

**County of Oswego Industrial
Development Agency**

44 W. Bridge St.
Oswego, NY 13126
(315) 343-1545

**Application
for the
IDA Loan Program**

6/2007

IDA LOAN PROGRAM Loan Review Criteria

The IDA Loan Program is designed to accomplish certain specific goals and objectives in order to enhance the County's overall economic well-being and to foster the creation and retention of job opportunities for the County's citizens. The IDA will attempt to ascertain to what extent each of the projects proposed for funding meet the following criteria:

GOALS AND OBJECTIVES

The primary goals and objectives of the Program are:

- (1) To create new employment opportunities through the expansion of existing or the creation of new businesses;**
- (2) To retain existing employment opportunities;**
- (3) To increase the County's tax base;**
- (4) To help diversify the County's economic base;**
- (5) To provide essential services or businesses generally lacking in the County;**
- (6) To leverage the greatest level of private and non-IDA Loan Program public funds as possible; and**
- (7) To improve the quality of life in Oswego County.**

Projects will be funded on a first come-first served basis. The program's parameters for funding will be at the discretion of the IDA, however, in general will be the lesser of 25% of total project cost or \$20,000 per new job created or per existing job retained. Funding participation will be subject to the availability of funds at the time of the loan review.

CREDIT WORTHINESS

The applicant must be current on real property taxes, all mortgage payments, federal and state tax obligations and all other debts. Revolving loans (i.e., credit cards) must be a manageable size and be receiving sufficient payments. The borrower must be free from any unsatisfied judgements or other claims which interfere with the lender's rights in the collateral.

Non-compliance with any of the above will be considered an appropriate reason for loan refusal. The applicant will, however, have the opportunity to correct any of the above problems. Substantial non-compliance, however, will show a lack of credit worthiness and could be deemed a reason for loan refusal.

PROJECT FEASIBILITY / BUSINESS PLAN

The applicant must provide information to the IDA concerning the feasibility of the project as well as its business plan. The feasibility of all areas of the project will be examined to include, but not to be limited to, the following: income projections, profit projections, and job projections. Questions with regard to the feasibility of a project will be considered an appropriate reason for loan refusal. The Program Administrator will provide assistance to the applicant in developing a business plan and a feasible project, if at all possible.

JOB OPPORTUNITIES

The IDA Loan Program has established a ratio of one full-time job for each \$20,000 in loan funds as an overall goal of the Loan Program. However, inability of a project to meet this goal will not constitute automatic refusal of the loan request. The IDA and the Program Administrator will review each loan application on an individual basis to identify other aspects of the project which may be desirable and which meet other goals and objectives of the Program as previously described.

The loan applicant is encouraged to provide, to the greatest extent possible, opportunities for employment to lower income residents of the County and contracts for work to be performed with loan proceeds by businesses or persons which are located in the County. The IDA encourages to the fullest extent possible the hiring of local labor for all construction projects.

ENVIRONMENTAL COMPLIANCE

The applicant must complete the Short Environmental Assessment Form that is included with the application. Based upon the review of the Short Environmental Assessment Form, the applicant may have to complete the Long Form in order to comply with the New York State Environmental Quality Review Act (SEQRA). If SEQRA action has been taken relative to this project by another agency or municipality, a copy should be provided.

ELIGIBLE USE OF LOAN PROCEEDS

In terms of priority, as identified by the IDA and the Program Administrator, loan proceeds may be used for the following: (1) purchase of machinery and equipment; (2) acquisition and/or new construction of facilities; (3) renovations and/or additions to facilities; (4) inventory; and (5) working capital. Loan proceeds for the refinancing of existing debt is prohibited. In general, the loan shall not exceed 25% of total project cost or \$20,000 per job created or retained whichever is less.

In order to maximize the economic impact of the financing available, the following types of projects are eligible for assistance under the IDA Loan Program:

- (1) Manufacturing Facilities;
- (2) Warehousing and Distribution Facilities;
- (3) Research and Development Facilities;
- (4) Service and Support businesses deemed essential for (1), (2), and (3);
- (5) Tourism related service businesses that are essential to the County's overall tourism development programs; and
- (6) Other economic development related projects deemed essential and necessary for the County's economic well-being.

Housing projects are not eligible for financing assistance.

SECURITY

All loans will be secured. Security will be in real property, assets of a business and/or assets of the business owners or corporate officers. Additionally, loans will be secured by the equipment or materials purchased with the loan proceeds. Security in the form of account receivables may, in some instances, be used as collateral as well. The loan can be secured in a subordinate position, if required by the bank or other lender that is the primary lender. The IDA will determine what shall serve as collateral on each loan. Personal guarantees are normally required from all principals that own 20% or more of the business.

PROOF OF FINANCIAL COMMITMENT

In reviewing the applicant's request, the IDA will address the availability of firm financial commitments for the non-IDA Loan Program portion of the project. Applicants should bear in mind that all loans are contingent upon the nature and degree of the firm financial commitment from the non-IDA Loan Program funding sources. Funding for the non-IDA Loan Program portion can be in the form of: (1) bank financing, (2) other private financing, (3) equity and/or (4) public financing other than the requested loan. Applicants will be requested to provide the Program Administrator information on the financing commitment of the non-IDA Loan Program portion of the project, including source, dollar amount, rate, term, annual payment and collateral.

TERMS AND CONDITIONS

The term of the loan shall, in general, be in accordance with the following schedule:

<u>Use of Loan Proceeds</u>	<u>Amortization (yrs.)</u>
Purchase Machinery and Equipment	5 to 10
Acquisition/New Construction	10 to 20
Renovations	5 to 10
Inventory	1 to 3
Working Capital	1 to 3

A 20-year loan may be amortized over 20 years with a 10-year balloon (IDA’s discretion).

The IDA may increase the term of the loan under unusual conditions, and the applicant may pre-pay the loan without penalty.

Interest rates will be fixed for the term of the loan. The rate of interest will be equal to Prime – 2 subject to a floor of 4% and set at the time of approval by the IDA. Projects that can qualify under the IDA’s Local Labor Incentive Policy (see page 5) or under the Performance Based or Target Based Policy (see page 6) are eligible for a reduced interest rate. Repayment, principal and interest, will be on monthly installments and will be made directly to the County of Oswego Industrial Development Agency.

In cases where a draw-down procedure is required, for example - a machinery and equipment loan is approved and the firm acquires the equipment over a period of 3 to 6 months, interest will accrue upon the draw-down portion and is due prior to any subsequent draw-downs. Upon completion of the final draw-down, the entire principal amount will then be amortized per the loan documents.

Each loan’s terms and conditions will be reviewed to insure an adequate return on investment is possible and that sufficient cash flow is available to permit the project to be successful. Consequently, the IDA will retain a certain degree of flexibility and may deviate from the guidelines outlined when circumstances merit it.

Some loans may require ratification by the Economic Development and Planning Committee of the County of Oswego Legislature. Some loans may require a public hearing to be held in the municipality where the project is located.

NEED

All projects must demonstrate a need for financing. The loans can serve as “gap” or “subsidy” financing. “Gap” loans are defined as those which provide funds which are needed to complete a total project which would otherwise not be available from other sources.

“Subsidy” financing is defined in the following context: Although sufficient funds are available from other sources, the cost of these funds are at a level as to render the total project financially unfeasible. Therefore, the IDA Loan Program funds are required for a lower total project funding rate.

Local Labor Incentive Policy

- The intent of this policy is to encourage the use of local contractors and local labor for economic development projects involving construction activities. The IDA Local Labor Incentive (LLI) will make available a low fixed rate of interest for IDA RLF Loans for eligible projects. Loan applicants will be notified of this additional economic development incentives at time of application.
- To qualify for the IDA Local Labor Incentive (LLI), at least two of the following conditions must be satisfied:
 - (1) Borrower retains Local General Contractor (Oswego County) or General Contractor (Outside of Oswego County) that uses Local Labor and can demonstrate that at least 50% of the labor used is Local Labor (Oswego County residents).
 - (2) General Contractor is a party to a New York State Certified Apprenticeship Training Program and employs Apprentices on site.
 - (3) Prevailing Wage Rates and Benefits are paid.
- The LLI interest rate will be fixed at 3%.
- The borrower will be responsible for providing documentation in order to receive the LLI, subject to verification by the Agency.

Dated: 9/12/01

County of Oswego IDA
Loan Program – Interest Rate Policy

1. HUD RLF Loans
 - P-2 (6.25%)
 - Floor 4%
 - Local Labor Incentive 3%

2. MEP RLF Loans
 - P-2 (6.25%)
 - Floor 4%

3. PILOT RLF and Gen. RLF Loans
 - P-2 (6.25%)
 - Floor 4%
 - Local Labor Incentive 3%

Performance Based

<u>Job Creation (FTE)</u>	+	<u>Investment (Fixed Assets)</u>
10 or greater (0.5%)		\$1,000,000 or greater (0.5%)
25 or greater (1.0%)		\$2,000,000 or greater (1.0%)
50 or greater (1.5%)		\$5,000,000 or greater (1.5%)

Target Based (0.5%)

- Minority owned
- Woman owned
- Military veteran owned
- Manufacturing
- Non-Profit

Monitoring/Enforcement

- Documentation of investment must be provided to the IDA in order to satisfy the threshold requirements.
- Annual employment monitoring will require a certification from the borrower validating total employment for the borrower.
- Closing documents will include a requirement to provide investment documentation and compliance with the annual employment report. Failure to comply with the reporting and satisfying the thresholds for the discounts will result in the termination of the appropriate discounts. Monthly debt service would be adjusted accordingly.
- Non-compliance with the reporting requirements to submit annual financial statements will also trigger the termination of the discounts.
- Borrowers that are delinquent are subject to having the discounts terminated after review by the IDA.

Deviation

For regionally significant projects, the Agency can deviate from the above referenced policies.

Dated: April 10, 2007

IDA LOAN PROGRAM APPLICATION FORM

1.	Company Legal Name:			
	Address:			
	Telephone:		Fax:	
	Contact Person:		Title:	

2.	Employer I.D. Number:			
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3.	Legal Counsel:			
	Address:			
	Telephone:		Fax:	

4.	Accountant:			
	Address:			
	Telephone:		Fax:	

5.	Business Form:			
	Corporation:		Year Incorporated:	
	Partnership:		Year Formed:	
	Sole Proprietorship:		Year Established:	
			State:	

6.	Type of Business: (Describe products produced, services provided, etc.)
	N.A.I.C.S. CODE:

7. EMPLOYMENT PLAN - Please complete the following chart describing your projected employment plan following receipt of IDA assistance. Employment numbers relate to the Project only, current (if any) and new jobs to be created.

Permanent Occupations in Company	Current Jobs by Occupation			Projection of New Jobs to be Created Annually							
	Base Annual Salary or Hourly Wage	No. of Employees		1st Year		2nd Year		3rd year		Total New Jobs for 3 Yr. Period	
		Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Professional											
Clerical											
Sales											
Service											
Construction											
Manufacturing:											
Skilled											
Semi-Skilled											
Unskilled											
Other (Describe)											
	TOTAL										
		TOTAL:									

8. CONSTRUCTION EMPLOYMENT

Number of construction jobs to be created:			
Construction Time Schedule:	BEGIN:		END:

9. LABOR UNION AGREEMENT

The employees of our firm are not		are		currently covered by a
collective bargaining agreement with:				
(Name of International Union and Local Union Number)				
Union Contact Person (address/phone):				
Contract expiration date:		No. of employees covered:		

10. PROJECT COST AND DESCRIPTION:

REALTY COSTS	AMOUNT
Acquisition of Real Property	
Construction of New Building	
Renovation of Existing Building	
Expansion of Existing Building	
Other (specify):	
TOTAL REALTY COSTS:	

MACHINERY AND EQUIPMENT COSTS	AMOUNT
Acquisition of Machinery & Equipment	
Installation	
Other (specify):	
TOTAL M&E COSTS:	

INVENTORY COSTS	AMOUNT
Description:	
TOTAL INVENTORY COSTS:	

WORKING CAPITAL COSTS (other than inventory)	AMOUNT
Description:	
TOTAL WORKING CAPITAL COSTS:	

TOTAL PROJECT COST:	
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11. DEBT FINANCING SOURCES

(Identify all sources of financing, excluding the IDA Loan Program request, that will be used)

Lender:	Amount:	Term:	Interest Rate:	Lien Position:
Purpose:			Collateral:	

Lender:	Amount:	Term:	Interest Rate:	Lien Position:
Purpose:			Collateral:	

Lender:	Amount:	Term:	Interest Rate:	Lien Position:
Purpose:			Collateral:	

12. EQUITY SOURCES (Identify all sources of equity to be invested in the project):

Source	Amount	Purpose

13. IDA LOAN REQUEST

Amount	Purpose	List of Collateral (estimate the value)
Term (years):		
<u>Please Check Applicable Interest Rate:</u>		
<input type="checkbox"/> Interest Rate (Higher of P-2 or 4%)		
<input type="checkbox"/> Interest Rate (Local Labor Incentive 3%) *		
<input type="checkbox"/> Performance Based or Target Based Reduction		

* Project must comply with the IDA's Local Labor Incentive Policy to qualify for this rate.

14. ENVIRONMENTAL ASSESSMENT (SHORT FORM)**State Environmental Quality Review for UNLISTED ACTIONS Only.****PART I Project information (To be completed by Applicant or Project sponsor)**

1. Applicant/Sponsor:							
2. Project Name:							
3. Project Location.		Municipality:			County:		Oswego
4. Is proposed action		New:		Expansion		Modif/Alteration:	
5. Describe project briefly:							
6. Precise location (road intersections, prominent landmarks, etc. or provide map):							
7. Amount of land affected:		Initially _____ acres			Ultimately _____ acres		
8. Will proposed action comply with existing zoning or other existing land use restrictions?					Yes _____		No _____
If no, describe briefly:							
9. What is present land use in vicinity of project?				Residential _____		Industrial _____	
Commercial _____		Agriculture _____		Park land/open space _____		Other _____	
10. Does action involve a permit/approval or funding now or ultimately from any other governmental agency (Federal, state or local)?							
YES:		NO:		If yes, list agency(s) and permit/approvals:			
11. Does any aspect of the action have a currently valid permit or approval?							
YES:		NO:		If yes, list agency and permit/approval type:			
12. As result of proposed action, will existing permit/approval require modification?				YES:		NO:	
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE							
Applicant/sponsor name: _____				Date: _____			
Signature: _____							

15. AGREEMENTS

- (a) I/We agree that if the IDA approves this loan application, I/We will not, for at least two years, hire as an employee or consultant anyone that was a member of the IDA during the one-year period prior to the disbursement of the loan.
- (b) I/We agree that the project will adhere to all local, state and federal air and water pollution standards.
- (c) I/We agree that I/we will obtain required Flood Hazard Insurance.
- (d) I/We agree that if construction is financed by an IDA loan, accessibility to the handicapped is assured by compliance with the standards of 41CFR, Sub-Part 101-19.6.
- (e) I/We agree that if construction is financed by an IDA loan, the project will comply with National Historic Preservation Act, 1966, as amended.
- (f) I/We agree to submit annual financial reports to the County of Oswego IDA and/or, if specifically requested, I/we agree to submit quarterly or semi-annual financial reports.
- (g) I/We agree that verification of any information contained herein or to be provided in support of this loan request may be obtained and a formal credit check may be undertaken by any source deemed appropriate by the IDA.
- (h) I/We agree to abide by all State and Federal regulations regarding employment.
- (i) I/We agree to work with the appropriate agencies in recruiting and hiring for new employees and I/we agree to that at least 51% of all new job openings will be made available to low/moderate income persons as defined by HUD if the source of funds borrowed are HUD funds.
- (J) I/We agree to make the best effort possible to hire local labor and to contract with local firms for any construction activities funded with the IDA loan.

16. CERTIFICATIONS

- (a) I/We certify all information in this Application and Exhibits are true and complete to the best of my/our knowledge and is submitted to the IDA so the IDA can decide whether to participate in a loan to me/us.
- (b) I/We give the assurance that I/we will comply with Section 112 and 113 of Volume 13 of the Code of Federal Regulations. These Code Sections prohibit discrimination on the grounds of race, color, sex, religion, marital status, handicap, age, or national origin. These requirements are applicable to anyone who buys or takes control of the business. I/We realize that if I/we do not comply with these non-discrimination requirements the IDA can call, terminate, or accelerate repayment on my/our loan.
- (c) I/We certify that facilities under its ownership, lease or supervision, which will be utilized in the accomplishment of the project or services financed by the IDA are not listed on the Environmental Protection Agency's (EPA) list of violating facilities, pursuant to Section 15.20 of 40CFR, Part 15.

17. AUTHORIZATIONS, COMPLIANCES AND WAIVERS

- (a) I/We authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the loan.
- (b) As consideration for any Management and Technical Assistance that may be provided, I/we waive all claims against the IDA and its consultants.
- (c) I/We realize that if I/we do not comply with these Agreements and Certification, the IDA can call, terminate, or accelerate repayment on my/our loan.

18. CLOSING AGREEMENT AND CERTIFICATION

- (a) I/We agree to pay all reasonable closing costs associated with the IDA loan including general counsel of the IDA. Closing costs will be detailed prior to loan closing. The applicant agrees to pay an administrative and processing fee of at least one percent (1%) of the loan proceeds or \$200, whichever is greater, at the time of closing. The applicant also agrees to pay an application fee of One Hundred Dollars (\$100.00) to be made payable to the County of Oswego Industrial Development Agency with the submission of this application.
- (b) I/We understand that this is not a legally binding document for purposes of receipt of loan monies. The loan request may be withdrawn at any time prior to formal closing of the loan. However, I/we understand that the initial application fee is non-refundable, that any legal costs incurred up to the point of withdrawal are the responsibility of the applicant, and that the applicant is submitting this application in good faith as a request for financial assistance. This application is for informational and analysis purposes only and shall not be construed as a loan agreement or commitment to enter into a loan agreement.

Date of Application

Signature of Applicant

Title of Applicant

Sworn to before me this
day of _____, 20____.

Notary Public

CORPORATE SEAL
(If applicable)

IDA LOAN PROGRAM

REQUIRED SUPPORTING INFORMATION FOR LOAN REQUEST

The following is a list of information in support of a business's loan request. The applicant should note that this list may not be all inclusive and additional information can and will be requested at the option of the IDA. Should you have any questions concerning these requests, please contact the County of Oswego IDA at (315) 343-1545 or 44 W. Bridge St., Oswego, NY 13126.

- 1. Current Balance Sheet of Company (within last 3 months).**
- 2. Personal Balance Sheet for Sole Proprietor and all partners of Partnership (within last 3 months). The IDA has the option of requesting personal balance sheets from corporate officers. They are not required at this time.**
- 3. (a) Financial Statements of the company for the past two fiscal years;
(b) Last two Federal income tax statements filed, personal and business tax statements are required from sole proprietors;
(c) Partnerships shall provide personal income tax statements for all partners (for the last 2 years);
(d) Corporations shall provide corporate income tax statements (for last 2 years);
(e) Personal income tax statements from corporate officers having 20% or more ownership (for the last 2 years) along with a current personal financial statement.**
- 4. Description of complete project to include:**
 - (a) Detailed cost estimate of complete project: (1) private investment and non-IDA funding and what they will be used for, and (2) loan request funds and what they are to be used for.**
 - (b) Analysis of economic feasibility of project.**
 - (c) Projected income and cash flow statements for a minimum of three years.**
 - (d) Vendor estimates for all components to complete project - Loan applicants should provide written estimates wherever possible. For example, if the complete project involves purchase of two pieces of machinery to be funded by the loan and construction of loading dock to be privately funded, you should provide from your vendor written price estimates for the purchase of the machinery and written cost estimates for the dock construction. All cost or price estimates should be good for ninety (90) days. In the event written estimates cannot be provided, loan applicants should contact vendors for verbal update on estimates.**

**IDA LOAN PROGRAM - REQUIRED SUPPORTING INFORMATION FOR
LOAN REQUEST (continued)**

- 5. Personal and/or business collateral to be provided. If collateral is real property, specify location, mortgage holder, if any, and owner's equity in property. Other collateral provided will be verified and made a part of the loan agreement and incorporated in the loan note with appropriate UCC filing.**
- 6. Reiteration of jobs obligation per tentative agreement - number of jobs, timetable for hiring, salaries or wages for jobs and description of jobs. The loan recipient should remember that they are obligated to work with the appropriate training agencies for purposes of hiring targeted individuals.**
- 7. List of all properties owned by Corporation, partnership (all partners) and sole proprietorship within the County and their addresses. Corporations may be required to provide a list of properties owned by corporate officers. They are not required at this time.**
- 8. A list of credit references to include banks, suppliers and mortgages, if any. The applicant should note that credit references will be verified.**
- 9. Proof of funding for the non-IDA Loan Program portion of the total project. Funding for the non-IDA portion of the project can be in the form of (1) bank financing, (2) other private financing, (3) equity, and (4) public financing other than the requested loan. Proof of funding should include:
 - 1. source of funds**
 - 2. dollar amount**
 - 3. rate**
 - 4. term**
 - 5. annual payment**
 - 6. collateral****

In the event the non-IDA portion of the project will be funded with equity, the applicant should indicate in what form the equity will be and should include a certification that the equity is now available or will be available at the time the project is initiated.

Letters of commitment from the other funding sources MUST be submitted.

- 10. Resume of management.**

A completed business plan would include most of the information referenced above and it is highly recommended to submit a business plan along with the application. Assistance can be provided on developing a business plan from the Small Business Development Center in Oswego by calling (315) 312-5696.