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CITY OF HOPKINSVILLE
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POLICY STATEMENT

TO: Mayor Dan Kemp,
All Involved with UDAG Funds

FROM:  Glenn A. Abee, City Administrative Officer

SUBJECT: Urban Development Action Grants (UDAGs)

DATE: April 7, 2010

In 1991, by Municipal Order (MO NO. 21-91) the City of Hopkinsville established guidelines related to all funds received via Urban Development Action Grants (UDAGs). (**Copy of MO 21-91 attached**) The UDAG Program was designed to create jobs by recruiting new industries or businesses—or to preserve jobs with existing industries or businesses. To further clarify those guidelines, it is this Administration's stance that the following interpretation applies:

1. The Mayor or his designee is authorized to commit monies from the UDAG fund as follows:
 - a. To make loans to new or existing industrial or commercial prospects, subject to these conditions:
 - i. Any loan, grant, or other commitment of UDAG funds must be for reasonable "economic development" purposes. "Reasonable economic development incentives" may include the targeted creation or preservation of jobs, but may also be utilized for expansion of services, infrastructure, land acquisition, and similar activities.
 - ii. Any loan shall not exceed five (5) years in length.
 - iii. All loans shall be repaid in at least annual equal principal installments plus accrued interest for the relevant year.
 - iv. Interest rates for loans shall not be lower than those rates specified by the Kentucky Development Finance Authority's direct loan program.
 - v. Any loan, grant, or other commitment from the UDAG funds shall not exceed \$100,000 at any one time to any one entity.
2. Proposed loans from the UDAG fund to any nonprofit corporation must have prior approval of City Council.
3. All grants from the UDAG fund must have prior approval of City Council.
4. Any other type of commitments from the UDAG fund, not specifically mentioned above, must have prior approval of City Council.
5. An Annual Report of the UDAG fund to include all loans, grants, or other commitments and remaining fund balance shall be given to City Council.



mo21-91.cc

CITY OF HOPKINSVILLE
KENTUCKY
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T. MARK WITHERS, II
CAO/CITY CLERK

P.O. BOX 707
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MUNICIPAL ORDER

MO NO. 21-91

July 16, 1991

The following guidelines are established for all funds received by the City of Hopkinsville as a result of Urban Development Action Grants (UDAGs).

1. The Mayor or his designee is authorized to commit monies from the UDAG fund as follows:

A. To make loans to new or existing industrial or commercial prospects, subject to the following conditions:

(1). One (1) job must be created for every \$5,000 loaned or one (1) job must be preserved for every \$5,000 loaned, provided proof is presented to show that the job would be lost without the loan.

(2). The loans cannot exceed five (5) years in length.

(3). All loans must be repaid in at least annual equal installments.

(4). Interest rates for loans cannot be lower than those rates specified by the Kentucky Development Finance Authority's direct loan program.

2. Proposed loans from the UDAG fund to any nonprofit corporation must have prior approval of City Council.

3. All grants from the UDAG fund must have prior approval of City Council.

4. Any other type commitments from the UDAG fund, not specifically mentioned above, must have prior approval of City Council.

5. Quarterly reports of the UDAG fund to include all loans, grants or other commitments shall be made to the Council's Audit & Finance Committee.

PASSED AND APPROVED THIS 16th DAY OF July, 1991.

APPROVED: William Wallace Bryan, Jr.
William Wallace Bryan, Jr.
Mayor

ATTEST: T. Mark Withers II
T. Mark Withers II,
CAO/City Clerk