

**CITY OF BELOIT
COMMERCIAL AND INDUSTRIAL
REVOLVING LOAN PROGRAM
MANUAL OF POLICIES AND PROCEDURES**

JUNE 2016

I. PURPOSE

The purpose of the Revolving Loan Program (hereinafter referred to as the “Program”) is to promote local economic development through the expansion and retention of employment and business opportunities in the City of Beloit (hereinafter referred to as the “City”). Such purposes are declared to be a public purpose for which public funds may be expended. Through the Program described in this manual, the Greater Beloit Economic Development Corporation (hereinafter referred to as the “Corporation”) will provide loans on terms tailored to meet the needs of qualified borrowers for eligible projects. The guidelines provided in this manual are intended to be used in the general structuring of economic development projects. The Corporation reserves the right to waive any Program requirements it deems necessary in order to develop successful projects, and to accept or reject any application for project funding. The Corporation will not allow any modifications to Program requirements related to the creation or retention of Low and Moderate Income (LMI) jobs. The objectives of the Program are to:

1. Stimulate private sector investment into long-lived physical plant and equipment to increase productivity and create new employment opportunities, including opportunities for Low and Moderate Income (LMI) persons.
2. Provide financing to fill gaps in local capital markets and thereby stimulate private sector capital formation, and to serve as a “pump primer” rather than a replacement for private commercial lending.
3. Aid small business, especially those that have a high multiplier effect on jobs and income.
4. Stabilize and diversify the City’s economic base.
5. Foster the retention and expansion of financially and managerially sound existing industries.
6. Attract financially and managerially sound new industries and capital to the City.
7. Support start-up businesses in the City.

II. ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM

A. Program Funding

The Program will contain income generated by the repayment of economic development loans funded with Community Development Block Grant monies, and any other available public and/or private sources of capitalization to further the objectives of the Program. The Program will provide loan funds for future economic development activities in the City. The funds may be used for loans, equity participation, and necessary administrative expense.

B. Eligible Area

The activity financed and its benefit must be within the municipal boundaries of the City.

C. Eligible Applicants

Eligible applicants are appropriate for-profit commercial, industrial non-profit and retail or service sector businesses who will locate or expand in the City by creating new jobs, of which more than 51% must be LMI people at the time they enter the job or enter the job training. Businesses that will retain jobs that would have otherwise moved out of the City are also eligible, if more than 51% of the jobs retained are for LMI people. Applicants must be citizens of the United States.

D. Eligible Activities

Program funds shall be used to assist a business to finance exterior and interior building improvements, purchase of land and building(s), new construction, purchase of machinery and equipment, land improvements, (i.e. site preparation, sewer and utility extensions, etc.), demolition, leasehold improvements, purchase of inventory, working capital and up-front equity.

E. Ineligible Activities

Program funds shall generally not be used for debt refinancing; speculative activities; residential building construction or rehabilitation; routine maintenance of plant or shop facility; specialized equipment that is not essential to business operation; activities complete, begun or contracted for, prior to receiving final approval of an application for funding under this Program; and costs other than those specified in II, D.

F. Collateral

Any available business or personal assets considered adequate and satisfactory to the Corporation.

G. Repayment

Based upon borrower's credit needs, the Program may provide for flexibility in loan repayment to include:

1. Delay first payment
2. Monthly, level debt installments.
3. Deferrals of principal, or interest and principal repayments for a limited period of time.
4. Extended amortization schedule with balloon payment.
5. All or partial loan forgiveness if all LMI job retention/creation requirements are achieved.
6. Interest rate reductions.

III. LOAN ASSISTANCE

The Corporation will provide long-term, fixed rate, reasonably priced financing according to the following guidelines:

Interest Rate: Interest rates will be the discretion of the corporation based on current market conditions and borrower needs.

Repayment Terms: Up to 25 years- land and building
10 years- machinery and equipment
5 or less years for inventory and working capital

IV. CRITERIA FOR LOAN APPROVAL

- A. Ratio of Program dollars to the number of full-time equivalent (FTE) jobs created or retained, not to exceed \$35,000 per job. For FTE calculations, a full-time position will be employed 35 hours per week.
- B. At least 51% of the jobs created or retained must be available for LMI persons.
- C. Only those expenditures made within 18 months after approval of the Program loan shall be counted in the public/private dollar match.

V. APPLICATION PROCEDURE

A. Initial Inquiry

An application form will be provided by the Beloit City Economic Development Department to any person interested in applying for a loan under this Program. Information packets containing the terms and conditions of the Program are available at 100 State Street, Beloit, WI 53511 (608) 364-6748. The Economic Development Department will inform applicants that they will be required to obtain bids for all Program activities.

B. Project Review and Development

After the initial inquiry, the prospective borrower will complete the application form contained in the information packet. A completed application includes the submittal of the following information:

1. **Letter of commitment from the borrower/employer**, written on the company's letterhead stationary, and which describes the project and its schedule for completion; a list of jobs or positions, skill levels, wages and number of positions to be created or retained; number of low and moderate income jobs to be created or retained; when job hiring will occur; amount, source and lending terms of private financing in the project; amount of Program funds needed for successful completion of the project; and a statement that no contingencies exist for the successful completion of the project other than the receipt of a loan from the Program.
2. **Letter of commitment from participating private sector lenders(s)**, written on the lender's letterhead stationary, and which describes the terms of the loan including the exact amount of dollars being committed, interest rate and term, the security to be taken, the period that the commitment is in effect; and a statement that no contingencies exist for the successful completion of the project other than the receipt of a loan from the Program.
3. **Current business plan**, which describes the firm by its type, legal organization, ownership, management, stage of development, place in the market, objectives, marketing strategy, place in the industry, agreements with other businesses, financing and capital requirements. The business plan should

include a six-digit NAICS code, discussion of the management team and its experience, a discussion of the market and identification of major competitors, a discussion of sales growth and composition of the customer base, a discussion of accounting methods applied to inventory and the aging of inventory, a discussion of terms offered to customers, and the aging of accounts receivables, a discussion of agreements with suppliers and other trade accounts and the aging of accounts payable, a description of the debt structure and the status of outstanding debts and a schedule of debt repayments.

4. **Financial statements.** *For Start-up businesses* (less than 1 fiscal year in operation), provide a current personal financial statement not older than 90 days for each person having 20% or greater ownership interest; and 3-year projected annual balance sheet and profit/loss statement (quarterly projections).

For existing businesses, provide a current personal financial statement not older than 90 days for each person having 20% or greater ownership interest; current balance sheet, profit/loss statement, and statement of change in cash position not older than 90 days; historic annual business balance sheet and annual profit/loss statement for each of last 3 fiscal years; and 3-year projected annual balance sheet and profit/loss statement. Participating lenders will be required to provide a written analysis, and repayment analysis.

After receipt of a completed application, the Economic Development Department will evaluate the proposal and review the project with regard to, section 106 historic preservation, provision of access to the handicapped, and compliance with all applicable local, state and federal building codes. The Department will work with participating lenders and the business in preparing the financial package, and developing a funding recommendation for the Corporation.

C. Final Loan Decision

Each completed application will be reviewed by the Corporation. The Corporation will make a decision within 30 days after receipt of a completed application. A rejected application may be resubmitted, provided it is revised in accordance with the Corporation's recommendation and Program funds are still available. Decisions of the Corporation shall be final.

D. Loan Closing

Closing of the lender(s) and Program loans will take place as soon as possible following Corporation approval, and the fulfillment of all contingencies related to the project. If the Program loan cannot be closed within 180 days from the date of the Corporation's approval, the Corporation's commitment of funding will be revoked, and the borrower must reapply for funding. At the closing, the borrower will execute a Revolving Loan Agreement and fulfill any and all collateral requirements.

- E. Closing Costs
The Corporation shall charge actual closing costs associated with the Program loan. This amount shall be payable in full at closing, or deducted from the proceeds of the Program loan. The Corporation will provide the borrower with a written statement itemizing these costs prior to the closing.
- F. Loan Servicing and Monitoring
All loan payments shall be made to the “Beloit Revolving Loan Program” c/o City of Beloit, 100 East State Street, Beloit, WI 53511, under provisions are made otherwise to be serviced directly through a participating lending institution.
- G. Disbursement of Loan Proceeds
Proceeds of the Program loan shall be disbursed to the borrower based on the ratio of Corporation dollars to private dollars in the project, for the amount of expenses paid or incurred for project work or expenditures approved by the Corporation. The borrower shall submit written evidence of any and all expenses paid or incurred for project work to the Economic Development Department. The Department will inspect all project work before the payment is issued. Alternate disposal methods may be utilized depending on the form of participation incorporated for the loan.

VI. FEDERAL REQUIREMENTS

All projects financed with Program funds are subject to all applicable federal, state and local laws and regulations, including:

- a. Federal Labor Standards Provisions contained in the documents identified as HUD-4010.
- b. Equal Opportunity as provided under Title VI of the Civil Rights Act of 1964, as amended, and regulations issued pursuant thereto.
- c. Title VIII of the Civil Rights Act of 1968, as amended, and regulations issued pursuant thereto.
- d. Section 109 of the Housing and Community Development Act of 1964, as amended, and the regulations issued pursuant thereto.
- e. The Age Discrimination in Employment Act of 1967, as amended, and regulations issued pursuant thereto.
- f. Section 504 of the Rehabilitation Act of 1973, as amended, and the regulations issued pursuant thereto.
- g. Executive Order 11063, Executive Order 11246 and regulations issued pursuant to both.
- h. Section 3 of the Housing and Urban Development Act of 1968, as amended, and regulations issued pursuant thereto.
- i. Wage rates not less than those prevailing on similar construction projects in the locality as determined by the United States Department of Labor in accordance with Davis-Bacon Act, as amended, and regulations issued pursuant thereto.
- j. Overtime compensation in accordance with the Contract Work Hours and Safety Standards Act, as amended, and regulations pursuant thereto.
- k. Other applicable federal laws or regulations pertaining to labor standards or procedures.

**CITY OF BELOIT
COMMERCIAL AND INDUSTRIAL
REVOLVING LOAN PROGRAM
INITIAL DATA SHEET AND APPLICATION
JUNE 2016**

1. APPLICANT INFORMATION-INFORMATION ABOUT YOU

Today's Date _____
Name _____
Address _____
City/State/Zip _____
Telephone _____ (work) _____ (home)
E-mail _____

2. BUSINESS INFORMATION-INFORMATION ABOUT YOUR BUSINESS

Name of Business _____
Address _____
City/State/Zip _____
Telephone _____ (mobile) _____ (home)
E-mail _____ Website _____
Year Business Established _____ Business NAICS CODE# _____
Business Structure (check one):
Sole Proprietorship _____ Partnership _____ LLC _____
Corporation _____ S-Corp. _____ Other _____
Number of Employees: _____ Full-time _____ Part-time _____

3. MANAGEMENT INFORMATION

List all owners, officers, directors, and/or partners having 20% or greater ownership interest:

Name _____
Title _____ % Ownership _____
Address _____
City/State/Zip _____
Telephone _____ Age _____ Years Experience _____
E-mail _____
Minority or Female Owner Yes _____ No _____

Name _____
Title _____ % Ownership _____
Address _____
City/State/Zip _____
Telephone _____ Age _____ Years Experience _____
E-mail _____
Minority or Female Owner Yes _____ No _____

Name _____
Title _____ % Ownership _____
Address _____
City/State/Zip _____
Telephone _____ Age _____ Years Experience _____
E-mail _____
Minority or Female Owner Yes _____ No _____

Name _____
Title _____ % Ownership _____
Address _____
City/State/Zip _____
Telephone _____ Age _____ Years Experience _____
E-mail _____
Minority or Female Owner Yes _____ No _____

Name _____
Title _____ % Ownership _____
Address _____
City/State/Zip _____
Telephone _____ Age _____ Years Experience _____
E-mail _____
Minority or Female Owner Yes _____ No _____

4. DESCRIPTION OF BUSINESS PROJECT

Location of Project: _____

Description of Proposed Project: _____

Size of proposed expansion _____ sf

Will new facility expand existing business operations? Yes _____ No _____

Will your business occupy entire building? Yes _____ No _____

If no, specify what percent you will occupy ___%; and list other occupants/uses:

Percentage to be occupied by applicant _____%

Will new facility replace existing facility? Yes___ No _____

Projected Employment (within 18 months of project completion):

Management	_____
Professional/Technical	_____
Service/Clerical	_____
Manufacturing	_____
Other	_____
Total Jobs	_____

Number of jobs available to low-moderate income (LMI) persons_____

Note: at least 51% of jobs created or retained must be for LMI persons.

Is it anticipated that any person or business might be displaced or relocated or any adverse environmental impacts occur, as a result (either directly or indirectly), of the proposed project?

Yes___ No___

If Yes, explain:

Is project located in the Beloit Development Zone? Yes___ No___

5. PROJECT COSTS/USES OF FUNDS

Acquisition	\$_____
Renovation (exterior)	_____
Rehabilitation (interior)	_____
Land Improvements	_____
New Construction	_____
Machinery/Equipment	_____
Architectural/Engineering	_____
Inventory	_____
Working Capital	_____
Other	_____
Total Project Cost	\$_____

6. PROJECT FINANCING/SOURCES OF FUNDS

Personal Funds/Cash Equity \$_____

Lender #1	Funds (Bank Loan):	Name of Lender_____
		Amount \$_____
		Interest rate _____
		Term _____

Use of Loan Proceeds _____
Collateral _____

Lender #2 Funds (SBA or other): Name of Lender _____
Amount \$ _____
Interest rate _____
Term _____

Use of Loan Proceeds _____
Collateral _____

City Revolving Loan Funds:
Amount \$ _____
Interest rate _____
Term _____

Use of Loan Proceeds _____
Collateral _____
Total Sources of Funds \$ _____

7. EXISTING BUILDING CONDITIONS

Does your business occupy entire building? Yes ___ No ___

If no, specify what percent you will occupy ___%; and list other occupants/uses:

If Owned: Size of Facility _____ Date Acquired _____

Purchased Price \$ _____
Existing 1st Mortgage Balance \$ _____
Original Mortgage Amount \$ _____

Name and address of mortgagee/lender

Existing 2nd Mortgage Balance \$ _____
Original Mortgage Amount \$ _____

Name and address of mortgagee/lender

Amount currently owing and
Unpaid on Land Contract \$ _____
Original Land Contract Amount \$ _____
Name and address of vendee/holder of contract

Recent appraised value \$ _____
Date of appraisal _____

If Leased:

Size of facility _____ sf

Term of Lease: Beginning Date _____
Termination Date _____
Annual Rent: \$ _____

Is rent payable: Monthly _____ Quarterly _____ Annually _____

Percentage Rentals: Yes ___ No ___ % ___

Name and address of Owner/Lessor:

8. CONTRACTOR INFORMATION

General Contractor _____
 Street Address _____
 City/State/Zip _____

<u>Item</u>	<u>Name of Sub-Contractor</u>	<u>Amount</u>
Architect/Engineer Services:	_____	_____
Excavation:	_____	_____
Grading:	_____	_____
Gravel:	_____	_____
Blacktop/Concrete:	_____	_____
Utility Extensions:	_____	_____
Mason:	_____	_____
Structural Steel:	_____	_____
Carpenter:	_____	_____
Lumber:	_____	_____
Millwork:	_____	_____
Cabinets:	_____	_____
Roofing:	_____	_____
Insulation:	_____	_____
Plaster/Drywall:	_____	_____
Windows:	_____	_____
Awnings:	_____	_____
Electric:	_____	_____
Plumbing:	_____	_____
Heating:	_____	_____
Sheet Metal:	_____	_____
Air Conditioning:	_____	_____
Linoleum, Tile, Carpet:	_____	_____
Painting-Interior:	_____	_____
Painting-Exterior:	_____	_____
Other:	_____	_____
TOTAL \$		_____

(Must equal "Total Project Cost" in Section 5 of application), excluding acquisition and machinery and equipment costs.

APPLICATION AGREEMENT

The applicant certifies that all information in this application and all information furnished in support of this application, is given for the purpose of obtaining a loan under the Beloit Industrial Revolving Loan Program, and is true and complete to the best of the applicant's knowledge and belief.

The applicant further certifies that he/she/they are the owner(s) or contract owner(s) of the project property described in this application; or the lessee of project property with proof of owner consent to improve said property.

The applicant further certifies that the loan proceeds will be used only for the work and materials identified in this application, and that applicant will abide with all provisions and guidelines of the Beloit Industrial Revolving Loan Program.

The applicant authorizes the City to request and receive information required to verify company and owner financial statements, credit history, and business and property ownership status; and the disclosure of all information submitted in connection with this application, by and between the City and any lender agreeing to participate with applicant's loan through this program.

Signature of Applicant

Signature of Applicant

Name (print)

Name (print)

Date

Date

CERTIFICATION STATEMENT

JUNE 2016

THE APPLICANT

1. Certifies that to the best of its knowledge and belief, the information being submitted to the City is true and correct.
2. Certifies that the City is authorized to obtain a credit check on the applicant, the business, and/or the individuals(s) with controlling ownership interest (20% or more).
3. Understands that unless it qualifies as a trade secret, all information submitted to the City is subject to Wisconsin's Open Records Law.

The applicant requests that the City treat the following items as TRADE SECRET:

	Yes	No	NA
a. Personal financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Personal or business tax returns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Historical business financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Business financial projections	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Plan or study to be funded by the City	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If section 3 is left blank then all information provided to the City will be open to examination and copying.

Signature: _____
(Authorized Representative)

Date: _____

Signature: _____
(Authorized Representative)

Date: _____

SUBMITTALS

The following information is to be submitted along with the application for funding.

1. Personal Resumes

Completed personal resumes for each principal having 20% or greater ownership interest. Include description of experience and management capabilities.

2. Business Plan

Describe the firm by its type, legal organization, ownership, management, stage of development, place in the market, objectives, marketing strategy, place in the industry, agreements with other businesses, financing and capital requirements. The business plan should include a four-digit SIC code, discussion of the management team and its experience, a discussion of the market and identification of major competitors, a discussion of sales growth and composition of the customer base, a discussion of accounting methods applied to inventory and the aging of inventory, a discussion of terms offered to customers and the aging of account receivables, a discussion of agreements with suppliers and other trade accounts and the aging of accounts payable, a description of the debt structure and the status of outstanding debts, and a schedule of debt repayments.

3. Financial Information

The following information must be prepared and signed by a qualified accountant:

A. New/start-up business (less than one fiscal year in operation)

1. Current personal financial statements not older than 90 days for each principal identified in #3 Management Information.
2. Five year projected annual balance sheet and annual profit/loss statement (quarterly statements for year 1; annual statements for years 2-5).

B. Existing Business (more than one fiscal year in operation)

1. Current personal financial statements not older than 90 days for each principal identified in #3 Management Information.
2. Current business balance sheet, profit/loss statement, and statement of change in cash position not older than 90 days.
3. Historic annual business balance sheet and annual profit/loss statement for each of last 3 fiscal years.
4. Five year projected annual balance sheet and annual profit/loss statement.

4. Letter of Financial Commitment

All funds committed to the project (equity and debt capital) must be evidenced by letter of commitment from borrowers and/or lenders. Such letters shall state the amount of funds committed to the project, and the terms and conditions under which the funds are to be provided. The only permitted contingency in their letters shall be receipt of revolving loan funds for the project.

5. Bid Documents

Applicant will be required to submit all bid documents received for the proposed work to be completed.

6. Plans and Specifications

For new construction and construction of additions or expansions to existing building, plans and specifications are to be submitted as per site plan requirements of the City of Beloit.

7. Machinery and Equipment

Applicants applying for funds for the purchase of machinery and equipment must submit a detailed listing of all items to be acquired from whom they will be purchased, purchase price, and whether the item is for replacement purposes or for additional capacity.