



RLF Healthy, Available

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Helping individuals and business executives with economic development strategies is a responsibility of the Wapakoneta Area Economic Development Council (WAEDC), but the private business board also can help financially. WAEDC Executive Director Greg Myers said he also can assist entrepreneurs and business executives with new and expanding business ventures through the city's revolving loan fund (RLF) option.

With the unemployment rate within the county being more than 11 percent and with a number of people in reduced work circumstances through company furloughs, it just seemed to our board that now might be the best time to kindle that entrepreneurial spirit, Myers told the Wapakoneta Daily News. If someone has been thinking about starting their own business, whether on the side or taking the plunge and doing it entirely on their own, now may be the time to think about considering the city's revolving loan fund.

The revolving loan fund permits the city to loan money, typically at a lower interest rate than a commercial bank, to a start-up company or a company looking to expand its operations. The company repays the loan with interest, which can be loaned out again, thus permitting the fund to grow.

The revolving loan fund also can grow by the city participating in the Small Cities Community Development Block Grant's Economic Development Program.

A grant application filed by the city on behalf of the company would be approved by state officials and then the grant money would be loaned to the company, which would pay the money and interest back to the city's revolving loan fund. The most recent CDBG applicant to receive money was Fenix Wire, which hired 20 full-time employees.

A Revolving Loan Fund Committee oversees the program.

Myers explained the steps in the process, which typically starts with a referral to the two universities James A. Rhodes State College or Wright State University-Lake Campus which have programs to help individuals with a business plan and to get them strategically positioned so they are ready to talk with bank officers.

The next step is for a person to secure private financing. Then the revolving loan fund could be used for gap financing.

To qualify for a loan through the revolving loan fund, an individual must have a 10 percent stake in their company, which means they must have equity in the enterprise.

The Revolving Loan Fund Committee then reviews the gap financing needed. If the business is deemed feasible, committee members can approve the loan.

If the loan is approved, a public hearing is required as well as approval by Wapakoneta City Council members.

If the loan is for real estate, the principal and interest can be repaid in 15 years, and if the loan is for equipment then it must be repaid in seven years or less.

Myers said the interest rate typically is a point or two lower than from the private sector.

It is always a more cost-effective rate than the private sector, but it also is a little more riskier because the banks are the primary lender, Myers said. We have not had a large number of applicants within the last six months and we feel it is important to get the word out to the community.

If people are thinking about viable projects because to get to us you ultimately have to convince a bank to loan you money which means you have to have everything in order including a good business plan then they should consider the RLF, he said. This also includes existing businesses that have plans to expand or to relocate in the community because the driver of the program is increasing employment.

Myers explained they typically consider loans for companies that are going to increase employment by at least two full-time equivalents, which means it could be four part-time jobs or one full-time and two part-time jobs.

He said the key to the program is growing the community and growing the fund.

Our job is to try and to keep those dollars, as the name implies, revolving keep them turning in the local economy,

creating new businesses and new jobs in the community,? Myers said.
