

RPC-USDA REVOLVING LOANS

Fund 474

MISSION STATEMENT

The purpose of the USDA Intermediary Revolving Loan Program (IRP) is to alleviate poverty and increase economic activity and employment in rural communities with a population less than 25,000 in East Central Illinois. 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. Communities and businesses 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			2020	2021	2021	2022
			Actual	Original	Projected	Budget
361	10	INVESTMENT INTEREST	\$36	\$0	\$0	\$0
361	20	INTEREST ON LOANS	\$15,356	\$15,000	\$10,000	\$15,000
		MISCELLANEOUS	\$15,392	\$15,000	\$10,000	\$15,000
REVENUE TOTALS			\$15,392	\$15,000	\$10,000	\$15,000
534	3	REMIT LOAN PAYMENTS	\$0	\$35,000	\$35,000	\$35,000
		SERVICES	\$0	\$35,000	\$35,000	\$35,000
571	75	TO REG PLAN COMM FUND 075	\$4,381	\$7,000	\$6,000	\$7,000
		INTERFUND EXPENDITURE	\$4,381	\$7,000	\$6,000	\$7,000
EXPENDITURE TOTALS			\$4,381	\$42,000	\$41,000	\$42,000

FUND BALANCE

FY2020 Actual	FY2021 Projected	FY2022 Budgeted
\$904,953	\$873,953	\$846,953

The restricted fund balance will decrease in FY22. The FY22 fund balance includes federal and local matching funds required for eligible IRP recipients.

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 Intermediary Revolving Loan Program includes disbursement of new loans, receipt of principal and interest payments, investment interest, repayment of the USDA loan, and transfers for qualified administrative expenses. In FY22, the RPC hopes to disburse over \$100,000 in economic development and rehabilitation loans to qualified businesses and public sector entities. The USDA Revolving Loan Program is projected to experience moderate growth. The requirement for issuing these loans in rural communities of populations less than 25,000 will further advance economic development initiatives in East Central Illinois. The maximum loan amount is \$250,000 or 49 percent of the total cost of the ultimate recipient's project for which the loan is being made, whichever is less.

REVENUE ANALYSIS

Revenue growth is contingent upon generating new loan activity upon repayment of existing loans; i.e., \$250,000 or 49 percent of the total cost of the ultimate recipient's project for which the loan is being made, whichever is less. A portion of the revenues is required to be reserved for the USDA loan loss reserve requirement, in addition to the yearly principal and interest installment payment on the loan since 2015.

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 regional economic development initiatives, establish client collaboration to develop business plans, maintain client coordination and communication, 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.
6. Adapt and modify loans where needed in response to COVID-19 impacts on businesses and communities.

PERFORMANCE INDICATORS

1. Successfully close at least one 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 active loan monitoring and client engagement.
4. Complete reporting requirements with each loan, quarterly and annual reports.