

AGENDA SUMMARY PAGE
REDEVELOPMENT AGENCY MEETING OF: JUNE 18, 2014

DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT
DIRECTOR: WILLIAM ARENT

SUBJECT:

RA-9-2014 and RA2-3-2014 - Discussion for possible action regarding a Resolution authorizing the administration and funding of a revolving loan account as required by NRS 279.710 (\$500,000 - RDA Special Revenue Fund) - Redevelopment Area and Redevelopment Area 2 - Wards 1, 3 and 5 (Tarkanian, Coffin and Barlow) [NOTE: This item is related to City Council Item 39 (R-21-2014)]

Fiscal Impact

☐

No Impact

☒

Budget Funds Available

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Augmentation Required

Amount: \$500,000.00

Funding Source: RDA Special Revenue Fund

Dept./Division: Economic and Urban Dev/RDA

PURPOSE/BACKGROUND:

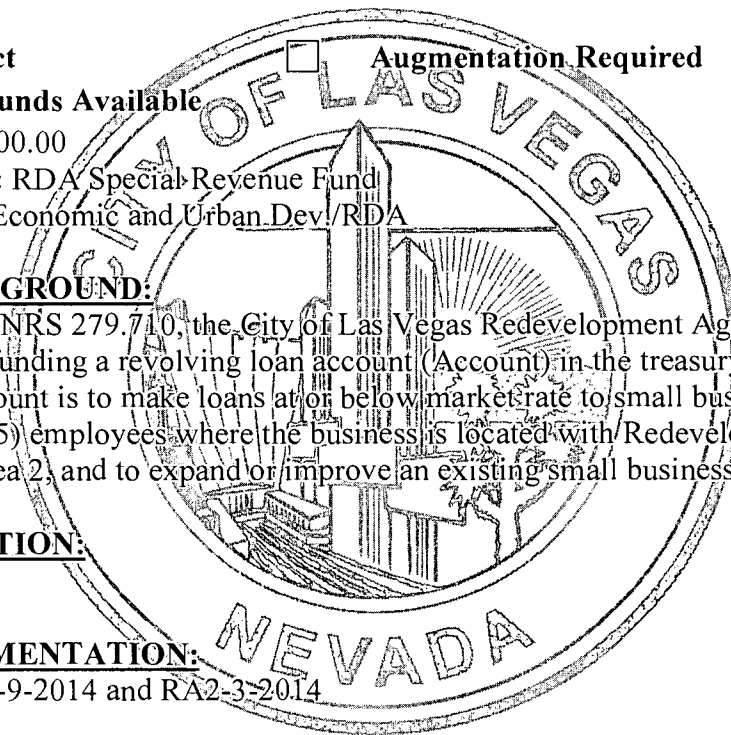
In accordance with NRS 279.710, the City of Las Vegas Redevelopment Agency (RDA) is administering and funding a revolving loan account (Account) in the treasury of the City. The purpose of the Account is to make loans at or below market rate to small businesses of not more than twenty-five (25) employees where the business is located with Redevelopment Area 1 or Redevelopment Area 2, and to expand or improve an existing small business.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Resolution No. RA-9-2014 and RA2-3-2014



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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 ("Agency"); 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, 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

1 treasurer of the City for credit to the Account; (5) claims against the Account must be paid as
2 other claims against the Agency are paid; and (6) the Agency may accept gifts, grants, bequests
3 and donations from any source for deposit in the Account; and

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

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

14 NOW, THEREFORE, BE IT RESOLVED, by the Governing Board of the City
15 of Las Vegas Redevelopment Agency that:

16 SECTION 1. The City has concurrently herewith established a revolving loan
17 account in accordance with NRS 279.700 through 279.740, inclusive and the City of Las
18 Vegas' Director of Economic and Urban Development Department shall have authority to
19 administer and approve the Revolving Loan Fund Program.

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

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

1
2 SECTION 4. Claims against the Account must be paid as other claims against
3 the Agency are paid.

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

6
7 SECTION 6. The Revolving Loan Fund – Administrative Guidelines in the
8 form attached hereto as Exhibit 1, and incorporated herein by reference, is hereby approved.

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

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

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14
15 CITY OF LAS VEGAS
16 REDEVELOPMENT AGENCY

17 By: CG Goodman
18 CAROLYN G. GOODMAN, Chair

19 ATTEST:

20 Beverly K. Bridges
21 BEVERLY K. BRIDGES, MMC
22 SECRETARY

23 APPROVED AS TO FORM:

24 J. P. Bice 6/3/14
25 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): _____

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: _____

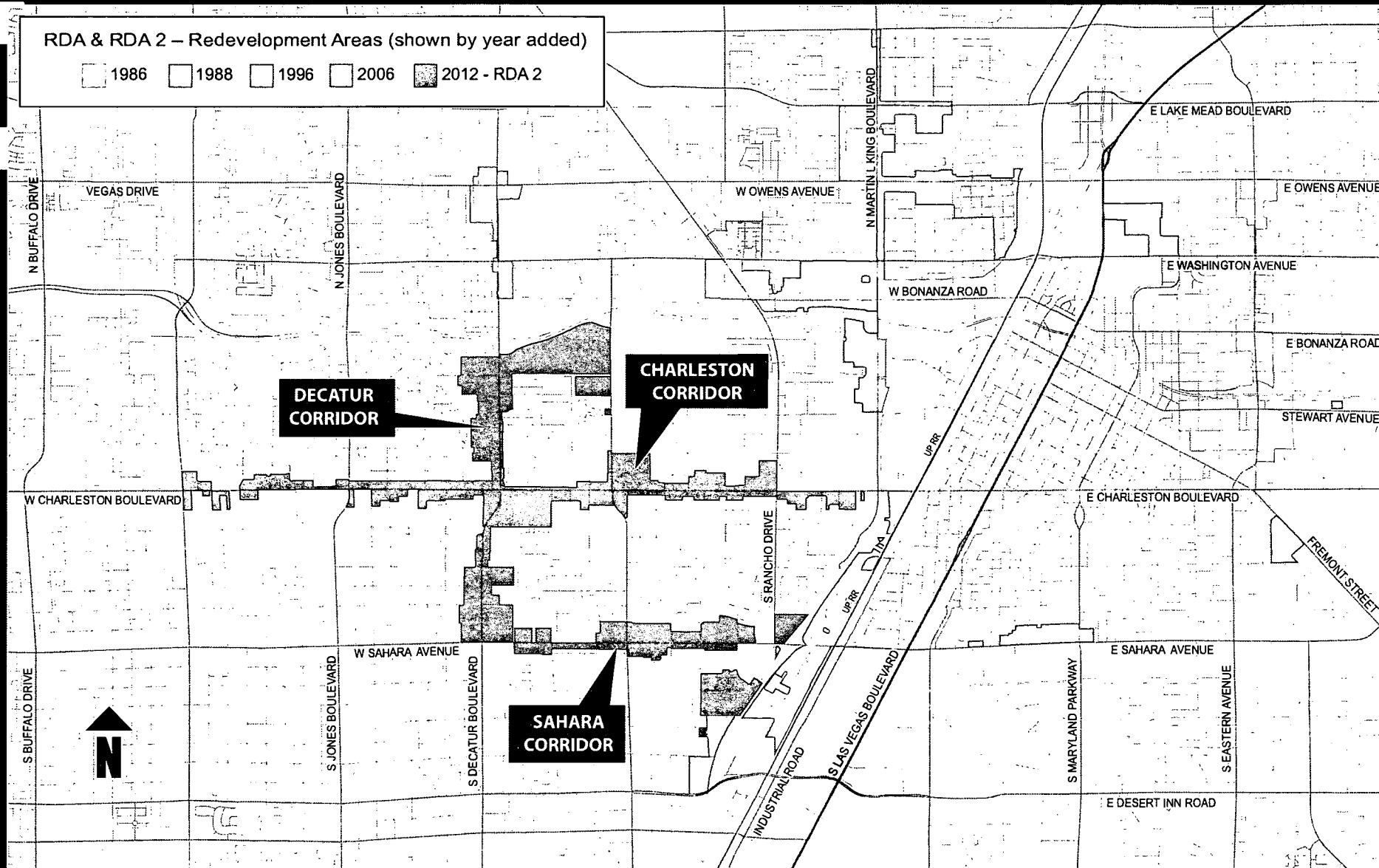
APPLICANT SIGNATURE: _____

DATE: _____

SOCIAL SECURITY NUMBER: _____

RDA & RDA 2 – Redevelopment Areas (shown by year added)

1986 1988 1996 2006 2012 - RDA 2



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**