



Lansing Economic Development Corporation Arts & Culture Matching Loan Fund Policy & Procedure Guidelines

Purpose

The Lansing Economic Development Corporation (LEDC) has earmarked \$100,000 towards an Arts & Culture Matching Loan Fund (ACMLF). The purpose of the ACMLF is to provide a low-cost, matching loan program to non-profit arts and cultural organizations in the Lansing community.

The (ACMLF) is not designed to replace contributed or earned income, but to assist organizations in strengthening their abilities to stabilize existing operations and broaden public access to arts and cultural resources. While large non-profit institutions and businesses can use commercial lenders, community arts groups generally cannot draw upon such resources or may pay high interest rates to do so. The ACMLF works to fill this gap and to provide a useful, no-interest financial tool for small and mid-sized arts and cultural organizations.

Note: Due to limited funds, loan applications will be considered on a first-come, first-served basis.

Eligibility

Interested organizations must be able to meet all of the following eligibility requirements at the time of application in order to be considered for funding:

- Loans are available to arts and cultural *disciplines* located in the City of Lansing emphasizing those located in celebrated districts such as downtown, Old Town or E. Michigan Avenue and those that have a significant impact on the future development efforts of the city.
- The applicant must secure a 100 % cash match from other private sources. In-kind services or donations *are not* considered a match. The loan will be made available for a four (4) month period to allow time to secure matching funds. The loan will not be processed or closed until a cash match is secured.
- An applicant must be non-profit corporation and must be a 501 c (3) tax exempt organization as evidenced by a favorable determination letter issued by the IRS.
- The organization must have an active board that participates in planning and implementing fundraising activities.
- The organization must have a particular or unique mission that has or will be contributing to the city's "sense of place" as part of its economic development philosophy.
- The organization must demonstrate future predictability of financial responsibility and the organization must outline its ability to repay the loan to the (LEDC).
- The organization must provide measurable goals and objectives for its past and upcoming programs.

Priority Consideration

- The organization can demonstrate the economic impact that its arts and cultural programs have and/or will have on the Lansing community.
- The organization can illustrate that its collaboration with other entities has created and/or will create greater appeal, quality, efficiencies and/or stability of operations.
- The organization's Board of Directors has undergone strategic planning, board leadership and development training within the last 24 months.

Use of Loan Funds

- Loans may be used for any operations, programs, events or other uses that propel the organization into the future and directly benefit the city's "sense of place" strategy to retain and attract creative activities.
- Loans may be used for the improvement of buildings that are directly owned and occupied by the organization.
- Loans may not be used to retire debt, credit cards, outstanding bills or loan balances.
- Loans may not be used to pay the LEDC's administrative loan fee.

Loan Program

- Loan requests must be for at least \$5,000 and not for more than \$50,000. Note: Due to limited funds, loan applications will be considered on a first-come, first-served basis.
- Organizations will be considered for funding through an application process administered by the LEDC.
- The applicant will have up to four (4) months from date of application to secure matching funds.
- The LEDC Board of Directors (in its discretion) approves or denies all loan requests.
- No payments will be due for the first six months of the loan. Payments will begin in the seventh month.
- This is a 0% interest loan program.
- An administrative loan fee will be charged. The lengths of loan terms are dependent upon the loan amount, and the loan fee is dependant upon the amount and length of the loan as follows:

<u>Amount of Loan</u>	<u>Length of Loan</u>	<u>Loan Fee</u>
\$ 5,000 minimum	2 years (or 24 months)	\$ 50
\$ 5,001 - \$10,000	3 years (or 36 months)	\$ 150
\$10,001 - \$20,000	4 years (or 48 months)	\$ 400
\$20,001 - \$30,000	5 years (or 60 months)	\$ 750
\$30,001 - \$40,000	6 years (or 72 months)	\$1,000
\$40,001 - \$50,000	7 years (or 84 months)	\$1,500

Mandatory Loan Requirements

- The following financial information must accompany the completed loan application:
 - Current balance sheet
 - Current operating statement for 12 months
 - Current cash flow statement for 24 months
 - Cash flow forecast
 - Most recent audit (if available)
 - Most recently filed IRS 990 document
 - IRS Determination letter
 - Previous grant history

- Identify all available collateral for the ACMLF loan.
- Written specification on use of the loan.
- Resolution adopted by organization's Board of Directors.
- Provide an organizational chart, job descriptions, mission statement, the names of the current directors on the organization's Board of Directors, articles of incorporation and bylaws. (Note: if the organization is a limited liability company, the organization must provide an organizational chart, job descriptions, mission statement, the names of the current members and managers, articles of organization and operating agreement.)

Timeline for Review

Fully completed loan applications and **all** required documents must be submitted to the LEDC Office no later than the second Tuesday of each month for loan consideration in or after the following month. Please submit to:

Lansing Economic Development Corporation
Attention: Arts & Culture Matching Loan Fund
401 S. Washington Square, Suite 100
Lansing, Michigan 48933

This timeline is necessary to allow time for review and to request additional information if necessary.

Loan recommendations will then be presented to the LEDC Board of Directors for loan approval or denial at their next regular scheduled meeting held on the first Tuesday of every month. If the loan is approved, a closing date will be scheduled at which time the loan recipient must sign a promissory note obligating the organization to repay the loan according to the terms and conditions of the note. The organization may also be required by the LEDC to sign other loan documents. All loan documents will be in form and substance as prescribed by the LEDC and its counsel.

Staff Contact

If you have any questions or need assistance prior to the application deadline, please contact Marchelle Smith, Special Projects Director at 517.485.5419 or at mcsmith@lansingmi.gov. Copies of these guidelines and the application form are available from the Lansing Economic Development Corporation in hard copy or on-line at the LEDC's website www.lansingedc.com.

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