



Rural Industrial Park Loan Program

Program Guidelines

The Rural Industrial Park Loan Program (“RIPL”) promotes economic development in eligible rural areas and promotes the economic welfare of the State by providing low-interest direct loans to assist eligible applicants in financing the development and improvement of industrial parks and related off-site public infrastructure.

Eligible Applicants

Eligible applicants include counties, municipalities, townships, non-profit organizations, port authorities, community improvement corporations, private developers, and other eligible applicants willing to develop eligible RIPL projects to improve the economic welfare of the people of the State of Ohio. Eligible applicants shall demonstrate to the Ohio Development Services Agency (“Development”) the applicant's capacity to undertake and successfully oversee the project, as evidenced by documentation of the applicant's past performance in economic development projects.

Eligible RIPL Projects

Eligible RIPL projects include the development and improvement of industrial parks designed to attract and retain businesses related to manufacturing, distribution, and warehousing, research and development, high technology, industry and commerce. Development defines an industrial park as a site of 25 acres or more, zoned for or containing commercial or industrial users that is or will be adequately served by utilities and infrastructure.

Ohio companies **may not** relocate existing Ohio business operations to the industrial park without prior approval of Development.

Eligible Rural Areas

Eligible rural areas in Ohio include distressed, labor surplus and situational distressed counties as defined by the Ohio Revised Code. A map of eligible areas can be found at the [following link](#).

In order for an applicant to be eligible for financial assistance under section [122.24](#) of the Revised Code, both of the following may apply:

(1) The governing body of the entity that has been designated as an eligible area by the director of development under division (A) of section [122.25](#) of the Revised Code, by resolution or ordinance, shall designate the applicant that will carry out the project for the purposes described in section [122.24](#) of the Revised Code and specify the eligible area's financial participation in the project.

(2) The board of county commissioners of a county that has been designated as an eligible area by the director of development under division (A)(1) of section [122.25](#) of the Revised Code shall certify, by resolution, that no existing industrial park is located in the county that would compete against an

industrial park that would be developed and improved in the county through the use of financial assistance provided to the applicant under the rural industrial park loan program.

Solely for the purpose of applying for assistance for infrastructure improvements, a governing body may designate itself as an eligible applicant.

Eligible Project Costs

- Land and/or building purchase
- Machinery & equipment purchase
- Building construction and/or renovation costs
- Long-term leasehold improvements
- Infrastructure and site preparation
- Retention ponds and/or flood and drainage improvements
- Street, road and bridge construction and traffic control device installation
- Water, sewer line and wastewater treatment plant installation
- Gas, electric and telecommunication hook-up installation
- Waterway and railway access improvements
- Limited soft costs directly related to fixed asset expenditures

The following projects/costs are **ineligible**: Refinancing, retail projects*, financing management buyouts or leveraged buyouts of an existing business, the purchase of company stock or goodwill, working capital financing. (*For more information on the ineligibility of retail projects, please refer to Chapter 166.01, Section (D) of the Ohio Revised Code [<http://codes.ohio.gov/orc/166.01>]).

Available Funding

The RIPL may finance up to 75% of allowable project costs with loans ranging in size from \$500,000 to \$2,500,000. Development requires a minimum of 10% equity contribution from the borrower in the eligible project, however a greater equity contribution may be required based on due diligence. The remaining eligible project shall be funded by the borrower either directly or indirectly through third-party investors and/or private lenders.

Term

The loan term shall be based on the useful life of the property being financed with the RIPL proceeds and should reflect the term of the third-party financial institution loan in the project, if applicable. Regardless of a longer useful property life, the maximum term for real estate (only) loans is up to 20 years and the maximum term for loans used to acquire machinery and equipment is up to 10 years.

Interest Rate

The RIPL interest rate is determined by Development staff and may be as low as 0% for the first five (5) years. Interest rates shall be fixed at/or below local market rates at the discretion of Development.



Commencement of loan principal and interest payments may be deferred up to five (5) years to allow the applicant to market the property. If the principal and interest are deferred for any period of time, the balance of the loan shall be amortized within the remaining term of the loan. The sale or leasing of the project site or facility may trigger repayment, as determined by Development.

Disbursement of Funds

The RIPL is “take-out” financing. Eligible project costs/uses must be purchased with interim financing with the RIPL disbursing upon project completion.

Job Creation/Retention

Promoting economic development is one of Development’s key agency objectives, and as such, job creation and/or retention may be taken into consideration while reviewing proposed loans. While Development has no fixed job creation and/or retention requirements for this loan program, evidence should be provided to demonstrate how this project will attract new development, economic activity and job creation potential.

Partial Loan Forgiveness

At least 50% of the outstanding loan balance will be forgiven by Development upon successful completion of the project as described in the application and loan agreement. If the RIPL funds represent less than 50% of the total project costs, the percentage of loan forgiveness will be increased to an amount equal to 100% less the percentage of the project being funded by the RIPL.

Example: If the RIPL funds represent 30% of total project costs, the Borrower would be eligible for 70% forgiveness of the outstanding loan balance (100%-30%) upon successful completion of the project as described in the application and loan agreement.

RIPL Borrower Equity Contribution

Development requires a 10% minimum Borrower equity contribution towards the project costs/uses. The following **shall not** satisfy the Borrower’s Equity contribution:

- Expenditures made by or on behalf of the Borrower prior to the RIPL application
- In-kind contributions of labor or similar items
- Debt financing

Security & Collateral

Development requires a first and/or shared first priority mortgage and/or lien position on project costs/uses financed with the RIPL proceeds. Development may require the following additional collateral or credit enhancements:

- Personal guarantee from owners with more than 20% ownership in the company
- Corporate guarantee from related companies



- Full or partial letter of credit
- Pledged security interest in other revenue streams
- Life insurance on key business owners and/or managers
- Other types of credit enhancement, if necessary

Assets offered as collateral will be required to undergo third-party evaluation(s) (i.e. appraisal/ environmental assessment). Loan applications from any borrower with outstanding liabilities with the Ohio EPA or Ohio Department of Taxation will not be considered by Development until those liabilities have been resolved.

Borrowers cannot transfer ownership of any entity without approval from Development, even in the event of sale of related entities or subsidiaries not pledged as collateral. It is the borrower's responsibility to inform the Development before such sale or change in ownership interest is complete. If the borrower is sold or substantially sells all of its assets, Development may require the loan to be repaid as part of the sale. However, assumption of a loan may be considered on a case-by-case basis and must be approved by Development.

Program Fees

- Non-refundable \$1,500 Application Fee is due upon submitting a completed Financial Assistance Application. If the applicant is approved for funding under the program, the Application Fee will be credited against the Commitment Fee identified below.
- Non-refundable Commitment Fee of at least \$12,500 (based on complexity of deal) is due upon receipt of a signed loan approval, confirmation and commitment letter.
- Annual Servicing Fee equal to $\frac{1}{4}$ of 1% (.25%) of the outstanding principal amount of the loan is pro-rated and payable monthly.

Prepayment

Development imposes no RIPL pre-payment penalty. During the deferral period, if the property is sold or leased, Development may require repayment of the outstanding loan amount.

Reporting Requirements

- Borrower shall be required to submit annual reports to Development detailing job creation, investment and other Project related information as required by the Director.
- Borrower and corporate guarantors shall be required to submit annual financial reports to the Director and at other times as the Director may request.

Application Process

RIPL Applications must be submitted through the application portal on Development's RIPL website. RIPL Application instructions will be incorporated in the digital application and as Help Text. Applications will be reviewed upon receipt by Development on a first-come, first-served basis. Applications will only be considered for funding once the required Application Fee has been received by Development and the Applicant has provided proof that all other sources of funds are available/committed. Proof of the required equity contribution can be satisfied by submitting information from a bank, financial institution or third-party accountant that clearly demonstrates the committed equity is unencumbered and available for this project. Other sources of financing for the project can be demonstrated by way of an executed loan agreement, term sheet or commitment letter. The Applicant will also be required to submit the following information to be considered for funding:

- ✓ Borrower information including:
 - Description of borrower's & guarantor's (if applicable) business and operating history
 - Description of market and competition
 - Bios of owners and/or key managers
 - Capitalization table with ownership, subsidiary and affiliates information
- ✓ Financial Statements: Three years of Borrower's historical financial statements, accompanied by interim financial statements. If loan guarantors are involved, they may also be required to submit similar financial statements
- ✓ Project description
- ✓ Uses of funds with detailed project plan, equipment lists and contractor quotes
- ✓ Cost verification-purchase agreement and/or third-party cost estimates
- ✓ Project Timeline
- ✓ At least three years of project financial projections
- ✓ Appraisal from a qualified appraiser
- ✓ Phase I Environmental Review
- ✓ Evidence of local support

Note: Businesses may not proceed with the RIPL Project until Controlling Board approval, and after appropriate Ohio Taxation and Ohio EPA clearances have been obtained.