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RESOLUTION NO. R-21-2014

A RESOLUTION OF THE CITY OF LAS VEGAS CREATING A REVOLVING LOAN ACCOUNT AS REQUIRED BY NRS 279.710

WHEREAS, pursuant to NRS 279.710, the City of Las Vegas ("City") must create a revolving loan account ("Account") in the treasury of the City to be administered by the City of Las Vegas Redevelopment Agency; and

WHEREAS, pursuant to NRS 279.720, the Agency may use the money in the Account, after deducting the costs directly related to administering the Account, only to make loans at or below market rate to small businesses located within the redevelopment area or persons wising to locate or relocate a new small business in the redevelopment area for the costs incurred for expanding or improving an existing small business, including without limitation, costs incurred for remodeling, or in locating or relocating a small business in the redevelopment area; and

WHEREAS, for purposes of NRS 279.700 et seq., a small business is defined as a business that employs not more than twenty-five (25) persons; and

WHEREAS, the term of a loan made from the Account may not exceed five (5) years; and

WHEREAS, pursuant to NRS 279.710 (1) the money in the Account must be invested as money in other accounts in the treasury of the City is invested, (2) all interest and income earned on the money in the Account must be credited to the Account, (3) any money remaining in the Account at the end of a fiscal year does not revert to the general fund of the City, and the balance in the Account must be carried forward, (4) all payments of principal and interest on loans made to a small business from the Account must be deposited with the treasurer of the City for credit to the Account; (5) claims against the Account must be paid as other claims against the Agency are paid; and (6) the Agency may accept gifts, grants, bequests and donations from any source for deposit in the Account; and

WHEREAS, the Agency is adopting, concurrently herewith, regulations in the form of a program and procedures that establish criteria for eligibility, the contents of the loan application, maximum amount of a loan, rate of interest and collateral and/or security interest sufficient to recoup the amount of the loan if the business defaults; and

WHEREAS, pursuant to NRS 279.740, the Agency must prepare and submit a written report of the loans made from the Account for each fiscal year beginning with Fiscal Year 2013-2014 and ending with Fiscal Year ending 2016-2017 on or before November 30 of each reporting year; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Las Vegas that:

SECTION 1. The City hereby establishes a revolving loan account in accordance with NRS 279.700 through 279.740, inclusive.

SECTION 2. The money in the Account must be invested as money in other accounts in the treasury of the City is invested, all interest and income earned on the money in the Account must be credited to the Account, any money remaining in the Account at the end of a fiscal year does not revert to the general fund of the City, and the balance in the Account must be carried forward.

SECTION 3. All payments of principal and interest on loans made to a small business from the Account must be deposited with the treasurer of the City for credit to the Account.

SECTION 4. Claims against the Account must be paid as other claims against the Agency are paid.

SECTION 5. The Agency may accept gifts, grants, bequests and donations from any source for deposit in the Account.

SECTION 6. The Revolving Loan Fund – Administrative Guidelines in the form attached hereto as Exhibit 1, and incorporated herein by reference, shall be approved by the Agency concurrently herewith.

SECTION 7. This resolution is effective July 1, 2014.

THE FOREGOING RESOLUTION and REVOLVING LOAN FUND ADMINISTRATIVE GUIDELINES was passed, adopted and approved this 18TH day of June, 2014.

CITY OF LAS VEGAS

By: ______________________
CAROLYN G. GOODMAN, Mayor

ATTEST:

____
BEVERLY K. BRIDGES, MMC
CITY CLERK

APPROVED AS TO FORM:

______________________ 6/3/14
Date

EXHIBIT 1

CITY OF LAS VEGAS REDEVELOPMENT AGENCY
REVOLVING LOAN FUND
ADMINISTRATIVE GUIDELINES
June 18, 2014

INTRODUCTION

The City of Las Vegas (City) adopted Resolution No. ______ creating a revolving loan account (Account) in the treasury of the City to be administered by the City of Las Vegas Redevelopment Agency (Agency) in accordance with NRS 279.710. The purpose of the Account is to make loans at or below market rate to small businesses located within the redevelopment area or to persons wishing to locate or relocate a new small business in the redevelopment area to expand or improve an existing small business, including, without limitation, costs incurred for remodeling.

The Agency may accept gifts, grants, bequests and donations from any source for deposit to the Account. The money deposited must be invested as money in other accounts in the treasury of the City with any interest and income earned on those funds credited to the Account. Any funds remaining in the Account at the end of a fiscal year do not revert to the general fund, and the balance must be carried forward. Any payment of principal and interest made on loans processed from this program to qualifying small businesses must be deposited to the Account.

The City of Las Vegas Redevelopment Agency Revolving Loan Fund Program (Program or Revolving Loan Fund Program) was established to carry out the requirements of NRS 279.700 through NRS 279.740 inclusive. The Agency administers the program directly or may contract with a series of qualified contractors to provide specific services. The Program Administrator may contract for underwriting, documentation of loans, payment and collections, loan monitoring and reporting and other duties as required. The Revolving Loan Fund Program as a policy designates that the Director of the City of Las Vegas Economic and Urban Development Department (Director) shall have authority to administer and approve any loan application that may be brought before the LOAN ADVISORY COMMITTEE (LAC) of the Agency for consideration.

MISSION STATEMENT

The Revolving Loan Fund Program is provided to meet the capital needs of eligible businesses located within Redevelopment Area 1 and Area 2. The intent of the Program is to provide only appropriate assistance to businesses with the potential to increase the overall economic base, provide aesthetic enhancements, and/or promote the economic diversification of Redevelopment Area 1 and Area 2 (See attached map).

The following Administrative Guidelines establish the program criteria and procedures, which may be amended to meet the redevelopment objectives of the Program. The Revolving Loan Fund Program shall be administered by the City of Las Vegas Redevelopment Agency. Approval of all loans is subject to final approval by the Director based on compliance with these guidelines.

PROGRAM OBJECTIVES

Loan funds under the Revolving Loan Fund Program will be distributed so as to maximize the Agency's return from its investment(s)/loan(s) in conformance with the stated mission of the Program. Projects submitted for funding will also be evaluated based on the extent to which each project meets the following objectives:

a) Visibility: The Agency will consider the overall design and visual impact of a project and if the investment will result in a significant improvement to the appearance and economic viability of Redevelopment Area 1 and/or Area 2.

b) Business Attraction: The Agency will emphasize business expansions and relocation to organizations which will attract a diversified business and residential community in Redevelopment Area 1 and/or Area 2.

c) Catalyst: The Agency will focus on businesses with substantial private interest and investment. The Agency will weigh the catalytic impact of revolving loan funds to achieve such investment.

d) Downtown Image Enhancement: The Agency will consider the contribution of economic, visual and diversity a project makes to the enhancement of a quality image for the downtown, consistent with the City of Las Vegas' Economic Development Investment Strategy (June 2013) .

e) Commitment and Leverage: The Agency will focus on areas where the business owner(s) has already made, or will soon make substantial investments and has also shown a willingness to maintain the business project at high standards. This includes the extent to which the Agency maximizes its capital through the participation of other lenders and investors, including owner equity.

f) Business Viability: The business owner shall have a complete and effective business plan.

PROGRAM GUIDELINES

Target Area: This Program is available for eligible businesses currently located or considering relocating within Redevelopment Area 1 and/or Area 2.

Qualifying Applicants: Existing business/property owners located within Redevelopment Area 1 or Area 2 and looking to expand or redevelop their current operation, or existing business owners located outside of Redevelopment Area 1 or Area 2, that are looking to expand and relocate to either Redevelopment Area 1 or Area 2. Businesses must have 25 or fewer employees at time of loan origination. Since funds are limited, priority will be given to projects that result in diversifying the City of Las Vegas economy, as detailed in the June 2013 City of Las Vegas Economic Development Investment Strategy. Businesses within mixed-use residential structures and considered to be "Live/Work Units" (and located on the ground floor) are eligible to participate in this loan program. Businesses that are considered "Home-based" and located in a residential unit are not eligible to participate in this program.

Target Businesses:	The following types of businesses/industries, as identified in the City of Las Vegas Economic Development Investment Strategy (June 2013) will be given priority in this program: 1) Digital Media; 2) Health & Medical Services; 3) Financial Services; and 4) Business IT Ecosystem.
Use of Funds:	Property acquisition, building renovation, improvements and additions, new equipment purchase, furnishings and fixtures, and business working capital. Technical assistance is available to property owners and/or businesses.
Ineligible Use of Funds:	Any fines or levied penalties from public agencies, settlements of legal claims or judgments, used equipment or vehicles for sale or use by a business. Refinancing will not be permitted.
Loan Terms:	Loan terms will be amortized over a five (5) year period to match the life of an asset/equipment. Loan payment may be deferred or longer-term amortization schedules allowed with balloon payments based on financial need of the project/business.
Loan Amount:	Typically $25,000, but maximum of $100,000. The Agency's funding will not exceed twenty-five (25) percent of the total project costs.
Interest Rate:	The interest rate is fixed at one (1%) percent, but can be raised to a maximum interest rate of three (3%) percent per annum.
Site Control:	Based on assistance provided and the collateral. Lease term could be required to match loan term.
Loan Application Fee:	There is a non-refundable $300 loan application fee; and the loan applicant is responsible for the upfront payment of this fee plus other costs such as credit reports, title fees, and appraisal report, if needed.
Loan Origination Fee:	If a loan application is approved, a one (1%) percent loan origination fee will be assessed. The Loan Origination Fee will be deducted from the loan proceeds.
Prepayment Penalty:	There is no prepayment penalty.
Deferral of Payments:	On a case by case basis, the Loan Advisory Committee may recommend that the payments of principal and/or interest be delayed or interest only payments may be allowed for a period of no more than two years.

Collateral: Each loan shall be secured by collateral adequate to safeguard the loan program. A 1-to-1.25 collateral coverage ratio (amount of collateral value can equal dollar amount of loan) is allowed. Personal guarantees may be required.

Loan to Value Ratio: Loan to value ratio of up to 100% (determined by quality of collateral).

Required Submittals: Loan applicant must submit the following documents for financial due diligence:

1) Three years of business financial statements (income statement and balance sheet) and three years of business tax returns;
2) Personal financial statement for all individuals owning a 20% or greater direct or indirect interest in the business;
3) Three years of personal tax returns for all individuals owning a 20% or greater direct or indirect interest in the business or any guarantor; and
4) Financial projections for a minimum of five years for the business.

Business Counseling: Businesses may be required to meet with the Small Business Development Center Counselors or other identified business assistance organizations in order to qualify for financial assistance.

Other Features: Business and assets being financed cannot be moved without prior written authorization of the Agency.

Documented expenditures related to, or in conjunction with the loan application, made by the loan applicant within 120 days prior to the loan application submittal can be considered as a portion of the project cost.

Redevelopment funds used for construction will require payment and monitoring for prevailing wages and appropriate lien releases.

The Executive Director of the Redevelopment Agency has the authority to amend these guidelines to ensure compatibility with market conditions and to facilitate elimination of blight within Redevelopment Area 1 and Area 2.

Approved Loan applicants may have to comply with the Employment Plan Policy which includes provisions of NRS 279.482 and/or NRS 279.6092 – 6099.

ADMINISTRATIVE PROCESS

Step 1: Program Marketing

- Redevelopment Agency staff conducts marketing efforts in the form of brochures, personal contacts, press releases and presentations to relevant organizations.

Step 2: Preliminary Application

- Revolving Loan Fund Application is submitted to the Redevelopment Agency. Staff reviews application for completeness and compliance with these guidelines, including program objectives and eligibility requirements.

Step 3: Loan Processing/Packaging

- Redevelopment Agency staff or its identified loan underwriter shall process/package the loan, obtain credit reports, title information, etc., and prepare information package for presentation to Loan Advisory Committee.

Step 4: Loan Advisory Committee (LAC)

- LAC will consist of three non-City employees and two city employees. Redevelopment Agency staff, or the identified loan underwriter, will present loan package and credit memo to LAC for their review and recommendation for approval to the Director.

Step 5: Loan Approval

- LAC recommends approval and identifies necessary documentation to close the loan.

Step 6: Funding

- The Director has final authority for approving loans. The entire loan process will take approximately six (6) to eight (8) weeks. If the loan is not recommended for funding by the LAC or is not approved by the Director, Redevelopment staff will provide a written account of the deficiencies. Applicants may resubmit their application package when the deficiencies are resolved but not more than twice within a six month period of time.

Date Received: ______________
Received By: ________________

LOAN APPLICATION
REVOLVING LOAN FUND
CITY OF LAS VEGAS REDEVELOPMENT AGENCY

Please complete form and return it to the City of Las Vegas Redevelopment Agency..

I. APPLICANT INFORMATION

Applicant Name: ____

Name of Business (if applicable): ________________________________

Address: ____

____

Mailing Address (if different than above): __________________________

____

Daytime Telephone Number (s): _______________________________

Contact person: ____

Are you currently receiving business counseling through the Small Business Development Center? Yes No

II. OWNER INFORMATION

Applicant legal structure: _______ Proprietorship _______ Partnership

_______ Corporation

Years in Business: ________________________

Property/Business Owners (list all owners/partners, attach addition sheets if necessary):

Name(s): ____________________ ____________________

Position: ____________________ ____________________

% of ownership: ____________________ ____________________

Experience (years): ____________________ ____________________

Form Revised June 2014

III. PROJECT DESCRIPTION

Project Address(s): ____________________

Project Assessor Parcel Number(s): ____________________

Parcel Size(s): ____________________

Size of Existing Building (square footage): ________ Number of Stories: ________

Building Size After Expansion (if different than above): ________ Stories: ________

Purpose of Loan (Check all applicable items below):

____ Property Acquisition ____ Building Addition; Sq. Ft. to be added: ________

____ Building Rehabilitation; List Improvements: ____________________

____

____ Facade Improvements; State Frontage(s): ____________________

____ Tenant Improvements; State Sq. Ft.: ____________________

____ Equipment Purchase; Specify: ____________________

____ Working Capital ____ Other; Specify: ____________________

____

Narrative Description of Project (attach additional sheets as necessary)

____

____

____

____

____

____

____

IV. PROJECT COSTS

Acquisition of Real Estate	$ ________
Construction/Bldg. Rehab	$ ________
Off-site Improvements	$ ________
Equipment Purchase	$ ________
Working Capital	$ ________
Other	$ ________
TOTAL	$ ________

V. PROJECT FUNDING

Redevelopment Agency Loan $ ____________________

Bank $ ____________________

Applicant $ ____________________

Other $ ____________________

TOTAL $ ____________________

VI. CURRENT BUILDING COST INFORMATION

Do you currently own or lease the subject building? _____ If yes, please provide the following information.

If owned complete the following:

Purchase price: $____________________

Existing mortgage(s): $_______________ Lender: ________________

$_______________ Lender: ________________

Most recent appraised value: $____________________

Date of appraisal: ____________________

Current year property taxes: $____________________

Annual mortgage payments: $____________________

Annual rent received: $____________________

Number of tenants in building: ____________________

Is any portion of the building vacant? ______________________________

Annual Debt Service on business loan(s): $______________________________

If rented complete the following:

Monthly rent: $______________________________

Annual rent: $______________________________

Expiration date of lease: ____________________

Is lease triple net? ____________________

Are there any other tenants in the building? ______________________________

Name of landlord: ______________________________

Address of landlord: ______________________________

____

Phone number of landlord: ______________________________

VII. BUILDING & CONSTRUCTION COST INFORMATION (if applicable)

Will new facility replace existing facility? ______________________________

Will you own or lease the subject building after construction/rehabilitation? __________

If buying complete the following:

Purchase price: $____________________

Existing mortgage(s): $______________ Lender: ____________________

$______________ Lender: ____________________

Most recent appraised value: $______________________________

Date of appraisal: ______________

Annual mortgage payments: $______________________________

Annual rent received: $______________________________

Number of tenants in building: ______________________________

Is any portion of the building vacant? ______________________________

Annual Debt Service on business loan(s): $______________________________

Will purchaser/lessee occupy entire space? ______________________________

If no, explain other uses: ______________________________

____

Percent to be occupied by purchaser: ______________________________

Rental income projected: $______________________________

If leasing complete the following:

If replaced, will rent be saved or will existing facility be sold? ______________

For how much can existing facility be sold? $______________________________

For how much can existing facility be rented? $______________________________

Appraised value:$____________________

Lease rate of new facility: $______________________ Lease Term: __________

VIII. PRINCIPAL BANK INFORMATION

Name of bank: ______________________________

Contact person: ______________________________

Telephone number: ______________________________

Available line of credit: ______________________________

IX. ADDITIONAL INFORMATION

____

____

____

____

____

____

____

____

____

X. INFORMATION REQUESTED BY LOAN ADVISORY BOARD

_____ Business income statements (current - within 60 days and last three years)

_____ Business balance sheets (current - within 60 days and last three years)

_____ Business income tax returns (last three years)

_____ Personal income statements and balance sheets for business owners (current and last 3 years)

_____ Personal financial statement (see example attached)

_____ Personal budget

_____ Individual tax returns for business owners with 20% or more interest in business (last three years)

_____ Company history and resumes of principals

_____ Copy of articles of incorporation, by-laws, corporate certificate of good standing, fictitious name statement, partnership agreement, or franchise agreement, as applicable.

_____ Pro forma cash flow statement, projected for three years, showing monthly cash flow (include explanation notes)

_____ Pro forma balance sheet

_____ Business plan

_____ Preliminary title report on property to be used as collateral

_____ Appraisal of property to be used as collateral

_____ Schedule of business debt and summary of lease payments on equipment and real estate

_____ Sources and uses of funds

_____ Bank or other letter of lending commitment, as applicable

_____ Copy of purchase agreement or lease agreement documenting site control for 12 months after construction is completed, as applicable

I/We hereby acknowledge that the City of Las Vegas Redevelopment Agency does not and cannot guarantee that I/we will receive financing from the City of Las Vegas Redevelopment Agency Revolving Loan Fund or from public or private lenders. In addition, Revolving Loan Fund financing will not be provided without adequate documentation regarding funding of the balance of project costs. By my/our signature below, I/we certify that I/we have the authority to provide consent and do hereby grant permission to conduct necessary reviews and to solicit documents pertaining to my/our financial and credit histories.

1) APPLICANT NAME: ______________________________

APPLICANT SIGNATURE: ______________________________

DATE: ____________

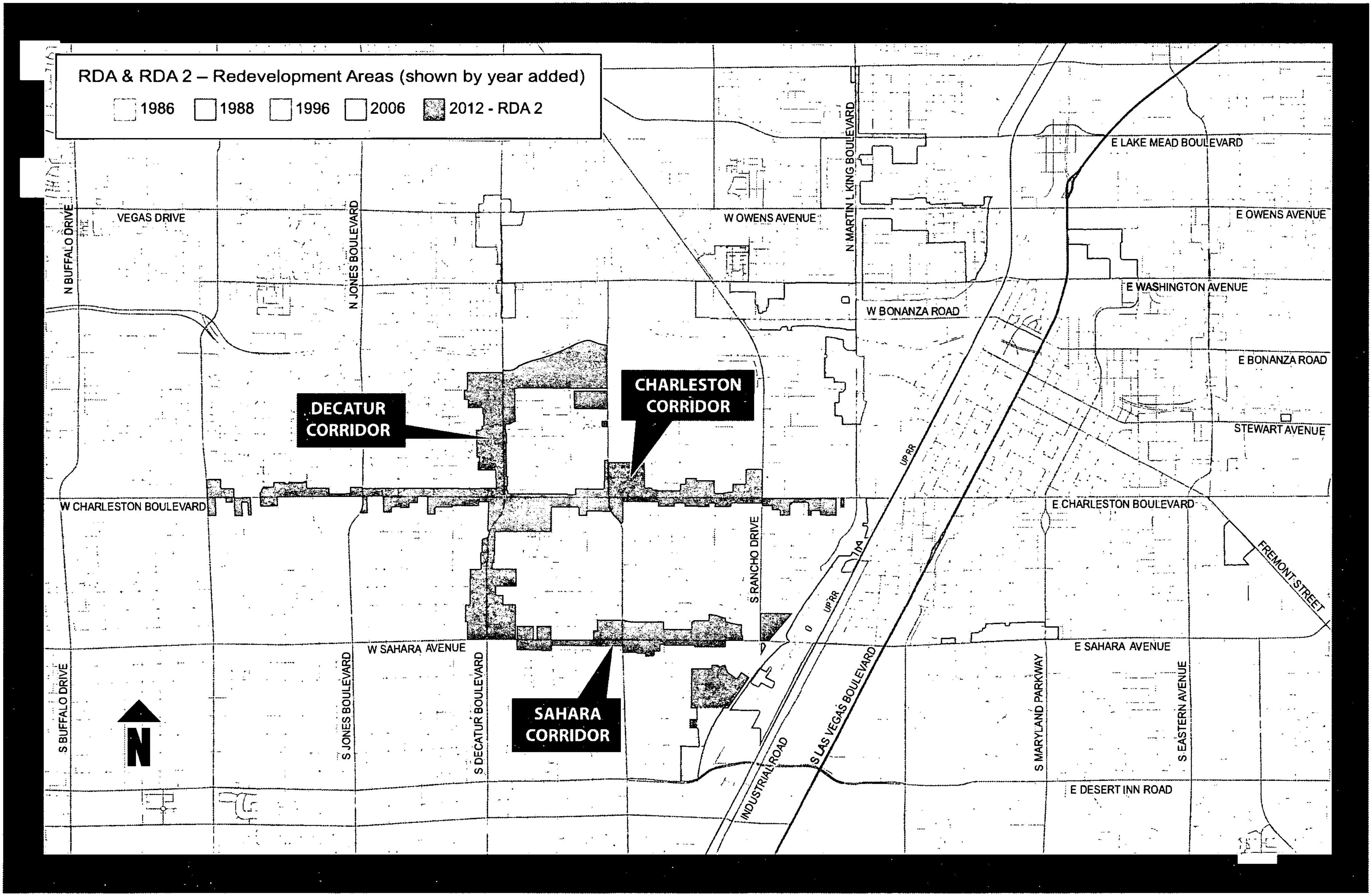
SOCIAL SECURITY NUMBER: ____________________

2) APPLICANT NAME: ______________________________

APPLICANT SIGNATURE: ______________________________

DATE: ____________

SOCIAL SECURITY NUMBER: ____________________



RDA & RDA 2 – Redevelopment Areas (shown by year added)
1986
1988
1996
2006
2012 - RDA 2
DECATUR CORRIDOR
CHARLESTON CORRIDOR
SAHARA CORRIDOR
E LAKE MEAD BOULEVARD
VEGAS DRIVE
W OWENS AVENUE
E OWENS AVENUE
N BUFFALO DRIVE
N JONES BOULEVARD
N MARTIN L KING BOULEVARD
E WASHINGTON AVENUE
W BONANZA ROAD
E BONANZA ROAD
STEWART AVENUE
UPRR
W CHARLESTON BOULEVARD
E CHARLESTON BOULEVARD
FREMONT STREET
S RANCHO DRIVE
W SAHARA AVENUE
E SAHARA AVENUE
S BUFFALO DRIVE
S JONES BOULEVARD
S DECATUR BOULEVARD
INDUSTRIAL ROAD
S LAS VEGAS BOULEVARD
S MARYLAND PARKWAY
S EASTERN AVENUE
E DESERT INN ROAD
N

CITY OF LAS VEGAS REDEVELOPMENT AGENCY

Authorization for Release of Information

To Whom It May Concern:

The undersigned have applied for a business loan from the City of Las Vegas Redevelopment Agency ("Agency"). The Agency may verify information contained in the borrower's loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its periodic review of the loan made to the borrower. The borrower authorizes you to provide to the City of Las Vegas Redevelopment Agency and its representatives any and all information and documentation that the Agency requests. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances; credit history; copies of personal and business income tax returns; and mortgage payment records and balances.

The Agency may address this authorization to any party named in the loan application. A copy of this authorization may be accepted as an original.

Your prompt reply to the City of Las Vegas Redevelopment Agency is appreciated.

1) ______________________________ Date : __________________
Borrower's Name (Print)

____
Borrower's Signature

____
Borrower's Social Security Number & Date of Birth

____
Borrower's Address

____
Borrower's City/State/Zip Code

2) ______________________________ Date : __________________
Borrower's Name (Print)

____
Borrower's Signature

____
Borrower's Social Security Number & Date of Birth

____
Borrower's Address

____
Borrower's City/State/Zip Code

REDEVELOPMENT AGENCY LOAN REPORT

For Fiscal Years Ending 2014 – 2017
Pursuant to NRS 279.740

Agency Name: ______________________________

Fiscal Year Ending: ____________________

Funds Available to Loan During the Fiscal Year: ___________________________

Date of Loan	Loan Recipient	Description of Small Business	Interest Rate	Term	Amount
				Total Loaned	**$**

Report is due on or before November 30th following the fiscal year end.

Send report to:

Legislative Counsel Bureau
Attn: Fiscal Analysis Division
401 South Carson Street
Carson City, NV 89701-4747