

**CITY OF SPRINGFIELD
ORDINANCE NO. 2022-009 RELATING TO REVOLVING LOAN FUND
AMENDING ORDINANCE NO. 2001-017**

AN ORDINANCE ESTABLISHING A REVOLVING LOAN AND FACADE GRANT FUND FOR THE CITY OF SPRINGFIELD IN CONJUNCTION WITH THE MAIN STREET/RENAISSANCE COMMITTEE BOARD FOR THE PURPOSE OF DISTRIBUTING FUNDING OF THE RENAISSANCE FUNDING AND/OR OTHER FUNDING AS IT BECOMES AVAILABLE. THE PURPOSE OF THESE ALLOCATIONS WILL BE TO ASSIST EXISTING AND PROSPECTIVE BUSINESSES AS DEFINED (IN SECTIONS 1 THROUGH 9) IN DEVELOPMENT AND RETENTION EFFORTS AND BUILDING OWNERS WITH FACADE IMPROVEMENTS (AS DEFINED IN SECTIONS 1, 2 AND 10). THESE FUNDS MUST BE DISTRIBUTED WITHIN THE DEFINED RENAISSANCE AREA MAIN STREET DISTRICT OF SPRINGFIELD, KENTUCKY AS OUTLINED.

WHEREAS, The State of Kentucky has awarded a direct appropriation amount to the City of Springfield through the Renaissance Kentucky program for the defined purposes of business development and retention efforts and facade improvements in the Renaissance designated area.

WHEREAS, these funds must be loaned or granted to eligible participants for economic development and a Revolving Loan Fund and Facade Grant must hereby be established to distribute these assets.

WHEREAS, it is the intent of the City of Springfield and the Main Street/~~Renaissance~~ Committee Board to support business owners both existing and prospective who are unable to get sufficient funding from normal or ordinary sources to establish or operate their business in an efficient manner or need an economic incentive to locate their business in the ~~Renaissance designated area~~ Main Street district.

WHEREAS, it is the intent of the City of Springfield and the Main Street/~~Renaissance~~ Committee Board to assist commercial and retail building owners in beautification efforts as outlined in the Renaissance designated area.

NOW, THEREFORE, Be it ordained by the City of Springfield, Kentucky as follows:

SECTION I. GOALS AND OBJECTIVES

A goal of the Springfield Main Street/~~Renaissance~~ Board (hereinafter ~~MSRC~~ MSB) and the Springfield City Council (hereinafter Council) is to assist in economic development efforts. This Revolving Loan Fund (hereinafter RLF) and ~~Facade Grant Fund (FGF)~~ represents one an effort to achieve this goal.

The funding for this venture is limited; therefore, it will be the objective of the ~~MSRC~~ MSB, RLF ~~FGF~~ and City Council to approve projects that are sound and capable and in the best interest of the designated ~~Renaissance area~~ Main Street District and to maximize earnings through investment. These objectives will help maintain and ensure the growth of the revolving fund for use by future prospective businesses and to maximize the effectiveness of the ~~façade grant~~ program.

SECTION II. ORGANIZATION

A. ESTABLISHMENT OF REVOLVING LOAN FUND BOARD (Hereinafter RLFB)

A board of three (3) persons shall be appointed by the Mayor to evaluate applicants and carry out policy, establish loan conditions and recommend disposition of loans under this RLF. These members shall consist of Main Street/Renaissance Committee Board members.

All applications received shall be recommended to the Main Street/Renaissance Board for tentative approval and then to the Springfield City Council for final approval.

~~C. ESTABLISHMENT OF FACADE GRANT COMMITTEE (Hereinafter FGC)~~

~~A board of three (3) persons shall be appointed by the Mayor to evaluate applicants and carry out policy, establish criteria and recommend disposition of grants under this facade grant program. These members shall consist of Main Street/Renaissance Committee members and may or may not be the same individuals as the RLFB.~~

~~All applications received shall be recommended to the Main Street/Renaissance Committee for tentative approval and then to the Springfield City Council for final approval.~~

D. PROCESSING FEES, LOAN SERVICING AND MONITORING

A Fee of \$25.00 will be charged to cover the costs of processing and application for those applicants desiring to submit an application for RLF or FGC board consideration. No charge will be made for initial contacts or discussions. The board will service and monitor the loans in accordance with the terms and conditions as set out in the loan application and/or loan agreement and/or grant application and may request assistance of the Main Street/Renaissance Director and/or the City Treasurer Financial Officer in servicing and monitoring.

E. SOLICITATION OF LOANS

The MSRC MSB will recruit potential borrowers/grantees through several methods. Potential applicants will be sought by public notice as advertised in the local news media, by contacting local lending institutions, by newsletters to current businesses and business owners and other methods as deemed appropriate by the MSRC MSB.

SECTION III. ELIGIBILITY REQUIREMENTS - RLF

A. ELIGIBLE APPLICANTS

The applicant must be registered as a sole proprietor, partnership or corporation established for the purpose of doing business in the designated Renaissance area Main Street District. This designation is established by the application on file in the Main Street/Renaissance Office.

The applicant must possess good character and reputation. Character references will be required as well as references from creditors, past employers or others who possess knowledge of the applicant.

B. ELIGIBLE PROJECTS

The RLFB and ~~MSRC~~ MSB shall have the authority to determine the eligibility of applications based on the following criteria:

1. Financial statements and current credit information submitted to the RLFB for review reveal that the business owner(s) are credit worthy but are not able to secure financing from normal or ordinary sources in order for the business to remain financially solvent.
2. Financial assistance to business owner(s) both existing and prospective retail and service oriented ventures is deemed necessary to locate or re-locate their business within the ~~Renaissance designated area~~ Main Street District.
3. Other projects in the ~~Renaissance area~~ Main Street District determined to be in the best interests of the citizens of Springfield generally accepted to improve the retail and service climate and to revitalize the historic downtown shopping area.
4. Projects that meet the stated criteria and are in compliance with all applicable local ordinances
5. Facade upgrades that improve the appearance and image of downtown Springfield's designated Main Street area and/or encourage historical preservation and significance of buildings.
 - Buildings must have commercial/retail storefronts, be privately owned and located within the Main Street District.
 - All work must be completed in compliance with the Secretary of the Interior's Standards for Rehabilitation (Standards are available at City Hall).

C. INELIGIBLE PROJECTS

The RLFB and ~~MSRC~~ MSB will not consider loan applications requesting funds for the following:

1. Loans to retire existing debt
2. Operating capital
3. Business interests that do not have sufficient credit worthiness or adequate financial records.
4. Business activity located out the boundaries of the designated ~~Renaissance area~~ Main Street District.
5. Removal of architecturally significant features.

SECTION IV. REVOLVING LOAN FUND REVIEW PROCESS

The following factors will be considered in the loan review and the terms and conditions of the proposed loan:

1. Priority shall be given to retail and service projects that are within the goals and objectives of this ordinance.
2. Priority will be given to applicants who prove that other financing is not available from private lenders.
3. No loan may be utilized for refinancing existing debt.
4. The RLF will not participate in projects outside of the designated ~~Renaissance area~~ Main Street District.

SECTION V. RLF TERMS AND CONDITIONS

The ~~MSRC~~ MSB will determine the terms and conditions of the loan.

1. All agreements and payment schedules set forth in the loan agreement package between the business owner(s) and ~~MSRC~~ MSB shall be met.
2. Annual financial statements shall be submitted to the ~~MSRC~~ MSB on the anniversary date of the initial loan documents for the duration of the specified loan.
3. Any additional financial information requested by the ~~MSRC~~ MSB, City Council or the Main Street/~~Renaissance~~ Director deemed necessary to ensure the security of the loan.

SECTION VI. RLF APPLICATION PROCESS

The Main Street/~~Renaissance~~ Director shall meet with the applicant or their assign and request documentation as set out below and in the application:

1. Financial statements, recent or previous audits (if applicable), credit history and tax returns for up to three years if necessary
2. A business plan of projected (and past if applicable) income and expenses.
3. A brief description of the project request including costs, amount of loan request, purpose of loan and terms requested.
4. Sufficient cost reasonableness must be documented with three written estimates or a sole source procurement must be documented with sufficient evidence from the vendor, contractor or supplier.
5. In the case of assistance with building acquisition or rental payments, sufficient appraisals must be performed and submitted as part of the application.
6. Any other items requested by the RLFB the Main St./~~Renaissance~~ Director or the City Council or per the application form.

SECTION VII. SELECTION AND APPROVAL OF REVOLVING LOANS

Upon receipt of the application fee, an application and an eligible project, the Main Street/~~Renaissance~~ Director shall schedule a meeting of the RLFB to review the application and make a recommendation to the full ~~MSRC~~ MSB. Upon majority vote of the ~~MSRC~~ MSB, the City Council shall receive the recommendation and approve or deny the request by a majority vote. The RLFB shall execute all necessary documents, including but not limited to the terms and conditions.

SECTION VIII. REVOLVING LOAN FUND -CLOSING

Upon approval as outlined, a closing date will be scheduled to execute the following:

1. RLF agreement
2. Promissory or Mortgage Notes
3. Check from the ~~MSRC~~ MSB/City of Springfield

All costs incurred with the closing or execution of any documents described herein shall be at the expense of the borrower.

SECTION IX. OTHER -RLF

The City of Springfield and/or the MSRC MSB retain the right to file a second mortgage in reference to the amount of the loan.

Interest rates, terms and payment schedules will be determined by the Main Street/Renaissance Review Board.

SECTION X. ~~FACADE GRANT ELIGIBILITY AND REQUIREMENTS~~

~~This program is designed to encourage improvements of the appearance and image of downtown Springfield's Renaissance designated area. The program will distribute up to the maximum amount allowable per funding cycle pending state approvals. This program is also designed to encourage historical preservation and significance of buildings.~~

- ~~A. Buildings must have commercial/retail storefronts, be privately owned and located within the Renaissance area.~~
- ~~B. A 50/50 match is required for facade grant reimbursements. The minimum grant is \$2,500. Thus, only projects totaling \$5,000 or more will be eligible.~~
- ~~C. All facade work must be completed by the date on the application. This date may vary depending upon state funding cycles.~~
- ~~D. All work must be completed in compliance with the Secretary of the Interior's Standards for Rehabilitation (Standards are available at City Hall).~~
- ~~E. The pre-application will be used to rank and select projects eligible for participation in the program. Some factors that will be considered are the impact of the project on the immediate area, the need(s) for insuring the historic character of the building and the magnitude of the total project. The SMSRC will recommend awards to the City Council for final action. The MSR Director will assist in the preparation of the detailed application required by the Ky. Heritage Council. Only work approved by the Ky. Heritage Council will be eligible for grant funds.~~
- ~~F. Private property owners receiving grant assistance through the Renaissance program must retain ownership of the assisted property for a minimum of five (5) years. The grant will function as a forgiven loan if the property owner retains ownership and maintains the structure over the five-year period. If the property is sold within five years, the grant must be paid back to the City of Springfield at a depreciating rate (60 months) to supplement the local grant pool or offset administrative costs.~~

~~The amount of funding available for loan and/or grants will depend upon state funding.~~

~~The City maintains the right to review and revise this ordinance as deemed necessary.~~

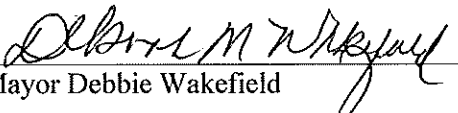
NOW, THEREFORE, Be it ordained by the Springfield City Council, that a Revolving Loan Fund and ~~Facade Grant~~ Program is hereby established for the City of Springfield and the Springfield Main St./~~Renaissance Committee~~ Board and that the application and financial statement are attached hereto.

Passed and approved by the City Council of the City of Springfield, on this 12th day of December 2022 with Yea and Nay Votes as follows:

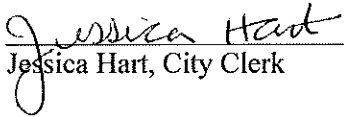
Motion by Chris Essex with 2nd by Willie Ellery. Sponsored by Chris Essex.

| | YES | NO | | YES | NO |
|----------------|----------|---------------|----------------|----------|---------------|
| Chuck Polin | <u>✓</u> | <u> </u> | Lisa Haydon | <u>✓</u> | <u> </u> |
| Brooke Coulter | <u>✓</u> | <u> </u> | Carolyn Hardin | <u>✓</u> | <u> </u> |
| John W Ellery | <u>✓</u> | <u> </u> | Chris Essex | <u>✓</u> | <u> </u> |

First Reading: November 7th, 2022
Second Reading and Adoption: December 12, 2022
Published in the Springfield Sun: December 21, 2022



Mayor Debbie Wakefield

ATTEST: 

Jessica Hart, City Clerk

CITY OF SPRINGFIELD
KENTUCKY
127 WEST MAIN STREET
SPRINGFIELD, KY 40069

BUSINESS LOAN APPLICATION

Applicant Name _____
Federal Tax ID Number _____

Street Address _____ City _____ State _____ Zip _____

Principal Owners (10% or more ownership) _____ Principal Contact _____ Telephone Number _____

Gross Annual Sales _____

Please Check: ___ Corporation ___ Partnership ___ Proprietorship ___ Other (specify): _____

Amount Requested: \$ _____

Purpose of the loan/use of funds: _____

Requested term of loan and preferred method of repayment: _____

Attach the following information:

- Current financial statement with credit references (see sample provided) and financial statement(s) for previous business years as requested
- Confirmation that your business is within the Springfield Main Street District
- A business plan
- Brief description of the project in which the loan will be used.
Note that equipment purchases require three written estimates to be included in your application. Assistance with building acquisition or rental payments requires appraisal documentation.
- Other items requested: _____

The Springfield Main Street Board and/or the Springfield City Council may check credit and trade references in reviewing this application, and disclose information about its credit experience with Applicant, as authorized by law. The Springfield Main Street Board and/or the Springfield City Council may also check the personal credit history of the principal owners(s) and/or key individuals(s).

As an authorized agent of the applicant company, I have stated that everything in the application and information submitted along with the application is true. (If partnership, all partners must sign.)

Authorized Signature (Just Be Officer of Company)

Title

Date

Authorized Signature (Just Be Officer of Company)

Title

Date

Authorized Signature (Just Be Officer of Company)

Title

Date

THIS PROJECT HAS BEEN ACCOMPLISHED AS A RESULT OF FINANCIAL ASSISTANCE FROM GOVERNOR PAUL E. PATTON'S RENAISSANCE KENTUCKY INITIATIVE

