

RACCOON VALLEY ELECTRIC COOPERATIVE - CATASTROPHIC RESPONSE RLF PLAN

Introduction: In early 2020, a worldwide pandemic developed in the form of COVID-19, a respiratory disease spreading from person to person. This situation poses a serious public health risk. The federal government is working closely with state and local partners as well as public health departments to respond. In Iowa, this means state and local declaratory orders to close businesses to “flatten the curve” of the spread so that medical facilities are not overrun with patients.

While business revenues may have stopped or greatly diminished, expenses continue. The effects of the pandemic will also impact businesses who are or have been suppliers and/or customers of the affected businesses. As such, many businesses in the community need access to flexible capital to serve as a bridge until revenues can be restarted or return to more normal levels. This assistance has come from federal, state and local sources in various forms of grants, forgivable loans, loans and temporary relief from regulation.

Raccoon Valley Electric Cooperative (RVEC) operates an established revolving loan fund (RLF) to assist locating or expanding businesses in our rural area, which was originally funded by USDA Rural Development (RD). As outlined in the RLF Plan/Administrative Rules Document of the RLF which has been approved by USDA RD, application projects must create or retain jobs or provide needed community facilities or services. Fulfilling this mission has become even more important to our rural area during the pandemic. In response and with a goal of helping business continuity and job retention in Sac and Carroll Counties in Iowa, RVEC is establishing a special program as part of its RLF to assist businesses affected by the pandemic, whether directly due to the pandemic, or as a result of customers and/or suppliers.

Working in collaboration with Sac County Economic & Tourism Development (SETD) and Carroll Area Development Corporation (CADC), RVEC is setting aside \$150,000 of funding for this special working capital program which works within the confines of the existing and approved RLF Plan and/or administrative rules of the RLF. As such, individual loan approval continues to be with the RVEC Board of Directors. Pools of funds will be established by RVEC according to local governments that agree to guarantee loans in their jurisdiction.

Knowing time is of the essence and to expedite the process for business applicants, RVEC will use a streamlined application and set of procedures. The program will have a single point of contact in each county served by RVEC and a special loan review committee will be established to evaluate the applicants and make approval recommendations to the RVEC board.

This special business and job retention funding will provide a small amount of gap financing to allow affected businesses to rebuild more quickly thereby retaining workers and strengthening the regional economy of the counties served by RVEC.

RACCOON VALLEY ELECTRIC COOPERATIVE

Catastrophic Response RLF Program – Coon Rapids

Purpose of the RLF Effort: To provide working-capital assistance to rebuilding businesses affected by the COVID-19 pandemic of 2020.

Eligible Recipients: Commercial businesses verified as existing prior to March 1, 2020 within the city limits of Coon Rapids, Iowa.

Program Duration: This disaster response program will exist for 12 months from the time of RVEC board approval or until the funding approved for the program has been fully utilized. RVEC reserves the right to extend the program.

Program Sponsors:

- Raccoon Valley Electric Cooperative
- Carroll Area Development Corporation (CADC) *in-kind*
- The City of Coon Rapids

Loan Terms:

- \$5,000.00 loans @ 0% interest and no fees
- 6-month deferral to allow for recovery; followed by a 5-year amortization
- These loans are secured by corporate guarantee by the City of Coon Rapids and as such will not require collateral by the business and funds can be used for any legal purpose including working capital. As such, no verification of insurance is required
- Applicants must provide a Duns # as part of the application process to comply with USDA program requirements
- Approved applicants must verify COVID-19 related spending of 125% of the loan amount within 6 months of the date of loan to comply with USDA program requirements.

Loan Review Committee: To help with the collection of applications and evaluation, a special purpose loan review committee is being established. This committee is charged with review of the application evaluation, verifying references and payment history with the applicant's bank and making recommendations to the respective RLF participant receiving the application. RVEC acknowledges the volunteer loan review committee is indemnified and will be held harmless with regard to ultimate repayment of the approved loans.

- Volunteer Loan Review committee members will include the county economic development professional, a representative named by the City of Coon Rapids and an employee of RVEC.
- The CEO of RVEC will serve as the RLF Coordinator. The county economic development professional will be the primary business point of contact for the program in their county.

Program Procedures

- Applications will be collected at the office of Main Street Coon Rapids (406 Main Street, Coon Rapids, IA 50058) and reviewed for completeness
- The loan review committee will contact the applicant's bank for general credit reference
- The committee will hold regular meetings via conference call to evaluate loan applications that are filed and determine a recommendation
- The committee will group the recommended approvals in and forward to the RVEC Board until funding is depleted

Evaluation Requirements

- Applicant must have been a viable and operational business prior to March 1, 2020
- Applicant must show the business has been negatively impacted by the pandemic and is making a good faith effort to maintain the business and retain employees
- Applicant must provide name of primary bank contact for credit reference purposes
- Applicant must document COVID-19 related spending of 125% of the loan amount within 6 months of loan closing
- Priority will be given to businesses that did not qualify for Payroll Protection Program
- Priority will be given to businesses who have met with the North Central Iowa Small Business Development Center
- Priority will be given to landlords with existing tenants to remain in business

Board Review and Approval Procedures—RVEC recognizes that time is of the essence for impacted businesses and will act on credit decisions as quickly as prudently possible. The goal is to take action within 3 business days of receiving a loan recommendation from the loan review committee.

- Credit decisions can be made as part of regular monthly board meetings, special meetings held via conference call or tallies of email or other electronic voting methods.
- As part of this process, the board will place emphasis on the recommendation of the loan review committee for Catastrophic RLF Program applicants. Other RLF applications, not associated with the storm or this business and job retention effort, will follow the general application process of the RLF.

Loan Closing Procedures

- Upon approval by the board, RVEC will expedite closing. Approved loan applicants will sign a promissory note as well as loan agreements and certifications as required by the USDA program.

Loan Servicing

- Servicing for this program, which is limited to the generation of loan payment statements and payment tracking, will be provided by automatic withdrawal. Any delinquencies will be addressed by RVEC per their existing RLF Plan or other applicable administrative policy or procedure.