

## CHAPTER 61: COMMUNITY AND ECONOMIC DEVELOPMENT LOAN FUND

### SECTION

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#### 61.01 PURPOSE

The economic development plan for the City of Richmond, Indiana, adopted the 16th day of January, 1984, in amended Resolution No. 1-1984, stated in Section 5 that the plan will include a self-supporting economic development revolving fund established for two purposes:

- (a) To provide a local non-tax dollar source of funds necessary for the administrative and professional aspects of economic development and,
- (b) To provide necessary monies to assist with the location of new business and industry and expansion of existing business and industry.

#### 61.02 STRUCTURE AND ADMINISTRATION

The community and economic development fund will be structured and administered as follows:

- (a) Funding will be provided through tax revenues as designated by Council, donations, payment-in-lieu of taxes, interest income, repayment of loans including principle and interest, and Federal and State assisted loans and grants, Urban Development Action Grants (UDAG), historic preservation funds currently on deposit at First National Bank and Second National Bank of Richmond, Indiana, representing funds remaining from former community development block grants (CDBG), proceeds from sale of surplus property as designated by Council, other federal assistance as may be made available, interest from the investment of surplus community and economic development fund money, funds provided by the Urban Enterprise Association of Richmond, Inc., and temporary transfers from other funds.
- (b) Expenditures out of this fund will include, but not necessarily be limited to
  - (1) Low interest loans in conjunction with conventional loans through lenders

- (2) Historic preservation loans in conjunction with conventional loans through private lenders
- (3) Housing rehabilitation loans
- (4) Eligible community, economic and rehabilitation and preservation activities as defined pursuant to 24 CFR 570.201, 570.202, 570.203 and 570.204
- (5) Local matching funds necessary to obtain State and/or Federal grants relating to community and economic development
- (6) Necessary administrative and professional costs associated with community and economic development activities
- (7) Provide loan guarantees of private sector funds, but not exceeding the financial capability of the fund and not encumbering other City funds, resources and/or property
- (8) Expenditures out of this fund utilizing money provided to this fund by the Urban Enterprise Association of Richmond, Inc. shall only be used within the designated enterprise zone in accordance with the program standards established by the Urban Enterprise Association of Richmond, Indiana.

(c) The Community and Economic Development Loan Board, hereinafter referred to as the Board, is hereby created consisting of nine (9) members as follows:

- (1) The Mayor of the City of Richmond, Indiana, by virtue of his/her office
- (2) The City Controller of the City of Richmond, Indiana, by virtue of his/her office
- (3) The Director of the Department of Planning and Redevelopment by virtue of his/her office
- (4) A representative from the membership of the Common Council of the City of Richmond, Indiana, appointed annually for a one (1) year term by the President of the Common Council
- (5) Two (2) citizen members shall be appointed by the Mayor for four (4) year staggering terms. Initially one (1) shall be appointed for a two (2) year term and thereafter appointed for a four (4) year term; and one (1)

shall be appointed for a four (4) year term and thereafter appointed for a four (4) year term.

(6) Two (2) representatives from the local financial institutions shall be appointed by the Mayor for four (4) year staggering terms. Initially one (1) shall be appointed for a two (2) year term and thereafter appointed for a four (4) year term; and, one (1) shall be appointed for a four (4) year term and thereafter appointed for a four (4) year term.

(7) A representative from the membership of the Board of Directors of the Urban Enterprise Association of Richmond, Inc., appointed annually for a one (1) year term by the Board of Directors of the Urban Enterprise Association of Richmond, Inc.

The make-up of the Board shall at a minimum provide for one (1) minority or female representative, and one business or industry representative.

The Board is charged with the sole responsibility of the expenditure of community and economic development funds including, but not limited to, approving loan applications using the loan criteria as set forth in Sections (f), (g) and (h) and preparation of loan agreements including the amount of loans, repayment terms, interest and the securing of the necessary collateral.

(d) A one time loan processing fee of one (1) point on all loans will be charged to the borrower and will be payable at closing or added to the principal amount of the loan to form an enlarged principal balance. The fee will be used to offset administrative costs associated with the program. Any incidental costs incurred by either the applicant or the City of Richmond with regard to a loan will be the responsibility of the applicant. Such costs include, but are not limited to: recording fees, legal fees and closing fees.

(e) The applicant must be a business or industry located within the City limits of the City of Richmond, Indiana or the surrounding two mile fringe. The Board may establish target areas and/or target businesses and industries for loan priorities. A residential property owner may be an applicant if funds for housing rehabilitation or historic preservation are available for loans.

(f) Loan criteria will be established by the Board and will include, but not be limited to, the number of jobs created and/or retained, the types of jobs to be created, the ratio of loan fund dollars to jobs created, the ratio of loan funds to private investment funds, the growth potential of the business, the generation of tax revenue and tax assessment base to further the long term economic growth of the City of Richmond, Indiana, and the need of loan funds to make the project economically feasible. The Board shall comply with the loan criteria as established by Federal and/or State funding agencies in relation to the expenditure of funds provided by said agencies, and the loan criteria established

by the Urban Enterprise Association of Richmond, Inc. in relation to the expenditure of Enterprise Zone funds.

(g) Each loan application will be evaluated on its own merits without regard to other loans, and all applications shall be reviewed by the City Controller for a written recommendation as to approval or denial.

(h) The maximum amount of the loan fund injection into any one business or industrial project will be limited to \$500,000. or thirty (30%) percent of the total project capital cost, whichever is greater. The maximum amount of the loan fund injection into any one residential or historic preservation project shall be determined by the Board.

(i) Other additional criteria regarding loans may be developed by the Board.

### 61.03 CONTROLLER'S DUTIES

The City Controller will be responsible for the financial management of the funds including, but not limited to, the proper accounting of funds and the investment of surplus funds. (Ord. 68-1986)