

Lake Port Authority requests CDBG funds for loan programs

■ Revolving Loan Fund, microloan fund in need of boost

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The Lake County Port Authority is seeking federal grant money from the county to help continue funding two business loan programs designed to spur economic development.

The Lake County Revolving Loan Fund created by county commissioners and run through the Port Authority has been used four times since its inception last year to provide more than \$440,000 to local businesses that have generated about 45 jobs.

The county's revolving loan fund was established with federal Community

Development Block Grants CDBG funds as seed money and is aimed to assist businesses that might have trouble gaining access to capital dollars.

Port Authority Board of Directors voted Wednesday to seek \$300,000 of CDBG funds during the next round of funding as part of the county's allotment.

Jason Boyd, the county's planning director, said the allotment for Fiscal Year 2012 is \$1.19 million, which is down from \$1.28 million or about 7 percent from Fiscal Year 2011.

Federal fiscal years run annually from Oct. 1 through Sept. 30.

"We are requesting \$300,000 to replenish that fund so we have money to lend in the Revolving Loan Fund," Executive Director John Loftus said.

Boyd said that amount is slightly lower than what the Port Authority requested for Fiscal Year 2011.

The idea behind the Revolving Loan Fund is to eventually build up a portfolio of loans that can be self-sustaining for the fund as they are paid back.

"It's been a pretty successful program for them to solicit the business community on the proactive side," Boyd said. "It's been a good collaboration."

Right now, there are at least three potential borrowers and if those businesses receive loans the fund balance would be near zero without replenishment, meaning there wouldn't be anything to lend, to other potential borrowers, Loftus said.

Port Authority public finance director Martin

Gareau said the borrower's interest rates currently are about 5.25 percent with seven-year terms on equipment and 15 years on real estate.

"If there is a greater economic impact or higher potential for jobs then we can be flexible on the interest rate," Gareau said.

The Port Authority also authorized a request of \$50,000 in CDBG funding from the county's allotment to help replenish the agency's microloan fund that provides smaller loans to businesses.

The \$50,000 request is the same as the previous fiscal year, Boyd said.

A decision on dispersal of the \$1.19 million allotment will be made later this summer and a public hearing will be held county commissioners.