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Twin Valleys Public Power District

Revolving Loan Fund

Revolving Loan Fund Program Objectives:

Twin Valleys Public Power District has played an active role in the development of the rural communities in our district. Twin Valleys Public Power District's Board of Directors and staff have provided leadership and financial participation in the economic development and business expansion of our service territory. Through the creation of a Revolving Loan Fund (RLF), Twin Valleys Public Power District is seeking to improve the quality of life in our rural area by helping leverage projects that create and retain job opportunities for our residents.

Revolving Loan Fund Policy Statements:

- Twin Valleys Public Power District will accept and consider applications for loans from the RLF for projects that will significantly benefit our rural area.
- Twin Valleys Public Power District will not condition the approval of a loan from the RLF with the requirement that the prospective recipient purchase electrical services from Twin Valleys Public Power District.
- The Board of Directors of Twin Valleys Public Power District is the sole authority for approval or denial of loans from the RLF and is responsible for all decisions and actions of the RLF.
- The RLF is not intended to compete with other public and private lenders. The RLF will collaborate with other lenders to provide the financial package necessary to make the project happen, but at the same time to minimize the RLF financing component.
- To avoid potential conflicts of interest, or the appearance of a conflict of interest, an RLF loan will not be made to any board member, officer, general manager, or supervisory employee of Twin Valleys Public Power District or close relative thereof, or to any subsidiary or affiliated organization in which Twin Valleys Public Power District has a financial interest.
- The RLF is an equal opportunity lender and requires loan recipients to adhere to all equal opportunity laws.
- All information regarding RLF loan requests will at all times be kept confidential by the members of Twin Valleys Public Power District's board, the RLF loan review committee, and Twin Valleys Public Power District's staff. If necessary, the RLF may seek the advice and counsel of outside consultants and sources in order to adequately perform due diligence regarding the project.

Excellence in Safe, Reliable and Efficient Energy Services

Loan Review Committee:

The Twin Valleys Public Power District's board of directors has appointed a Loan Review Committee (LRC), consisting of both Twin Valleys Public Power District's staff and community leaders, to review all RLF loan applications. The LRC will perform necessary credit analysis and due diligence in order to make a written recommendation to the Twin Valleys Public Power District's board of directors, which has final authority regarding all actions of the RLF. The LRC will meet on an as needed basis under the terms of the application procedures listed below.

The Loan Review Committee members were chosen, in part, because of their experience with lending and/or economic and community development projects. Initial members of the Loan Review Committee are:

1. David Custer Twin Valleys Public Power District
2. Marcie Houghtelling Twin Valleys Public Power District
3. Barb Hartzog Peoples-Webster County Bank—Orleans
4. Samantha Stuhmer First State Bank—Alma
5. Diane Henderson Cambridge Economic Development

Review Criteria:

- Financial need of the project
- The probability of success
- The security offered
- Overall benefits of the project to the area

Eligible projects:

- Any business venture
- Community or economic developments project that promote job creation
- Community or economic development projects that provide needed community services

Uses of the RLF proceeds may be for land, fixed assets, machinery & equipment, or working capital needs. Working capital loans will only be considered in conjunction with the purchase of other assets as previously specified.

Ineligible uses:

- Pre-development costs
- Refinancing of existing debts
- Illegal activities
- Legal activities that in the opinion of Twin Valleys Public Power District's board of directors adversely affect the RLF's interests
- General improvement loans related to normal replacement needs of a business and unrelated to business expansion/job creation
- Loans to projects which have alternative sources of financing at reasonable interest rates

Loan amounts and financing requirements:

- Minimum RLF loan will be \$5,000
- Maximum RLF loan will be \$240,000
- The project must include a minimum of 20% funding from other sources

Interest rates, fees and terms:

- Interest rate will not exceed the prevailing prime rate as published in the Wall Street Journal
- There may be a charge to borrowers for loan closing costs, attorney's fees, filing fees, etc, as necessary to complete loan documentation
- The term of the RLF loan shall not exceed 10 years. General guideline: Building or Real Estate—10 years; Equipment—5 to 7 years; Working Capital—1 to 3 years

Collateral:

- RLF loans will be collateralized to secure its participation in the project
- Can include, but is not limited to, mortgage liens, letters of credit, and personal or corporate guarantees
- Other terms and conditions may be required as determined by Twin Valleys Public Power District's board, depending upon individual circumstances, including but not limited to assignment of leases, subordination agreements, life insurance, etc.
- The loan recipient will be required to maintain appropriate insurance on all secured assets and name the RLF as loss payee

Application procedures and loan administration:

- Requests for assistance from the RLF must be made on the RLF Application form and must include the supporting information identified in the RLF Application.
- Applications are available at www.twinvalleysppd.com and can be completed and submitted electronically. Paper applications will be accepted at Twin Valleys Public Power District's office during normal business hours.
- A staff person of Twin Valleys Public Power District will review applications for completeness and present complete applications to the Loan Review Committee. The Loan Review Committee will not schedule a meeting until the application is determined to be complete.
- The Loan Review Committee will analyze each project and make a written recommendation to the Twin Valleys Public Power District's board of directors.
- The Twin Valleys Public Power District's board of directors will normally review RLF applications at their regularly scheduled monthly board meeting. However, if needed and at the board's option, the board may call a special meeting to review a loan application.
- The Twin Valleys Public Power District's board of directors shall have final authority to approve or deny all RLF loan requests, and to determine appropriate terms and conditions.
- For approved loans, a loan agreement addressing all of the terms and conditions, including monitoring procedures, repayments, delinquencies, defaults and remedies for that project will be prepared by the Revolving Loan Fund. In addition, the RLF shall have prepared all notes, mortgages, security agreements, UCC filings and other legal documents necessary to close the loan. The RLF will use appropriate note, mortgage, and other forms that are approved by the State.

If you have further questions regarding the Revolving Loan Fund please contact Marcie Houghtelling at Twin Valleys Public Power District at 800-658-4266.