

Mahaska County Revolving Loan Fund

Policies, Procedures, and Guidelines

A. GENERAL DESCRIPTION OF THE FUND

These loan funds originated from a USDA grant and loan with the purpose of enhancing economic development in rural areas. Because of the source of the loan proceeds, the fund was subject to USDA regulations and oversight. As the loan from USDA has now been paid off, this fund now operates under the policies and objectives set forth by the Mahaska County Board of Supervisors. This will be a revolving fund, with new loan funds to be available from repayments of loan(s) previously issued by Mahaska County. The fund will assist industries and/or businesses that desire to locate, expand or diversify their economic activities in Mahaska County.

B. GENERAL GOALS OF THE FUND

The purpose of this fund is to spur economic development and create jobs within Mahaska County. The focus of this fund will be on manufacturing and industrial enterprises as those operations tend to meet those goals to a greater degree than other types of businesses. The Board of Supervisors and Revolving Loan Fund Committee will always take that primary focus into consideration when allocating funds.

The Board of Supervisors recognize that other types of enterprises also provide job growth, economic diversity, and quality of life benefits to Mahaska County. These businesses include service businesses, retail endeavors, and housing initiatives. The Board of Supervisors directs the Revolving Loan Fund Committee to consider applications for these types of projects as well, with the understanding that these applicants bear the burden of providing evidence and support that their projects do in fact fill certain voids within the Mahaska County economic landscape.

The Board of Supervisors also supports efforts of the Revolving Loan Fund Committee to investigate and use special initiatives to attract and promote certain business endeavors within Mahaska County. Any new promotional effort by the Revolving Loan Fund Committee will first receive the approval of the Board of Supervisors.

C. ELIGIBLE ACTIVITIES

Loans through the revolving loan fund may be utilized for the following activities:

1. Acquisition of land or buildings.
2. Building construction or renovation.
3. Machinery and Equipment purchases,
4. Consultant/attorney fees related to the project.
5. Site preparation.

6. Infrastructure improvements (water, sewer, roads, etc.) related to the project.
7. Startup inventory.
8. Fees associated with the filing of legal documents related to loans made from the fund.

Emphasis will also be given to those businesses that will be creating new jobs, adding additional jobs, promoting new development, and replacing an existing Mahaska County business that might otherwise leave.

D. ELIGIBLE AREA

All activities funded with loans from this fund shall be for activities that are located within Mahaska County.

E. DESCRIPTION OF ELIGIBLE BUSINESSES

Loan funds shall be utilized to provide an incentive to business/industries that desire to locate, expand or diversify their operation in Mahaska County. **Business applying for funds may not utilize loan proceeds for:**

1. Agricultural production which means the cultivation production, (growing), harvesting either directly or through integrated operations, of agricultural products,) crops, animals, birds and marine life, either for fiber or food for human consumption, and disposal or marketing thereof, the raising housing, feeding, breeding, hatching, control and/or management of farm and domestic animals). **Exceptions to this definition are:**
 - a. Aquaculture including conservation, development, and utilization of water for aquaculture. Aquaculture means the culture or husbandry of aquatic animals or plants by private industry or commercial purposes including the culture and growing of fish by private industry for the purpose of granting or augmenting publicly owned or regulated stocks of fish.
 - b. Commercial nurseries primarily engaged in the production of ornamental plants and trees and other nursery products such as bulbs, florists' greens, flowers, shrubbery, flower and vegetable seeds, sod, the growing of vegetables from seed to the transplant stage.
 - c. Forestry, which includes establishments primarily engaged in the operation of timber tracts, tree farms, forest nurseries and related activities such as reforestation.
 - d. Financial assistance for livestock and poultry processing.
 - e. The growing of mushrooms or hydroponics.

2. The transfer of ownership unless the loan will keep the business from closing, or prevent the loss of employment opportunities in the area, or provide expanded job opportunities.
3. Legitimate business activities when more than 10% of annual gross revenue is derived from legalized gambling activities.
4. Any illegal activity.
5. Any otherwise eligible project that is in violation of either a Federal, State or local environmental protection law or regulation or an enforceable land use restriction unless the financial assistance required will result in curing or removing the violation.

F. TYPE AND AMOUNT OF ASSISTANCE

Funds will be provided as loans. All loans approved by the Revolving Loan Fund Committee and the Mahaska County Board of Supervisors are intended to have interest rates that are two percent lower than those of other major financing sources. The Revolving Loan Fund Committee may amend the interest rate of the loan as needed. The loan rate approved will be sufficient to cover the loan's proportional share of the Mahaska County Revolving Loan Funds administrative costs.

The following lending guidelines are desired by the Mahaska Board of Supervisors:

1. The loan amount should not exceed more than 20% of total project cost.
2. The borrower should provide private equity of at least 10% of total project cost.
3. If other financing is readily available, the loan request can be denied.
4. The loan amount should not exceed \$250,000.

While exceptions can be made to these guidelines, they must be noted and explained by the Revolving Loan Fund Committee, and approved by the Board of Supervisors, at the time they consider the loan application request.

G. LOAN APPLICATION PROCESS

Application for Revolving Loan Fund monies shall be made by the Applicant on the form provided by the Revolving Loan Fund Committee. Copies of the application will be on file with the Mahaska Chamber & Development Group, and loan documents are on file at the Mahaska County Auditor's office. Applications shall be submitted to the Director of the Mahaska Chamber & Development Group who shall be responsible for calling a meeting of the Revolving Loan Fund Committee (composition of the Committee is outlined in item "J" below). The Committee shall make every effort to make a recommendation to approve or deny the application to the Mahaska Board of Supervisors with 30 days of receipt of the application. Criteria to be considered in review of all applications shall be:

1. Whether the application meets the manufacturing/industrial focus of the Board of Supervisors, and if not, what other benefits are provided to the citizens of Mahaska County.
2. Percentage and source of funds provided by the applicant in addition to the Revolving Loan Fund request. As the Revolving Loan Fund is intended to provide "gap financing" when another source of funds is not readily available, the Revolving Loan Fund Committee is to evaluate if the applicant has reasonably pursued all other traditional sources of funds.
3. The creditworthiness of the proposed business venture and/or principals, and the collateral protection of the funds being provided. The Revolving Loan Fund Committee will generally require the following of the applicants:
 - a. A second position on either the chattels or real estate of the project.
 - b. A personal guaranty from the ownership/beneficiaries of the project.
 - c. If deemed necessary, additional collateral from owners/beneficiaries of the project.
4. Need and impact of the project. This would include an evaluation of how the project impacts the community, the quality of the jobs created, the time schedule involved in the project and the necessity and appropriateness of the request for participation in the Revolving Loan Fund.

More simply stated, monies from the Revolving Loan Fund may only be provided to a business that truly needs the assistance, and that only the actual amount of funds needed may be provided. It is also deemed important that the owners/beneficiaries of the entity are fully vested and at risk with this project due to the fact that it is being supported by taxpayer funds.

Provided the recommendation is received in a timely manner, the application will be included for the action on the agenda of the next regularly scheduled meeting of the Mahaska Board of Supervisors. If timing of loan is approval is critical to the business/industry, the Supervisors may call a special meeting (with necessary notice to the public of the meeting) to consider the application. At the time of application, the Board of Supervisors has the latitude to add other changes or conditions to the loan request, and instruct the Revolving Loan Committee to implement those changes and conditions within the loan request.

H. LOAN AGREEMENTS

Prior to commencement of any project, the applicant must have received loan approval from both the Revolving Loan Fund Committee and the Board of Supervisors. The cost of any work accomplished prior to loan approval shall not be counted toward meeting the goals of the project as outlined in the application. No payments will be made from the loan fund until a Loan Agreement has been executed by the Borrower.. Loans will be secured in a manner consistent with the intended use of the funds (i.e., UCC filing on

machinery and equipment, inventory, etc.; mortgage on real estate acquisitions/improvements; personal guarantees that may be unsecured or secured).

I. MONITORING OF PROGRESS

On an annual basis, the borrower shall submit two copies of a report explaining the progress that has been made toward attainment of the goals as outlined in the application. If the project involves an extended construction period, the Revolving Loan Fund Committee may request more frequent reporting. The report shall be provided to the Mahaska County Board of Supervisors and a copy shall be provided to the Revolving Loan Fund Committee. If progress has failed to meet the guidelines set forth in the agreement, the Revolving Loan Fund Committee shall inform the Mahaska County Board of Supervisors who will determine whether penalties are appropriate for non-compliance with the Loan Agreement.

J. ADMINISTRATION OF THE FUND

The Mahaska County Board of Supervisors is responsible for disbursement of funds and maintaining oversight. The Director of the Mahaska County Chamber & Development Group is designated as fund administrator. The Mahaska County Board of Supervisors hereby creates the Revolving Loan Fund Committee to assist in the administration of the fund. The committee shall consist of four members appointed by the Board of Supervisors as follows: Chair of the Mahaska County Agricultural and Rural Development Committee of the Mahaska Chamber & Development Group, one member of the Mahaska County Board of Supervisors, one local banker, one local business owner and one local agricultural businessman. Revolving Loan Fund monies shall only be used for project eligible activities as outlined in "B" and "C" above and fees associated with recapture of loan funds from borrowers not in compliance with the terms of their agreement. All payments on loans issued through this fund shall be due and payable in the amounts and at the time specified within the loan agreement to the Mahaska County Treasurer. Idle funds shall be invested, to the maximum extent possible, in interest bearing accounts.

Meetings of the Revolving Loan Fund Committee will be called on an as-needed basis by Fund Administrator. Meetings shall be open to the public and subject to Iowa Code Chapter 21, including that meetings shall be preceded by public notice at least twenty-four hours in advance. To forward a loan application to the Board of Supervisors with a recommendation for approval, a majority of the Committee members who are present at the meeting must vote in favor of that action with quorum being at least three members. Loan applications that are not approved by the Revolving Loan Fund Committee will not be forwarded to the Board of Supervisors but the applicant may appeal such rejection to the Board of Supervisors for further review.

K. PROJECT CLOSEOUT/COMPLETION

When evidence that all activities (including job creating) as spelled out in the loan agreement are completed a certificate of completion shall be issued.

L. DEFAULT OR NONCOMPLIANCE

While not desirable, it is possible that from time to time loan delinquencies will occur. A late payment penalty of one percent per month of the payment amount shall be assessed to all payments which are delinquent by more than ten days. The Mahaska County Treasurer shall notify the Revolving Loan Fund Committee of delinquent payments so that the Committee can make personal contact with the borrower. The Committee shall determine the cause of the delinquency and offer any technical or consultant service deemed appropriate. If a second delinquency occurs within a three-month period from the last delinquency, the borrower shall appear before the Revolving Loan Fund Committee to determine the nature of the continued delinquency. Failure to comply with the reasonable request of the Revolving Loan Fund Committee and repeated delinquency may result in the Committee recommending to the Mahaska Board of Supervisors to accelerate the interest rate of the loan or calling for full payment on the loan. Restructuring of the loan may be one of the remedies considered by the Revolving Loan Fund Committee, but if it is determined that this would only forestall inevitable failure of the business to meet its debt, restructuring agreements will not be considered.

M. AMENDMENTS TO AND REVIEW OF THE POLICIES, PROCEDURES, AND GUIDELINES

The Revolving Loan Fund policies, procedures, and guidelines may be amended from time-to-time as deemed necessary and appropriate by a majority vote of the Mahaska County Board of Supervisors. An annual review will be given to the Supervisors which will be conducted by the Revolving Loan Fund Committee, at a regular scheduled meeting.

N. OTHER REQUIREMENTS

In addition to the above requirements for participation in the program the following shall apply:

1. If deemed necessary, an environmental review shall be conducted for each approved project by the leading lender for this project.
2. Businesses participating in this program shall assure the County that they will not discriminate in the hiring or employment of personnel.
3. Each applicant shall be required to disclose every business or family relationship with any employee, agent, consultant, officer or appointed official of Mahaska County or the Revolving Loan Fund Committee. For purposes of this section "family relationship" means affinity or consanguinity within the fourth degree.

4. Any member of the Revolving Loan Fund Committee that has a business relationship with the applicant or is related to the applicant by affinity or consanguinity within the fourth degree shall recuse themselves from deliberations or action on an application.
5. No employee, agent, consultant, officer or appointed official of Mahaska County or the Revolving Loan Fund Committee shall be eligible to participate in this program.
6. Business participating in this program shall abide by all Fair Housing laws as they may apply to the project.
7. Business participating in this program shall abide by the Hatch Act that generally prohibits the use of project funds for political purposes.
8. Applications shall contain a notice that the application and any documents submitted by applicant may, in compliance with Iowa Code Chapter 22, become public record and may be made available to the public upon request.
9. All applications shall be signed under penalty of perjury using the following certification: "I certify under penalty of perjury and pursuant to the laws of the state of Iowa that the preceding is true and correct."

O. EQUAL EMPLOYMENT OPPORTUNITY:

Mahaska County, and as such the Mahaska County Revolving Loan Fund, is an equal opportunity provider and requires loan recipients to adhere to all equal opportunity laws.

Approved this 16th day of June, 2025 by the Mahaska County Board of Supervisors

By: Mark Swenson 6/16/25
Signature Title Date