

RPC-USDA REVOLVING LOANS

Fund 474

MISSION STATEMENT

Promote and facilitate economic development initiatives by administering loans in rural areas with a population of less than 25,000 in Champaign County and the East Central Illinois region. The purpose of the USDA Intermediary Revolving Loan Program (IRP) is to alleviate poverty and increase economic activity and employment in rural communities. Under the IRP program, loans are provided to local organizations (intermediaries) for the establishment of revolving loan funds. These revolving loan funds are used to assist with financing business and economic development activity to create or retain jobs in disadvantaged and remote communities. Intermediaries work in partnership with the Regional Planning Commission to leverage public and private resources and to advance complementary economic and community development initiatives.

FINANCIAL

Fund 474 Summary			2016	2017	2017	2018
			Actual	Original	Projected	Budget
331	13	USDA INTMD RELENDING PROG	\$393,750	\$195,000	\$195,000	\$195,000
		FEDERAL, STATE & LOCAL SHARED REVENUE	\$393,750	\$195,000	\$195,000	\$195,000
361	10	INVESTMENT INTEREST	\$24	\$0	\$0	\$0
361	20	INTEREST ON LOANS	\$20,242	\$5,000	\$15,000	\$15,000
		MISCELLANEOUS	\$20,266	\$5,000	\$15,000	\$15,000
REVENUE TOTALS			\$414,016	\$200,000	\$210,000	\$210,000
534	3	REMIT LOAN PAYMENTS	\$31,838	\$55,000	\$50,000	\$50,000
		SERVICES	\$31,838	\$55,000	\$50,000	\$50,000
571	75	TO REG PLAN COMM FUND 075	\$1,694	\$2,500	\$2,500	\$3,500
		INTERFUND EXPENDITURE	\$1,694	\$2,500	\$2,500	\$3,500
EXPENDITURE TOTALS			\$33,532	\$57,500	\$52,500	\$53,500

FUND BALANCE

FY2016 Actual	FY2017 Projected	FY2018 Budgeted
\$959,614	\$1,117,114	\$1,273,614

The restricted fund balance will increase slightly in FY18. The FY18 fund balance includes all USDA-required local matching funds that will be proportionately disbursed along with USDA funds.

ALIGNMENT TO STRATEGIC PLAN

The Intermediary Revolving Loan Program (IRP) and associated public/private economic development initiatives seek to improve quality of life on individual and community levels.

ANALYSIS

OPERATIONS ANALYSIS

The USDA Revolving Loan Fund is a recent addition to RPC's loan programs and accommodates revolving loan activity including disbursement of new loans, receipt of principal and interest payments, investment interest, and transfers to the operating fund for qualified administrative expenses. In FY18, the RPC hopes to disburse over \$200,000 in economic development and rehabilitation loans to qualified businesses and organizations. The USDA Revolving Loan Fund is projected to experience sustained growth and cash flow will remain healthy. The requirement for issuing these loans in rural communities of populations less than 25,000 will further advance economic development in a six-county region in East Central Illinois. This initiative will enhance and expand our economic development initiatives on a regional basis. Loans receivable will likely exceed \$100,000.

REVENUE ANALYSIS

Revenue growth is contingent upon generating new loan activity to businesses and communities in East Central Illinois, receipt of additional capitalization with the award of Phase II USDA IRP funds, and the full repayment of existing revolving loans funds.

EXPENDITURE ANALYSIS

Expenditures in the USDA Revolving Loan Fund reflect transfers to the operating fund for administrative expenses related to management of the revolving loan fund, loan loss reserve for potential non-performing loans, annual loan re-payments to USDA, and disbursement of loan funds. Administrative expenses are limited to 2% of the average outstanding ultimate recipient loan balance per year.

DESCRIPTION

The Regional Planning Commission seeks to provide effective financial management of the revolving loan portfolio, facilitate countywide and regional economic development initiatives, establish client collaboration to develop business plans, analyze business credit and economic impact, and recommend financing decisions.

OBJECTIVES

1. Facilitate regional planning and economic development initiatives in rural communities by providing loans.
2. Ensure comprehensive loan service delivery to all clients and fulfill stated objectives of loan program.
3. Ensure full cost recovery through due diligence in the management of the revolving loan portfolio.
4. Develop strategic plans for future initiatives and develop methods for implementation and resource access.
5. Provide meaningful staff support to loan committee.

PERFORMANCE INDICATORS

1. Successfully close at least two USDA Intermediary Relending Program (IRP) loan while maintaining an overall portfolio default rate of less than 2%.
2. Promote loan services in the six county area.
3. Maintain an active loan review committee.
4. Complete reporting requirements with each loan, quarterly and annual reports.