

City of Bristol Revolving Loan Fund

PROGRAM DESCRIPTION

The Economic and Community Development (ECD) Board of the City of Bristol seeks to establish a “forgivable” revolving loan fund to stimulate economic development within the City of Bristol.

AREA SERVED

This program will serve for-profit businesses with a legal address and place of business in the City of Bristol.

REVOLVING LOAN PROGRAM OBJECTIVES

1. To encourage small business growth.
2. To help create and retain jobs.
3. To stimulate commercial property improvements/investment.
4. To encourage businesses located outside Bristol to open locations in the city.
5. To assist home-based businesses moving to commercial locations.

The revolving loan program is designed to complement – rather than compete with - private sector and State-sponsored lending programs. The program is ideal for providing financing to businesses which cannot obtain funding (or full funding) from conventional sources. The City of Bristol may act as a primary lender, but prefers to leverage matching funds to maximize the impact of the program.

WHO'S ELIGIBLE?

Bristol-based businesses under 250 employees. Businesses may own the real property associated with business operations or may be lessees. Lessees must demonstrate a lease term at least as long as the proposed loan term. Lessees must submit proof of the landlord's approval for tenant improvements to the structure. Landlords are not eligible to apply for funding.

INTEREST RATE, MAXIMUM LOAN AMOUNT, & TERM LENGTHS

1. The City of Bristol shall employ an interest rate of no greater than 3% (as an alternative we can tie the City's interest rate to an established below-market index – Dave Preleski can explain) to help cover costs associated with the program. Applicants should inquire about the interest rate at time of application.
2. Maximum Loan Amounts:
 - a. \$100,000 for for-profit organizations undertaking new, taxable construction. “New construction” is defined as designing/building a new structure to conduct operations or designing/building an expansion to an existing structure resulting in approximately 2,500 square feet or greater of new space to be occupied by the applicant.
 - b. \$100,000 for “Food and Drink” operations with sit-down accommodations serving dinner until 8 pm or later at a permanent location in downtown Bristol. “Downtown” is

identified by the local Enterprise Zone map: https://bristolallheart.com/wp-content/uploads/2020/12/Bristol_EnterpriseZone_Map.pdf

- c. \$75,000 for organizations in operation for five (5) years and above not undertaking new construction. See *What Can Be Funded?* below.
 - d. \$50,000 for organizations in operation for fewer than five (5) years but greater than one (1) year not undertaking new construction. See *What Can Be Funded?* below.
 - e. \$10,000 for businesses in operation less than one year not undertaking new construction. See *What Can Be Funded?* below.
3. Term Length:
- a. Applicants may choose an amortization period up to ten (10) years for loans \$75,000 to \$100,000, up to (8) years for loans less than \$75,000, and up to six (6) years for loans under \$75,000.
 - b. Applicants may elect to benefit from a three month “grace” period following loan closing before the first payment is due.

LOAN FOREGIVENESS

If the applicant makes all monthly payments in full and on time to achieve payback of 50% of the loan principal – and continues to conduct business operations in Bristol – the remaining 50% principal loan balance and associated interest is forgiven and the loan will be closed out. Those who are late on a maximum of one (1) payment or who miss a maximum of one (1) monthly payment during the course of repaying the initial 50% loan principal and interest may request a waiver from the Economic and Community Development Director in order to qualify for loan forgiveness at the 50% repayment mark. It is expected that said request for waiver will explain extenuating circumstances that forced the one-month delinquency.

WHAT CAN BE FUNDED?

The City of Bristol Revolving Loan Fund may be used for direct loans to businesses/non-profits (?) for the following purposes:

1. New construction.
2. Acquisition and/or renovation of commercial or industrial real estate in which the applicant occupies all or a portion of the available space to conduct operations. Applicants may be leases making tenant improvements.
3. Purchase of machinery, equipment, and supplies necessary to support business operations and growth.
4. Funding is **not** available for general operating expenses or “working capital.”
5. Additional projects may be fundable on a case-by-case basis.

LOAN PROCESSING (WORK IN PROGRESS BASED ON VENDOR FEEDBACK)

The application for a loan shall first be submitted to the ECD and the City’s loan servicing contractor. The loan servicing contractor will be responsible for, at a minimum: (1.) reviewing applicant materials and assisting businesses with the application process and business planning (2.) making a recommendation on applicant eligibility based on program guidelines (3.) creating all loan documentation (4.) coordinating loan closing (5.) performing loan billing and collection post award (6.) providing ongoing

business support as needed post award (7.) providing regular written reports to ECD staff/ECD board on loan program history and performance.

If an applicant/project does not meet the established program criteria, ECD staff and the loan servicing contractor will notify the applicant. If possible, ECD staff/loan servicer will work with the applicant to help bring the project into compliance or to suggest alternative assistance programs.

If the applicant is approved and provides the information requested in a timely manner, loans typically close in a maximum of 30 days (?). Timeframes vary based upon the complexity of the loan. There are no application fees.

OTHER REQUIREMENTS

Loan collateral – The City may require collateral as part of a loan commitment.

Financial reports – The City may require the submission of company financial reports on a periodic basis following loan closing.

Insurance – The City will require that awarded businesses hold appropriate levels of insurance, including but not limited to worker’s compensation insurance, property insurance, liability insurance.

DRAFT



City of Bristol Revolving Loan Fund

I. BUSINESS INFORMATION

Borrower Name	Business Name (if different)	
Business Address	Year Bus. Established	Federal/Connecticut Tax ID No.
Business Telephone	Business E-Mail	
Business Type (restaurant, manufacturing, retail, etc.)	Website	
Applicant Type For-profit business undertaking new construction one (1) year For-profit downtown food/drink operation offering sit-down dinner until 8pm or later two (2) years For-profit or non-profit in operation five (5) years and above not undertaking new construction For-profit or non-profit in operation under five (5) years but more than one (1) year not undertaking new construction For-profit or non-profit in operation for under one (1) year not undertaking new construction		
Business Description (include general operations, clients served, services offered) 		
Form of Organization C Corporation S Partnership Limited Liability Corporation Limited Liability Partnership Sole Proprietorship Other (Please Specify)		

1. "New construction" is defined as designing/building a new structure to conduct operations or designing/building an expansion to an existing structure resulting in approximately 2,500 square feet of new space or greater.
2. "Downtown" is identified by the local Enterprise Zone map:
https://bristolallheart.com/wp-content/uploads/2020/12/Bristol_EnterpriseZone_Map.pdf

IV. ATTACHMENTS

Please provide the following information with this application

Quotations for all items/services listed in Project Budget

Two most recent Federal Business Tax Returns

Business Plan showing at least three years of financial projections

Businesses with under one (1) year of operation

V. ATTESTATIONS

	No	Yes	NA	
1) Has this business, or any principal stockholder of it (or any other business in which the principal stockholders owned a controlling interest), ever defaulted on a loan?				If yes , please explain
2) All loan proceeds will be used for eligible expenses as identified in Section III above.				
3) All statements made on this Application and any documentation or other explanations/ correspondence provided with this Application are true, accurate and complete in all material respects to the best of my knowledge.				
4) There is no current or pending litigation against this business				If yes , please explain
5) The applying business is current on State and Local taxes				If no , please explain
6) Total number of jobs impacted by the requested funding # _____	Please provide additional job impact details here # _____ New full-time positions resulting from the project # _____ Retained full-time positions resulting from the project			

VI. GENERAL COMMENTS

Determination of Eligibility

Businesses in operation one (1) year and over: Eligibility is determined by the Company's operating performance during the two most recent tax years. Companies must document profit - or in certain cases, a position trending toward profitability - as evidenced on the business' federal tax return, or current year profit and loss statement, financial projects or other documentation.

Businesses in operation less than one (1) year: Eligibility determined by strength of business plan, opportunity for providing full-time jobs, and a demonstrated need for service/products in Bristol.

Use of Loan Proceeds

Loan proceeds may only be used for eligible expenses listed in Section III. Project Budget of this application. Documentation is necessary. Documentation may include invoices, receipts, vendor statements.

VII. SIGNATURES

I/We agree to notify the Bristol Economic and Community Development Executive Director of any material changes in the information shown on this application or the accompanying documents. The Bristol Economic and Community Development Executive Director or his/her loan servicing contractor designee is hereby authorized to gather relevant information about me/us in order to help determine creditworthiness, to verify the accuracy of information contained in this application and to respond to credit inquiries about my/our accounts.

I/We understand that all application information will remain the property of the Bristol Economic and Community Development Department.

I/We understand that the Bristol Economic and Community Development lending decision may be a matter of public record.

Signature: _____ Title: _____ Date: _____

Please print name: _____

Signature: _____ Title: _____ Date: _____

Please print name: _____

Signature: _____ Title: _____ Date: _____

Please print name: _____

If application was prepared and by someone other than the owner(s) listed in this application, please provide the following information:

Name of individual who prepared this application
Relationship to applicant
Telephone #
E-mail Address