

CITY OF COVINGTON ECONOMIC DEVELOPMENT PROGRAM GUIDELINES

Summary of 2013-2018 Program Guidelines

The Covington Economic Development Program is designed to provide financing for economic development projects that align with the City's goals and the HUD 5-Year Consolidated Plan. Up to one million dollars will be awarded over five years in either grants or loans for development related improvements. Types of improvements include upper floor residential rehab improvements; development gap financing; and façade improvements. The Covington Economic Development Authority (CEDA) will review and recommend approval of project funding levels and types to the City of Covington Board of Commissioners. Eligible projects will need to prove that they have a vetted plan and a team that will carry out that plan in a timely fashion.

Eligibility

Property owners, developers, existing, new and targeted startup businesses whose project; has an identified development gap; creates quality jobs; is catalytic in nature; improves the site; and includes an experienced team with a proven track record.

Use of Funds

Grants or loans will be considered for development proposals that improve the overall economic environment in the City: development gap financing, upper floor residential rehab developments, architectural assistance, environmental assessment and remediation, and façade improvements. Since this is a limited funding source not replenished from any other City, State or Federal funds, the preferred award structure will be in the form of a loan. However, a certain portion of the funding will be allocated in the form of a grant. Loan proposals will receive preference in any competitive situations.

Grants will be awarded for the following types of projects: façade improvements; environmental assessment; architectural assistance. The City will have rights to all design plans and studies funded by the grant.

Loans will be awarded in the form of low to no interest loans where it can be demonstrated that traditional financing methods are not available. The intent of these loans is to leverage other financing sources, such as those available through the Catalytic Development Funding Corporation. Loans can be made for development gap financing, upper floor residential rehab developments, and environmental remediation.

The City may also determine the need to use a portion of the funds for strategic acquisition of properties for economic development purposes. These acquisitions will also go in front of the CEDA board in a confidential manner due to the sensitive nature of the purchase.

Amounts

Prior to the implementation of Government Accounting Standards Board Pronouncement #54, Special Revenue Funds named Investor Program and Newport Steel Fund were restricted for



economic development purposes. The fund balances in those funds will be combined to form the City of Covington Economic Development Program, which are restricted by the Mayor and Board of Commissioners. Additional revenue streams committed for the program include any funds that are paid back to the City from previously approved economic development loans or incentives and the sale of commercial or mixed use or multi-family residential city owned property. These additional program incomes may be added to the below funding levels and recommended for redistribution by the CEDA Board, as appropriate. These funds will be utilized for loans, grants, or strategic property acquisition as set forth below, over a five year period.

Year 1: Up to 400,000 will be awarded.

Year 2: Up to 200,000 plus carry over from year 1 will be awarded.

Year 3: Up to 200,000 plus carry over from years 1 and 2 will be awarded.

Year 4: Up to 100,000 plus carry over from years 1, 2, and 3 will be awarded.

Year 5: Up to 100,000 plus carry over from years 1, 2, 3 and 4 will be awarded.

Terms

The project must have, at minimum dollar for dollar match private investment.

Subject to CEDA and City Commission approval.

Lien position and/or collateral assignment on property; personal guaranty of company principal(s) must be present for security.

Training or certifications if applicable (architecture, environmental and so on).

Restrictions

Good standing review - No delinquencies, taxes must be current.

Conflicts of interest must be addressed.

Upper floor Residential Rehab funds are available up to \$10,000 per unit and are limited to \$100,000 per project.

CEDA reserves the right to recommend additional terms relative to the amount of investment required.

Documentation Required

Project proposal, pro forma and business plan, architectural drawings including materials planned to be used, if applicable.

Executive team resumes.

Letters of support.

Review Process and Criteria

Once all of the requirements information has been received, City staff will review the project and present it to the Covington Economic Development Authority (CEDA).

Projects are reviewed in order as received.

City Staff and CEDA will review the proposal; the experience of the team; borrower capability; what site improvements will occur; the catalytic nature of the project; the quality and quantity of jobs created and retained; the need for funding; the timeline for the project; project sustainability; collateral quality; the soundness of the transaction; and the amount to be invested overall with the project.

During the review process the CEDA will determine the appropriate type of funding (loan or grant); the award amount; and the terms of the funding based on the above criteria.

