

Exhibit A



BUSINESS REVOLVING LOAN FUND PROGRAM

The Scott County Community Development Agency (CDA) serves the people and businesses in Scott County. The CDA's mission is to invest in possibilities to live and work in Scott County – the creation of a Revolving Loan Fund (RLF) for local businesses supports this mission, by providing opportunities for current and prospective businesses to develop and expand within the County.

What is a Revolving Loan Fund? – A Revolving Loan Fund is a widely used financing tool, primarily used to provide gap-financing measures for the development and expansion of small businesses that are unable to obtain financing through traditional sources. It is a self-replenishing pool of funds, utilizing interest and principal payments on prior loans to issue new loans and cover program costs.

The loans provided by a RLF are often not traditional loans with traditional loan requirements, and the program does not compete with private lenders. A RLF is designed to assist those who cannot acquire all of the financing they need from a banking institution, or that may need additional funding sources to meet bank loan requirements. There is a long list of criteria a banking institution will evaluate when determining whether to approve a loan – this may result in an approval amount below what is needed for a project or a denial of the loan request. A RLF sets loan standards that are more flexible and looks to complement the other sources of capital that are available for a project.

Program Purpose – Scott County's goal is to have enough jobs for 50% of the County's residents by 2030. The RLF is another extension of our efforts to support this goal by assisting with development and expansion initiatives for current and prospective businesses in Scott County. These efforts, in turn, will provide additional employment opportunities within the County. Additionally, the match requirements required by the RLF will leverage additional private investment towards those goals. The CDA has partnered with NextStage to administer the RLF, based on their expertise and experience in evaluating potential loans for businesses and administering approved loans.

ELIGIBLE USES OF THE REVOLVING LOAN FUND

- Land & Building Acquisition
- Site Improvements
- New Building Construction
- Building Renovation and Other Improvements
- Machinery, Equipment & Fixtures – the remaining effective life must be equal to or exceed the life of the loan.

INELIGIBLE USES OF THE REVOLVING LOAN FUND

- Debt Refinancing and any costs for securing other debt
- Working Capital
- Equipment Relocation
- Residential Real Estate
- Professional Fees
- Taxes
- Businesses without a physical establishment in Scott County, Minnesota
- Corporate owned chains; however, locally owned franchise businesses are eligible
- Businesses in default
- Businesses that primarily derive income from gambling
- Businesses that derive any income from adult entertainment
- Businesses that primarily sell pawned merchandise, guns, tobacco or vaping products
- Businesses that derive income from passive investments; real estate transactions; commercial property rentals or commercial property management; billboards; or lobbying

TERMS AND CONDITIONS

- The applicant must establish and maintain the business within the boundaries of Scott County.
- RLF Loans require at least a 1:1 match of financing from a private Lead Lender; RLF commitment to a project shall not exceed 50% of total project costs.
- RLF financing will subordinate its collateral position to the Lead Lender.
- Maximum RLF loan amount per borrower is \$175,000. Minimum loan amount is \$15,000.
- Loan term will match that of Lead Lender - up to a maximum term of 10 years. Financing for long-term assets (Land, Buildings & Improvements) may be amortized over a longer period to match Lead Lender but shall balloon within the 10 year maximum term for a RLF Loan.
- Interest rate will generally match the Lead Lender's rate, with a minimum rate of 3% and a maximum rate not to exceed 4% above the current national prime interest rate.
- The RLF will require a mortgage and/or collateral lien position on assets financed with loan proceeds but may be subordinated to other debt (including matching loan). Additional collateral may also be required.
- Security and personal guaranty requirements will be determined by the RLF Administrator, NextStage. These requirements shall be consistent with the financial industry standards.
- Applicants must be willing to sign a personal guaranty (if required).
- Life insurance on key persons, business interruption and/or other policies may be required.
- All construction and renovation must comply with relevant City codes and policies.
- All required permits must be secured before a project commences.
- Any costs incurred before the loan application has been approved are not eligible to be paid with RLF loan proceeds.

FEES

- A 1% origination fee (\$150 minimum) is due at the time the loan is closed.
- Direct fees related to underwriting the loan and securing collateral- including credit report fees, UCC search and filing, and mortgage costs shall be the responsibility of the borrower, and due at the time of loan closing.

PROCEDURES

- Applicant meets with NextStage and secures an application form.
- Applicant submits the completed application along with required attachments to NextStage.
- NextStage will conduct a formal review to confirm that the application meets program requirements, and determine if the business, borrower, and project meet minimum credit standards.
- NextStage shall have sole authority to determine eligibility and will conduct loan review and approval in accordance with its internal loan policy. NextStage will review the request utilizing loan industry standards including but not limited to:
 - Applicant is credit worthy and is willing to sign a personal guaranty
 - Applicant can show lender commitments
 - Applicant can pledge adequate collateral and/or applicant can inject adequate equity
- NextStage will give their approval or state the reason for disapproval within 30 days.
- If a favorable recommendation is determined, NextStage will make every effort to prepare the necessary loan documents, schedule a closing with the borrower, fund, and record any required liens and mortgages within 30 days of loan approval.
- If an application is determined to not meet eligibility requirements, NextStage may be able to identify and assist in accessing alternate financing options.
- Applicant commences with monthly payments per the repayment schedule.