

REVOLVING LOAN FUND POLICY

The purpose of this policy is to provide guidance regarding loans from a revolving loan fund (RLF) to private and public entities for projects that benefit the community. Nothing within this policy requires the IMU Board of Trustees (IMU) to provide funding for any project, regardless of that project's ability to meet eligibility guidelines. Furthermore, nothing in this policy prohibits members of the public from approaching the board to consider funding for a project.

Goal

The goal of this program is to effectively encourage efficient utility usage and growth within the electric service territory, including projects that enhance the community.

Limitations

The RLF is not intended to compete with other lenders and will collaborate with interested lenders to develop a viable financing package that advances a qualified project and minimizes use of the RLF.

The RLF is intended to spur new commercial growth. Projects where more than 20% of the total new investment is for residential housing development are not eligible. Other ineligible uses include refinancing existing debt, financing payments to business owners, activities deemed to be for investment purposes, general needs unrelated to new development, and any illegal activities.

The IMU Board of Trustees is the sole authority for approval or denial of loans from the RLF.

RLF loans are available on a first-come, first considered basis.

RLF loans are not tied to subscribing to IMU electric or telecommunications utility services.

A RLF loan will not be made to any City of Indianola or IMU official and is subject to conflict of interest provisions of applicable city and state laws. IMU shall not make an RLF loan for an IMU-related project unless it has a bona-fide public purpose and does not create a conflict of interest.

IMU will be an equal opportunity lender and requires loan recipients to adhere to all equal opportunity laws.

Eligibility Criteria and Uses of Funds

Eligible projects can include those proposed by any business venture, governmental body, or non-profit entity developing a community or economic development project.

A community or economic development project are those that have any of the following impacts:

- Create or retain employment
- Increase the property tax base of the City of Indianola
- Provides community facilities and services with demonstrated public support
- Enhance the efficient or cost-effectiveness of utility services
- Create or retain tourist attractions

Uses of RLF loan proceeds may be for land, buildings, machinery, equipment, and infrastructure improvements. Working capital loans will only be considered in conjunction with the purchase or construction of other assets.

Loan Criteria

An “initial loan” is federal funds applied for by IMU through the USDA-RD. A “subsequent loan” is a loan using proceeds repaid to the utility from an “initial loan”.

The minimum RLF loan will be for \$25,000 and the maximum subsequent RLF loan will be 80% of the total amount of funds available in the RLF.

RLF projects must include a minimum of 40% funding from other sources. Other sources may include those from other IMU utility funds, which may have different eligibility criteria.

Terms of an initial RLF loan will be 0% for 5 years. Subsequent loans shall not exceed the prevailing prime rate and 10 years.

A loan administrative fee of 1% of the borrowed balance will be charged on subsequent loans. The utility may waive the fee for projects that enhance energy efficiency in new construction or remodeling projects.

Loan proceeds will be disbursed in a timely manner using standard cash management policies and procedures following approval of the initial loan.

All attorney fees, filing fees, etc. will be paid by the loan recipient.

Delinquent amounts will be charged a monthly fee equal to the percentage charged to delinquent utility account holders.

Consideration for making an RLF loan will be based on:

- Compatibility with Indianola’s communitywide economic development goals
- Demonstrated financial need
- Probability of repayment
- Overall financial benefit to the City of Indianola
- Number and quality (in terms of pay & benefits) of jobs to be created or retained
- Improvement to the education, safety, technology, and medical care of residents

Probability of repayment will consider varying degrees of collateral and insurance including:

- Mortgage lien on real property
- Letter(s) of credit from acceptable financial institutions(s)
- Securities eligible to be held under the IMU Investment Policy and Iowa law
- Accounts receivable, inventory, machinery, and equipment
- Short-term pledges from creditworthy donors and personnel guarantees
- Insurance requirements appropriate for physical assets and personal guarantees

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at program.intake@usda.gov.

The IMU Board of Trustees shall appoint a RLF committee (The Committee) comprised of:

- 2 Trustees selected by the Board
- 1 utility customer appointed by the IMU Board of Trustees
- General Manager
- Program Coordinator

The Committee will make available and receive application materials and procedural guidelines, which may contain additional limitations on uses of funds than those set forth in this policy.

The Committee will make a recommendation on the terms, collateral, and covenants of subsequent loans for IMU Board of Trustee consideration. The Committee will meet at least annually and provide the IMU Board of Trustees in its annual report the status of the RLF program or its fund balance.

Once a loan agreement has been approved by the Board of Trustees:

- The General Manager or designee is authorized to process a claim for fund disbursement under normal cash management procedures.
- All conditions placed on the applicant must be met prior to the release of funds.
- Funds shall be released within 30 days of the applicant meeting all conditions.
- Requests for cash advances from USDA-RD shall be the minimum amounts needed for the actual, immediate cash required for carrying out the project.
- Cash management policies and procedures of Indianola Municipal Utilities and the City of Indianola and shall be followed.
- USDA-RD funds shall be deposited into the City of Indianola bank account and recorded in the appropriate RLF accounting fund. Revenues, expenditures and transfers related to RLF activities shall be separately recorded in an appropriate fund as set forth under Generally Accepted Accounting Principles.

The General Manager or designee is authorized to implement monitoring and collection procedures on behalf of IMU as needed. Amounts deemed uncollectable by the General Manager require approval of the IMU Board of Trustees prior to being removed from active status in the RLF program.

**Indianola Municipal Utilities
Revolving Loan Fund Application**

This application must be completed for any project that requests financial assistance from Indianola Municipal Utilities under the revolving loan fund program. Please use additional or attached sheets to provide any information requested in this application and supplemental information requested in the Loan Criteria section of the program policy.

Applicant Name: _____

Mailing Address: _____

Telephone# _____

FAX# _____

E-mail address _____

Property Use

Public entity

Proposed industrial use

Indianola Development Assoc.

Commercial office in excess of \$10M

Other public/private partnership

Other eligible use

Zoning classification: _____

Project Description

Description of the project (Physical location, building square feet, unique architectural aspects, etc.):

Projected Utility Usage

Description of projected utility use over the next five years (use attached sheets if necessary):

Service	Year 1	Year 2	Year 3	Year 4	Year 5
Electric	\$	\$	\$	\$	\$
Water	\$	\$	\$	\$	\$
Communications	\$	\$	\$	\$	\$

Other information (types of employment, pay, benefits, etc.):

Dollar value of property improvements to be constructed: \$ _____

Dollar value of loan being requested: \$ _____

Description of loan terms being requested:

Description of compatibility with the community and surrounding properties:

Description of uses of public infrastructure or municipal services impacted:

Attach written description describing, as needed:

- Compatibility with Indianola’s communitywide economic development goals
- Demonstrated financial need
- Probability of repayment
- Overall financial benefit to the City of Indianola
- Number and quality (in terms of pay & benefits) of jobs to be created or retained
- Improvement to the education, safety, technology, and medical care of residents

Applicants will be scored on a ranking of 1 (low) to 5 (high) for each category.

Probability of repayment will consider varying degrees of collateral and insurance including:

- Mortgage lien on real property
- Letter(s) of credit from acceptable financial institutions(s)
- Securities eligible to be held under the IMU Investment Policy and Iowa law
- Accounts receivable, inventory, machinery, and equipment
- Short-term pledges from creditworthy donors and personnel guarantees
- Insurance requirements appropriate for physical assets and personal guarantees

Applicants will be scored on a ranking of 1 (low) to 5 (high) for each category.

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Program Implementation

FOR UTILITY USE ONLY:

Received by the City or Utility: _____

Reviewed by the General Manager: _____

Referred to Board of Trustees for Action: _____(YES) _____(NO)

Signed: _____
(General Manager)

Date: _____

Your Privacy Is Protected. The following information is used to determine if our recruitment efforts are reaching all segments of the population, consistent with Federal equal employment opportunity laws. Your voluntary responses are treated in a highly confidential manner. Your responses are not released to the panel rating the application, to selecting officials, to anyone else who can affect your application, or to the public. This is vital information not available from any other source. We can only get it directly from you. Thank you for helping us to provide better service.

1. How did you learn about this program?: _____

2. Sex (Check One): Male Female

3. Ethnicity (Check One):

Hispanic or Latino --a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Not Hispanic or Latino

4. Race (Check One):

American Indian or Alaska Native --a person having origins in any of the original peoples of North or South America (including Central America), and who maintains tribal affiliation or community attachment.

Asian --a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, or Vietnam.

Black or African American --a person having origins in any of the black racial groups of Africa.

White --a person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

Native Hawaiian or Other Pacific Islander --a person having origins in any of the Original peoples of Hawaii, Guam, Samoa, or other Pacific islands.

Privacy Act Information: This information is provided pursuant to Public Law 93-579 ("Privacy Act of 1974"), for individuals completing Federal records and forms that solicit personal information. The authority is Title 5 of the U.S. Code, sections 1302, 3301, 3304, and 7201. No individual data is provided to selecting officials. This form will only be seen by administrative and Equal Employment Opportunity officials. Data summarizing all applicants will be used to determine if we are effectively recruiting from all segments of the population, in conformance with the requirements of Federal equal employment opportunity laws. Only summary data is reported, and only in a format which can not be broken out by individual applicants. Providing this information is voluntary. No individual selections are made based on this information. The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et. seq.) requires us to inform you that this information is being collected for planning and assessing affirmative employment program initiatives.