

**VILLAGE OF TAMPICO**  
**Economic Development Grant and Loan Fund**

**Guidelines**

**Objectives:**

1. To assist businesses within the Village limits of Tampico with rent, mortgage payments, payroll, and operating expenses which are behind or will be behind due to Covid-19.
2. To assist businesses within the Village limits of Tampico with grants and loans if they are unable to get assistance from a local bank or a SBA loan or if they receive loans from a local bank or a SBA loan but need subsequent financing.
3. To assist businesses within the Village limits of Tampico who need a grant or a loan, but were not eligible or were not able to obtain loans from the SBA, State, or private sources.

**Eligible Applicants:**

Applicants may be a limited liability company, sole proprietor, partnership or corporation, doing business within the Village limits of Tampico with fewer than 25 employees, inclusive of the owners. –

**Eligible Activities:**

1. The grants and loans are meant to assist businesses within the Village limits of Tampico who have been harmed by State mandated Covid-19 closures. The grants and loans are to be used for rent, payroll, mortgage or other critical operating expenses for the businesses.
2. The loans can be used in addition to SBA loans, forgivable loans or bank loans.

### Ineligible Activities

1. Refinancing.
2. Real estate speculation.
3. Grants and loans to businesses outside of the Village limits of Tampico, Illinois.

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### Application Process

The application shall be submitted to City Hall. The applications will be reviewed by a committee of individuals appointed by the Mayor and Council. Applicants will be notified by the Committee of approval or denial. If approved the grant will be funded, and the loan will be funded upon completion of the required promissory note.

### Project Selection Criteria

The following criteria may be considered in awarding grants and loans to eligible applicants and may be used to prioritize applications in the event there are insufficient funds to fund all eligible applications:

1. Dollar amount of request. Maximum grant of \$2,500 and maximum grant and loan amounts of \$5,000
2. Number of jobs that may be retained and number of jobs saved.
3. Ability, or lack thereof, to leverage with SBA, State, or bank funding.
4. Level of need and purpose for which the funds will be used.

### Loan Terms

1. Loan terms shall be three years total: No interest for one (1) year. The following two (2) years payments are amortized over the term of the loan and shall be due monthly in equal installments to be paid in full upon the end of year three.
2. The interest rate shall be 1% per annum for years two and three.
3. The monetary injection into a business shall be in the form of a grant and loan to the applicant.

4. Loan Security – a loan to an applicant may be secured by a mortgage of real estate or interest security in equipment.

### Loan Conditions

1. Applicants are encouraged to retain employees. If employees have already been laid off or terminated, please provide detail as to the timeline for being able to rehire back to pre-Covid 19 levels.
2. An applicant must demonstrate a reasonable ability to repay current obligations and the new debt.
3. The business must produce their most recent tax return and P&L for CY2019 and some form of current P&L for year 2020. The business also must disclose other assistance they have applied for either through their lending institution, the Federal or State government or any other assistance due to Covid-19, and whether those applications have been approved or denied.

### Fees

Application fees are being waived for Covid-19 relief.

### Conflict of Interest

In instances where there exists a personal or company conflict of interest, members of the Committee who have conflicts shall abstain from voting on loan applications.

### Loan Selection and Approval Process

The Committee shall interview the applicant, process and review the applications. Upon approval the Committee may direct the City to disburse grant and loan funds with the consent and ratification of the Mayor. The final determination regarding the approval or denial of a grant and loan rests with the Committee.

## Loan Servicing

The City shall be responsible for monitoring and servicing the Economic Development Fund and the procedures to be followed from loan closing to repayment. The loan repayments will be monitored monthly and a report periodically given to the City Council. If following thirty (30) days delinquency, and after notification to the loan recipient and receipt of no acceptable explanation or reason for non-payment, the City may initiate legal collection proceedings. –