

Community Development Corporation

NOTICE OF REGULAR MEETING

THE STATE OF TEXAS §
COUNTY OF FANNIN §

TO ALL PERSONS INTERESTED:

NOTICE IS HEREBY GIVEN in accordance with V.T.C.A. Government Code, Chapter 551, that the Leonard Community Development Corporation of Leonard, Texas, will meet in a Regular Meeting to be held at 8:30 a.m., Wednesday the 5th day of October 2016, at the City Council Chambers at 111 W. Collin Street, the following subjects to be considered:

AGENDA REGULAR SESSION

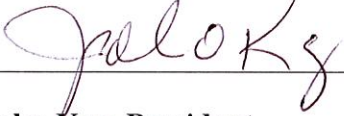
1. Call Meeting to Order
2. Citizen's Comments
(The public is invited to address the Corporation on any topic, speaking limited to three (3) minutes per item. However, the Corporation is unable to discuss or take action on any topic not listed on this agenda.)
3. Reading and Approval of Minutes last regular meeting held September 6, 2016.
4. Approval of Financial Report.
5. Discussion and Action concerning Leonard square improvements including pole banners.
6. Discussion and Action on Reinstating Revolving Loan Policy and Procedures with guidelines as originally set.
7. Consider and Action on Delinquent Loans.
8. Discussion and Action on recommending to the City Council a person to fill the vacant Community Development Corporation board position.

9. Discussion and Action on sale of held property.

10. Adjourn.

The Leonard Community Development of the City of Leonard reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above that are eligible to be discussed in executive session, as authorized by Texas Government Code Sections 551.071 (Consultation with attorney), 551.072 (Deliberations about Real Property), and 551.074 (Personal Matters).

I, John Kay, hereby certify that the above agenda is publicly posted at 4:30 p.m. on this 30th day of September, 2016.



John Kay, President

THIS MEETING IS ACCESSIBLE TO THE DISABLED. IF YOU NEED AN INTERPRETER OR SPECIAL ASSISTANCE, CALL 903.587.3334 AT LEAST 48 HOURS PRIOR TO THE SCHEDULED MEETING.

LEONARD ECONOMIC DEVELOPMENT CORPORATION REVOLVING LOAN FUND PROGRAM

Welcome to Leonard Community Development Corporation Revolving Loan Fund Program!

The Leonard Community Development Corporation has been awarded a grant from the US Department of Agriculture to establish a revolving loan program. This will allow the Leonard Community Development Corporation to advance loans to existing and proposed businesses subject to the guidelines established by the USDA and the Leonard Community Development Corporation. A copy of these Guidelines are attached for your review.

To begin the process, please complete the enclosed loan application package. Please provide all of the information applicable to your business as this will expedite the loan application process. Sign and date the forms where indicated. The Board of Directors of the Leonard Community Development Corporation will then review your application and contact you with a decision.

Once the loan has been approved, the director of the RLF will provide you with a detailed list of information that will be needed to close and disburse your loan.

If you have questions regarding your loan request, you may contact the director of the RLF program which is George Henderson at 903-587-3334 or the Secretary of the LCDC at 903-587-3314.

LEONARD ECONOMIC DEVELOPMENT CORPORATION REVOLVING LOAN FUND GUIDELINES

The Leonard Community Development Corporation (LCDC) will establish a revolving loan fund (RLF) for the purpose of expanding economic opportunities and creating employment. Procedures employed by the RLF will incorporate all conditions required by law. The Leonard CDC will use, to a large extent, procedures established by the Texas Department of Commerce for the Texas Capital Fund, including the guideline of establishing a ratio of one (1) job to every \$10,000 in funds provided. The LCDC will accept applications from businesses located or willing to locate within the ETJ of the City of Leonard. The purpose of the RLF is to create or retain jobs within the City of Leonard and its ETJ.

The needs of the business and the availability of funds will determine the amount of loan funds provided. As a general guideline, the amount of RLF funds will not exceed 50% of the costs of the project or a maximum loan amount of \$30,000.00 which ever is less. The business will be required to obtain the balance of the funds from a commercial lender and/or owner's cash or equity.

Business's making application for a RLF loan (the "applicant") must be in compliance with all laws of the State of Texas and provide a Certificate of Good Standing. Priority will be given to minority and female owned enterprises, providing that all underwriting conditions have been met. Applications will be received and reviewed by the director of the LCDC and then presented to the Board for final approval. Expenses associated with loan processing and administration will be with interest income from the RLF program.

The LCDC, working with local lenders, will require adherence to local underwriting standards. RLF loans must be secured with first lien, a shared first lien or second lien position on the Applicant's business assets to include but not limited to: real estate, improvements, machinery and inventory. Repayment terms will be set by the Board of Directors on an individual basis. Interest rates will be determined by the Board of Directors of the LCDC at the time of the loan request and may be fixed or floating in relationship to the Wall Street Journal Prime rate. The Attorney for the LCDC will assist with the development of contracts and loan documents prior to submission to the CDC Board for approval.

Business's funded with the RLF loan will be held accountable for their job creation or retention commitment as presented in their application and any other performance agreements. Failure to meet these commitments could result in default under the loan agreements. RLF loans will be repaid on a regular scheduled basis. The LCDC will provide a loan amortization schedule. A customary 5% late fee will be charged on delinquent payments. The LCDC Board will review and grant as an exception any deferred payment or extension. Loan payment may be accelerated without penalty. In the event of default, the LCDC will issue a written notification to the business allowing

30 days to correct any default. The LCDC will exercise all legal remedies and has the right to convert the loan to a due and immediately payable status.

Procedures to Implement the RLF

The director of the LCDC will develop an initial application package to be used by the potential applicants. The package will be in compliance with all relevant State and Federal regulations, local ordinances and resolutions. The Attorney for the LCDC will review the application package for legal compliance. The LCDC Board will have final approval of the application package.

The LCDC will publicize the RLF with a Notice of Funds Availability published in the local paper, posted at the Leonard City Hall and the Leonard Chamber of Commerce. The Director of the LCDC will make presentations to the local banks, civic and service organizations, the City Council and Chamber of Commerce.

The LCDC will establish a separate bank account for RLF funds. A financial report of RLF activity will be prepared and presented at each meeting of the LCDC Board. Individual ledgers will be maintained for each RLF outstanding. All records will be available for review at the Leonard City Hall in compliance with public information requirements.

Formal Acknowledgement

The applicant will be advised that the funds in the RLF program are derived from and must adhere to the requirements of USDA Rural Development (the Agency). Additional requirements of the Rural Business Enterprise Grant Program (RBEG) must also be met. These include but are not limited to a review by the State Historical Preservation Office (SHPO) and compliance with the Agency's environmental requirements. Therefore, the applicant is encouraged to carefully review the RLF Guidelines before making a commitment. The LCDC Director and members of the LCDC Board will assist the applicant in understanding and maintaining compliance with these instructions.

EXHIBIT "A"

LEONARD COMMUNITY DEVELOPMENT CORPORATION LOAN POLICY GUIDELINES

TYPES OF LOANS:

1. Manufacturing
2. Wholesaling
3. Servicing
4. Retailing
5. Construction
6. Warehousing, Packing, Crating & Freight

LOAN REQUIREMENTS:

1. Purpose and Use of Proceeds
 - a. Expand/Renovate facilities
 - b. Purchase machinery, equipment, fixtures and leasehold improvements
 - c. Finance increased receivables/augment working capital
 - d. Provide seasonal working capital
 - e. Construct new commercial buildings
 - f. Purchase existing land and/or buildings
2. Collateral
 - a. Sufficient assets must be pledged to secure the loan
3. Terms
 - a. Equipment and Machiner loans do not exceed ten (10) years
 - b. Working capital loans do not exceed five (5) years
 - c. Permanent Real Estate loan do not exceed ten (10) years
4. Interest Rates
 - a. Fixed or variable
 - b. Usually identifies lowest Wall Street Journal prime rate as the index;