

**RED WING PORT AUTHORITY**  
**INTERMEDIARY RELENDING PROGRAM (IRP)**  
**THIS INSTITUTION IS AN EQUAL OPPORTUNITY PROVIDER**

Included in the Red Wing Port Authority Financial tool Kit are Intermediary Relending Program (IRP) loan funds. The Port Authority has successfully loaned out (revolved) the initial \$1,000,000 revolving loan monies to local businesses in Red Wing.

In 2016 the Port Authority expanded the “footprint” of the IRP loan monies to include cities and towns in Goodhue County.

**Application Process:**

Applicant will first complete the application and/or meet with local economic development professional to discuss business plans. The application will be reviewed to determine preliminary eligibility, financing needed, and to explore all financing options. After examination of the application and discussion with the applicant

1. Set up a meeting with the Port Authority Manager to confirm that the applicant is eligible for funding.
2. Obtain approval at the local level followed by the ports finance committee and port authority board.
3. Completed applications may be accepted at any time but will be reviewed and acted upon by the Port Authority Board of Commissioners at their next regularly scheduled meeting.

**Loan Review and Implementing Process:**

Upon approval of the full loan application, the RWPA Finance Committee shall then make a recommendation to the RWPA Board of Commissioners, whether or not to fund the applicant. The Board of Commissioners shall make the final determination of loan applications. No loan shall be made prior to the Port Authority Board authorization.

Following approval, the applicant shall proceed with signing of a loan agreement, promissory note, mortgages, and/or other documents required for the loan closing.

Upon completion of the improvements, the applicant’s property shall comply with all applicable code, permit, and license requirements, and shall have a current certificate of occupancy. Loan repayment to the Red Wing Port Authority IRP loan fund shall be according to the amortization schedule included in the loan documents.

**Loan Review Criteria**

The following checklist shall be used in reviewing loan applications to determine that the proposed loan is deemed necessary or appropriate.

1. Submission of written requests for funds stating loan purpose
2. Job creation or retention
3. Existence of matching funds or matching capital from other sources
4. Repayment ability
5. Management capability/skill
6. Credit risk of applicant

## **Eligible Use of Proceeds**

Proceeds may be used for machinery, equipment building rehabilitation, real estate and working capital.

Ineligible use of Proceeds

- Refinance debt
- Pay delinquent taxes.
- Cover product development costs
- Pay organization costs of start-up.
- Investment or residential real estate

## **Loan Amounts**

The Port Authority can participate from 20-40% of a project up to \$150,000.

## **Terms of Loans**

The Red Wing Port Authority will make loan terms up to seven years, but potentially amortized over 15 years to lessen the payment burden. The annual interest rate shall be 3%-8%.

## **Collateral and Personal Guarantees**

Each loan will be secured by collateral adequate to safeguard the lender. If the Red Wing Port Authority is in partnership with another lending source, the Port Authority will take a subordinate interest in the assets being financed.

Personal guarantees will be required on all projects. Key Man Life Insurance will also be required in the amount equal to or greater than the loan amount.

## **Owner Participation**

Owner equity must be 10% or more of the project cost. Bank or other outside funding must be part of the funding of the total project. Applicant will be required to provide documentation that the IRP funds will provide gap financing and provide current complied financial states and three-year projections/cash flow.

## **Other Requirements**

Applicants will be required to submit proof of Liability, Property and Workers' Compensation Insurance. Port Authority will be named as Additional Insured on the Property and Liability Insurance. The Port Authority requires annual proof of insurance.

## **Fees**

All applicants will be charged a \$100 application fee. If a loan is approved, the developer shall be responsible for all legal fees and shall reimburse the City (Port Authority) for all closing costs and related attorney fees, reasonably incurred by the City (Port Authority) in making this contemplated loan.