

# Entrepreneurial Loan Fund

## Overview

The Red Wing Port Authority (RWPA) has developed an Entrepreneurial Fund to support the growth and expansion of local business/individuals and attract new business development to the Red Wing Area. This is a limited loan and collateralization can be a financial investment and/or sweat equity.

## Loans

\$500 up to \$50,000

Loans requiring financing above \$50,000 will be reviewed for standard loan requirements

## Eligible Expenditures

- Startup costs:
- Product development costs
- Marketing Materials
- Rent
- Working Capital
- Equipment
- Building rehab

## Ineligible Expenditures:

- Investment of residential Real Estate
- Delinquent taxes
- Refinance debt
- Delinquent loan payments

## Review Requirements

### Business Plan

- Ownership and percentages
- Resume of owner(s)
- Personal financial statement(s)
- Personal and Business Federal tax returns
- Personal and Business references
- Financial Statement with projections
- Balance Sheet required
- Business must be located or is relocating in Red Wing

## Finance Committee (FC) Guidelines

1. The FC is required to review the guidelines during budget review of each year.
2. The FC may defer to interest only payment for up to 6 months.
3. The FC shall establish terms, based on loan amount and loan type.
4. The FC shall establish Collateralization of each loan. Loans may be given without collateralization.
5. Interest rates will be based on risk, but will range from Prime + 1% to Prime + 4%, with a minimum interest rate of 7.0%.
6. Upon approval of a loan application, the FC shall make a recommendation to the Port Authority Board of Commissioners at its monthly meeting.
7. Upon denial of a loan application, the Director of the Port Authority, on behalf of the FC will send a letter stating the reason for denying the loan to the prospective borrower as well as each Port Authority Board Commissioner.
8. FC shall establish the reporting requirements for each loan. The minimum requirement will be an annual report due 30 days after the business year end.