

Town of Ferdinand

Economic Development Commission Meeting

April 10, 2018

The Ferdinand Economic Development Commission held its regular monthly meeting on April 10, 2018, in the Ferdinand Town Hall. Members present included Dan Collignon (President), Brian Dale (Vice-President), and Michael Cummings (Secretary). President Collignon called the meeting to order at 6:00 p.m.

The first order of business was the review and approval of minutes from the previous meeting. Dale made a motion to approve the minutes as presented, with Collignon seconding the motion. The motion carried unanimously.

Under old business, the Commission resumed discussion of the residential development finance program considered at previous meetings. The group agreed to present a recommendation to the Town Council at an upcoming regular meeting. Details for the presentation were discussed, and are detailed in Attachment 1.

With no further business to come before the Commission, Dale moved to adjourn. Cummings seconded the motion, which carried unanimously. The meeting was adjourned at 6:36 p.m.

Respectfully submitted,

  
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Michael Cummings, Secretary

## Attachment 1

April 13, 2018

Town of Ferdinand  
Proposed Street Construction Loan Fund

### **Need:**

For many years, the Town of Ferdinand has worked to promote residential development within its corporate limits. While the Town has maintained developer-friendly policies, developers continue to report prohibitive upfront costs in several key activities of the early development process. The proposed program will focus on one of those activities: street construction

### **Purpose:**

The program proposed herein will concern only the area of street construction. No other development-related activity would be eligible for this program.

Under this program, developers with approved plans would agree to let the Street Department to bid out and manage the construction of the streets, including earth work, paving, stormwater collection systems and curb & gutter, with the agreement that the Street Department be reimbursed similar to traditional commercial lending arrangements.

Developers will benefit in some important ways. They could potentially strengthen their financing arrangement for the rest of the development, improving both short-term cash flow and long-term profitability. They could also eliminate bonding costs associated with the street construction.

### **Eligible Applicants:**

A legal corporation registered in the State of Indiana participating in the development of residential lots located within the corporate limits of the Town of Ferdinand.

### **Initial Budget:**

Capital would initially be loaned from the Electric Utility to the Town when an approved project is ready for construction. Once construction is complete, the repayment schedule begins, and the developer begins repaying the funds.

Due the costly nature of street construction, we would recommend that ideally \$200,000 be reserved for this program. We would also recommend a \$50,000 line item in the Town budget for repayment. Understandably, this

## Attachment 1

might not be immediately possible, as any actual amounts will be unknown until the first applicants begin to utilize the program.

### **Repayment:**

The term of the loans would depend on the size of the project. We developed the following scale as a guideline to accommodate for developments of varying sizes.

# of lots	Maximum Term
0 - 10	2 years
11 - 30	5 years
31+	7 years

A small interest rate, appropriately determined for each loan, is recommended to help offset administrative costs.

### **Collateral and Security:**

All loans will be appropriately collateralized.

Principal applicants must furnish at least 10% of the overall project cost and provide a personal guarantee.

Borrowers must show at least two dollars in personal or other private financing for every dollar borrowed through this program.

Applicants will provide an approval letter from a bank, or proof of adequate resources, prior to approval under this program.