Dutchess County. This will be accomplished by providing expansion and working capital loans to support small business growth activity.

In acknowledgement of the increasing awareness and needs for energy conservation and energy efficiency, the DCIDA RLF is looking to encourage businesses and property owners to consider upgrades and improvements that will reduce energy consumption or utilize alternative energy.

In an effort to support more energy conscious buildings, equipment and use, the fund would provide loans to businesses, not for profit employers and building owners that implement energy efficient measures, alternative energy equipment and/or new technology, which help businesses control energy costs. Projects that will be considered include, but are not limited to:

- e.g. solar technology
- wind technology
- green roofs and other greening measures
- implementation of energy-efficient measures
- electric/alternative fuel machinery and equipment
- boiler retrofit
- hydro technology
- geo-thermal technology

A professionally performed energy audit will be required for building upgrades and renovations.

### B.) Administration:

The DCIDA RLF will be administered by the Revolving Loan Fund Committee which is appointed through the DCEDC.

Proceeds will generally be used to finance up to 100% of project costs at low interest rates, at the *Wall Street Journal* prime rate. If a business follows the recommendations of an energy audit, the projected savings will be used to determine the term of the loan. A repayment schedule will be determined so that

the Applicant's debt payments will equal the projected savings in energy costs. However, in no case will the term of the loan exceed 7 years.

The minimum loan will be \$5,000; the maximum will be \$75,000 to any one borrower or guarantor.

The Fund will only approve loan requests with a term loan structure. Notes and lines of credit will not be available through this fund.

An application fee of 1/2 of 1% of the requested loan amount will be required at the time of application.

If the loan request is declined, the application fee will be refunded less any processing expenses incurred (i.e.: credit reports, legal review). The appropriate application fee will be charged to all approved loan requests.

Applicants will be asked to establish an automatic payment schedule through their bank. Late fees: Late fees will be charged on the 15th day the monthly payment is past due. The fee will be 5% of amount of the past due payment.

As the funds are paid back, they will be credited to the DCIDA RLF to assist other businesses.

### C.) Loan Project Selection Criteria:

#### 1. Eligible Applicants:

- a. The applicant must be a for-profit sole proprietorship, partnership, or corporation or a not for profit employer.
- b. The applicant must fully substantiate its request for funding according to the terms outlined below.
- c. The applicant must have 3 years of profitable operating experience.

#### 2. Eligible Projects:

- a. Implement an energy audit.
- b. Local share for federal or state assistance programs intended to improve energy efficiency or establish new energy sources.
- c. Projects and activities deemed by the Revolving Loan Fund Committee to support the energy conscious activities described in A. above, and advance the job creating goals of this loan program.

#### 3. Ineligible Projects:

- a. Speculative building, reconstruction, or real estate transactions.
- b. Payoff of existing loans or tax liabilities.
- c. Start up companies.

- d. Projects which do not conform to local land use regulations or would cause undue environmental damage.

4. Eligible Costs:

Loans may be made to finance:

- a. Land costs, including engineering, legal, grading, testing, site mapping, and related costs associated with acquisition and preparation of land.
- b. Building costs, including real estate, engineering, architectural, legal, and related costs associated with construction and rehabilitation that result in energy savings.
- c. Machinery and equipment costs, including delivery, installation, engineering, architectural, legal, insurance, and related costs.
- d. Appropriate contingency reserves.
- e. Working capital.
- f. Infrastructure costs.
- g. Relocation costs.
- h. Any costs associated with the implementation of an energy audit or NYSERDA approved construction technique.
- i. Other costs contributing directly to the value of the project as determined by the Revolving Loan Fund.

5. Application Review Procedures:

The following factors will be considered in the review process:

- a. Number and types of jobs created or retained.
- b. The Revolving Loan Fund will require full payment of real property and other taxes where applicable.

6. Loan Fund Limitations:

- a. The Revolving Loan Fund will only participate in projects which create new jobs, or which clearly demonstrate job retention.
- b. The applicant must make full and honest disclosure and waive all rights in regard to a financial evaluation, which includes all debtor and creditor relationships.
- c. The DCEDC will collect and track the loan on behalf of the Revolving Loan Fund.

- d. The Revolving Loan Fund Committee shall have great latitude in determining project eligibility as well as levels of assistance afforded.
- e. The minimum loan will be \$5,000; the maximum will be \$75,000 to any one borrower or guarantor.
- f. The Revolving Loan Fund Committee may require personal guarantees to help secure its loans
- g. The Revolving Loan Fund committee may require collateral to help secure its loans.

7. Application Requirements:

Applications must be fully completed before a review committee meeting is held. Application forms are available through the Dutchess County Economic Development Corporation, 3 Neptune Road, Poughkeepsie, NY. Documentation shall include:

Business Documents Required

- a. Completed and signed application.
- b. Previous three (3) years of corporate/business federal tax returns.
- c. Previous three (3) years of corporate/business financial statements.
- d. Interim financial statement, if available.
- e. Current aging of receivables schedule.
- f. Current aging of payables schedule.
- g. Three (3) years cash flow pro-formas demonstrating debt service coverage.
- h. An energy audit or a written breakdown of the use of funds requested. (Explanations or documentation such as proposals, estimates, bills of sale will also be included.)
- i. Written description of intended collateral.
- j. Completed borrowing resolution document.
- \* All documentation must be properly completed and signed.

Business-Owners/Guarantors Required Documents

Each owner who owns 20% or more of the borrowing entity, or will be personal guarantor will be required to submit the following:

- k. Applicant agreement to provide energy saving information annually as requested by DCEDC.
- l. Previous three (3) years personal federal tax returns (1040) .

- m. Completed personal financial statement.
- n. DCEDC will be responsible for obtaining a credit report on the borrowing entity.
- o. DCEDC will be responsible for obtaining an independent credit analysis of financial statements/tax returns on the borrowing entity.

All required documentation/information items must be submitted or addressed by file memo prior to presentation before the Revolving Loan Fund Committee.

On occasion, certain requirements may be modified upon request. However, consideration of any modification may increase the time needed for the review to be completed.

8. Timing:

Applications will be reviewed by the Revolving Loan Fund Committee on an as needed basis. Complete applications will be reviewed within 30 days of receipt. Preliminary ideas may be discussed with DCEDC staff to determine general eligibility prior to official application

9. Repayment

Repayment of the loan will be through an automatic payment mechanism set up by the borrower to be paid directly to the DCEDC.

10. Loan Committee:

- a. Nine (9) voting members.
- b. Approvals must be voted affirmative by 2/3 of voting members. Minimum of 5 voting members must be available as needed.
- c. The Treasurer of Dutchess County Economic Development Corporation will serve as the Chairperson of the Loan Committee.
- d. Committee meets as needed.
- e. Appointments expire on the date of the annual meeting of the DCEDC.

The above guidelines for the Revolving Loan Fund were approved by the Loan Committee at their first meeting on October 11, 1996. Revised on December 18, 1997. Revised on July 2, 2008.

**Revolving Loan Fund - Loan Committee Members:**

Dutchess County Department of Planning Commissioner  
Dutchess County Industrial Development Authority Representative  
Chairman DCEDC  
Treasurer DCEDC  
President DCEDC  
Chairman DCEDC Business Services Committee  
Banker appointed by DCIDA  
Banker appointed by DCEDC  
Environmental professional appointed by DCEDC Business Services Committee

**Examples of how the Revolving Loan Fund could be used:**

Company A is purchasing electric forklifts, as they have no emissions, are quieter and have lower maintenance costs. Propane forklifts cost approximately \$18,000, while electric forklifts cost \$26,000. The Revolving Loan Fund will cover the \$8,000 cost difference. DCEDC will assist Company A in securing a financial package for the balance of the equipment costs.

Company B needs to replace its roof. A green roof (a roof planted with specific vegetation) lasts twice as long as a conventional roof, reduces the cost of cooling the floor underneath it by 40% and reduces noise and air pollution. A conventional roof costs \$8-\$10/sq. ft.; a green roof costs \$12-\$20/sq. ft. The Revolving Loan Fund will cover the difference up to \$75,000 and will assist in securing additional financing.

Company C wants to install solar panels on their roof, as they will reduce their energy costs by 30%. The total cost of the installation is \$268,758. The New York State Energy Research & Development Authority (NYSERDA) will cover \$143,060 of that cost. The Revolving Loan Fund will participate up to \$75,000 and will assist Company C in securing a financial package for the balance of the cost.