

SHAWANO COUNTY, WISCONSIN

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND

FOREWORD

In March of 1989, Shawano County was awarded a \$100,950 grant from the Wisconsin Development Fund (WDF). The grant was provided under the Economic Development Program administered by the Wisconsin Department of Development. Proceeds from the grant were lent to the Bonduel Building Center, Inc. of Bonduel. Proceeds from the repayment of that loan, as well as any future grant/loan income will be used to establish and maintain the Shawano County Revolving Loan Fund.

The original WDF grant (Contract #906-E) provided a loan of \$99,000 to the Bonduel Building Center, Inc. and applied to the purchase of the former E. J. Graf Lumber Co. Inc. Principal and interest repaid by the Bonduel Building Center, Inc. was used to establish the Shawano County Revolving Loan Fund. This fund provides an additional source of funding for eligible businesses wishing to expand, relocate or start up in Shawano County.

Policies and procedures contained in the Shawano County RLF manual govern the use of the revolving loan funds. For more information or to obtain a copy of the application materials, contact:

County Clerk

Shawano County Courthouse

311 N. Main Street

Shawano, WI 54166

715/526-9150

or the fund administrator:

Shawano County Economic Progress, Inc.

1263 S. Main Street

PO Box 35

Shawano, WI 54166

Phone: 715/526-5839

Fax: 715/526-2125

Email: scepi@frontiernet.net

ELIGIBILITY

3.1 ELIGIBLE AREA

Eligible activities shall take place within the corporate limits of Shawano County.

3.2 ELIGIBLE APPLICANTS

- (1) Applications may be submitted by the sole proprietor or Chief Executive Officer of any business or industry wishing to establish a new operation or expand an existing operation in Shawano County.
- (2) No member of the County Board or any other official, employee, or agent of the County who exercises decision-making functions or responsibilities in connection with the implementation of this Program is eligible for financial assistance under this Program.
- (3) No Program loans will be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
- (4) Applicants shall not be discriminated against on the basis of race, religion, color, handicap, sex, physical condition, development disability as defined in § 51.01(5), sexual orientation or national origin.

3.3 ELIGIBLE ACTIVITIES

Program loans shall be available to eligible applicants for the following activities:

- (1) The acquisition of land, buildings, and fixed equipment.
- (2) The site preparation and construction, reconstruction, or installation of buildings and fixed equipment.
- (3) The clearance, demolition, removal of structures or the rehabilitation of buildings and other such improvements.
- (4) The payment of assessments for sewer, water, street, and other public utilities if the provision of the facilities will directly create or retain jobs.
- (5) Working capital (inventory and direct labor costs only).

3.4 INELIGIBLE ACTIVITIES

Program loans shall not be available for the following activities:

- (1) Refinancing or consolidating of existing debt.
- (2) Reimbursement for expenditures made prior to loan approval.
- (3) Specialized equipment that is not essential to the business operation.
- (4) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation).
- (5) Routine maintenance.
- (6) Professional services such as feasibility and marketing studies, accounting, management services, and other similar services. Legal services incurred in the closing of a RLF loan are eligible.

- (7) Other activities that the Loan Review Committee may identify during the administration of the program.

3.5 INELIGIBLE BUSINESSES

Program Loans shall not be available for the following businesses:

- (1) Speculative investment companies
- (2) Real estate investment companies.
- (3) Lending institutions
- (4) Gambling operations
- (5) Non-public recreation facilities
- (6) Other businesses not serving the interests of the Community

3.6 MINIMUM REQUIREMENTS

To be eligible for funding, the proposed project must meet all of the following minimum requirements:

- (1) Private Funds Leveraged: The applicant must leverage a minimum of one (\$1.00) dollar of private funds for every one (\$1.00) dollar of loan funds requested. Higher leverage may be required at the discretion of the Loan Review Committee. The applicant must provide proof that leveraged funds have been committed to the project.
- (2) Cost Per Job Created: At least one (1) full-time permanent position must be created for every \$20,000 of Program funds requested. The Loan Review Committee may require lower job cost where warranted (i.e. taking into consideration type of jobs, hourly wage, etc.).
- (3) Financial Feasibility and Business Viability: The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the loan.
- (4) Low and Moderate Income (LMI) Benefits: Each project must demonstrate that it meets the CDBG-ED national objective of benefiting low to moderate income persons as defined by CDBG regulations.

The project shall create jobs, at least 51% of the jobs will be held by or Made Available to LMI Persons.

“LMI Persons” means persons with household income less than eighty (80) percent of the median household income by family size in the County where the Project is located.

“Made Available to LMI Persons” means the Borrower will document that at least 51% LMI Persons were hired or Received First Consideration by interviewing at least 51% LMI Persons for created positions that do not require special skills or education beyond high school.

“Received First Consideration” means the Borrower must document and use a hiring practice that results in at least 51% LMI Persons interviewed for created positions and demonstrate that under usual circumstances this hiring practice will result in at least 51% LMI persons being hired. Part of the Borrower’s hiring practice must include the posting of

available positions with the local Job Service Office or Workforce Development Boards.

The following documentation evidencing compliance must be collected:

A listing of all job titles which were planned to be held by or made available to low to moderate income persons, a commitment to hire or make at least 51% of jobs available to low to moderate income persons, a written plan for how such persons were given first consideration for jobs including what hiring process was used, a list of the low to moderate income persons interviewed for particular positions, including the size and annual income of the person's family prior to interviewing for the position.

- (5) Compliance With Applicable Laws: Applicant shall comply with all applicable local, state, and federal laws and/or codes.
- (6) Project Completion: Applicant shall provide to the loan committee a schedule, not exceeding 24 months, for project completion and job creation and maintain the positions created for 24 months. Timetable should include hiring schedule, construction completion schedule, and any pertinent information and dates relating to the proposed project.
- (7) Federal Anti-Piracy. The borrower must certify that it does not have immediate plans to relocate jobs in violation of CDBG Anti-Piracy regulations. The following language will be included in all agreements with the borrower. "The Borrower certifies it is and will maintain compliance with CDBG Anti-Piracy regulations as stated in 24 CFR 570.482(h). Violation of this regulation will constitute and Event of Default.

SECTION 4 TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

Loan terms and conditions shall be structured on need and ability to repay. Minimum standards shall include the following:

- (1) Loan Amount: Loan amounts are subject to the availability of Program funds. There is no minimum amount.
- (2) Interest Rate: The interest rate may be fixed or graduated on a fixed schedule. In no case shall the interest rate be less than four (4%) percent or greater than two (2%) percent above the prime rate at the time the contract is signed.
- (3) Terms for the Loan:
 - i. Working capital loans shall, in most cases, have a maximum term of seven years, but the term may be set longer to meet other participating lender's requirements.
 - ii. Loans for machinery, equipment and fixtures shall, in most cases, have a maximum term of ten years, but the term may be set longer to meet other participating lender's requirements.
 - iii. Real estate loans shall, in most cases, have a maximum term of 12 years which can be amortized on a 20-year basis with the option of refinancing for an additional 8 years, but the term may be set longer to meet other participating lender's requirements.
 - iv. In any case, the loan shall not have a term longer than the terms of the other private financing in the project.

- (4) Period of Payments: The repayment schedule shall be set up for regular monthly payments. Payment may be made either in person or by mail to: Shawano County Revolving Loan Fund, Shawano County Treasurer, 311 North Main Street, Shawano, Wisconsin, 54166.
- (5) Repayment: Payment of interest and/or principal may be deferred for up to two (2) years if justified in the loan application. Interest shall accrue during the deferment period and shall be added to the principal amount of the loan. Thereafter, interest and principal shall be paid for the remaining term of the loan.
- (6) Prepayment: No loan shall be subject to any penalty for prepayment prior to the term of the loan.
- (7) Collateral: Reasonable security will be required for one hundred (100%) percent of the loan. Collateral may consist of a first or second lien on all assets to be purchased with loan proceeds, a lien on all other assets owned and used in the business and/or a personal guaranty.