ORDINANCE NO. 17769

AN ORDINANCE introduced by Councilmembers Clark Duffy, Duane Pomeroy, and Gary Price, sitting as the Economic Development Committee, relating to the creation of the Entrepreneurial Venture and Small Business Loan Program and providing amendments thereto, amending City of Topeka Ordinance No. 17589, and specifically repealing said original Ordinance.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TOPEKA, KANSAS:

Section 1. City of Topeka Ordinance No. 17589 is amended to read as follows: This Act shall be known as the Entrepreneurial Venture and Small Business Loan Program. The purpose of this Program is to initiate and market a locally controlled micro-loan program to stimulate entrepreneurial ventures and generate new small business opportunities.

Section 2. Responsibilities and authorities.

a. The City Treasurer shall disseminate information and provide entrepreneurial ventures or small business linked deposit loan packages to the lending institutions eligible for participation under this Act when investing City of Topeka idle funds under the provisions of K.S.A. 12-1675.

b. The linked deposit loan package shall be completed by the borrower before being forwarded to the lending institution for consideration. Any technical assistance in completing such loan package shall be provided by the City Treasurer and/or the Economic Development Director.

c. An eligible lending institution that desires to receive an entrepreneurial venture or small business linked deposit shall accept and review
applications for loans from eligible participants. The lending institution shall apply all usual lending standards to determine the creditworthiness of each eligible participant.

d. The total amount of money loaned under the provisions of this Act shall not exceed $1,000,000 (one million dollars) at any time.

e. Loans made under the provisions of this Act shall be at 50% (fifty percent) of the interest rate normally charged by the lending institution or at the full rate with the City of Topeka providing a guarantee for 50% (fifty percent) of the loan.

f. An eligible participant shall certify on the loan application that the reduced rate loan will be used exclusively to create new jobs or preserve existing jobs and employment opportunities in accordance with the purpose of this section.

g. Only one linked deposit loan not to exceed $100,000 (one hundred thousand dollars) shall be made and be outstanding at any time to any eligible participant provided that the linked deposit loan may be refinanced.

h. No linked deposit loan shall be approved for any otherwise eligible participant when 50% (fifty percent) or more of the interest in or control of such otherwise eligible participant is owned directly or indirectly by a person who owns directly or indirectly 50% (fifty percent) or more of or controls another participating eligible participant.
i. No loan shall be made to any officer or director of the lending institution making the loan or to any entity in which any such officer or director maintains a controlling interest.

j. No loan shall be made to any employee of the City of Topeka.

k. The criteria for the amount of loans used for refinance shall be established by the City Treasurer.

l. Linked deposits may be made for any maturity considered appropriate by the City Treasurer not to exceed two (2) years and may be renewed for up to an additional three (3) renewals not to exceed two (2) years each at the discretion of the City Treasurer with the approval of the lending institution. **No loan guaranteed by the City shall exceed a period of ten (10) years, including any renewal periods.** No renewals will be allowed unless the amount of principal has been reduced by a minimum of 5% (five percent) and all interest paid to date from the time of the prior loan or renewal. However, at renewal, the City Treasurer may approve an increase in the amount of principal, if the business is expanding and additional jobs will be created. An approval of such an increase in principal will not extend the maximum years of participation in the program. In addition, loans made to eligible participants where the loan is to be used within the Central Business District, as defined by Topeka City Code Section 42-36, may be made for the maturity date of five (5) years and have another three (3) years of renewal. Interest shall be paid at the times determined by the City Treasurer. The City Treasurer may place a linked deposit with an
eligible lending institution or decline to do so based on the cash flow needs of the security of City funds, investment needs of the City and the ratio of funds deposited to jobs which would be sustained or created.

In considering which eligible participants to include in the linked deposit loan package for reduced rate loans, the eligible lending institution shall give priority to the economic needs of the Central Business District and other factors it considers appropriate to determine the relative financial need of the business including those criteria set forth in the Community Reinvestment Act of the United States. Location in the Central Business District shall be evidence of the economic needs of the area.

The eligible lending institution shall forward to the City Treasurer a list of approved applications in the form and manner prescribed and approved by the City Treasurer. The package shall include information regarding the amount of the loan, the number of jobs to be created or sustained, an estimate of the number of City residents to be employed in such jobs where the loan is to be used and such other information regarding each business the City Treasurer requires. The institution shall certify that each applicant is an eligible participant, and shall, for each business, certify the present borrowing rate applicable to each specific eligible small business.

The City Treasurer shall keep a chronological list of approved applications and forwarded to the Mayor and the City Council on a monthly basis.
Section 3. This Act shall sunset on January 1, 2006. After January 1, 2006, no new loans may be made. Loans outstanding as of January 1, 2006, may continue in accordance with the loan documents.

Section 4. Original City of Topeka Ordinance No. 17589 is hereby specifically repealed.

Section 5. This ordinance shall take effect and be in force from and after its passage, approval and publication in the official City newspaper.

Passed and approved by the City Council ________________ NOV 20 2001

ATTEST:

Harry Felker, Mayor

Iris E. Walker, City Clerk

APPROVED AS TO FORM AND LEGALITY

DATE ________________ BY ________________

TO BE CODIFIED ________________

NOT TO BE CODIFIED ×