

CHAPTER 159
Linked Deposit Program

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159.01 DEFINITIONS.

As used in this chapter:

- (a) "Eligible small business" means any person or organization that has all of the following characteristics:
- (1) Maintains offices and/or operating facilities in this City;
 - (2) Employs less than 150 employees in this City;
 - (3) Has not been granted tax abatement by the City and is not a tenant of a property owner who has been granted tax abatement by the City.
- (b) "Eligible lending institution" means a financial institution that is eligible to make commercial loans, is a public depository of State funds under Ohio R.C. 135.03 and agrees to participate in the Linked Deposit Program, irrespective of whether such eligible lending institution has been designated a depository of City funds pursuant to Section 135.02.
- (c) "Linked deposit" means a certificate of deposit placed by the Director of Finance with an eligible lending institution at up to three percent (3%) below current market rates, as determined and calculated by the Director of Finance, provided the institution agrees to lend the value of such deposit according to the deposit agreement provided in Section 159.05(c) to eligible small businesses at three percent (3%) below the present borrowing rate applicable to each specific business at the time of the deposit of City funds in the institution.
(Ord. 97-59. Passed 6-17-97.)

159.02 PURPOSE.

Council finds that some small businesses currently located in the City are experiencing economic hardships, that interest rates have caused small businesses in this State to suffer disproportionately in profitability and competition, and that high interest rates have fostered an increase in unemployment. The Linked Deposit Program provided for in this chapter is intended to provide for the availability of lower cost funds for lending purposes that will materially contribute to the economic well being of this City. Accordingly, it is declared to be the public policy of the City through the Linked Deposit Program to create an availability of lower cost funds to inject needed capital into the business community, sustain or improve business profitability and protect the jobs of this City.
(Ord. 96-47. Passed 6-18-96.)

159.03 CRITERIA FOR INVESTMENTS.

The Director of Finance may invest in linked deposits under Sections 159.01 to 159.07, provided that at the time of placement of the linked deposit, not more than one million dollars (\$1,000,000) is so invested. (Ord. 96-47. Passed 6-18-96.)

159.04 DETERMINATION OF ELIGIBILITY FOR REDUCED RATE LOANS; PROCEDURES.

(a) An eligible lending institution that desires to receive a linked deposit shall accept and review applications for reduced rate loans from eligible small businesses. The minimum amount of a reduced rate loan shall be ten thousand dollars (\$10,000), and the maximum amount shall be one hundred thousand dollars (\$100,000). The lending institution shall apply all usual lending standards to determine the creditworthiness of each small business.

(b) An eligible small business shall certify on its loan application that the reduced rate loan will be used exclusively to create the applicable number of new jobs or preserve existing jobs and employment opportunities as calculated below:

<u>Amount of Loan</u>	<u>Full-time Jobs (or Equivalent)</u>
\$25,000 or greater	One new job must be created for each \$25,000 requested
Less than \$25,000	Job(s) must be retained

Whoever knowingly makes a false statement concerning such application is guilty of the offense of falsification under Ohio R.C. 2921.13.

(c) In considering which eligible small business should receive reduced rate loans, the eligible lending institution shall give priority to the number of jobs to be created or preserved by the receipt of such loan, and such other factors as the eligible lending institution considers appropriate to determine the relative financial need of the eligible small business.

(d) The eligible financial institution shall forward a linked deposit loan application to the Linked Deposit Review Board, which shall consist of the City Manager (or his/her designee), the Director of Finance, and the Council representative to the Westerville Industry and Commerce Corporation in the form and manner as prescribed by the Review Board. This application shall include such information as required by the Director of Finance, including the amount of the loan requested and the number of jobs to be created or preserved by the eligible small business. The institution shall certify that the applicant is an eligible small business and shall certify the present borrowing rate applicable to the specific eligible business. (Ord. 96-47. Passed 6-18-96.)

159.05 ACCEPTANCE OR REJECTION OF LINKED DEPOSIT LOAN PACKAGE; PROCEDURES.

(a) The Review Board shall have discretion to accept or reject a linked deposit loan application or any portion thereof, based on the ratio of City funds to be deposited to jobs created or preserved and any other factors the Review Board considers relevant and appropriate in the execution of its judgement and discretion.

(b) Upon acceptance of the linked deposit loan package or any portion thereof, the Director of Finance may place certificates of deposit with the eligible lending institution at up to three percent (3%) below current market rates as determined and calculated by the Director of Finance. When necessary, the Director of Finance may place certificates of deposit prior to acceptance of a linked deposit loan package.

(c) The eligible lending institution shall enter into a deposit agreement with the Director of Finance, which shall include requirements necessary to carry out the purposes of Sections 159.01 to 159.07. Such requirements shall reflect the market conditions prevailing in the eligible lending institution's lending area. The agreement shall require the eligible lending institution to lend funds upon the placement of a linked deposit, and shall include provisions for the certificates of deposit to be placed for up to two-year maturities, which shall be non-renewable. Interest shall be paid at the times determined by the Director of Finance.

(d) Eligible lending institutions shall comply fully with Ohio R.C. Chapter 135. (Ord. 96-47. Passed 6-18-96.)

159.06 REQUIREMENTS OF DEPOSITORY; DUTIES OF DIRECTOR OF FINANCE.

(a) Upon the acceptance of a linked deposit loan application and the placement of a linked deposit with an eligible lending institution, such institution is required to lend such funds to the approved eligible small business listed in the linked deposit loan application required by Section 159.04(d). The loan shall be up to three percent (3%) below the present borrowing rate applicable to each business. A certification of compliance with this section in the form and manner as prescribed by the Director of Finance shall be required of the eligible lending institution.

(b) The Director of Finance shall take any and all steps necessary to implement the Linked Deposit Program and monitor compliance of eligible lending institutions and eligible small businesses. (Ord. 96-47. Passed 6-18-96.)

159.07 LIABILITY OF CITY AND DIRECTOR OF FINANCE.

The City and the Director of Finance are not liable to any eligible lending institution in any manner for payment of the principal or interest on the loan to an eligible small business or any delay in payments or default on the part of a deposit agreement between the eligible lending institution and the Director. (Ord. 96-47. Passed 6-18-96.)

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