

## **ANGOLA INVESTMENT FUND POLICIES AND PROCEDURES**

### **1. PURPOSE**

The purpose of the Angola Investment Fund (AIF) is to create highly skilled, high wage jobs and stimulate private investment within the City of Angola by providing low interest loans to individuals and businesses that seek to start or grow a business enterprise. The AIF is also designed to leverage technical assistance and seed and venture capital from the Small Business Development Center (SBDC) and Elevate Ventures, Inc. to support business startup and expansion in Angola, Indiana.

### **2. APPLICATION AND ADMINISTRATION**

Loan applicants to the AIF shall complete and submit the attached application with all additional information as requested. Applications shall be reviewed and processed in a timely manner with final approval, continuation/modification or denial determination made by the AIF Board. All applications and supporting documentations submitted shall become the property of the AIF Board and will be held in strictest confidence.

- a. Completed applications with any attachments will be submitted to the AIF or the Steuben County Economic Development Corporation along with a non-refundable application fee. The AIF or its designees will conduct background and credit checks on all applications at the applicant's expense. Applications and all attachments may also be reviewed by the Small Business Development Center (SBDC) and Elevate Ventures, Inc. to provide technical assistance and to strengthen the applications.
- b. The AIF Board will conduct personal interviews with individuals submitting applications and may conduct site visits as it deems appropriate. The Board shall make its determination for loan approval, continuation/modification or denial based on the strength of the application, supporting documents/attachments and site visits made.
- c. Following final review, the AIF Board will make a determination to:
  1. Approve the loan request as submitted.
  2. Table the application pending receipt of additional information requested from the applicant.
  3. Modify the requested loan amount and/or loan terms.
  4. Deny the loan request.

### **3. ELIGIBILITY AND EVALUATION CRITERIA**

The AIF is targeted at economic based activities as a means to attract new wealth to the City of Angola and to create high skilled, high wage employment opportunities for Angola residents. As such, loan applicants must fall within one the following industrial sectors as defined by the North American Industrial Classification System (NAICS):

221114 Solar Power Generation

221115 Wind Electric Power Generation

221116 Geothermal Electric Power Generation  
221117 Biomass Electric Power Generation  
311000 Food Manufacturing  
312100 Beverage Manufacturing  
315000 Apparel Manufacturing  
316000 Leather and Applied Product Manufacturing  
321000 Wood Product Manufacturing  
322000 Paper Manufacturing  
322200 Converted Paper Product Manufacturing  
325200 Resin, Synthetic Rubber and Synthetic Fiber & Filaments Manufacturing  
325400 Pharmaceutical and Medicine Manufacturing  
326100 Plastics Product Manufacturing  
326200 Rubber Product Manufacturing  
327200 Glass and Glass Product Manufacturing  
331200 Steel Product Manufacturing  
332000 Fabricated Metal Product Manufacturing  
333000 Machinery Manufacturing  
334000 Computer and Electronic Product Manufacturing  
335000 Electrical Equipment, Appliance and Component Manufacturing  
336000 Transportation Equipment Manufacturing  
337000 Furniture and Related Manufacturing  
339100 Medical Equipment and Supplies Manufacturing  
510000 Information  
541500 Computer System Design and Related Services  
541600 Management, Scientific, Technical Consulting Services  
541700 Scientific Research and Development Services

Applications will be evaluated and scored by the AIF Board in each of the following areas:

- a. Quality of Business Plan
- b. Achievability of three year pro-forma financial statements
- c. Historic performance of business (if pre-existing)
- d. NAICS industrial sector compatibility as defined above
- e. Industrial sector growth opportunities
- f. Terms and availability of other capital including equity investment
- g. Resumes of principals
- h. Credit and background checks
- i. Job creation projections
- j. Average salaries and wages
- k. Capital investment

All applicants must be “for profit” entities headquartered within the extraterritorial planning jurisdiction of the City of Angola. Preference will be given to those companies whose principals/owners reside within the corporate boundaries of the City of Angola.

The purpose of the loan funds shall be limited to one of the following:

- a. Purchase of machinery and equipment
- b. Working capital
- c. Inventory
- d. Acquisition of real estate
- e. Renovation of facilities
- f. Intellectual property

#### **4. LOAN TERMS**

Applications for loans from \$5,000 to \$100,000 will be considered subject to the following criteria:

- a. Loans may not exceed 50% of the total project cost. At least 10% shall come from owner equity and up to 40% may be through alternative financing.
- b. Loan applications from \$50,000 to \$100,000 must project at least 20 new highly skilled jobs with average annual wages in excess of \$40,000 each.
- c. The AIF Board can elect to disburse loan funds in a total lump sum amount or make multiple disbursements on a predetermined percentage draw schedule based on project completion stages. Vendor invoices or other evidence of project expenses must be submitted at the time of each draw request. A maximum term of six (6) months is established to complete the fund draw schedule. Borrowers shall pay all accrued interest up to date at the time of each draw.
- d. Loan interest shall be at a fixed rate set at the date of loan closing and calculated at a rate of 2% less than the New York Prime Interest Rate as published in the Wall Street Journal but shall not be less than 2%.
- e. Loans shall be collateralized in the most secure and effective manner possible without limiting the borrower's ability to leverage assets for conventional financing. To accomplish this, the AIF Board may require a mortgage lien interest in real estate, secure a lien on tangible assets through a UCC filing and/or require the borrower(s) personal guarantee(s) on the promissory note.
- f. Average annual revenues of less than \$1 million in the past three (3) most recent fiscal years.
- g. Clear and sustainable competitive advantages such as superior technologies or access to markets.
- h. Coachable management teams with strong commitments and execution capabilities, willing to work with Elevate Ventures, Inc. and other service providers based on need.
- i. Entity principals possess necessary and unique expertise and qualifications to support and advance manufacturing or technology applications.
- j. The product line is in an industry sector aligned with Angola's goals with exceptional growth potential and subject to the NAICS categories listed in Section 3 of this document.
- k. The company has a high probability of increasing highly skilled, high wage employment opportunities.

#### **5. LOAN REPAYMENT**

- a. All payments shall be made on a monthly basis via ACH (Automated Clearing House) debits to a bank account designated by the borrower and credited to an account designated by the AIF Board.
- b. The AIF Board may grant repayment terms as follows:
  1. Amortized principal and interest payments on loan amounts as follows:

Up to \$30,000	up to 36 months
\$30,001 - \$50,000	up to 60 months
\$50,001 - \$100,000	up to 120 months

2. Initial interest only payments may be made for periods of up to 36 months if approved by the AIF Board. At conclusion of the interest only payment term, amortized principal and interest payments shall begin for terms as noted in item #1 (above). This will require signing a new promissory note by the borrower.
3. All loans shall be due and payable in full (remaining loan balance plus any accrued interest) in the event that the business entity is sold or ownership transferred in any way.
4. Extend/refinance the loan under new loan terms at loan maturity.
5. Loan shall be subject to late payment fees as detailed in Section #6 of this document and in the Promissory Note.

**6. CHARGES, COSTS AND LATE PAYMENT FEES**

- a. A one-time non-refundable application fee of \$50 will be charged to the applicant which is due at the time of submitting the application.
- b. A one-time non-refundable loan commitment fee of 1.5% of the loan amount will be charged to the applicant and collected when the loan funds are disbursed.
- c. Loans have a payment grace period of ten (10) days. A late payment fee of 5% of the payment or \$12, whichever is less, will be charged on payments received ten days after the due date.

**7. REPORTING REQUIREMENTS**

Borrowers are required to submit quarterly financial statements. These will include income statements, balance sheets and cash flow analyses. Further, at its option, the AIF Board may require that annual reports and Federal income tax returns be submitted for review. Borrowers will permit AIF Board members or their designees to conduct on site visits to the business locations as requested to insure the borrower's continuing ability to repay loan funds. Said visits will be scheduled so as not to impair the business operation. Borrowers shall meet with the AIF Board when and as requested to review operations and address questions as the AIF Board sees fit.