

COPY

RESOLUTION NO. 31
OF THE TOWN OF ZIONSVILLE, INDIANA

**A RESOLUTION OF THE ZIONSVILLE TOWN COUNCIL
AUTHORIZING AND APPROVING THE AMENDMENT OF THE
ESTABLISHED ZIONSVILLE SMALL BUSINESS MICROLOAN
PROGRAM (RESOLUTION 2011-18)**

WHEREAS, the Town of Zionsville, Indiana ("Town") is a duly organized political subdivision within the State of Indiana, governed by its duly elected Town Council ("Council") and the laws of the State, as amended from time to time; and

WHEREAS, the Council has the duty and authority to approve, maintain, review and revise the ordinances, rules, regulations and policies of the Town, including for compliance with the laws of the State of Indiana; and

WHEREAS, the Zionsville Redevelopment Commission ("Commission") has created the Zionsville Economic Development Area and an allocation area coterminous with the boundaries of the Zionsville Economic Development Area (collectively, the "Area") and adopted an economic development plan, as amended ("Plan"), for the Area for the purpose of distributing and allocating certain property taxes ("TIF Revenue"), all in accordance with Indiana Code 36-7-14 and 36-7-25 ("Act"); and

WHEREAS, on August 22, 2011, the Commission adopted Resolution 2011-01, which (i) established the Zionsville Small Business Microloan Program ("Microloan Program") and Microloan Committee of the Commission ("Microloan Committee") to promote the commercial vibrancy of the community and strengthen the economic viability of the Town by providing business loans to small businesses within the Town, and (ii) pledged existing TIF Revenue to initially fund the Microloan Program in an amount not to exceed Two Hundred Thousand Dollars (\$200,000.00) and the Town Council on September 6, 2011 approved Resolution 2011-18 and established the Zionsville Small Business Microloan Program.

WHEREAS, the Commission gave favorable consideration to an amendment to the Zionsville Microloan Program Fund Plan ("Microloan Plan") at its September 23, 2013 meeting and forwards the proposed amendment for consideration of the Council.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF ZIONSVILLE, INDIANA, THAT:

Section 1. Approval of Amended Microloan Program. The Council hereby approves the amendment of the Microloan Plan, which shall govern and serve as the guidelines for the Microloan Program and are set forth on Exhibit A attached hereto. The Microloan Plan may be amended as necessary from time to time by the Commission with the approval of the Council.

Section 2. Approval of TIF Pledge. Nothing in this proposed resolution seeks to modify the authorization of the Commission to pledge Two Hundred Thousand Dollars (\$200,000.00) of TIF Revenue and the deposit of the TIF Revenue into the Microloan Program Fund, which shall be used for the Microloan Program as described herein ("TIF Pledge"). The TIF Pledge shall be used solely for the Microloan Program.

Section 3. Approval of Fund. Nothing in this proposed resolution seeks to modify the establishment of an account by the Zionsville Clerk-Treasurer to be designated as the "Microloan Program Fund", into which the TIF Pledge will be deposited and used in accordance with the Microloan Plan.

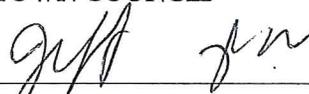
Section 4. Finding of Benefit. Nothing in this proposed resolution seeks to modify the previously established Microloan Program, beyond the amendment to the Microloan Plan, and the use and pledge of the TIF Revenue will be of public utility and benefit and will further the Plan for the Area.

Section 5. Severability. If any part of this Resolution shall be held invalid, such part shall be deemed severable and the invalidity thereof shall not affect the remainder of this resolution.

Section 6. Duration and Effective Date. The provisions of this Resolution shall become effective immediately and remain in full force and effect until repealed by ordinance or resolution.

DULY PASSED AND ADOPTED this 2nd day of December, 2013
by the Town Council of the Town of Zionsville, Boone County, Indiana,
having been passed by a vote of 7 in favor and 0 opposed.

TOWN OF ZIONSVILLE
ZIONSVILLE, INDIANA,
BY ITS TOWN COUNCIL



Jeff Papa, President

For Opposed



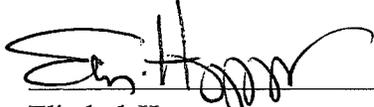
Steve Mundy

For Opposed



Timothy Haak

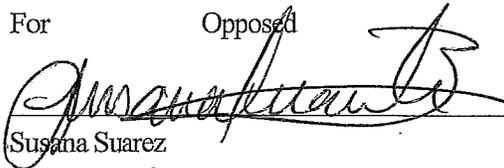
For Opposed


Elizabeth Hopper

✓
For _____ Opposed _____


Tom Schuler

✓
For _____ Opposed _____


Susana Suarez

✓
For _____ Opposed _____


Candace Ulmer

✓
For _____ Opposed _____

ATTEST:

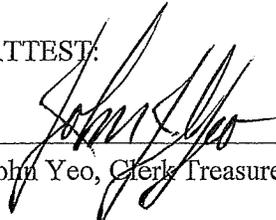

John Yeo, Clerk Treasurer

EXHIBIT A

Zionsville Microloan Fund Plan & Loan Approval Flow Chart

Zionsville Small Business Microloan Fund Plan

The Zionsville Small Business TIF Micro Loan Fund (MLF) shall be operated under the guidance of the following revolving loan fund plan. This Micro Loan Fund Plan will not be amended or changed without prior written concurrence from the Zionsville RDC and Zionsville Town Council.

1. **Funding:** The Zionsville RDC will make a one-time pledge of \$200,000 in TIF Allocation Area funds to seed the Zionsville Small Business TIF MLF (MLF will assign no more than 25 percent of pledge to Tier I applications and no more than 75 percent of the pledge to Tier II application). The Administrator of MLF shall establish accounts for each Tier of the loan program.
 2. **Purpose:** To provide financial assistance to those small businesses located in the Zionsville, Indiana, TIF Allocation Area that will see a positive economic benefit from the project which they are seeking financing and have found it difficult to finance through traditional means.
 3. **Purpose and limitations of the loans made from the Zionsville Small Business TIF MLF. Planned projects to be financed may include but not limited to:**
 - I. Project / business to be assisted by the TIF MLF must be physically located within the town of Zionsville, Indiana and within the Zionsville, Indiana, TIF allocation area.
 - II. TIF MLF funds may be used to acquire land and/or buildings, complete interior improvements and purchase equipment (kitchen equipment, computer equipment, shelving, phone systems, tables and chairs), signage etc.
- a) **Limitations on loans from the RLF**
- I. TIF/MLF funds shall not be used to finance exterior building improvements with the exception of the exterior roof of buildings located in the TIF area.
 - II. TIF/MLF funds shall not be used for working capital or operating capital.
 - III. TIF/MLF funds shall not be used to fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
 - IV. MLF Loans shall not be made unless there is a reasonable prospect that the applicant meets the definition of a "small, for profit business enterprise" defined as "any private business that will employ 25 or fewer new employees and has less than \$2 million in projected gross revenues."
 - V. Applicants may seek request a Tier I or Tier II loan, but not both simultaneously.
 - VI. No applicant currently utilizing a Tier I loan shall be approved for use of Tier II funds without repayment of Tier I funds.
 - VII. Loans made by the MLF may not be transferred or assigned without approval of the MLF Loan Committee.
 - VIII. Applications by members of the MLF loan committee and their immediate family members shall be ineligible for funding.

b) Other Lending criteria

- I. Loans made from the MLF will not be less than \$5,000 and shall not exceed \$25,000.
- II. Loan requests would be assigned a Tier rating based on the following criteria:
Tier I – Loan request amount capped at \$6,250 (startups considered under this Tier).
Tier II – Loan request amount capped at \$25,000 (requires applicant to have history-not a startup business).
- III. Loans can be amortized over the lesser of 7 years or the life of the security. The Loan Committee shall determine the term.
- IV. The interest rate will range from 2-5% and typically will not exceed prime rate by more than 2%. The Loan Committee will determine the rate.
- V. Security shall consist of the best lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The Loan Committee may require, specific to Tier II applications only, personal guarantees and/or co-signors.
- VI. There must be evidence presented by the applicant that indicates the TIF/MLF loan is necessary to make the proposed project feasible.
- VII. TIF/MLF loan funds shall not be used to pay off any previous debt.
- VIII. If the business relocates outside of the Zionsville, Indiana, TIF allocation area, the Loan Committee may require immediate pay off of the loan.
- IX. The proposed project must be presented to the MLF Loan Committee by the prospective business or building owner or her/his representative.
- X. For Tier I applicants the MLF Loan Committee may, at its discretion, lessen the financial review undertaken related to the application Tier I applicants shall, at a minimum, be required to specify Sources and Uses and demonstrate the ability to cover debt service.
- XI. For Tier II applicants, the MLF Loan Committee shall require a more extensive information package, such as 3 years tax returns, third-party prepared financial statements, written business plans, market studies, and other information required by the MFL Loan Committee.
- XII. A \$150 application fee shall be submitted with each application. Costs associated with processing the application (e.g. credit report fees, UCC and lien search fees, filing security documents, filing legal documents fees, etc.) shall be the responsibility of the applicant. The MLF Loan Committee may waive or amend this fee structure without further approval from the grantor.

4) Project priority and length of time involved in completion of each project

Applications for MLF funds will be accepted on a continual basis. Applicants who choose to apply in times when inadequate funds exist for extending a loan will be informed of the lack of funds. Applications will be reviewed and funded (if eligible) based on the following criteria:

- I. Applications with the greatest anticipated economic impact for the community shall receive greatest priority. Criteria to be considered in determining economic impact include number of jobs created or saved, wage scale of employees, benefits paid to employees, increasing the value of the business and increasing the sales or foot traffic of the business.
- II. Applications of equal economic impact will be funded in date order of application.
- III. In accordance with Federal and Indiana State Law, the MLF Loan Committee will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.

IV. The MLF Loan Committee will be responsible for determining priorities of application to be funded. Eligibility of applicants will typically be determined within 30 days of receipt of a complete application. An application will be considered complete when all information necessary for the MLF Loan Committee to make a decision has been received.

5) Other information

The Zionsville TIF MLF will be facilitated by the Zionsville RDC in partnership with the Boone County Economic Development Corporation. The Zionsville RDC will collect and review all MLF applications and will forward applications to the MLF Loan Committee. The MLF Loan Committee shall be comprised of the members of the Boone County Economic Development Corporation RLF committee and 4 members of the Zionsville community appointed by the Zionsville RDC or Zionsville Town Council. The Loan Committee shall be comprised of no fewer than 7 voting members.

Four committee members shall be a lender from a local lending institution. The remaining members shall be persons who live within the corporate limit of Zionsville, Indiana. Four persons of the committee shall constitute a quorum necessary for approving or rejecting an application for funding from the MLF. A simple majority (51%) of members voting shall be necessary for approval.

The loan will be administered by the State Bank of Lizton (the "Administrator") and the financial institution will be responsible for all services associated with the allocation of the loan funds. Upon approval of an application by the MLF Loan Committee, the loan applicant will receive a specialty loan from the State Bank of Lizton. The State Bank of Lizton will have no risk because the money will be drawn from the Zionsville RDC MLF account and the State Bank of Lizton will collect all application fees, closing costs, administration fees, etc. The State Bank of Lizton will deposit the principle and interest portions of the applicant's payments into the Zionsville RDC MLF account when each payment is received.

The Zionsville RDC shall identify a treasurer to oversee all fiduciary requirements of the loan program including the reconciliation of loans and loan accounts.

Zionsville Small Business MicroLoan Process & Flow Chart

