

MONROE COUNTY REVOLVING LOAN FUND PROGRAM

What is the purpose of the fund?

The Monroe County Revolving Loan Fund (RLF) Program is designed to promote local economic development by providing a source of long term, fixed rate, low interest financing for new and existing business projects that are located in Monroe County. It is the intent of the county revolving loan fund to be a stimulus for commercial lending and not a substitute for private capital.

How was the fund created?

The Monroe County RLF was capitalized in 1998 through a \$450,000 State of Wisconsin Community Development Block Grant (CDBG) award. These funds were then used to loan to a wood product manufacturer. These funds have been repaid and from these repayments additional loans to other businesses have been made that also helped capitalize the Fund. The Fund always participates with financial institutions and/or equity investors and does not make direct loans. Loans can be used for a start-up business, an existing business expansion or business retention project.

What are the objectives of the fund?

The overall objective is to perpetuate a positive and proactive business environment by providing affordable gap financing that results in business expansion, attraction and retention. The fund looks to provide loans to a diverse mix of businesses in need of capital that cannot be provided through conventional lending sources. The Fund also has an objective to create and retain jobs mostly targeted for low and moderate income persons. Funding projects that lead to a higher knowledge and higher skilled workforce is another objective of the Fund.

How will the fund achieve its objectives?

The fund will achieve its objectives by providing business loans with affordable and flexible terms in concert with a private lender and/or equity investor. The purpose of the RLF financing is to attract more private sector participation than would normally occur were it not for the unique financing available from the RLF. The RLF loan should be viewed as a source of funding that “bridges the financing gap” to fully fund a project that will help a business prosper and create or retain jobs for low and moderate income persons. In all instances, the RLF loan will be in conjunction with a private lender and/or equity investor.

What are the requirements of the fund? *To be eligible for funding, a proposed project must meet all of the following minimum requirements:*

Private Funds Must be Leveraged—The applicant must leverage a minimum of one dollar of private funds for every one dollar of loan funds requested. Higher leverage may be required at the discretion of the Loan Review Board.

Jobs must be Created or Retained—At least one full-time permanent job must be created or retained for every \$35,000 of RLF loan requested. The Committee may require a lower job cost where warranted, i.e. type of job and wage rate, etc. The business must document probability of failure without RLF and additional private funding assistance in order to obtain RLF loan funds for retaining jobs.

Financial Feasibility and Business Viability must be Exhibited—The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds through a business plan.

Loans Must Benefit Low and Moderate Income Persons—The project shall provide increased permanent employment or will retain existing jobs which would have been lost. Of the jobs created by the project at least 51% of the jobs must be held or made available to low to moderate income persons (LMI).

LMI Persons” means persons with household income less than 80% 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% of the new full-time equivalent positions are made available to LMI Persons by providing the titles of all jobs being created and having job applicants complete the Community Development Block Grant Employee Self Certification Form.

“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. New jobs must be listed and publicized with the regional Job Center.

***What are the terms and conditions of the fund?** Loan terms and conditions shall be structured on need and ability to repay. Minimum standards shall include the following:*

Loan Amount—Loan amounts are subject to the availability of Program funds. The Board has the discretion to go to 50% of the total project cost.

Interest Rate—The interest rate shall be established by the Loan Review Board. If there’s no financial institution participation, the interest rate shall be set at the money center prime rate as published in the Wall Street Journal at time of loan closing.

Terms for Loans- Working capital loans shall have a maximum term of seven years. Loans for machinery, equipment, and fixtures shall have a maximum term of ten years.

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.

In any case, the loan shall not have a term longer than the terms of the other private financing in the project. Terms may include longer amortization schedules with balloon payments.

How is the fund managed?

Monroe County has established a Revolving Loan Fund Committee, consisting of individuals representative of broad County interests, and having a special expertise or knowledge of commercial lending and economic development. Expertise on the Committee optimally may include representation from the County Board, the Economic Development, Commerce and Tourism Committee, a local economic development organization, a commercial lender, accountant, attorney, business owner and the RLF Administrator who shall serve as a non voting member appointed by the County. The County has contracted with the Mississippi River Regional Planning Commission to administer the RLF Program.

How is an application submitted?

Prior to submitting an application, the applicant shall discuss the Program with the RLF Administrator, please call 608.785.9396. The RLF Administrator will advise the applicant in completing the application.

Applications may be submitted at any time during the calendar year.

Applications shall be reviewed in the order received and based on readiness for the proposed project to

proceed. In the event that loan funds requested exceed available funds, the Revolving Loan Fund Committee has established additional criteria that will be used to determine which business(es) will be awarded the loan(s).

For Further Information on the Monroe County Revolving Loan Fund:

Contact the Monroe County Economic Development Coordinator at 819 Superior Avenue, Tomah, Wisconsin 54660, Telephone 608-769-9910 www.gomonroecountywi.com; or the Mississippi River Regional Planning Commission at 1707 Main Street, Suite 435, La Crosse, Wisconsin 54601, Telephone 608-785-9396, Fax 608-785-9394 www.mrrpc.com

Monroe County CDBG - Revolving Loan Fund Financing Arrangement Example						
Source of Funds	Use of Funds	Amount of Funds	Interest Rate	Term	Security Position	Job Commitment
RLF	Working Capital	\$20,000	3%	7	Second	3
RLF	Equipment	70,000	3%	5*	First	
Bank	Real Estate	200,000	5%	15	First	-
Owner Equity	Real Estate	60,000	-	-	-	-
-	-	\$350,000	-	-	-	-

The above RLF financing arrangement of \$90,000 leverages \$260,000 in private financing (a public to private dollar ratio of 1:2.9), creates 3 new jobs, and adds \$260,000 to the real property tax base.

**After fifth year company profit and loss statements, balance sheets, and other financial information will be analyzed. If analysis reveals they are performing well and can handle conventional financing and conventional financing is available to them, the RLF will require a balloon payment and a transition to private financing. If analysis proves otherwise RLF financing will continue.*

MONROE COUNTY CDBG – REVOLVING LOAN FUND APPLICATION
PAGE 1

Name of Business: _____

Business Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

Contact Person: _____ Phone: _____

Type of Business: _____ Sole Proprietorship _____ Partnership _____ Corporation

Established: _____ SIC CODE: _____

Employer's Federal Identification Number: _____

Employer's State Identification Number: _____

Name of Owner # 1

Name of Owner # 2

Percentage Owned: _____ %

Percentage Owned: _____ %

Home Address: _____

Home Address: _____

City, State, Zip: _____

City, State, Zip: _____

Home Phone: _____

Home Phone: _____

Professional Services/References:

Name of Bank: _____

Bank Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

Contact Person: _____

Name of Attorney: _____

Attorney Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

Name of Accountant: _____

Accountant Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

MONROE COUNTY CDBG REVOLVING LOAN FUND (RLF) APPLICATION - PAGE 2

CURRENT AND PROJECTED EMPLOYMENT						
Type of Employment	Existing Jobs		Employment Projections			
			First Year		Second Year	
Professional/Managerial/Technical	FT	PT	FT	PT	FT	PT
Skilled	FT	PT	FT	PT	FT	PT
Unskilled/Semi-Skilled	FT	PT	FT	PT	FT	PT
TOTALS	FT	PT	FT	PT	FT	PT

SOURCES AND USES OF FUNDS:	RLF	Bank	Equity	[Other]	[Other]	Total
Acquire Land	\$	\$	\$	\$	\$	\$
Acquire Building	\$	\$	\$	\$	\$	\$
Improve/Renovate Building	\$	\$	\$	\$	\$	\$
Purchase Equipment/Machinery	\$	\$	\$	\$	\$	\$
Inventory	\$	\$	\$	\$	\$	\$
Working Capital	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$
TOTALS	\$	\$	\$	\$	\$	\$

PROJECT SUMMARY:	RLF	Bank	Equity	[Other]	[Other]	Total
Loans, Investments & Equity Amounts	\$	\$	\$	\$	\$	\$
Loan Term (Years)						
Loan Interest Rate	%	%	%	%	%	
Annual Debt Service	\$	\$	\$	\$	\$	
Type of Collateral						
Security Position						
Type of Guarantee						

MONROE COUNTY CDBG REVOLVING LOAN FUND (RLF) APPLICATION - PAGE 3

Required Attachments:

- A. Business Plan. (*See Page 4*)
- B. Signed personal financial statements dated as of the date of application for any person who owns 20% or more interest in the business.
- C. Federal tax returns filed by the business for the previous three years, if the applicant is a sole proprietorship, partnership, or corporation that does not have audited financial statements.
- D. Any other information, including any key person insurance or property insurance, which may be available or has been obtained to secure the loan.
- E. Information concerning any pending or threatened litigation or administrative proceeding, any outstanding administration orders, judgements or injunctions or involvement in any bankruptcy.
- F. Certification of business compliance with all federal, state, county, and municipal laws affecting the conduct of business within the county where the business resides.
- G. Statements and reasons from the lending institution(s) that the RLF loan will not be substituting for commercial lending is required.
- H. Statement concerning the source of equity for the project, and how it will be obtained and appraised.
- I. A job creation commitment letter from the business stating its understanding that failure to meet this commitment will result in an interest rate increase on the RLF loan or the complete recall of the RLF loan.
- J. Statement from the business that no person will be discriminated against on the basis of race, color, national origin, religion, age, handicap, or sex when being considered for employment.
- K. Commitment letter from your bank regarding any financing the bank will provide for this project including amount of loan, interest rate, term, security, availability of loan funds and repayment schedule.
- L. Copy of lending institution(s) loan board report on their portion of the financing.
- M. Any environmental questionnaires, reviews, or audits conducted by the applicant, lending institutions, or their agents shall be provided.
- N. A statement from the business certifying that it will not relocate out of the county it resides in during the term of the RLF loan and that in the event of a relocation outside of the County it resides in it will immediately repay the RLF loan.

Signatures:

I declare that any statement in this application and in its required attachments, or information provided herein, is true and complete in substance and in fact.

Name of Business: _____

By: _____ Title: _____ Date: _____

By: _____ Title: _____ Date: _____

MONROE COUNTY CDBG REVOLVING LOAN FUND (RLF) APPLICATION - PAGE 4
BUSINESS PLAN

I. Executive Summary

- A. Name and location of business
- B. Brief discussion of product, market, and competition
- C. Expertise of management team
- D. Summary of financial projections
- E. Amount of financial assistance requested and proposed purpose
- F. Business goals and reasons for undertaking the project
- G. Project commencement and completion dates

II. Description of the Company

- A. Date and state of incorporation or formation
- B. History of the company
- C. Background of the principals and their roles

III. Market Analysis

- A. Description of current industry and industry trends
- B. Description of the total market and its participants
- C. Discussion of the target market and the competition

IV. Description of the Product or Service

- A. List of patents, copyrights, licenses, or proprietary interests
- B. Discussion of technical and legal considerations
- C. Comparisons to competitors' products or services

V. Marketing Strategy

- A. Overall strategy
- B. Current and estimated sales and market share
- C. Advertising, public relations, and promotion

VI. Management Plan

- A. Form of business organization
- B. Composition of board of directors
- C. Officers organization chart and responsibilities
- D. Resumes of key personnel and listing of key advisors

VII. Operating Plan

- A. Schedule of upcoming work and key completion dates for first year
- B. Planned facilities or capital improvements for next three years
- C. Staffing plan including new jobs created/retained

VIII. Financial Data

- A. Funding request indicating the desired financing, capitalization, use of funds, and future financing
- B. Year-end financial statements (balance sheet, income statement, and cash flow statement, for the past three years
- C. Current interim financial statements
- D. Pro forma cash flow projections, including the proposed financing, for two years
- E. Projected balance sheets, income statement, and statement of changes in financial position, including the proposed financing, for two years
- F. Description of all assumptions behind the financial projections

ATTACHMENT A

Authorization For Release of Financial Information Form Copy

MONROE COUNTY

APPLICATION NUMBER _____

ECONOMIC DEVELOPMENT

APPLICANT'S REQUEST FOR DISCLOSURE

To Whom It May Concern:

This is to verify that we have given our permission to Monroe County's Community Development Block Grant Administrator to request and receive information required to verify employment, mortgages, deed of trust, savings accounts, credit accounts, financial status and all other information necessary to complete application for an Economic Development Loan.

Sincerely,

