

Henry County loan program drives growth and local investments

Revolving funds assist 92 businesses to date

By Craig Brown - September 6, 2023



Jason Dahl poses with his logo outside the new location for his Underground Graphics business he co-owns with his wife in Geneseo, Ill. The couple were able to consolidate their businesses in a single storefront thanks to the Henry County Revolving Loan Fund program. CREDIT CRAIG BROWN

GENESEO, Illinois – When Jason Dahl sought financing for a building to consolidate in one convenient location – the three businesses he and wife Cassie own here – he kept hearing the same two things: **Jim Kelly** and **Henry County Revolving Loan Fund**, or RLF, program.

“I heard of Jim and the program from probably three different people as I was beginning my process of trying to find funding and getting loans,” Mr. Dahl said. “First was my loan officer at Central Bank here in town. He mentioned that I should look into this RLF program. So I went on the website, looked it over, printed out the application and started filling it out. Then I heard from my accountant, who said, ‘You should look into what Jim has got ...’”

“So I called up Jim. He was excellent to work with, super nice, made the process super easy. And he got me a good chunk of change to help us,” Mr. Dahl, 44, said.

It's the kind of story that's been repeated often in the four years since Mr. Kelly became the county's economic development director and RLF administrator. A retired U.S. Navy man with a background as a recruiting director and experience in marketing and training for Yellow Pages, Mr. Kelly also heads up the tourism bureau for the mostly rural county of nearly 50,000 residents.

During his job interview, Mr. Kelly told the QCBJ, he was asked if he knew what an RLF is and had no answer. "When I hired in, they told me this is 10% of my job. Well, it's more like 60% at times. During COVID it was probably 70%."



Jason Dahl, co-owner along with his wife of Underground Graphics in Geneseo, Illinois, applies the vinyl graphics he designed to an equipment trailer that will be used by the Geneseo High School building trades program. In addition to the Dahls' business, sponsors of the project are Durian Builders, Today's Builders, Mississippi Truck & Trailer Repair Inc. and Hazelwood Homes. CREDIT CRAIG BROWN

The county's RLF program dates to 1991, when the federal government's Economic Development Association, or EDA, seeded it with about \$600,000 and the county added \$233,000.

"When I took the job, I'll say we had 12 active loans. Today, I have 53 active loans. So, we've had a huge increase," Mr. Kelly said. "I've got the funding. And my whole point on this is the money was in the general fund, in the bank account for the RLF. The money needs not to be in the bank. The money needs to be working in the community."

To date, the Henry County RLF has issued 98 loans totaling \$5.9 million, which have created and retained more than 1,176 jobs. The idea is for the money to be loaned to businesses that repay it with interest so there is a constant supply of money to be loaned to even more businesses.



JIM KELLY

“The purpose was to go out and help small businesses, manufacturing, retail, where people have a dream of expansion, purchasing a new building or a startup where someone says ‘I want to start a new business,’” Mr. Kelly explains.

A lending institution has to be involved in any project with RLF helping to fill the gap. “The bank has to vet the project and say it’s a good one, but even when they do, they won’t fund 100% of it. That leaves this dream requiring the person to come up with cash,” he added. “My job is to not say no – to keep the dream alive.”

That was the case for the Dahls.

“With a commercial loan, a bank will only give you 75% of what you’re looking for, so this pretty much made up the difference. I would recommend it to anybody who’s looking to grow their small- or medium-size business to call Mr. Kelly and see what he can do for you,” Mr. Dahl said.

The RLF program also can offer funds at an interest rate about 4% below the prime rate, or whatever the EDA prescribes at the time.

That doesn’t mean the RLF is in competition with the banks for loan business, though. “Absolutely not,” Mr. Kelly said. “I have a direct relationship with every single bank in the county. Someone walks in for a loan they (the banks) know to call Jim Kelly. They want to make their note, I want to make jobs. The whole program is about job creation and job retention. I can loan up to \$20,000 per employee.”

In Mr. Dahl’s case, that means “for every employee I can add or foresee adding in the next two years, they can basically give me about \$20,000. I think I can create another three jobs and retain my job, so that’s what I’m shooting for,” he said.

Like a typical lender, Mr. Kelly requires collateral.

“Usually, I require a 10% equity in the project. I say that because the EDA says equity. It could be a lien on the property or equipment. The only thing I don’t do equity on is cows, anything you’ve got to feed. Because if I had to really enforce and take collateral back, I don’t want to feed a cow. That becomes a liability,” he said.

The hard part of the RLF process, which can take a month and sometimes two, he said, is the application and vetting of the financials via the bank, followed by a three-step government review.

“I have a board that consists of seven people. Four of them are bankers, three of them are business people,” Mr. Kelly said. “It’s hard to send this through to the next level if it’s not 100% approval, so I strive to answer all questions and see that we’re all in agreement that this is a good project.”

The next step is approval from the Henry County Finance Committee and the Henry County Board. “To be quite frank, I’ve never had a no vote,” Mr. Kelly said. “We’ve had some discussions, but I’ve never had a county board member vote no on this. They know it’s the right thing to help the business go forward.”

RLF’s benefits have been spread across the 826-square-mile county.

“We have 16 businesses with revolving loans funds in Geneseo, 14 or 16 in Kewanee, eight in Orion, two in Colona. When I describe Henry County, I say we go from Hooppole to Cleveland, to Woodhull to Kewanee, back up to Annawan and every town in between,” Mr. Kelly said. Another two loans are pending approval in Geneseo and Colona.

Businesses who received loans include restaurants, manufacturers, retail stores, breweries, bakeries, a grocery store, gift shops, florists, coffee shops, engineering firms, pizza parlors and a pharmacy. A manufacturer in Kewanee and one in Geneseo sell everything they produce overseas, he added.

In addition to traditional RLF loans, during the COVID-19 pandemic, Mr. Kelly and the county distributed a seven-figure sum that created 66 jobs and saved 193 more, he said.

“The EDA contacted the county board chairman, Marshall Jones, and asked if we’d be willing to participate in an RLF grant program. Basically, the EDA was going to grant Henry County \$1,180,000,” he recalled. “My review board agreed to this and voted it through. So they said, ‘What’s the next step?’ I said my goal is to inject (all the money) into the county in six months. They looked at me like I was nuts.”

Mr. Kelly said he literally went knocking on doors. “Every loan I wrote we were wearing masks and 80% of them there were tears in their eyes going down into the mask. They

said you have no idea what this means,” he added. “These businesses really needed the help during COVID.

“It’s the collaboration of the whole thing that makes it work,” he said.

For more information on the Henry County RLF, call Mr. Kelly at (309) 937-3410 or email him at jkelly@henrycty.com.