

ORDINANCE NO. 88-14

AN ORDINANCE CREATING AN ECONOMIC DEVELOPMENT REVOLVING LOAN FUND AND ADVISORY COMMITTEE: SETTING FORTH CRITERIA AND GUIDELINES TO BE FOLLOWED BY APPLICANTS, THE ADVISORY COMMITTEE AND THE GOVERNING BODY: AND ESTABLISHING THE CRITERIA AND GUIDELINES FOR A BUSINESS FINANCING LOAN.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF GALENA, KANSAS:

- SECTION 1: It is hereby declared by the City that an Economic Development Revolving Loan Fund (the "Fund") is established for the purpose of making available for loans to private firms certain monies obtained by the City. The Fund shall consist of the principal and interest repaid to the City by the private firms who have received HUD Community Development Block Grant Business Financing Loans from the City. Subsequent payments to the fund shall consist of the principal and interest from future loans made directly by the City, or through future Community Development Block Grant Projects. In addition, interest earned by the Fund shall be retained in the Fund. Reasonable expenses accruing to the City in managing the Fund may be paid from the Fund, if authorized by the Governing Body. Nothing in this Section shall preclude the Governing Body from contributing monies to the Fund from other sources.
- SECTION 2: An Economic Development Revolving Loan Fund Advisory Committee (the "Committee") composed of five (5) members is hereby created. Residence within the City limits shall be a requirement of membership.
- SECTION 3: The Mayor or his designee shall be an ex-officio member of the Committee, but shall not be entitled to vote on any matter considered by the Committee.
- SECTION 4: Each member of the Committee shall be appointed by the Mayor and confirmed by a majority vote of the Governing Body. All members shall be appointed for a one-year term. Members of the City's Governing Body shall not serve as voting members of the Committee. Upon the inability to serve or resignation of any member, the Governing Body shall appoint someone to fill the unexpired term.
- SECTION 5: The Committee may appoint ad hoc members to provide technical and financial assistance; however, such members shall not be entitled to vote on any matters considered by the Committee.
- SECTION 6: No member of the Committee, nor his or her spouse, either individually or collectively, shall have a financial interest, whether direct or indirect, during his or her tenure, or for one year thereafter, in the business or enterprise of any applicant seeking monies from the Fund. However, this Section shall not disqualify a Committee member whose financial interest in the applicant is based solely on his or her status as a director, officer, or employee or a financial institution which has a business relationship with or is considering a private loan to the applicant; instead, in that event, said Committee member shall abstain from the voting on any matters relating to the applicant.
- SECTION 7: The duties of the Committee shall be to screen the applications of those applying for assistance from the Fund, based upon the criteria and guidelines for the Fund as established by the Governing Body with regard to said application. Further, the Committee, if so directed by the Governing Body, shall also make recommendations regarding tax abatement, industrial revenue bonds, and other financial assistance.

- SECTION 8: Within thirty (30) days of the initial appointment of all members of the Committee, the Committee shall meet and organize by selecting one of its members as Chairperson and one as Vice-Chairperson. Thereafter, the Committee shall meet at the call of the Chairperson, the Vice-Chairperson in the absence of the Chairperson, the Mayor, or at the written request of a majority of the members of the Committee.
- SECTION 9: All meetings of the Committee shall comply with the requirements of the Kansas Open Meetings Act, K.S.A. 75-4317 et seq., but no member of the Committee or City Staff person shall divulge confidential financial information or trade secrets of any applicant without the prior consent of the applicant and the Committee.
- SECTION 10: The City Clerk or her designee is hereby designated to perform the expected normal duties of Secretary for the Committee, but will not be entitled to vote on any matter which may come before the Committee. In addition, the Office of the City Clerk will act as initial contact for applicants wishing to apply for loans from the Fund.
- SECTION 11: The Committee will prepare written recommendations to the Governing Body relative to all loan applicants. The decisions regarding which applicants are funded, the terms of the loans, the rates of interest, and other matters shall be made by a majority vote of the members-elect of the Governing Body, which decisions shall be based generally upon the Loan Criteria and Guidelines for the Community Development Revolving Loan Fund, adopted by Resolution of the Governing Body. However, for good and sufficient reasons, the Governing Body may waive or add to any criteria or guidelines if it is determined to be in the best interest of the City.
- SECTION 12: The Committee shall follow the following process:
- A. Applicants must use the Application Form, Personal Financial Statement form, and Use of Loan Proceeds Form. All forms can be picked up at the City Clerk's Office and returned to same upon completion.
 - B. The Committee shall review the completed forms at its earliest meeting time.
 - C. After Governing Body review, denials by the Committee shall be mailed to the prospect with the reason(s) for denial.
 - D. If the Committee reviews favorably, the Proposal shall be submitted directly to the Governing Body for formal action, or the Prospect(s) will be asked to meet with the Committee to review questions that need to be answered before final consideration of a recommendation to the Governing Body.
 - E. Applicants must submit proof that the planned project cannot be totally financed from private sources. That is, it is understood that the purpose of the Fund is to be a "Lender of Last Resort", and the Applicant must furnish the Committee with evidence of this, relative to the size of the proposed project.
 - F. Letters of Commitment from private sources or financial institutions confirming the required private funding shall be included with the application.
 - G. Factors to be considered by the Advisory Committee include, but are not limited to: the number of full-time and low-to-moderate income permanent jobs created; the ratio of jobs to the loan amount requested; the percent and/or amount of the available fund balance requested; and the percent and/or amount of private sector funds put into the project. The Governing Body

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may add other factors in accordance with Section 11.

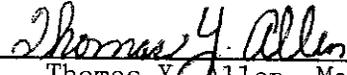
H. Loans from the fund shall not exceed ten (10) years.

I. Loans shall be made only to businesses within the corporate limits of the City or within a three-mile radius thereof.

SECTION 13: Interest on the loan and pay-back schedule shall be a matter of negotiation between the City and the Applicant.

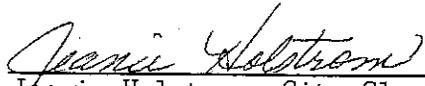
SECTION 14: This Ordinance shall be in full force and effect from and after its passage and publication in the official City newspaper.

Passed and approved this 16th day of August, 1988.



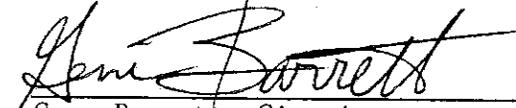
Thomas Y. Allen, Mayor

ATTEST:



Jeanie Holstrom, City Clerk

APPROVED AS TO FORM:



Gene Barrett, City Attorney