

How is an application submitted?

A loan application form for the Business Capital Fund is obtained from a participating lender. The application package includes: a narrative of business history, project description, marketing projections, balance sheets, operating statements, pro-forma statements, and employment commitments.

The participating lending institution performs credit analysis, loan servicing, and determines eligibility for RLF participation. The institution may charge a service fee.

Businesses must agree not to discriminate in hiring practices and must agree not to use the funds to relocate the business from one labor area to another. The business expansion must also pass an environmental review.

For further information on the Business Capital Fund contact a participating lender or the Mississippi River Regional Planning Commission, 1707 Main Street, Suite 435, La Crosse, WI 54601; (608) 785-9396; plan@mrrpc.com

[Loan applications are available at www.mrrpc.com.](http://www.mrrpc.com)

In 1989, the Mississippi River Regional Planning Commission (MRRPC) collaborated with local governments, utility companies, banks, and economic development professionals in Buffalo, Jackson, Pepin, and Trempealeau counties to establish the Business Capital Fund Corporation (BCF). The BCF is a not-for-profit, non-stock corporation, that was organized to establish a revolving loan fund (RLF) and promote economic development in those four counties. The fund was capitalized with a \$500,000 grant from the U.S. Department of Commerce's Economic Development Administration (EDA) and a local match of \$168,000 that was raised by 50 local contributors in Buffalo, Jackson, Pepin, and Trempealeau Counties. In 1995, the MRRPC received a \$204,000 EDA Flood Recovery grant which was matched with \$36,000 from local sources to establish a second, flood-recovery RLF that assisted local businesses in their recovery efforts. Pierce County was added to the service area of this second RLF. The BCF is governed by a nine-member Board of Directors that is elected by member/contributors, and all member/contributors are eligible to run for a position on the Board of Directors. The MRRPC administers the fund on behalf of the BCF.

In its history, the BCF has loaned more than \$3 million, and has leveraged more than 10 times this amount from other sources. BCF borrowers have created or retained hundreds of jobs. The BCF has had a positive impact on the area economy in terms of an expanded tax base, jobs, and the RLF's ability to attract business start-up and expansion projects in the region. The BCF continues to provide an economic impact because as the loans are repaid, those funds are available to assist in financing other business projects. The BCF has funds available for new projects. If you have any questions or would like to apply for a loan, please contact the MRRPC or your local lender.

The Business Capital Fund



***Providing Start-up and
Expansion Financing***

***For Businesses in Buffalo,
Jackson, Pepin, Pierce and
Trempealeau Counties***

What is the fund?

The Business Capital Fund (BCF) is a revolving loan fund (RLF) designed to address a gap in private capital markets for long term-fixed rate, low down payment, low interest financing. The Fund is targeted to manufacturers, tourism, and selected service industries which create jobs and are located in Buffalo, Jackson, Pepin, Pierce and Trempealeau Counties.

The fund serves as a stimulant for commercial lending and not a substitute for private capital.

Why is the fund needed?

Small businesses create the most jobs, but suffer from a shortage of long term financing. Eighty percent of the new jobs in the Nation and the great majority of jobs in western Wisconsin are created by businesses employing less than 100 people.

Ironically those businesses which create the lion's share of new jobs are the least able to obtain reasonable financing for job creating plant expansions. Because of the shortage of long-term financing, small businesses are frequently unable to match the term of financing with the length of life of the asset.

How was the fund created?

Initially the Business Capital Fund was capitalized at \$667,000. A \$500,000 federal grant (75%) was provided from the Economic Development Administration and another \$167,000 (25%) in matching contributions was raised from local units of government, lending institutions, utilities, businesses and others from Buffalo, Jackson, Pepin, and Trempealeau Counties.

What are the goals of the fund?

The overall goal of the fund is to improve the area economy by providing "Gap" financing for business expansions that create jobs. The Business Capital Fund will be self-perpetuating through loan repayments by borrowers.

The designation of the Business Capital Fund as a revolving loan fund is derived from this lend and repayment action. This revolving characteristic will allow it to serve as a long term loan source for expanding business well into the future.

How will the fund achieve its goal?

It will meet its goal by providing reasonable loan terms, low down payment requirements and below market rate financing. These favorable terms from the Business Capital Fund will allow a participating lending institution to take a business loan risk they normally would not take. In so doing a business expansion results and jobs are created that under ordinary circumstances would not have occurred. In all instances the BCF loan will be in conjunction with a larger private loan.

How is the fund managed?

The Mississippi River Regional Planning Commission (MRRPC) is the federal grant recipient. The MRRPC has delegated loan decision and administrative responsibilities to the nine member Board of Directors of the Business Capital Fund Corporation. This Board of Directors at various times includes representation from financial institutions, local units of government, utilities, and local development organizations.

What standards and loan criteria will the fund use?

Loan Sizes - in the \$10,000-\$130,000 range are preferred and are intended to provide the business with gap financing needed for commercial loans.

Job Creation - a minimum of 1 job created per \$20,000 to \$42,000 of BCF financing is required.

Loan Ratio - \$2 of private financing to every \$1 of BCF financing (2:1).

Equity Required - borrower shall provide minimum equity of 10% of total project cost.

Terms- 15 years on land and buildings and amortized on a 20 year basis with option of refinancing for an additional 5 years; expected life for equipment and machinery but not to exceed 10 years; 7 years for working capital.

Interest Rates - Usually 1% plus or minus the current money prime interest rate quoted in the Wall Street Journal.

Loan administration and compliance review fees

All loan closing costs will be paid for by the borrower. A fee not to exceed \$300 may be charged with the submission of a loan application and an additional fee not to exceed \$500 may be charged if a loan proceeds to closing.

Loan applications are available at www.mrrpc.com.