

**A RESOLUTION ACCEPTING THE REPORT ON THE
TOWN OF CARRBORO'S REVOLVING LOAN FUND
Resolution No. 164/2006-07**

WHEREAS, the Carrboro Board of Aldermen have been discussing the Revolving Loan Fund as part of their discussions on expanding business opportunities and commercial tax base in Carrboro, and

WHEREAS, the Revolving Load Fund has been in existence for 20 years, and

WHEREAS, at the Board's annual retreat in January of 2007 the Board requested an update on the Revolving Loan Fund, including the criteria used for awarding loans, and

WHEREAS, the Community and Economic Development Director has presented that update,

NOW THEREFORE BE IT RESOLVED that the Carrboro Board of Aldermen do hereby accept that report.

Revolving Loan Fund Criteria

1. The description of the project must include:
2. size of the planned facility
 - the product or service provided or manufactured
 - start-up activities and one year's production projections
 - identification of other funds and firm financial commitments
3. Project need definition:
 - to include specific need for revolving loan funds in addition to or in lieu of private financing
 - relationship of jobs to the revolving loan funds requested
4. Low and moderate income benefit statement
 - total number of new or retained jobs
 - number and percent of low and moderate income jobs
 - schedule for employment
5. Financial line item budget
 - how will the revolving loan funds moneys and private moneys be spend
6. Revolving loan funds must be used for eligible Community Development Block Grant (CDBG) activities. The use as working capital to hire employees and debt refinancing is not permissible.
7. Agreement to comply to Title I requirements (environmental and Davis Bacon).
8. The project must use some private funds, preferably at least 50% of the project cost.
9. Project must create or retain at least one job per \$10,000 of CRLF moneys. Fifty-one percent (51%) of the jobs must go to individuals in the low and moderate-income category.
10. Full commitment of all private funds (loan approved by financial institution, letter of credit from bank, or other source of capital).
11. Applicant's ability to repay revolving loan fund and carry out the proposed project (as substantiated by financial statements submitted with loan application). This must include two years of historical statements for existing businesses and a minimum of one year of financial projections for new and existing businesses. Personal homes may be used as collateral on loans.
12. Priority is given to conforming projects in the downtown business district. The effects on existing businesses of the same type must also be considered prior to loan approval.
13. Financial need:

ATTACHMENT B-2

- applicant must be turned down by at least two banks
 - must lack the internal cash necessary to finance improvements, new construction, equipment purchase
 - must demonstrate that without this assistance the proposed activity would not be possible and the low to moderate benefit requirement would not be met
 - must state that minimum amount of CDBG assistance necessary to complete the project
14. If after one year the applicant has not used the funds, a request for an extension of the loan would need to be reviewed by the Board of Aldermen.
 15. A loan may not be made until funds are available to cover its entire amount.
 16. An individual may receive only one loan from the CRLF.

Revolving Loan Fund Summary

[illegible]