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City of Fruita

Fruita Business Loan Fund

PROFESSIONAL SERVICES AGREEMENT

Re: Fruita Business Loan Fund

THIS AGREEMENT is made and entered into this 14th day of September, 2011, by and between the City of Fruita, Colorado, 325 E. Aspen, Fruita, Colorado 81521 (herein after referred to as "City"); and Western Colorado Business Development Corporation dba *Business Incubator Center* (herein after referred to as "Business Incubator Center") – 2591 Legacy Way, Grand Junction, Colorado, 81503.

RECITALS:

WHEREAS, the City desires to obtain the services of the Business Incubator Center to administer a City provided fund for the purpose of providing micro-loans available to businesses located within the City of Fruita,

WHEREAS, the Business Incubator Center is a qualified, non-profit, small business development organization, capable of providing the professional services,

WHEREAS, the Business Incubator Center is willing and able to provide the City with the services as outlined in the Proposal,

NOW, THEREFORE, in consideration of the terms and covenants of this Agreement, the parties agree as follows:

SECTION 1 SCOPE OF SERVICES

- 1.1 The Business Incubator Center will provide combination of training for Fruita area businesses in preparing business plans and the administration of the New Fruita Business Loan Fund (FBLF).
- 1.2 The Business Incubator Center's Business Loan Fund of Mesa County (BLF) will administer the FBLF.
- 1.3 The Business Incubator Center will identify qualified candidates through marketing initiatives and training programs. Fees will be charged for their workshops and classes.
- 1.4 One-on-one consulting will be provided at no charge.

SECTION 2 PURPOSE OF FUND

- 2.1 To provide micro loan funds to businesses within the city limits of Fruita, Colorado. The objective of these funds will be able to :

- a. Have a positive influence on economic growth in Fruita,
- b. Maximize the impact of these dollars on local capital investment, revenue growth, job creation and retention,
- c. To use the micro loan nature of these dollars to maximize the number of small businesses impacted.

SECTION 3 BUDGET

- 3.1
 - a. The Fund will be a stand-alone program. The Business Incubator Center will manage this program through their existing "Fund Accounting" software.
 - b. The Fruita program funding will be \$30,000 in 2011.
 - c. Administrative support for the Business Incubator Center will be 16% of the funding.

SECTION 4 TERMS

- 4.1
 - a. The interest rate will be determined by the Loan Committee and range between the Prime Rate and Prime + 6%.
 - b. The loan origination fee to be paid by the loan client will be 2% and this fee will be retained by Business Incubator Center.
 - c. All interest income generated from the loans will be retained by the Business Incubator Center.
 - d. Approved loan clients will be required to pay a \$50.00 application fee and other filing fees as needed.
 - e. All loan application reviews and funding recommendations are to be made by the Business Incubator Center Loan Committee. Loan ratifications will be made by the Business Incubator Center Board of Directors.
 - f. Collateral requirements on each loan will be determined by the Loan Committee.
 - g. Loan amounts will start at a minimum of \$2,500.00.
 - h. Loan term will range from 6 months to five years.
 - i. Any loan collection efforts, in needed, will be determined by the Loan Committee.
 - j. All other decisions related to loan applications and loan administration will be determined by the Loan Committee or designated staff of the Business Incubator Center.
 - k. As loan principal amounts are repaid, the capital will replenish the FBLF.
 - 1. The Business Incubator will provide adequate, periodic updates to the City of loan activity.

SECTION 5

REQUIREMENTS

- a. Loan Applicants will be required to complete a Business Loan Fund Application.
- b. Loan Applicants will be required to prepare a realistic and viable business plan.

SECTION 6
REPRESENTATION, DURATION AND TERMINATION

- 6.1 The term of this Agreement shall commence on the day signed by the City Manager of the City of Fruita, and shall continue indefinitely. This Agreement may be terminated as follows:
 - a. Immediately upon the dissolution of the entity known as Western Colorado Business Development Corporation dba Business Incubator Center, or
 - b. By the City or Business Incubator Center at any time, upon thirty (30) days written prior notice, or
- 6.2 Upon termination of this Agreement, Business Incubator Center shall return to the City any available or unallocated dollars that remain in the fund. Any principal that is paid back to the fund will be returned to the City.

SECTION 7
ASSIGNMENT

- 7.1 The Professional Services to be performed under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior, express written consent of the City.

SECTION 8
ENTIRE AGREEMENT

- 8.1 This Agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of execution of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

SECTION 9
MODIFICATION OF AGREEMENT

- 9.1 Any modification of this Agreement shall be binding only if evidenced in writing and signed by each party. If modifications are jointly agreed to and will improve the efficiency and effectiveness of the agreement, the Fruita City Manager and Executive Director of the Business Incubator Center are authorized to jointly modify this agreement without action of their respective boards as long as the overall intent of the agreement is upheld.

SECTION 10
NOTICES

- 10.1 Any notice provided for concerning this Agreement shall be in writing and shall be deemed sufficiently given when sent by certified mail if sent to the respective address of each party as set forth at the beginning of this Agreement.

SECTION 11
GOVERNING LAW

- 11.1 The parties hereto agree this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Colorado.

SECTION 12
EFFECTIVE PARTIAL INVALIDITY

- 12.1 The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event any provision of this Agreement is held to be invalid, the parties agree the remaining provision shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement of the invalid provision.

City of Fruita

Fruita Business Loan Fund

BY THEIR SIGNATURES, the parties agree to the terms of this Agreement this 19th day of September, 2011.

City of Fruita

By: [Signature]
Clinton M. Kinney, City Manager

ATTEST: [Signature]
Margaret Steelman, City Clerk

ACKNOWLEDGEMENT

STATE OF COLORADO)
)ss
COUNTY OF MESA)

The above and foregoing signature of Clinton M. Kinney and Margaret Steelman was subscribed and sworn to before me this 14th day of September, 2011.

Witness my hand and official seal.

My commission expires on: 8/30/15



Mary Van Ackeren

Western Colorado Business Development Corporation

By: _____ Title _____

ACKNOWLEDGEMENT

STATE OF COLORADO)
)ss
COUNTY OF MESA)

The above and foregoing signature of _____ was subscribed and sworn
to before me this ____ day of _____, 2011.

Witness my hand and official seal.

My commission expires on: _____

Notary Public

Address

(SEAL)