

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.31
(ID # 27788)**

MEETING DATE:
Tuesday, December 09, 2025

FROM : OFFICE OF ECONOMIC DEVELOPMENT

SUBJECT: OFFICE OF ECONOMIC DEVELOPMENT: Approve updated Revolving Loan Fund Administrative Plan, authorize Director of Office of Economic Development to draft, negotiate, approve and execute amendments to Subrecipient Agreements with AmPac Tri-State CDC, Inc., doing business as AmPac Business Capital for Revolving Loan Fund Program microloan services in the amount of \$1,000,000. [All Districts], [100% Economic Development funds]; Not A Project Under CEQA pursuant to Section 15378(b)(4) of the State CEQA Guidelines.

RECOMMENDED MOTION: That the Board of Supervisors (BOS):

1. Find that the updating of the Revolving Loan Fund Administrative Plan for the Revolving Loan Fund (RLF), the Business Boost Fund (Biz Boost) and the allocation of funds for continued microloan services for the Revolving Loan Programs are not projects under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378 (b) (4);
2. Find that the updating of the Revolving Loan Fund Administrative Plan for the Revolving Loan Fund (RLF), the Business Boost Fund (Biz Boost) and the allocation of funds for continued microloan services for the Revolving Loan Programs are Categorically Excluded under the National Environmental Policy Act (NEPA) in accordance with Economic Development Administration Directive 17.02-2.02.(j) for the U.S. Department of Commerce's Economic Development Administration;

Continued on Page 2


ACTION:Policy


Suzanne Holland, Director of Office of Economic Development 11/20/2025

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Medina, seconded by Supervisor Gutierrez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez
Nays: None
Absent: None
Date: December 9, 2025
xc: OED

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors (BOS):

3. Approve the updated Riverside County Office of Economic Development Revolving Loan Fund Program, Business Boost Fund (Biz Boost) Program Policies and Procedures (“RLF Administrative Plan”), (Exhibit A) and direct submittal to the U.S. Economic Development Administration by Office of Economic Development;
4. Approve an allocation, in an amount not to exceed \$500,000 of accumulated regular RLF Program funds held by the Office of Economic Development for the Biz Boost loan program through a Third Amendment to the Subrecipient Agreement by and between the County of Riverside and AmPac Tri-State CDC, Inc., doing business as AmPac Business Capital (AmPac) to continue supporting Riverside County entrepreneurs and business owners;
5. Approve an allocation, in an amount not to exceed \$500,000 of accumulated CARES Act RLF Program funds held by the Office of Economic Development for the Biz Boost loan program through a First Amendment to the Subrecipient Agreement by and between the County of Riverside and AmPac Tri-State CDC, Inc., doing business as AmPac Business Capital (AmPac) to continue supporting Riverside County entrepreneurs and business owners;
6. Authorize the Director of Office of Economic Development, or designee to draft, negotiate, approve and execute a Third Amendment to the Subrecipient Agreement with AmPac, (“Subrecipient Agreement”) for continued regular RLF Program microloan services for businesses located in the County of Riverside in an amount not to exceed \$500,000 of RLF accumulated funds held by Office of Economic Development for this purpose; and
7. Authorize the Director of Office of Economic Development, or designee, to take all necessary steps to update the RLF Plan, draft, negotiate, approve and execute the Third Amendment to Subrecipient Agreement with AmPac, for the regular RLF Program and the First Amendment to Subrecipient Agreement with AmPac for CARES Act RLF Program, make programmatic changes to the RLF Program as needed to respond to changes in economic conditions to assist county small businesses within the USEDA regulations and RLF Plan including, but not limited to: negotiating, approving, and executing, subsequent essential and relevant documents, including, but not limited to those required by the USEDA, subject to approval as to form by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$500,000	\$500,000	\$1,000,000	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: 100% Economic Development RLF Funds			Budget Adjustment: No	
			For Fiscal Year: 25/26-26/27	

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On August 23, 2016, the Board of Supervisors (BOS) approved a Financial Assistance Award from the U.S. Department of Commerce, Economic Development Administration (USEDA) to establish the County's Revolving Loan Fund (RLF) to support small business growth and job creation. The fund was capitalized with \$1.5 million (80% federal, 20% County match). Since inception, the Riverside County Office of Economic Development (RivCoED) has issued eight loans totaling \$1 million.

On May 5, 2020, (Item 3.39) the BOS approved \$500,000 in RLF funds through a Subrecipient Agreement with AmPac TriState CDC, Inc. (AmPac) to expand microloan access for County businesses during the COVID-19 pandemic. The agreement was amended on December 15, 2020 (Item 3.7) to add \$250,000, for a total of \$750,000, and again on June 27, 2023 (Item 3.60) to add \$500,000 in accumulated RLF funds. Through these actions, RivCoED reprogrammed a total of \$1,250,000.00 in USED A RLF grant funds to AmPac. The partnership has supported 42 loans ranging from \$15,000 to \$30,000, helping retain 130 jobs across County businesses.

Due to the ongoing economic impacts of COVID-19, USED A also awarded the County \$858,000 in supplemental RLF funds. On December 15, 2020 (Item 3.7), the BOS accepted the USED A CARES Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Award in the amount of \$858,000. The BOS also approved a Subrecipient Agreement with AmPac for microloan services tracked separately from the regular RLF Program but under the same terms and conditions. Using these CARES Act funds, AmPac issued 28 loans ranging from \$15,000 to \$30,000, helping retain 106 jobs across County businesses.

This item requests approval of the updated Revolving Loan Fund Administrative Plan, allocation of \$500,000 in regular RLF funds and \$500,000 in CARES Act RLF funds, and authorization for the Director of RivCoED or designee to execute a Third Amendment to the regular RLF Subrecipient Agreement and a First Amendment to the CARES Act RLF Subrecipient Agreement with AmPac.

RLF Administrative Plan Update

USED A requires the RLF Administrative Plan to be updated every five years to align with current economic conditions and the County's Comprehensive Economic Development Strategy (CEDS) for 2025–2030.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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The updated plan modernizes procedures, aligns with current operations, updates loan servicing guidelines, and rebrands the program as *Business Boost*. Upon Board approval, the plan will be submitted to USEDA for final review.

Third Amendment to Regular RLF Subrecipient Agreement with AmPac

RivCoED proposes reprogramming \$500,000 in repaid RLF funds to AmPac through a Third Amendment, increasing total allocations to \$1,750,000. These funds will provide 10–30 additional loans ranging from \$15,000 to \$50,000, with five-year terms at a 5% interest rate. AmPac will continue to follow all reporting and compliance requirements.

First Amendment to CARES Act RLF Subrecipient Agreement with AmPac

RivCoED also proposes reprogramming \$500,000 in repaid CARES Act RLF funds to AmPac through a First Amendment, increasing total CARES Act allocations to \$1,320,000. These funds will support 10–30 additional microloans to County businesses under existing terms and conditions.

Impact on Residents and Businesses

The RLF and *Business Boost* Programs expand access to affordable capital, support local entrepreneurs, and help retain jobs—particularly in underserved communities. To date, more than 230 jobs have been retained across all districts, strengthening business resilience and promoting economic stability.

Fiscal Information

All program funds are fully supported through existing USEDA and RivCoED RLF funds, with no impact to the County’s General Fund.


Jacqueline Ruiz, Principal Analyst 12/1/2025


Aaron Gettis, Chief of Deputy County Counsel 11/20/2025



**RIVERSIDE COUNTY OFFICE OF ECONOMIC DEVELOPMENT
REVOLVING LOAN FUND PROGRAM**

**BUSINESS BOOST FUND
(BizBoost)**

POLICIES AND PROCEDURES

September 10, 2025



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INTRODUCTION.....

The County of Riverside (County) is committed to strengthening its local economy with a focus on providing assistance to small business owners who were particularly impacted by the Great Recession. Scarce access to capital continues to be one of the biggest challenges faced by small businesses in the County.

One of County's main economic initiatives is focused on accelerating and growing small businesses by creating access to new sources of capital for businesses that are experiencing difficulty securing conventional business loans. To that end, the Revolving Loan Fund (RLF) Program is being established to provide businesses access to affordable capital for real property acquisition, building improvements and renovations, equipment purchases, short-term working capital, and other eligible activities.

The County has allocated \$305,721 towards establishing a revolving loan fund for a small business loan program. These funds will provide the required match for the U.S. Department of Commerce, Economic Development Administration (USEDA) Grant award of \$1,222,906. The USED A Grant and the County Match will be used to capitalize the RLF. The USED A Grant and County Match will provide a total project budget of \$1,528,633 to provide loans to local small businesses.

PART I. REVOLVING LOAN FUND STRATEGY

A. ECONOMIC ADJUSTMENT PROGRAM OVERVIEW

The County proposes to create a RLF as a general lending program that will assist small businesses in obtaining access to capital enabling them to fund expansion plans.

1. Economic Adjustment Dislocation

Riverside County has lagged behind other coastal counties in recovery from the last recession. A major barrier to small business expansion was the inability of businesses to access capital. Riverside County is the fourth largest county in California in terms of population. Riverside County, along with San Bernardino County, comprises the Inland Empire, one of the fastest growing metropolitan areas in the nation from 2012 to 2019. The recession had an outsized impact on the region, but general economic improvements have been observed over the last three years. Riverside County has a population of 2.3 million people and a total of 640,447 wage and salary jobs. The income per capita is \$30,383, and the average salary per worker is \$61,623. In 2019, total employment increased by 1% percent across Southern California. Riverside County added a total of 15,200 jobs, representing a growth rate of 1.5 percent. The unemployment rate also improved, falling from 4.5 percent in 2018 to 4.2 percent in 2019. In 2019, job growth was strongest in education and healthcare (+5,800 jobs), leisure and hospitality (+3,700 jobs),

administrative and support and waste services (+1,500 jobs), and professional and business services (+2,500 jobs).

No sectors showed negative growth. In 2019, the Riverside County population increased by 0.8 percent – the smallest increase on record. Population growth will accelerate over the next five years but will remain well below the levels observed in the mid-2000s.

The Riverside County economy will continue to expand in 2021. Over the longer-term forecast, the Inland Empire will experience greater growth than the coastal counties, due largely to the availability of land at lower costs.

Forecast Highlights

- The labor market strengthened in 2019 as employment increased by approximately 1.5 percent. From 2016 to 2026, total employment is projected to grow at an annual average rate of 2 percent.
- Average salaries are currently below the California state average and will remain so over the foreseeable future. In Riverside County, inflation-adjusted salaries are forecasted to rise by an average of 1.3 percent per year between 2014 and 2019.
- From 2016 to 2026, employment growth is projected to be broad-based. Almost every sector will increase by at least 2 percent, with the only exceptions being mining and logging, agriculture, and information.
- The largest employment increases over the 2016-2026 period will be observed in transportation and warehousing (+44,200 jobs), health and social assistance (+47,200 jobs), construction (+27,600 jobs), and leisure and hospitality (+29,100 jobs).
- The population is expected to increase by 1.0 percent in 2021. Annual growth in the 2019-2024 period is expected to average 1 percent.
- Net migration will gradually increase. An average of 14,325 net migrants are expected to enter the county each year between 2019 and 2024.
- Real per capita income is expected to rise by 3.5 percent in 2014 and increase by an average of 1.7 percent per year between 2014 and 2019.
- Total taxable sales are expected to increase by an average of 3.4 percent per year over the next five years.
- Industrial production is expected to rise by 4.4 percent in 2014. From 2014 to 2019, the growth rate of industrial production is expected to average 3.6 percent per year.

2. Economic Adjustment Strategy

The objectives of the Riverside County Revolving Loan Fund Program are to assist eligible businesses create and retain employment opportunities and increase capital investment by:

- Providing financial assistance to targeted businesses who are facing challenges in securing capital.
- Leveraging private sector funding to increase financing for business creation, expansion and retention.
- Provide financing in areas where high unemployment and poverty are more prevalent than other parts of the county.
- Support self-employment and entrepreneurship.

3. Area Resources

Riverside County shares borders with Los Angeles, Imperial, Orange, San Diego, and San Bernardino counties and spreads from within 14 miles of the Pacific Ocean to the Colorado River. Because of its strategic location, the county offers superior transportation and logistical advantages by providing timely access to domestic and global markets. The county is within a 60-mile radius of world-class air, land, rail and sea facilities for commercial shipping and cargo. The county also has an expanding transportation network. Through 2016, Riverside County will invest almost \$2 billion in transportation investments.

A key component of this county's and region's success lies in the education system from its K-12 system through its many community colleges and universities. This system produces a network of highly skilled graduates specializing in entrepreneurship, engineering, and healthcare. In August 2013, the University of California, Riverside welcomed its inaugural class of students to the first new University of California medical school in over 40 years.

Riverside County offers businesses the unique combination of location within a marketplace of 22 million Southern California customers, easy access to main east/west and north/south transportation routes, an available trained workforce, a reasonable cost of living and business-friendly environment, a global perspective, and the lowest net cost of doing business in Southern California.

4. Implementation Programs and Activities

The County will be responsible for the implementation of the following:

- a) Marketing: Staff will initiate contact with stakeholders in the county to provide RLF program information and requirements.
- b) Evaluation/Screening: Staff will work to evaluate, screen, and package prospective loan applicants.
- c) Processing: Staff will process individual loans, including filling out all the necessary forms, preparing lender packages, working with prospective borrowers and private lenders.
- d) Closings: Staff performs final review, orders UCC searches and files UCCs and Deeds of Trust, if applicable, and works with specific loan packages.
- e) Disbursing and Servicing: Staff will be directly responsible for disbursing and servicing of all loans. Required documentation for disbursements includes completed loan documents and recorded UCC files and Deeds of Trust, if applicable.
- f) Accounting: Business and Community Services Fiscal Department will be responsible for accounting.

5. Organizational Structure

The County will be the responsible entity for the RLF. The Riverside County Office of Economic Development (RivCoED) will take lead for the County in administering RLF. Under RivCoED there are divisions including those responsible for the economic and community development programs of the County.

RivCoED works to promote community revitalization, attract new businesses; encourage job creation and retention and capital investment in the County.

The RLF capitalization of USED A grant funds, County match, and re-invested program income will be used to increase access to capital for businesses located in the County.

The RLF will complement other County programs designed to create or retain private sector jobs by stimulating private sector investment and leveraging RLF funds.

B. Business Development Strategy

1. Overview and Objectives

The County's USED A Comprehensive Economic Development Strategy (CEDS) was prepared and adopted by the County in 2019 as a part of its regular planning cycle process. The 5-year CEDS covers the active period from 2019-2024. Annual updates are completed and submitted to USED A to reflect current conditions.

The strategy has built substantial economic development program capability involving public/private partnerships, active redevelopment efforts, and collaboration amongst partners.

Economic development activities funded through the RLF program are intended to meet the following objectives:

- To encourage the creation and retention of permanent jobs which provide a wage appropriate to the skills and experience of the local labor force.
- To encourage the leveraging of new private investment in the County in the form of fixed asset and working capital investments.
- To perpetuate a positive and proactive business climate that encourage the retention and expansion of existing businesses and helps to attract desirable new businesses.
- To lend monies at interest rates and loan maturities that encourages business development and facilitates reinvestment in the County, while providing for the recapitalization and growth of the RLF.

It is anticipated that continuing the program will stimulate an increase in small businesses acquiring much-needed capital for diverse business activities which will result in the creation and retention of higher-paying jobs and increased capital investment. Additional goals include:

- Increasing the RLF fund by partnering with private sector lending institutions to leverage available financing for business creation and retention
- Provide financing in areas where high unemployment and poverty are more prevalent than other parts of the county
- Support self-employment and entrepreneurship

2. Target Business Characteristics

Financial assistance will be directed to provide an infusion of new capital for businesses having difficulty accessing commercial loans for eligible activities. Businesses eligible for consideration of financing will be commercial and industrial businesses, technology and manufacturing companies.

Examples Include:

- Firms with cash flow problems
- Firms considered too large for SBA regulations
- Firms ineligible for conventional financing

- RLF participation enables SBA participation

3. Types of Assistance

RivCoED staff shall be responsible for the day-to-day administration of the RLF program, including assisting applicants in completing applications, processing requests for financing, and, where necessary and appropriate, counseling and guiding loan applicants to other more appropriate technical and financial resources when the loan applicant has needs that cannot be met through the RLF program. Technical assistance will be provided in navigating the County's entitlement and business license processes along with referrals to service providers to assist applicants in completing needed documentation for RLF Program.

4. Other Programs and Activities

Technical and Management Assistance: A close relationship will be maintained with borrowers during the post-loan phase. Besides requiring semi-annual employment reports to verify the job assurances given during the pre-loan phase, the RLF will require financial statements annually from borrowers. In addition, the County will maintain relationships as appropriate with private lending institutions; community based economic development corporations, and other agencies providing financial and/or technical assistance to small businesses. Contacts and referrals will be made to these groups as appropriate.

Loan Packaging and Referral Services: Loan packaging services will not usually be provided unless a RLF loan is involved. Referrals will generally be made to other financial institutions and providers of assistance to businesses, as appropriate, when firms applying for assistance are not eligible or turned down.

Linking Jobs to Long-Term Unemployed: Close contact will be maintained with Riverside County's Workforce Development Centers, a division under the county's organization. Where funded firms or organizations need job training assistance or where there will be significant new hires, firms will be encouraged to contact the Workforce Development Center nearest their location.

RivCoED staff shall be responsible for marketing the RLF program to local businesses, explaining the RLF program and providing written information to prospective applicants. RivCoED has established links to other alternative, nontraditional microenterprise lenders to cross promote programs for the benefit of RLF applicants. In addition, close collaboration with Workforce Development Center will ensure all applicants receive additional assistance for their day-to-day business activities.

The RLF will be part of the County's overall economic development program and will be identified as a financing program in conjunction with other existing loan programs. All of these programs support job creation and increased capital investment. The RLF is not subordinate to or a part of these other programs. Businesses seeking financing will be directed to the appropriate program based on a project needs assessment by staff.

C. Financing Strategy

1. Financing Needs and Opportunities

A successful technique for persuading companies to remain in a region and to expand their employment levels is to increase the availability of debt financing and working capital. Traditionally, long-term debt financing, especially working capital, required for the expansion of businesses has not been readily available. Most local lending institutions have been hesitant to carry business loans for periods longer than 3 years. Lending institutions have been willing to offer only short-term financing. However, in building a new facility or renovating an old one, or obtaining working capital, businesses find short term financing prohibitively expensive in terms of its impact on company cash flow.

An additional source of financing for small and medium-sized businesses is Small Business Administration (SBA) loans. Challenges arise, however, because lending criteria are stringent and hard asset collateralization is generally required by participating commercial banks and the SBA. Typically, real estate with adequate amounts of equity is required.

To supplement the demand for accessible capital, it has become necessary to develop public sector lending programs to complement and encourage private sector financing. For example, public sector lending programs can be used for those borrowers who are employing low-and moderate-income employees or who are building in CDBG areas.

Often banks will participate when a public lender or intermediary is involved that mitigates and dilutes risk.

2. Local Capital Market

Although the local area's traditional lending institutions have loosened somewhat and are reaching out to small businesses, their lending criteria has not changed. The current lending situation continues to provide hurdles for small businesses that do not meet stringent lending requirements of most banks.

3. RLF Financing Niche

To be eligible for assistance from the RLF a business must be located in Riverside County. The RLF will provide an immediate, flexible and accessible source of funding to be made available in conjunction with private lenders for existing firms that require loans for the acquisition, construction or renovation of real estate, inventory, working capital, machinery and equipment, and leasehold improvements. Consistent with the current USED A Administrative Manual, business buy-outs, and acquisition, construction or renovation of developer and investor real estate will be either restricted or not allowed.

The RLF will be open to general lending. It is expected that loans will be made in the range from \$15,000 to a maximum of 25 percent of the loan capital base or approximately \$382,000, with most loans falling in the range from \$150,000 to \$350,000.

D. Financing Policy

1. Loan Related Fee

Loan fees will be assessed to all loan recipients. The RivCoED shall require a loan application fee of 1% percent of the RLF loan amount, with a \$500 minimum and a 1% maximum.

In addition, the RivCoED shall require the applicant to pay all of the costs incurred by the RivCoED for the RLF loan closing, including but not limited to appraisal, legal, environmental, title insurance, recording costs and filing fees. The fees may be included in the loan application as an eligible use of RLF loan proceeds. The maximum total fee will be two (2) points.

2. Interest Rates Policy

Interest rates will be based on the prime rate plus two percentage points for all borrowers. In no event will the interest rate be less than the lower of four (4) percent or 75 percent of the prime interest rate listed in the Wall Street Journal, or the maximum interest rate allowed under California State law.

However, should the prime interest rate listed in the Wall Street Journal exceed (14) percent, the minimum RLF interest rate is not required to be raised above ten (10) percent if doing so compromises the ability of the County to implement its financing strategy. Interest rates will generally be below local financial institutions short-term rates.

3. Collateral & Equity

Full collateral is not a requirement for financial assistance. However, some collateral must be available to secure each loan. Collateral requirements shall be determined on an individual basis by RivCoED and may include: deeds of trust on land and buildings; liens on fixed and major movable equipment; liens on accounts receivable and inventory; liens on the corporate assets of affiliated businesses, when appropriate; corporate guarantee(s), as applicable; and assignments of leases, patents, and insurance, as deemed appropriate. Such liens and other security may be subordinate to existing liens of record and/or liens securing other loans involved in the project. The RLF will generally secure each loan to the maximum extent possible. Personal guarantees may be collateralized with the assets of the guarantor.

Unlimited personal guarantees from the principals of the business who have 20 percent ownership or more shall be required. Limited personal guarantees for the owners of the

business who have less than 20 percent ownership may be required, where appropriate. In addition, junior deeds of trust on personal property may be required on projects with limited collateral.

The RLF program will require a cash equity injection of 10% of total project costs for each RLF loan. Consideration will be given for individuals that have made substantial equity commitments to the applicant business, as well as to individuals who do not have sufficient financial resources to contribute to the RLF project.

The RLF will maintain a minimum ratio of \$2 in private financing for every \$1 in RLF financing for its overall portfolio. The minimum ration will apply to individual borrowers unless a valid rationale is demonstrated.

4. Standard Repayment Terms

The term for repayment will be generally based on the useful life of the assets being financed or the borrower's ability to repay. The useful lives are 3 to 5 years for working capital, 7 years for equipment and up to 10 years for real estate. If appropriate, shorter terms will be negotiated in order to increase the velocity of funds for recycling to other businesses.

A "Loan Exit Fee" of \$250.00 will be charged for loans that are retired earlier than their stated maturity. This charge will be used to defray the additional time and expense incurred by staff and by the County.

From time to time the County is asked to subordinate the priority of its UCC filing/collateral, note and/or loan payments to other lenders. In general, it is the position of the County not to subordinate. However, the County does recognize that under certain limited situations subordination to another lender may be to the benefit of all parties. Restructuring of a RLF loan will be considered only to improve the repayment prospects of the borrower or to protect the interests of the RLF.

Prior approval from USEDA is required in order to subordinate a loan to a third party. Once approval from USEDA has been granted, the Loan Committee must review and approve all subordination of the County's UCC filings/collateral, note(s) and/or loan payments to other lenders.

Subordination by the County is viewed as an extension of credit. As an extension of credit, a fee of a maximum 1 percent on the current outstanding loan balance will be charged.

Subordinate liens positions will be considered to facilitate new capital injection. The RLF will take first position for any asset financed by the RLF.

5. Loan Size

The amount of funds available for any single business enterprise may range from

minimum of \$15,000 to a maximum of \$380,000 or 40% of the total project cost, whichever is less. Loan size will take into consideration participation of other public and private funding in order to determine loan size for each business.

E. Portfolio Standards and Targets Policy

1. Business Types

The RLF will target all new and existing business types in the county; sole proprietorships, limited liability companies, joint ventures and corporations. New companies include those businesses that have been in the start-up phases of operation for less than one year. Existing businesses are those companies that have been in operation for two or more years and have a track record of sales and positive earnings.

Financing of a start-up or a business acquisition will normally require a minimum equity investment (injection) of up to 20 percent.

2. Loan Purpose

Business loans may be used for start-ups or second stage companies for expansion including equipment, inventory, real estate, working capital, business purchase, and construction. The RLF, except as noted herein, will follow standard USEDA requirements for revolving loan fund programs, including reporting requirements and compliance with applicable Federal laws and regulations, Executive Orders and Office of Management and Budget Circulars, as amended.

3. Leveraging

The portfolio will be leveraged by public and private investment by SBA, banks, insurance or investment companies and/or by equity injection by participating or parent companies. Private loans or equity injection will be monitored at the time of loan funding, with a minimum of 2:1 ratio requirement imposed upon the portfolio as a whole rather than to individual loans and is effective for the duration of the RLF's operation. To be classified as leveraged, private investment must be made within 12 months prior to or after approval of an RLF closing, as part of the same business development project and may include:

- Capital invested by the borrower or others
- Financing from private entities; or
- The non-guaranteed portion and ninety (90) percent of the guaranteed portions of U.S. Small Business Administration's 7 (A) loans and 504 debenture loans.
- Private investments shall not include accrued equity in a borrower's assets. To ensure that loan funds do not substitute for private funds, each loan applicant must

demonstrate that sufficient funds are not available from private funding sources to fund the project or that the project is not financially feasible without subsidized financing.

4. Cost per Job

Borrowers should not be so strong as to be able to obtain full financing from commercial and conventional lending institutions. The borrowing individual or entity also must demonstrate loan repayment ability. As a general rule, the program will be looking for one job created for each \$50,000 loaned from the RLF.

F. Loan Selection Policy

1. Eligible Applicants

RLF financing will be available to support the start-up and expansion of businesses that will help diversify the economy and that will create significant long-term permanent employment within the County of Riverside. Borrowers shall be approved based upon a reasonable assurance and determination of repayment ability and potential economic benefits to the community.

Applications may be submitted by the authorized representatives of any eligible business wishing to establish a new operation or expand an existing operation in the County. Eligible businesses are defined to include commercial and industrial businesses, advanced technology companies, and manufacturing firms.

No member of the Board of Supervisor's; RivCoED; or any other official, employee, or agent of the County who exercises decision-making functions or responsibilities in connection with the implementation of the RLF program is eligible for financial assistance under this program.

Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability, sexual orientation or national origin.

The applicant must not be delinquent or in default on federal, state or local taxes or any existing private or publicly financed loan and will be required to sign an affidavit to that effect.

2. Eligible Projects

Potential loan projects shall meet the general intent and purpose of the RLF. In evaluating applicants, the Loan Review Committee shall consider whether the project/loan:

- Meets the minimum leveraged ratio established for the RLF

- Presents a reasonable assurance of repayment of the loan
 - Meets the targeting area and job creation/retention requirement
 - RLF loans may be provided to eligible applicants for the following:
 - Land costs, including engineering, legal, grading, testing, site mapping and related costs associated with acquisition and preparation of land that increases capacity;
 - Building costs, including real estate, engineering, architectural, legal and related costs associated with acquisition, construction and rehabilitation of a building;
 - Machinery and equipment costs including delivery, installation, engineering, architectural, legal, insurance and related costs associated with acquisition and installation of machinery and equipment;
 - Infrastructure costs, such as seismic retrofitting for hazard mitigation;
 - Supplementary working capital when used in conjunction with the above, which can include payment of current liabilities (creditors) as part of working capital; and
 - Other activities that the RivCoED may identify as appropriate for the RLF Program
- Businesses receiving loans for fixed assets shall be required to obtain property-casualty insurance for property being financed, businesses receiving construction loans shall be required to have builder's risk insurance for the amount of the debt financing attendant to the project, and businesses purchasing real estate shall be required to have title insurance for the amount of RLF real estate financing attendant to the project. Flood insurance shall also be required for RLF loans secured by real property located in a flood zone. The RivCoED shall be listed as an additional insured on all property-casualty, builder's risk and flood insurance policies.
- Eligible working capital loans may be used for the following:
- Inventory
 - Operating expenses

3. Ineligible Loan Activities

RLF loans shall not be available for the following activities:

- Loans outside the County of Riverside;
- Subsidize interest payments on any existing RLF loan;
- Provide for borrowers' required equity contributions under other Federal Agencies' loan programs;

- Provide for borrowers to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. The potential economic benefit must be clearly consistent with the strategic objectives of the RLF;
- Provide RLF loans to a borrower for the purpose of investing in interest bearing accounts, certificates of deposits, or any investments unrelated to the RLF;
- Loans that assist the relocation of jobs from or to another labor area are prohibited;
- Former Board of Supervisors, board members, county employees, committee and members of his or her Immediate Family will not receive a loan from the RLF for a period of two (2) years from the date that the board member last served on the RLF's board of directors.
- Loans inconsistent with Conflict of Interest regulations contained in the RLF Standard Terms and Conditions of the USED A grant agreement;
- Finance gambling activity, performances or products of a prurient sexual nature, or any illegal activity, including the cultivation, distribution, or sale of marijuana that is illegal under Federal law; and
- Other activities that RivCoED may identify as inappropriate for the RLF Program.

4. Application Requirements

To be eligible for funding, a proposed project shall meet the following minimum requirements;

- Compliance with all State, County and/or City zoning regulations, building codes and other applicable local and State ordinances;
- Compliance with all Federal, State and local regulations concerning historic properties and environmental matters; and
- RivCoED will refer loan applicants to technical assistance in such areas as business planning, marketing, accounting, cash management, and inventory control. When determined appropriate, the RivCoED will contract with a third-party provider for this technical assistance.
- The applicant shall demonstrate that the proposed project is viable, and that the business has the economic ability to repay the funds.
- In order to apply for RLF assistance, a prospective borrower must submit the following

materials to the Loan Officers:

- **Basic Company Information.** Description of operations, type of business, present/future facilities, principals, business profile (history and forecasts), employment (current and/or projected).
- **Financial Data.** Current personal financial statements of principals; the last three years' business financial statements and tax returns for established operations (not applicable for startup concerns and businesses operating for less than three years who should submit available financial information) including balance sheets, and income statement; interim business financial statements (less than 90 days old); and income and expense proforma, as required by staff.
- **Project Data.** Amount of loan requested and description of all project costs; e.g. purchase price of land and building, cost of renovation by contractors, cost of equipment, working capital needs.

5. Loan Processing and Approval process

- **Initial Application.** The business applicant submits basic data and financial documents, including current personal and business financial statements, as available, to staff for a preliminary credit and financial analysis.
- **Review.** Staff reviews applicant's eligibility for various loan programs. If qualified, applicant's information is processed accordingly. If ineligible for the RLF and other programs, application is rejected and possibly referred to other funding sources.
- **Loan Request.** If the request meets the criteria for program participation, staff will analyze the credit and prepare a credit memorandum.
- **Approval.** Staff will present the credit memorandum to the Loan Review Committee for review. The credit memorandum will analyze the business' financial operations, ability to service debt, and provide collateral. If the Loan Review Committee approves the request, staff will, if necessary, work cooperatively with any other participating agencies or financial institutions, if appropriate.
- **Loan Closing.** Upon approval by the Loan Review Committee, staff works with the business to fund and close the loan, assuring that loan agreements, notes and other documentation are executed properly.

6. Security Release Procedures

Once a borrower has paid off RLF Loan, either at the end of term or by prepayment, the Fiscal Department will send a Memo to the Loan Officer documenting loan has been paid in

full. The Loan Officer will review for deeds of trusts or UCC-1 filings to determine what releases will be required.

For deeds of trusts, the Loan Officer will prepare a full reconveyance of deed of trust and submit for execution to the Director. The Director's signature will be notarized, and statement provided along with full reconveyance. Once signed by Director, the reconveyance will then be delivered to County Counsel for review and signature. The Loan Officer will then submit to the County Clerk Recorder to be duly filed for record in the Official Records of the County of Riverside. Upon recordation of the full reconveyance, the Clerk Recorder will send electronic copy to Loan Officer who will then provide to borrower and upon request, deliver the original note and deed of trust to the borrower. Loan Officer will then deliver a copy to Clerk of the Board of Supervisors to file. For UCC1's that have been filed, Loan Officer will prepare release and file online.

G. Performance Assessment Policy

1. Annual Loan Portfolio Review

The County will review the performance of the RLF on a semi-annual basis and certify to USEDA, and other agencies as required that the RLF plan is consistent with the area's development strategy as defined in the CEDS and that the RLF is being operated in compliance with the policies and procedures contained in the RLF plan.

The RLF will assess performance by:

- Number of loans and amount of funds placed
- Number of performing loans (full repayment)
- Number of jobs created and/or retained
- Amount of capital investment

2. Reviewing and updating RLF Plan

The RLF Plan will be amended and updated every 5 years, as appropriate, to conform to changes in economic conditions and the Comprehensive Economic Development Strategy.

3. RLF Loan Portfolio Sales and Securitizations

With prior approval from USEDA, the County may enter into a sale or a securitization of all or a portion of its RLF loan portfolio, provided County: (1) uses all the proceeds of any sale or a securitization to make additional RLF loans; and (2) requests USEDA to

subordinate its interest in all or a portion of any RLF loan portfolio sold or securitized (42 USC 3149; and 13 CFR section 307.19).

II. OPERATIONAL PROCEDURES

A. Organizational Structure

1. Administration

The County will administer the RLF and is a fully integrated department and is responsible for economic development activities and administering many programs and projects for the County of Riverside. The County has extensive experience managing grant funding and marketing, packaging and servicing loans under Redevelopment.

The County is governed by the County Board of Supervisors. Administrative operations of the Business and Community Services Department of the County of Riverside are under the management of the Director.

The County will administer the RLF on a day-to-day basis. All financial transactions, including deposit of funds, issuing of checks and collecting of program income, will be the responsibility of the County. Loan Officers, Fiscal staff, and County Counsel will perform all services described in the Administrative Plan. The County will be responsible for marketing, screening, processing, closings, servicing (including recovery of delinquent loans), accounting, and capital management functions as outlined in the Administrative Plan. Certain specific services, such as underwriting, may be contracted out to private partners with expertise in a given subject area for efficiency.

2. RLF Loan Review Committee

The Loan Review Committee will consist of five persons appointed by the Director. The Loan Review Committee's responsibility will be to review and recommend loan applications for approval, review and recommend policy and make recommendations concerning RLF loans. The Loan Review Committee shall consist of two members from private sector finance industry and three members shall come from local government.

Vacancies, voting, and all related organizational and operational matters, including loan decisions, are made by majority vote of the Loan Review Committee. The Loan Review Committee will address additional loan policies, including special repayment terms, before any loans are made. A quorum for meetings of the Loan Review Committee will be three members, with one of the three in the quorum having financial or banking experience.

The Loan Review Committee is responsible for recommending approval of all loans, all

major modifications or waivers and loan foreclosure actions. It is also responsible for recommending RLF loan policy, which shall be set by the Director, or his designee. No County Supervisor, officer, employee, or member of County, or Loan Review Committee, or other person related to Loan Officer or Loan Review Committee, by blood, marriage, law or business arrangement shall receive any benefits resulting from the use of loan funds, unless the Loan Officer or Loan Review Committee member, affected first discloses to the Loan Review Committee on the public record the proposed or potential benefit and receives the Loan Review Committee's written determination that the benefit involved is not as substantial as to affect the integrity of the Loan Review Committee's decision process and or the services of the Loan Officer or Loan Review Committee member. The Loan Review Committee shall be guided by the conflict of interest policies as detailed in the County RLF Standard Terms & Conditions, as amended.

The Loan Review Committee may meet as needed to accomplish work necessary for loan program. Topics of meetings will include new loan requests, loan modifications and/or review of problem loans and recommend appropriate actions. Loan Review Committee meetings may be held in person, via telephone conferencing or video conferencing. Recommendations for approval of loans, modifications of terms and other actions may be taken by the Loan Review Committee without a formal meeting if approved by a majority of Loan Review Committee members by written confirmation.

In the event representatives from the financial community on the Loan Review Committee have a separate financial interest (excluding regular checking and savings accounts) in a loan applicant, such member will not participate in the deliberations regarding the loan applicant.

3. Conflict of Interest Policy

The County of Riverside is a unit of local government whose Board of Supervisors (Board), Loan Officers, and Loan Review Committee members are chosen to provide a public benefit. These persons have a duty to conduct the affairs of the County in a manner consistent with the mission of the County of Riverside and not to advance their personal interests. This conflict of interest policy is intended to permit the County, Board, Loan Officers and Loan Review Committee members to identify, evaluate and address any real, potential or apparent conflict of interest that might, in fact or in appearance, call into question their duty to put the interests of the County ahead of their personal interests.

Covered Persons: This policy applies to all County, Board, Loan Officers and Loan Review Committee members and each Covered Person shall be required to acknowledge that they have read and are in compliance with this policy.

Covered Transactions: This policy applies to transactions between the County, Board, Loan Officer and Loan Review Committee members and a Covered Person, or between the County, Board, Loan Officers and Loan Review Committee members and another party with which the Covered Person has a significant relationship. A Covered Person is considered to have a significant relationship with another party if:

- a) The other party is a family member, including a spouse (or domestic partner or

significant other), parent, sibling, child, stepchild, grandparent, and grandchild. This does not include distant relatives, such as cousins, unless the distant relative lives in the same household as the person.

- b) The other party is an entity in which the Covered Person has a material financial interest; or
- c) The Covered Person is an officer, director, trustee, partner, consultant or employee of the other party.

A Covered Transaction also includes any other transaction in which there may be an actual or perceived conflict of interest, including any transaction in which the interests of the Covered Person may be seen as competing or at odds with the interests of the County of Riverside and the RLF Program.

Disclosure, Refrain from Influence and Recusal: When a Covered Person becomes aware of a Covered Transaction, the individual has a duty to take the following actions:

- a) Immediately disclose the existence and circumstances of such Covered Transaction to the Loan Review Committee or Executive Director.
- b) Refrain from using their personal influence to encourage the Loan Review Committee to enter into the Covered Transaction; and
- c) Physically excuse themselves from any discussions regarding the Covered Transaction except to answer questions, including Loan Review Committee discussions and decisions on the subject.

Standard for Approval of Covered Transactions: The County may enter into a Covered Transaction where:

- a) Such Transaction does not constitute an act of self-dealing; and
- b) The Loan Review Committee determines, acting without the participation or influence of the Covered Person and based on comparable market data, that such transaction is fair and reasonable to the County. The County shall document the basis for this determination in the minutes of the meeting at which the Covered Transaction is considered and shall consult with the County's legal advisor as necessary to ensure that the Transaction does not constitute an act of self-dealing.

Lending Activities: The following conflict of interest policy shall apply specifically to the County's loan program: No personal or private loans may be made by the Loan Review Committee to its members, or their immediate families as provided in 13 CFR 302.3 and in ORS 65.364. No member of the Loan Review Committee or their immediate families may be an officer, director, or owner of a small business concern receiving financial assistance from the County.

In addition to above and the rules set forth in 13C.F.R.302.17(a) and (b), the Recipient must adhere to these special conflicts-of-interest rules set out in 13 C.F.R. 302.17(c):

- An Interested Party of a Recipient of an RLF Award will not receive, directly or indirectly, any personal or financial benefits resulting from the disbursement of the RLF loans.
- A Recipient will not lend RLF funds to an Interested Party.
- Former board members of a Recipient and members of his or her Immediate Family will not receive a loan from the RLF for a period of two (2) years from the date that the board member last served on the RLF's board of directors.

4. Staff Capacity

The Loan Officers will consist of economic development staff that have been selected for program due to experience and knowledge with loan processing. The staff will originate, screen, process, structure, service and monitor all loans. The staff will also act as liaison with other funding agencies for borrowers. Professional legal, lending and accounting services will be available. The primary activities of the staff regarding the RLF will be as follows:

- Work with prospective borrowers to help them prepare and complete loan requests, perform loan and credit reviews and make final recommendations to Loan Review Committee
- For approved loans, ensure proper execution of documents, compliance with all appropriate regulations, timely loan closing and implementation of projects
- Monitor ongoing operations of loan recipients
- Manage loan servicing and accounting
- Manage loan collections with attorney, including asset liquidation if any
- Provide financial reports as needed for the RLF, including individual account status

Staff will make recommendations to the Loan Review Committee for final decisions. Professional legal and accounting services are available to whatever extent required.

B. Loan Processing Procedures

1. Standard Loan Application Requirements

Upon determination by a Loan Officer that an opportunity for a financing exists, Loan Officer shall contact the potential borrower and request the following information or documentation as may be required for consideration of their loan request:

- A maximum of three years of business and personal tax returns
- A maximum of three years of business financial statements which contain balance sheets and profit and loss statements
- Personal Financial Statement dated within the most recent quarter and not more than 3 months old (SBA 413 is acceptable) from all principals with more than 20% ownership
- Business Plan with financial projections for start-up businesses
- Proof of Hazard and Liability Insurance
- Accounts Receivable and Accounts Payable aging if applicable
- Schedule of debts including current outstanding balances, repayment schedules and due dates, and schedule of collateral
- Authorization to request business or personal credit reports as required

The Loan Officer is responsible for adding to the credit file checklist the following items as may be applicable:

- Appraisal and Credit Reports
- Environmental Reviews
- Standard Collateral Requirements
- Standard Equity Requirements
- Standard Insurance Requirements
- Public Benefit Requirements and required certifications or documentation

The Loan Officer is responsible for preparing the Credit Memorandum. The standard loan documentation will include, at a minimum, the (1) loan application, (2) loan agreement, (3) board of directors' meeting minutes approving the RLF loan, (4) promissory note, (5) security agreement(s), (6) deed of trust or mortgage (if applicable), (7) agreement of prior lien holder (if applicable), and (8) signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.

2. Credit Reports

In connection with a RLF application a credit report for each principal of the small business will be required for underwriting purposes. An Authorization for Release of Information form will need to be completed and signed by applicant(s).

3. Appraisal Reports

Appraisals may be required of real property or other fixed assets that are being used as collateral for the loan.

4. Environmental Reviews

Environmental reviews will be required if loans involve the acquisition of real property or the alteration of the physical environment as in construction. In these cases all borrowers will:

- Complete an environmental questionnaire as may be required
- Permit a site inspection of the property and an environmental audit (Phase I or Phase II) by a qualified inspector selected by the County as appropriate
- Provide such documentation as may be required

Environmental reviews shall comply with the intent of the National Environmental Policy Act of 1969, as amended, as implemented in regulations and as listed in the County's RLF Standard Terms and conditions. Construction loans will comply with the California Environmental Quality Act (CEQA) as amended.

5. Historic Buildings Reviews

All projects will comply through the Lender with Section 106 of the National Historic Preservation Act of 1966 as amended (16 USC 470), Executive Order 11593, and the Archeological and Historical Preservation Act of 1966 (16 USC 469a-I et seq.): (1) by consulting with the state's Historic Preservation Officer on the conduct of investigation, as necessary to identify properties listed in or eligible for inclusion in National Register of Historic Placed that are subject to adverse effects (see 36 CFR Part 800.8) by the activity, and noting the Lender of the existence of any such properties; and (2) by complying with all requirements established by the Lender to avoid or mitigate adverse effects.

6. Collateral and Equity Requirements

The RLF will obtain a perfected interest in a borrower's assets, including the outside assets of related parties as may be required. Loans may be secured with the following types of collateral: real property, machinery, equipment, inventory, accounts receivable, securities and personal guarantees, including collateralized personal guarantees.

A personal guarantee shall be obtained from all principals having a 20 percent or more ownership in the company being considered. Appropriate hazard and liability insurance shall be required, and key man life insurance shall be considered depending upon the size and nature of the transaction and the health and ages of the principals. A Lender's Loss Payable endorsement naming RLF will normally be required, as appropriate, to protect the interests of the RLF.

Trust deeds will be obtained and supported by a lot book report or lender's title policy as appropriate. Liens on personal property will be perfected by UCC-1 filings and Security Agreements where fixed assets and/or soft assets are taken as collateral.

7. Loan Write-up

The loan write-up, or Credit Memorandum, is a written summary signed by the Loan Officer member and presented to the Loan Review Committee. It fully describes the recommended loan transaction and is organized as follows:

- **Basic Information.** The date, the name of the company and the location of the business involved, including Supervisorial district.
- **Background.** The type of company, market conditions, current trends and pertinent detail about the principals and the company's products.
- **Economic.** Impact The effect of the loan and the public benefit to be expected.
- **Purpose.** What the loan will finance such as equipment purchase, working capital, and so on and the effect of that action on company operations.
- **Terms of Proposed Financing** The amount, term, interest rate, fees, collateral, guarantees and requirements of the RLF loan and related loans.
- **Uses and Sources of Funds.** (A tabular presentation.)
- **Identification of Problems.** (Environmental, management etc.)
- **Cash Flow Repayment Analysis.** (A tabular presentation with explanations and footnotes.)
- **Estimated Annual Debt Service.** (A tabular presentation.)
- **Financial Statements.** An analysis of the financial statements.
- **Proforma Analysis.** An analysis of the business proforma.
- **Balance Sheet Analysis.** (A tabular presentation.)

- Discussion of Collateral. An analysis of the collateral.
- Justification. Reasons for the RLF loan (i.e., how it is not substituting for private financing) including support documents, as appropriate.
- Recommendation. The recommendation of the Loan Officer member, including contingencies.

8. Loan Approval

Recommendation for loan approval by the Loan Review Committee shall be in writing and signed by all participating Loan Review Committee members. Following Loan Review Committee recommendation for approval, loan package will be sent to Director for review. Loans in amounts of \$75,000 or less will be approved by Director. For loans in excess of \$75,000, upon approval of Director or his designee, loan documents will be submitted to Board of Supervisors for the County of Riverside for approval. Once approved a letter shall be sent to the applicant indicating approval and the terms and conditions of approved loan.

9. Appeal of Denial

If the applicant does not agree with the Loan Review Committee determination to fail to recommend the loan, the applicant has the right to appeal the decision of the Loan Review Committee to a Sub-Committee comprised of three (3) board members for the following:

1. If the person/company feels that the Loan Review Committee did not have the necessary information to make the appropriate decision. Further consideration of the credit request is subject to receipt of additional information.
2. A person/Company may file an appeal in any case, wherein the person believes that the Loan Review Committee has failed to properly consider the person's application for loan assistance.
3. Applicant must file a written appeal within 30 days from date person received notification of Loan Review Committee's determination of denial of recommendation. Time limit may be extended on case-by- case basis, for good cause as stated on item 1 above.

The Loan Review Committee Shall:

- Cause the appeal committee to conduct a prompt review of the written appeal, regardless of form by the Sub Committee.
- Have a determination issued within 6 weeks of the date of appeal and a complete

package.

C. Loan Closing and Disbursement Procedures

1. General Closing Requirements

Loan Officer will perform a final loan review, including credit reports, ordering UCC searches and filing UCCs and Deeds of Trust, as applicable, and will work with a closing attorney, if necessary, to perform all necessary functions related to closing specific loan packages. The County staff will review the public benefit requirements and ensure that required documentation includes required employment certification and other forms needed to fulfill the public benefit requirements of the loan.

2. Loan Disbursement

Borrower will comply with the use of funds as stated on the Loan agreement. Once the above documentation requirements are met, security interests are perfected and borrower's certification that the funds are to be used for the purpose intended, funds will be disbursed as directed by the Loan Review Committee recommendation action and in accordance with the loan agreement and instructions of the Loan Officer. Fixed asset loans may require the opening of a loan escrow for the perfection of collateral and the coordination of fund distribution. Working Capital loans will be funded in a single disbursement or on an agreed schedule depending upon the circumstances. Fixed asset loans will require backup documentation including invoices or bank statements, or other verifiable documentation.

D. Loan Servicing Procedures

1. Loan Payment and Collection

Direct Loans are set up in the Accounting Department in the Fiscal Division of the County. Borrower will provide specific instructions on where and how to submit loan payments.

Once received payments will be deposited in federally insured accounts in accordance with California Government Code on the same day as received, if received before 12 p.m., or the next business day.

2. Loan Monitoring

Under the direction of the Loan Officer, each loan file will be monitored for compliance with public benefit requirements and for the proper and timely submission of financial data, reports, UCC renewals and insurance documents. Every six months, on July 1 and January 1, for the period of the loan a letter will be sent to the borrower requesting

submission of job hiring and saving data in accordance with the loan agreement. Every twelfth month, a copy of the annual financial statement of the business will be requested and an appointment will be made for a site visit and inspection of collateral.

Borrowers are required to maintain adequate records and books of account in which complete entries will be made reflecting all its business and financial activities, and to submit financial statements annually for the life of the loan.

A successful business will keep payments current and meet the above monitoring requirements without difficulty. Failure to comply with the above monitoring routine will result in the loan file being pulled, scheduling a site visit and determination of proper action.

3. Late Payment Follow-up

If a payment not timely made remains overdue for a period of ten (10) days after the same becomes due and payable, Borrower, without notice or demand by the County or any holder of the note, shall apply a late charge in the amount of five (5) percent of the delinquent payment owing. The loan is placed on the delinquent loan report, which is submitted to the Loan Officer monthly.

During the first 30 days of delinquency, the loan file will be pulled and returned to Loan Officer for oral communication with the borrower and for a determination of appropriate action. The loan will be placed on the Delinquency report.

During the second 30 days of delinquency the Loan Officer will visit the site, if this has not already been done, to inventory the collateral and to determine a plan to resolve the delinquency. A Borrower may request, and the County may approve a deferral period during the life of the loan.

4. Loans Over 90 days in Arrears

The Loan Officer will work to exercise all rights and privileges of the lender in order to collect the proceeds on delinquent loans. Loan Officer will:

- Make sure all loan documentation is in order
- Contact County Counsel to coordinate collection efforts
- Formally notify other lenders of the delinquency, as appropriate
- Formally notify the guarantors of the defaulted loan and put them on notice that they are expected to make payment
- Notify the Loan Review Committee

- When the Loan Officer determines that he has exercised all reasonable attempts at collection the loan file will be transferred to the Fiscal Division for liquidation action per the requirement of the County's Debt Collection Policy.

5. Default Loan Monitoring Procedures

The Loan Officer can recommend to the Loan Review Committee that a loan be declared in default and that action should be taken to initiate recovery against collateral, if it appears that the threat to the collateral or to the repayment of the loan is immediate or the situation is rapidly deteriorating. The Loan Review Committee must approve foreclosure or necessary litigation. The Loan Review Committee shall be briefed, and County Counsel consulted with respect to the possibility of a successful workout.

The file will be reviewed, and the Loan Officer will recommend a liquidation plan. The plan will be presented to the Loan Review Committee and the Executive Director for approval. The liquidation officer will be responsible for all actions related to collection of past amounts due including disposition of collateral and negotiations of any "Offer in Compromise" (OIC). The OIC will require the approval of the Executive Director.

6. Loan Restructuring

If the cash flows of the business are inadequate to make the scheduled payments, it may be necessary to alter the terms of the note to cure defaults. If there is no need to cure defaults, payment terms may be reached with amending the notes. Restructuring of loans include, but are not limited to, interest rate amendments, deferral of payments, maturity date extensions and balloon payments. All loan modifications will be reviewed and approved by Loan Review Committee.

7. Write off

Collection efforts will be continued until all collateral has been liquidated and all other actions have been exhausted. Loan Officer will recommend either returning the loan to the respective division for preparation of a charge off request or forwarding the loan to an outside collection agency for additional collection efforts. Loans deemed uncollectible will be returned to the respective division for preparation of the charge off request. Write off requests will be submitted to the Loan Review Committee and the Director for approval.

E. Administrative Procedures

1. Accounting

County will maintain a separate bank account established for the RLF so that repayments and interest income are clearly identifiable and auditable, and the portfolio and cash are

clearly distinguishable from any other loan programs. This includes both the USEDA and local share portions of the RLF. The County will ensure that the RLF is operating in accordance with Generally Accepted Accounting Principles (GAAP).

2. Reporting

The County will submit financial and status reports to the EDA Regional Office semi-annually. The reports will be in a format acceptable to EDA. Semi-annual reports will be submitted by April 30th, covering RLF activity through March 31st, and October 31st covering activity through September 30th. Other reports or special reports will be submitted as required.

The County will ensure that the RLF Portfolio is in compliance with applicable capital utilizations standards and sequestration requirements.

3. Audits

The County acknowledges that USEDA RLF funds are subject to an annual audit requirement and the full value of the RLF (outstanding loans and available cash) will be shown every year on the Recipient's Schedule of Federal Expenditures. The County will ensure that the auditor performs the required federal audit procedures.

4. Loan Files and Loan Closing Documentation

All original loan documents will be maintained in a fireproof file cabinet on the premises. Original loan documents requiring storage in fireproof facilities include original notes, loan agreements, Loan Review Committee's' meeting minutes approving the RLF loan, security agreement(s), deed of trust(s), title policy, collateral perfection documents and other original legal documents. Copies of the collateral documents will be kept in the loan files located in ordinary file cabinets located on the premises.

The loan files will contain the complete record of the individual loan including original applications and supporting documents and verifications, Credit memorandum and amendments thereto, public benefit documents and verifications, copies of the notes, deeds and other collateral, correspondence and checklists.

5. County Reporting Requirements

Loan Officer shall maintain a separate file containing all original documents approving the application and all applications, approvals and documents relating to the loans. Files of all required reports will be maintained and kept current.

A portfolio report will be maintained that will document the outstanding balances of loans and the performance of the portfolio with respect to the guidelines set forth in Part I. This report is an operational report, which will guide the marketing practices of the loan officers in order to keep the ratios within desired limits. It will be updated monthly.

RLF loan payments and program income will be tracked and budgeted through the County's annual budget process. All funds will be accounted for within the normal operating requirements of the County and will be subject to all restrictions and practices required by the California Government Code.

F. Funding for Administration Costs

Administrative costs for the RLF will be covered under existing programs of the County and will not come from grant funds or program income.

G. Capital Management Strategy

1. Ongoing Recapitalization

Ongoing recapitalization is provided by repayment of principal, interest and fees for outstanding loans.

2. Excess Retention Policy

In considering the amount of funds retained on hand, the RLF program will be guided by USED A Excess Retention Policy, which sets the limit at 20 percent of total capital, including all funds available for lending. This policy will be closely observed, after initial funds have been disbursed. Excess funds will be invested in interest bearing accounts. All federal funds will be held in insured accounts; federal funds greater than \$100,000 will be held in collaterally insured accounts.

H. Miscellaneous Procedures

In addition to the conditions and requirements of the application, the trust deed or other security instrument(s) and the promissory note, each borrower will be required to observe all applicable federal, state and local statutes and regulations. Applicable provisions will be included in each loan agreement.

A violation by any borrower of any of the federal requirements applicable to this RLF including, but not limited to, civil rights, environment, historic preservation, relocation, flood hazard, access for the handicapped and Loan Review Committee recommendations or wage laws, will be cause for default on the loan.

1. Civil Rights Consideration

The RLF will comply with all Federal civil rights requirements that prohibit discrimination against employees or applicants for employment, or providers of goods and services, on the basis of race, color or national origin, sex, age, handicap, religion or any other protected category, as amended.

The RLF will aggressively outreach to minority communities for the initial and subsequent lending rounds to ensure equal opportunity in the award and performance of any loans to all persons without regard to race, color, sex, religion, national origin, ancestry, age, marital status, physical, mental disability or sexual preference.

2. Environmental Considerations

Loan Officer with the assistance of appropriate staff, shall assess the significance of all environmental impacts of activities to be financed in compliance with the National Environmental Policy Act of 1969 and other Federal environmental mandates, as per the Assurances (SF 424D as revised) executed with the Economic Development Administration. No activity shall be financed which would result in a significant adverse environmental impact unless the impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.

No project shall be approved which would result in the alteration of or have an adverse impact on any wetland without prior consultation with the U.S. Department of the Interior, Fish and Wildlife Service, and, if applicable, obtaining a section 404 permit from the Army Corps of Engineers

Consistent with E.O. 11988, no project shall be approved which would result in new above ground development in a 100-year flood plain. This determination will be made by reviewing the proposed development against FEMA Flood Insurance Rate Maps. The State Historic Preservation Officer, (SHPO) shall be notified of each loan proposal that involves significant new construction or expansion and asked to submit comments on the effect of the proposed activity on historic and archaeological resources. The RLF Administrator shall work with the SHPO and EDA in cases where the SHPO has recommended actions or has been determined an adverse impact.

All loan applicants shall be requested to provide information indicating whether hazardous materials such as EPA-listed (see 40 CFR 300), hazard substances, leaking underground storage tanks, asbestos, polychlorinated biphenyls (PCBs), or other hazardous materials on site that have been improperly handled and have the potential of endangering public health. If deemed necessary, loan applicants may be required to perform or provide evidence of a Phase I site assessment to identify possible sources of contamination, a Phase II site assessment to test soil and/or groundwater samples, and a Phase III site remediation involving mitigation of applicable contaminants. In cases where there are unresolved site contamination issues, the RLF Administrator shall work with the loan applicant and the appropriate state environmental agency office to resolve these outstanding issues.

3. Flood Hazard Insurance

RLF loans will not be made for project activity located in a flood plain unless proof of flood

hazard insurance is provided, as per the flood insurance purchase requirements of Section 102(1) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1976. Section 102(a) requires, on and after March 2, 1975,

the purchase of flood insurance in communities where such insurance is available as a condition, if the total cost of insurable construction and acquisition is \$10,000 or more for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal assistance.

4. Access for Handicapped

The County will assure that any building or facility financed in whole or in part by funds provided under the Program will be designed, constructed or altered to assure ready access to and use of such building or facility by the physically handicapped, pursuant to Public Law 90-480, as amended (42 USC 415 1, et seq.)

5. Relocation

Projects will not be funded if located outside the County of Riverside. Loans will be called if project activity is removed from the County of Riverside. All projects funded will comply with Section 2, of the Public Works and Economic Development Act, as amended, which states that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one labor area to another. It shall be an event of default and the loan shall be called it is determined that (1) the firm or organization used the RLF loan to relocate jobs from another commuting area or (2) the economic activity financed is moved outside the commuting area to the detriment of local workers.

6. Davis-Bacon Act Requirements

All laborers and mechanics employed by contractors or subcontractors on construction, alteration, or repair, including painting and decorating projects financed in whole or in part by RLF loans shall be paid at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All projects undertaken with RLF loans must meet the requirements, and comply, as applicable, with the provisions of the Davis-Bacon Act as amended (42 USC 3212; 13 CFR section 302.13; Section 1606 of ARRA), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327333) regarding labor standards for federally-assisted construction sub agreements.

7. Subrecipient Awards

The County may subaward RLF Award funds only with prior USEDA approval pursuant to 13 CFR § 309.2(a) and subject to the conditions at 13 CFR § 309.2(b). A subaward includes any award from the County to a subrecipient for the subrecipient to carry out part of the RLF Award, including lending activities on behalf of the County. Beneficiaries of the RLF Award, including loan borrowers, are not subrecipients.

The County shall require any subrecipients under the RLF Award, including lower tier subrecipients, to comply with the provisions of the RLF Award, including applicable provisions of the OMB Uniform Guidance, and all associated terms and conditions.

8. Additional Requirements

Projects will comply with all requirements by the federal sponsoring agency concerning special requirements of the law, program requirements, and other administrative requirements; will comply, where applicable, with the Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333) and with the Anti-Kickback Acts, as amended (40 USC 276 (c); 18 USC 874); will comply, where applicable, with the earthquake Hazards Reduction Act of 1977 (Public Law 9520 124), as amended (40 USC 770'4, et seq.) and Executive Order 12699, "Seismic Safety of Federal and Federally-Assisted or Regulated New Building Construction" for the design of newly constructed buildings.

The County will follow the most current US Department of Commerce, Economic Development Administration Revolving Loan Fund Financial Assistance Standard Terms and Conditions (dated April 30, 2019), which includes Part I (General Requirements and Responsibilities), Part II (RLF Recipients' Management and Administrative Requirements), Part III (Lending Restrictions and Borrower Requirements) and all amendments thereafter.