

# **CITY OF SHAWANO, WISCONSIN**

## ***ECONOMIC DEVELOPMENT***

### ***REVOLVING LOAN FUND***

#### **FOREWARD**

In September of 1996, the City of Shawano was awarded a \$750,000 grant from the Wisconsin Department of Commerce. Proceeds from the grant were lent to Arrowcast Inc. of Shawano. Proceeds from the repayment of that loan, as well as any future grant/loan income (up to \$500,000) shall be used to establish and maintain the City of Shawano Revolving Loan Fund. The original grant (Contract #ED FY96-0306) provided a loan of \$744,000 to Arrowcast Inc. to be applied to the purchase of equipment. Principal and interest repaid by Arrowcast Inc. will be used to establish the City of Shawano Revolving Loan Fund. This fund will provide an additional source of funding for eligible businesses wishing to expand, relocate or start up in the City of Shawano. The RLF program is operated under the auspices of the State mandated RLF Manual. Policies and procedures contained in this manual govern the use of the revolving loan funds. For more information or to obtain a copy of the application materials contact:

City Administrator  
Shawano City Hall  
127 S. Sawyer St.  
Shawano, WI 54166  
Phone: (715)526-3138

**or the fund Administrator:**

Shawano County Economic Progress, Inc.  
1263 S Main Street  
P.O. Box 35  
Shawano, WI 54166  
Phone: (715)526-5839  
Fax: (715)526-2125  
email: [scepi@frontiernet.net](mailto:scepi@frontiernet.net)

### **SECTION 3. ELIGIBILITY CONSIDERATIONS**

#### **3.1 ELIGIBLE AREA**

The area served by the RLF program shall generally be within the corporate limits of the City of Shawano.

#### **3.2 ELIGIBLE APPLICANTS**

- 1) Applications may be submitted by the sole proprietor or Chief Executive Officer of any business wishing to establish a new operation or expand an existing operation in the City of Shawano.
- 2) No member of the governing body, Loan Review Committee, or any other official, employee, or agent of the City of Shawano 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 disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 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 or reconstruction of buildings, or installation of fixed equipment.
- 3) Clearance, demolition, or the 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).
- 6) Purchase of dairy cows resulting in significant long-term increases in capacity to produce milk.

#### **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 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 City of Shawano.

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 dollar (\$1.00) of private funds for every one dollar (\$1.00) of loan funds requested. Higher leverage may be required at the discretion of the Loan Review Committee.
- 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 Committee may require lower job costs 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 funds.
- 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. Applicants shall comply with all applicable local, state, and federal laws and codes.
- (6) Project Completion. Projects shall be completed within 24 months from the date of the loan approval. Applicants shall provide Shawano County a project implementation schedule not exceeding 24 months for project completion and job creation, and maintain the positions created for 24 months.
- (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 an 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 shall be established by the Loan Review Committee. In no case shall the interest rate be less than four percent (4%) or greater than two percent (2%) above the prime rate at the time the contract is signed.
- 3) Terms for Loans.
  - a. Working capital loans shall have a maximum term of seven years.
  - b. Loans for machinery, equipment and fixtures shall have a maximum term of ten years.
  - c. Real estate loans shall have a maximum term of 12 years which can be amortized on a 20-year basis with the option of refinancing for an additional eight years.
  - d. 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 Payment. Terms may include longer amortization schedules with balloon payments. The repayment schedule shall be set up for regular monthly payments. Payment may be made either in person or by mail to: Shawano City Hall, Revolving Loan Fund, 127 S. Main St. Shawano, WI 54166.
- 5) Repayment. Payment of interest and/or principal may be deferred for up to one (1) year if merited in the loan application. Interest shall accrue during the deferment period and may be paid in full or added to the principal amount of the loan. Following the deferral period, interest and principal shall be paid for the remaining term of the loan.
- 6) Prepayment. There shall be no prepayment penalties.
- 7) Collateral. The City's designated economic development agency will seek to have the best possible collateral position possible to ensure that RLF loans are adequately secured.