

Sibley County Revolving Loan Fund: The County Revolving Fund is to provide gap financing capital for new or existing small business expansions, which would provide jobs to further diversity the economic base of Sibley County, MN. This form of economic development provides Sibley County businesses with an alternative form of business financing. These funds can be used as follows:

- For working capital
- Expansion
- Renovation or
- Financing for businesses

Job creation and increased community growth are the goals of the Sibley County Revolving Fund. The use of these funds to fix roads and renovate parks is the purpose or intent of the Sibley County Revolving Fund.

The following types of for-profit businesses are considered eligible:

- Manufacturing/assembly
- Tourism
- Technology innovations
- Professional offices
- Retail expansion

The following activities are considered ineligible

- Advertising/marketing
- Agricultural production
- Speculative real estate
- Construction or maintenance of utilities

The Sibley County Revolving Funds are available to qualified borrowers who are able to demonstrate a financing gap created by lack of total funds provided by the home or business owner and the participating banker. The suggested financing terms are:

- Acquisition of land 10 year term
- Acquisition of buildings 10 year term
- New construction 10 year term
- Building renovation 10 year term
- Machinery and equipment 5 year term
- Working capital 5 year term
- Inventory 1 year term

The maximum amount of a loan for any one business loan will be at the discretion of the loan committee, but shall typically be \$10,000. However, with significant job creation, \$20,000 is possible. The interest rate is also determined by the loan committee but should not fall 3 % points below the prime national rate. The loan amount shall not exceed the personal contribution of the business owner/applicant. This program is intended or gap financing and not a primary loan source.

Application Attached!

Sibley County Fund Application

1. Name: _____

2. Address: _____

3. Business Address: _____

4. Social Security Number: _____

5. List of required information:

___ Business Plan

___ Financial History

___ Financial Statements to include all:

A. Assets – Business current, intermediate, long term; Personal

B. Liabilities

___ Cash Flow Projection – 2 years and a narrative with explanation of any assumption

___ Profit loss projection – 2 years if in addition to cash flow

___ Current debt schedule

___ Collateral – That which you propose to use as security for loan – also, any fund balance owed on any collateral used

6. Bank of Account: _____

7. Employees:

Now: _____

After the Change: _____

THE SIBLEY COUNTY REVOLVING LOAN FUND
Approved July 2005

OVERVIEW/SUMMARY

The funds which comprise the Sibley County Fund (SCF) are the result of an Economic Recovery Fund Grant from the Minnesota Department of Trade and Economic Development. The grant, awarded to the County, has been loaned to local businesses. The repayment of these loans now enables the County to reinvest in other business expansions within the County. It is fully intended that all funds repaid to the County and any other uses of the fund to be for business creation and expansion. The Sibley County Fund has been designed to respond to business needs and can be molded to meet those needs.

PURPOSE

The purpose of this fund is to provide gap financing capital for new or existing small business expansions, which would provide jobs to further diversify the economic base of Sibley County, Minnesota. This form of economic development provides Sibley County businesses with an alternative form of business financing.

USE OF FUNDS

All funds paid to Sibley County shall be retained in a special account, entirely separate from all other accounts, and may not be used for any other purpose other than working capital, expansion, renovation or start-up financing for businesses. Job creation and increased community growth are the goals of the SCF. Using these funds to fix roads and renovate parks is neither the purpose or intent of the SCF.

The following types of for-profit businesses are considered eligible:

- Manufacturing/assembly
- Tourism
- Technology innovations
- Professional offices
- Retail expansion

The following activities are considered ineligible:

- Advertising/marketing
- Agricultural production
- Speculative real estate
- Construction or maintenance of utilities

The SCF funds are available to qualified borrowers who are able to demonstrate a financing gap created by lack of total funds provided by the home or business owner and the participating banker. The suggested financing terms are:

- | | |
|----------------------------|--------------|
| - Acquisition of land | 10 year term |
| - Acquisition of buildings | 10 year term |
| - New construction | 10 year term |
| - Building renovation | 10 year term |
| - Machinery and equipment | 5 year term |
| - Working capital | 5 year term |
| - Inventory | 1 year term |

LOAN CRITERIA

It is intended that the SCF funds should be loaned out as quickly as possible to all applicants that meet or exceed SCF guidelines. The maximum amount of a loan for any one business loan will be at the discretion of the loan committee, but shall typically be \$10,000. However, with significant job creation, \$20,000 is possible. The interest rate is also determined by the loan committee but should not fall 3 % points below the prime national rate. The loan amount shall not exceed the personal contribution of the business owner/applicant. This program is intended or gap financing and not a primary loan source.

LOAN COMMITTEE

The loan committee, established by County Board resolution, shall consist of:

- 1 County Board of Commissioners Member
- At least 1 Member of the Sibley County Economic Development Commission Executive Committee
- 1 Banker
- 1 Business person from Sibley County
- SEDCO Director as an Ex Officio member

The make-up of this group shall provide an unbiased and thorough analysis of the credit worthiness of applicants. These persons should be qualified to determine loan terms and to enable the business to have sufficient working capital to succeed yet be able to repay the loan. Members of the Loan Committee will be recommended by the SEDCO Executive Committee and approved by the County Board of Commissioners.

Financial decisions regarding loan applications must be a matter of public record and loan applicants must be notified in writing about the decision made by the committee. Loan applications may be reviewed on an open, year-round, first come-first serve, basis and this is also determined by the committee.

The Loan Committee shall review all information which will provide decision making assistance as to the viability of the business applicants. A background check may be completed on the applicant. A business applying for a loan must be located in Sibley County or intends to locate within the County upon approval of the funds. If a businesses that has received loan funds through the SCF moves out of the county the balance of the loan will become due immediately.

Committee members shall review and discuss the strengths and weaknesses of the business and determine their credit worthiness, and the satisfaction of meeting the goals of the loan guidelines. The following criteria shall be used in reviewing loan applications to determine their credit worthiness:

- credit worthiness of applicant
- job creation
- job retention
- equity commitment
- demonstrated repayment ability
- availability of other funds
- proposed marketing plan
- economic impact on area
- management capacity
- innovative technology or product

The Loan Committee shall recommend loan applications for the approval by the Sibley County Board of Commissioners for final authorization. No loan shall be made prior to Board approval.

CONDITIONS/PROCEDURES

To insure the goals and purposes of the revolving loan fund are met, conditions and procedures have been established to provide the Loan Committee with guidance:

Conditions:

- The business expansions shall provide the creation or retention of jobs in the County.
- The tax base of the property affected shall experience an increase.
- Loan funds shall be secured by collateral and personal guarantees and shall be recorded. Mortgage security may be in a subordinated position to that of the participating lender.

Procedures:

- Completion of the application packet and required information about the applicant/business.
- Review financing package with private lender and obtain a tentative commitment to participate.
- Submit all information to the Loan Committee through the County Auditor's office.
- Loan Committee review and recommend action to the County Board.
- Obtain financial commitment from the lender.
- Board authorization of loan.
- Signing of loan agreement, promissory notes, mortgages, and other required documents.
- Loan closing.
- Disbursement of funds based upon agreed to schedule and documentation of expenditure of other funds.
- Loan repayment to "Sibley County Fund".
- A UCC will be done.
- A 1% fee (of approved loan amount) is due upon loan approval.
- Loan funds must be accepted within 90 days of notification of loan approval unless an extension is granted.
- \$200.00 fee for legal service/administrative fee

MATERIALS AND INFORMATION NEEDED FOR THE SIBLEY COUNTY LOAN FUND FINANCE COMMITTEE

In order to apply for funds and aid the decision making process of the Sibley County Loan Fund (SCF) Finance Committee, the following items and information is required:

1. SCF application form. *
2. Business plan. (Template available on request).
3. Past 3 year financials. *
4. Current Financial Statements/Balance Sheets (90 days) (Business and Personal)*
5. Two year cash flow projections. *
6. Profit and Loss Statement. *
7. Debt schedules. *
8. Collateral listing to secure loan. *
9. Signed credit information release on all documents.*
* *form provided*

1. The **SCF Application form** is provided at the end of this packet and is used by the loan fund finance committee as a general overview of your project.
2. **A business plan** is a description of your business, including your product, your market, your people, and your financial situation and projections. You should consider that a well-prepared business plan plays several important roles: first, it is a useful management tool that can help you plot a course for your company; second, it is a vital sales tool that will impress financial backers and stockholders with your planning ability and general competence as a manager. Other things being equal, a well-prepared business plan will increase your chances of identifying market opportunities and of obtaining the financial commitments necessary for future success.

This business plan will help us better understand your intention for the future of your business. We have made a list of items that you may wish to include in your plan. .

A brief history or narrative of the company, plus resumes of company management and name of business (as incorporated) and location, number of years in business:

In describing your business, include such information as products and/or services provided, general market area served, and any other appropriate information.

Identify markets and marketing strategies such as pricing policies, method of selling, distributing and servicing of products you would like to pursue along with how much of the market you anticipate to share and anticipated expansion and growth.

Describe major and minor competitors and their strengths and weaknesses.

Source of suppliers

Manufacturing process

- materials
- production methods

Provide detail on the intended use of working capital required. List machinery, equipment, land and buildings to be purchased and the basis for the estimate.

Recent equipment and/or real property appraisals where appropriate.

Estimated construction costs, if appropriate.

Appraised value of new construction.

How many employees do you currently have and how many employees do you anticipate with this expansion?

Who is your bank of account?

3. Included at the end of your business plan should be a **three year financial history** of your business which may be prepared by your accountant.
4. A **current business financial statement** not over 90 days old and an aging of accounts receivable and payable not over 90 days old.
5. **Cash Flow projections** for two years and a narrative section explaining major assumptions behind these projections.
6. **Profit and Loss projections** for 2 years, an accompanying worksheet is provided to aid you in these projections.
7. Please provide a **current debt schedule** of all your debts which provides the following information: original loan amount, original date of loan, maturity dates, what you pay monthly, rate of interest, present balance and loan security. There is a worksheet provided at the end of this packet to help you with this.
8. **Collateral** which you propose to offer to secure the loan and any outstanding loan balances. A worksheet is also provided for this at the end of this packet.

This information provides the Sibley County loan fund finance committee with a better picture of your company and also provides us with the basic tools for analysis of your business. Thank you for the time and effort you expounded to complete these requirements.

Business Plan Outline

The following outline of a typical business plan can serve as a guide. You can adapt it to your specific business. Breaking down the plan into several components helps make drafting it a more manageable task.

Introduction

- Give a detailed description of the business and its goals.
- Discuss the ownership of the business and the legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over your competitors.

In-depth help on developing a sound business plan can be found on the SBA website in the Starting Area.

Marketing

- Discuss the products/services offered.
- Identify the customer demand for your product/service.
- Identify your market, its size and locations.
- Explain how your product/service will be advertised and marketed.
- Explain the pricing strategy.

Financial Management

- Explain your source and the amount of initial equity capital.
- Develop a monthly operating budget for the first year.
- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.
- Discuss your breakeven point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide “what if” statements that address alternative approaches to any problem that may develop.

Operations

- Explain how the business will be managed on a day-to-day basis.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements, and issues pertinent to your business.
- Account for the equipment necessary to produce your products or services.
- Account for production and delivery of products and services.

Concluding Statement

- Summarize your business goals and objectives and express your commitment to the success of your business.
- Once you have completed your business plan, review it with a friend or business associate or a Service Corps or Retired Executives (SCORE) or Small Business Development Center (SBDC) counselor. (SCORE website: www.score.org/template_gallery.html; SBDC website: www.sba.gov/aboutsba/sbaprograms/sbdc/index.html; Region Nine Website: <http://rndc.org/sbdc.php>)
- When you feel comfortable with the content and structure make an appointment to review and discuss it with your lender. The business plan is flexible document that should change as your business grows.

ASSETS

Schedule I (Inventory)

Item	Quantity	Value/Unit	Value

Total Inventory: \$

Schedule R (Accounts Receivable)

Item	Quantity	Value/Unit	Value

Total Accounts Receivable: \$

Schedule OC (Other Accounts)

Item	Quantity	Value/Unit	Value

Total Other Accounts: \$

Schedule BE (Business Equipment)

Item	Quantity	Value/Unit	Value
Total Business Equipment: \$			

Schedule V (Vehicles)

Item	Quantity	Value/Unit	Value
Total Vehicles: \$			

Schedule OI (Other Intermediate)

Item	Quantity	Value/Unit	Value
Total Other Intermediate: \$			

Schedule L (Land)

Item	Quantity	Value/Unit	Value
Total Land: \$			

Schedule B (Buildings)

Item	Quantity	Value/Unit	Value
Total Buildings: \$			

Schedule OLT (Other Long Term)

Item	Quantity	Value/Unit	Value
Total Other Long Term: \$			

NOTES

SCHEDULE NC (Notes – Current)

Current Business Loans

Loan Company	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Balance

Total Current Loans:

SCHEDULE NO (Notes – Operating)

Operating Business Loans

Loan Company	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Balance

Total Current Loans:

SCHEDULE NI (Notes Intermediate)

Intermediate Business Loans, 2- 7 years

Loan Company	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Intermed. Balance

Total Int. Business Loans:

