

## NOTICE OF REMOTE MEETING

### SHEBOYGAN COUNTY INDUSTRIAL DEVELOPMENT AND REVOLVING LOAN FUND AGENCY

**May 17, 2021 - 3:00 PM**

**To Join the Remote Meeting: Access Web Link or Dial Phone Number**

<https://us02web.zoom.us/j/88498633874?pwd=UIBpRFpMNWVoWlM4VDM4VXpHTDhUUT09>

Dial by your location +1 312 626 6799 US (Chicago)

Meeting ID: 884 9863 3874

Passcode: 641806

### **Agenda**

Call to Order

Certification of Compliance with Open Meeting Law

Introduction of Members

- Discussion on Meeting Schedule

Industrial Development and Revolving Loan Fund Agency – Formation & Funding

Consideration of replenishment of Sheboygan County General Fund

Purpose and Powers of the Industrial Development and Revolving Loan Fund Agency

Consideration of Revolving Loan Fund Manual

Revolving Loan Fund - Application Materials

Consideration of Administration of the Revolving Loan Fund – Contract for Services

Other Business

Adjournment

Prepared by:  
Brian Doudna

Vern Koch, Agency President

NOTE: A majority of the members of the County Board of Supervisors or of any of its committees may be present at this meeting, and it is anticipated a majority of the Executive Committee will be present, to listen, observe and participate. If a majority of any such body is present, their presence constitutes a "meeting" under the Open Meeting Law as interpreted in State ex rel. Badke v. Greendale Village Board, 173 Wis. 2d 553 (1993), even though the visiting body will take no action at this meeting.

Wis. Stat. § 19.84 requires that each meeting of a governmental body be preceded by a public notice setting forth the time, date, place, and subject matter of the meeting. This Notice and Agenda is made in fulfillment of this obligation. Electronic versions of this Notice and Agenda may hyperlink to documents being circulated to members in anticipation of the meeting and are accessible to the public for viewing. Additions, subtractions, or modifications of the hyperlinked materials do not constitute an amendment to the meeting agenda unless expressly set forth in an Amended Notice and Agenda. Members of the public are encouraged to check from time to time before the meeting to see whether the hyperlinked content has been changed from what was originally posted. The Committee welcomes all visitors to listen and observe, but only Committee members and those invited to speak will be permitted to speak.

## Membership of

### Sheboygan County Industrial Development and Revolving Loan Fund Agency

#### 8.05 MEMBERS AND DIRECTORS.

- (1) There shall be two (2) classes of members and two (2) classes of directors: County members and directors and public members and directors as designated in the articles of incorporation of the Agency. The County members and directors shall at all times constitute not less than a majority of the total authorized members and directors.
- (2) The County members and directors shall be the Chairperson of the County Board, the Vice Chairperson of the County Board, the Chairperson of the Finance Committee, the Corporation Counsel, and the County Finance Director, and the County Treasurer by virtue of their offices.
- (3) The County Administrator shall appoint the public members and directors subject to confirmation of the County Board of Supervisors.

Member	Position
Vern Koch	Chairperson of County Board
Robert Ziegelbauer	Vice Chairperson of County Board
William Goehring	Chairperson of County Finance Committee
Crystal Fieber	Sheboygan County Corporation Counsel
Wendy Charnon	Sheboygan County Finance Director
Laura Henning-Lorenz	Sheboygan County Treasurer
Gary Maples	Appointment – County Board
Don Hammond	Appointment – County Board
Tom Brickley	Appointment – County Board
Gary Dulmes	Alternate Appointment – County Board

**SHEBOYGAN COUNTY    ORDINANCE NO. 11 (2019/20)**

Re:    **Creating Chapter 8 – Establishing Sheboygan County Industrial Development and Revolving Loan Agency**

**WHEREAS**, pursuant to Resolution No. 29 of 2018/19, the Sheboygan County Board authorized the Executive Committee to develop an Ordinance establishing the *Sheboygan County Industrial Development Agency* to continue to allow for a revolving loan program supporting economic development, and

**WHEREAS**, pursuant to Wis. Stat. § 59.57(2)(b), it is the policy of the State of Wisconsin "to promote the right to gainful employment, business opportunity, and general welfare of the inhabitants thereof and to preserve and enhance the tax base in counties and municipalities" through industrial development agencies, and

**WHEREAS**, the Sheboygan County Industrial Development and Revolving Loan Agency will have the ability to carry out the policy of the State through loans, contracts, leases, the purchase of real or personal property, and other means required or necessary to effectuate the purposes of the Industrial Development Law, and

**WHEREAS**, the Executive Committee believes it is in the best interest of economic development efforts in Sheboygan County to create the Sheboygan County Industrial Development and Revolving Loan Agency for the purposes of effectuating the powers described in the Wisconsin Industrial Development Law, including the continuation of a revolving loan program;

**NOW, THEREFORE**, the County Board of Supervisors of the County of Sheboygan does ordain as follows:

Section 1.    **Creating Sheboygan County Industrial Development and Revolving Loan Agency**. Chapter 8 of the Sheboygan County Code of Ordinances is hereby created to read as follows:

Chapter 8  
SHEBOYGAN COUNTY INDUSTRIAL DEVELOPMENT  
AND REVOLVING LOAN AGENCY

- 8.01    ESTABLISHMENT OF INDUSTRIAL DEVELOPMENT AND REVOLVING LOAN AGENCY
  - 8.02    DEFINITIONS
  - 8.03    POWERS OF THE AGENCY
  - 8.04    EXAMINATION AND AUDIT
  - 8.05    MEMBERS AND DIRECTORS
  - 8.06    ARTICLES OF INCORPORATION
  - 8.07    BYLAWS
  - 8.08    DISSOLUTION
- 
- 8.01    ESTABLISHMENT OF INDUSTRIAL DEVELOPMENT AND REVOLVING LOAN AGENCY. Pursuant to the provisions of Wis. Stat. § 59.57, there is hereby established the Sheboygan County Industrial Development and Revolving Loan Agency, hereafter referred to as the Agency. The Agency shall be subject to the

provisions of Wis. Stat. ch. 181, except such as are inconsistent with the provisions of Wis. Stat. § 59.57(2).

8.02 DEFINITIONS. In this Section, unless the context clearly indicates otherwise:

- (1) "Industrial Development and Revolving Loan Agency" or "Agency" means a public body corporate and politic created under this Section, which agency shall have the characteristics and powers described in this Chapter and Wis. Stat. § 59.57.
- (2) "Industrial development project" means any site, structure, facility, or undertaking comprising or being connected with or being a part of an industrial, manufacturing, commercial, retail, agribusiness, or service-related enterprise established or to be established by an industrial development agency.

8.03 POWERS OF THE AGENCY. The Industrial Development and Revolving Loan Agency shall have the following powers:

- (1) To grant financial aid and assistance to any industrial development project, which financial aid may be loans, contracts of sale, and purchase, leases, and such other transactions as are determined by the Agency.
- (2) Within the boundaries of the County, to acquire by purchase, lease, or otherwise any real or personal property, or any interest therein, or mortgage or other lien thereon; to hold, improve, clear, and redevelop any such property; to sell, assign, lease, subdivide, and make the property available for industrial use, and to mortgage or otherwise encumber the property. The Agency may only exercise the powers set forth in this Subparagraph (2) for industrial or manufacturing enterprises established or to be established by the Agency.
- (3) To borrow money and to execute notes, bonds, debentures, and other forms of indebtedness; to apply for and accept advances, loans, grants, and contributions and other forms of financial assistance from the federal, state, or County government and from municipalities and other public bodies and from industrial and other sources; to give such security as is required by way of mortgage, lien, pledge, or other encumbrance but any obligations for the payment of money shall be issued by the Agency only after approval in such manner as is determined by the Sheboygan County Board.
- (4) To loan money for such period of time and at an interest rate that is determined by the Agency and to be secured by mortgage, pledge, or other lien or encumbrance on the industrial development project for which the loan was made or in other appropriate manner, which mortgage or other lien may be subordinate to a mortgage or other lien securing the obligations representing funds secured from independent sources which are used in the financing of the industrial development project and which mortgage or other lien and the indebtedness secured thereby may be sold, assigned, pledged, or hypothecated.

- (5) To enter into any contracts considered necessary or helpful and in general have and exercise all such other and further authority as is required or necessary in order to effectuate the purposes of this Chapter.
- 8.04 EXAMINATION AND AUDIT. The accounts and books of the Agency, including its receipts, disbursements, contracts, mortgages, investments, and other matters relating to its finances, operation, and affairs shall be examined and audited annually by an independent certified public accountant designated by the Sheboygan County Board.
- 8.05 MEMBERS AND DIRECTORS.
  - (1) There shall be two (2) classes of members and two (2) classes of directors: County members and directors and public members and directors as designated in the articles of incorporation of the Agency. The County members and directors shall at all times constitute not less than a majority of the total authorized members and directors.
  - (2) The County members and directors shall be the Chairperson of the County Board, the Vice Chairperson of the County Board, the Chairperson of the Finance Committee, the Corporation Counsel, and the County Finance Director, and the County Treasurer by virtue of their offices.
  - (3) The County Administrator shall appoint the public members and directors subject to confirmation of the County Board of Supervisors.
- 8.07 ARTICLES OF INCORPORATION. The articles of incorporation on file in the County Clerk's Office as of February 27, 2020, are hereby approved, and the County Board Chairperson, Chairperson of the Finance Committee, and Corporation Counsel are authorized to sign and acknowledge said articles. Any amendments to the articles may be made by the Executive Committee.
- 8.08 BYLAWS. The bylaws on file in the County Clerk's Office as of February 27, 2020, are hereby approved. Any amendments to the bylaws may be made by the Executive Committee.

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8.09 DISSOLUTION. The Agency may be dissolved and its corporate authority terminated upon resolution adopted by the majority of the Sheboygan County Board. Upon dissolution, all net assets of the Agency shall be paid to the County.

Section 2. **Effective Date**. The herein Ordinance shall take effect upon enactment.

Respectfully submitted this 17th day of March, 2020.

**EXECUTIVE COMMITTEE**

Thomas Wegner

Thomas Wegner, Chairperson

Vernon Koch, Vice-Chairperson

William C. Goehring

William C. Goehring, Secretary

Edward J. Procek

Edward J. Procek

Robert Ziegelbauer

Robert Ziegelbauer

Opposed to Introduction:

UNOFFICIAL TEXT: Information in this document may have been changed by subsequent actions. Only printed volumes are official text.

Enacted 04/14/2020

**SHEBOYGAN COUNTY ORDINANCE NO. 07 (2020/21)**

Re: **Renumbering Chapter 8 [Ord. 11 (2019/20)] – Sheboygan County Industrial Development and Revolving Loan Agency – to Chapter 9**

**WHEREAS**, in the process of updating the Sheboygan County Code of Ordinance, the Corporation Counsel has identified provisions of the Code which requires revision to correct an error;

**NOW, THEREFORE**, the County Board of Supervisors of the County of Sheboygan does ordain as follows:

Section 1. **Renumbering Chapter 8 – Sheboygan County Industrial Development and Revolving Loan Agency.** Chapter 8, as it relates to the establishment of the Sheboygan County Industrial Development and Revolving Loan Agency, is renumbered Chapter 9 and the individual Section numbers are renumbered accordingly.

Section 2. **Effective Date.** The herein Ordinance shall take effect upon enactment.

Respectfully submitted this 15th day of December, 2020.

**EXECUTIVE COMMITTEE**

Vernon Koch  
Vernon Koch, Chairperson

Robert Ziegelbauer  
Robert Ziegelbauer, Vice-Chairperson

William C. Goehring  
William C. Goehring, Secretary

Keith Abler  
Keith Abler

Edward J. Procek  
Edward J. Procek

Opposed to Introduction:

\_\_\_\_\_  
Enacted 01/19/2021

**SHEBOYGAN COUNTY**

**INDUSTRIAL DEVELOPMENT AND REVOLVING LOAN AGENCY**

**REVOLVING LOAN FUND (RLF) MANUAL**

\_\_\_\_\_, 2021



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## FOREWORD

Pursuant to Resolution No. 29 of 2018/19, the Sheboygan County Board authorized the Executive Committee to develop an Ordinance establishing the Sheboygan County Industrial Development and Revolving Loan Agency to continue to allow for a revolving loan program supporting economic development.

Pursuant to Wis. Stat. § 59.57(2)(b), it is the policy of the State of Wisconsin "to promote the right to gainful employment, business opportunity, and general welfare of the inhabitants thereof and to preserve and enhance the tax base in counties and municipalities" through industrial development agencies. The Sheboygan County Industrial Development and Revolving Loan Agency will have the ability to carry out the policy of the State through loans, contracts, leases, the purchase of real or personal property, and other means required or necessary to effectuate the purposes of the Industrial Development Law.

This Manual contains the Revolving Loan Fund (RLF) policies and procedures that have been adopted by the Sheboygan County Industrial Development and Revolving Loan Agency members to govern the use of the funds.

For further assistance, please feel free to contact the Sheboygan County Economic Development Corporation at:

Sheboygan County Economic Development Corporation  
508 New York Avenue, Room 209  
Sheboygan, WI 53081  
Phone: 920-452-2479  
Email: [info@SheboyganCountyEDC.com](mailto:info@SheboyganCountyEDC.com)

## **SECTION 1. GENERAL PROVISIONS**

### **1.1 PURPOSE**

The purpose of the policies and procedures contained within this manual, hereafter referred to as the Industrial Development and Revolving Loan Agency Fund Manual, is to present the criteria which governs the economic development activities assisted with funds made available through Sheboygan County's Industrial Development and Revolving Loan Agency.

### **1.2 OBJECTIVES**

Economic development activities assisted with funds made available through the Sheboygan County's Industrial Development and Revolving Loan Agency are intended to meet the following objectives:

- (1) To encourage the leveraging of new private investment into Sheboygan County in the form of fixed asset investment, particularly in land, buildings and fixed equipment.
- (2) To perpetuate a positive and proactive business climate which encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.
- (3) To implement Sheboygan County's Comprehensive Plan goals and objectives.
- (4) To maintain and promote a diverse mix of employment opportunities and to minimize seasonal or cyclical employment fluctuations.
- (5) To encourage the development and use of modern technology and create safe work environments.

### **1.3 AMENDMENTS and MODIFICATIONS**

Sheboygan County Industrial Development and Revolving Loan Agency may from time to time amend the provisions imposed by the policies and procedures contained within the Industrial Development and Revolving Loan Agency RLF Manual.

## SECTION 2. ADMINISTRATION

### 2.1 LOAN REVIEW COMMITTEE

- (1) Sheboygan County's Industrial Development and Revolving Loan Agency Loan Committee shall consist of the following:
  - 1) Sheboygan County Board Chairperson
  - 2) Sheboygan County Board Vice Chairperson
  - 3) Sheboygan County Finance Committee Chairperson
  - 4) Sheboygan County Corporation Counsel
  - 5) Sheboygan County Finance Director
  - 6) Sheboygan County Treasurer
  - 7) 3 public members and directors appointed by the County Administrator and confirmed by the County Board of Supervisors.
  - 8) RLF Administrator (non-voting)
- (2) The Loan Committee shall have the authority to review, select, recommend, and approve loan applications. The Committee shall also have the authority to make policy recommendations for the administration of the program.
- (3) The RLF Administrator shall explain the Program to prospective applicants, provide written information, assist applicants in completing applications, and facilitate requests for financing.
- (4) The RLF Administrator in concert with the roles of Sheboygan County Departments shall periodically review all financial statements and loan amortization schedules of RLF loan recipients, review and approve documentation of business expenditures financed with RLF proceeds, record RLF security instruments.
- (5) The Sheboygan County Finance Department will maintain the RLF accounting records which shall be segregated from other county accounts.
- (6) Corporation Counsel shall prepare all loan agreements, review all promissory notes and mortgage or lien instruments, and counsel the Loan Review Committee on legal matters.
- (6) The RLF Administrator shall be responsible for the maintenance of all other records for the RLF, particularly those related to the expenditures of the RLF monies for program administration purposes.
- (7) Pursuant to Section 2.18 of the County Ordinances, non-County members and County employed members of the Committee shall be entitled to meals and mileage reimbursement. County Board members of the Committee shall be entitled meeting per diems.

## 2.2 MEETINGS

Loan Committee meetings shall be held on an as-needed basis. Meetings shall be subject to Wisconsin Open Meetings Laws pursuant to Wisconsin Statutes, Sections 19.31 through 19.39. A majority of the Committee in attendance at a meeting constituting a quorum shall be required for official Committee action. Official actions must have the support of the majority of the total Committee. Vacant positions on the Committee shall be counted in determining the total number of Committee members.

## 2.3 RECORDS

Written records of all program activities, including program meetings, loan applications, and related documents, shall be maintained in appropriate files. All files shall be maintained in a secure place with limited access by authorized personnel. Corporation Counsel shall be consulted in regard to compliance with state and municipal open records laws.

The following files shall be established and maintained for each loan recipient:

- (1) **Loan Application File:** This file contains all application, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting loan information submitted to the Loan Committee, including all applicable correspondence. This permanent file will also contain a summary of the analysis, recommended actions for the application, and a copy of the minutes for the Loan Committee meeting summarizing the action taken on the loan request. This file will be maintained by the RLF Administrator.
- (2) **Loan Closing File:** This file contains copies of all loan-closing documents. All legal documents from the loan closing, including security instruments, the note and other applicable correspondence shall be placed in a locked, fireproof safe. Corporation Counsel shall be involved in helping create and complete this file to ensure complete loan documentation. Copies of the loan closing documents, and an amortization schedule will be provided to the loan recipient, along with an invoice, if applicable, for loan closing and servicing fees. This file will be maintained by the Sheboygan County Finance Department.
- (3) **"Tickler File" System:** A RLF tickler file system shall be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required. The system shall include the following monthly coded index files:
  - a) Expiration dates for property, casualty and life insurance policies;
  - b) Due dates for all financial statements;
  - c) Expiration dates for UCC financing statements, the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand;
  - d) Scheduled dates of annual loan performance and covenant reviews;
  - e) Dates for site visits;

f) Dates on which loan recipients will be notified of scheduled changes in the loan amortization scheduled per loan agreements.

(4) **Financial Statement File:** This file contains the business' periodic financial statements as required by the loan covenants with a statement indicating that the RLF Administrator reviewed the data and performed ratio analysis. This is to be filed with the Sheboygan County Finance Department and added to the closing loan file.

(5) **Progress Report & Site Visit File:** Loan recipients are required to submit periodic progress reports during the outstanding term of the loan. The RLF Administrator shall make periodic site visits to verify information in the progress report and financial statements. Site visits shall be conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project. A summary of the site visits will be placed in the file, particularly highlighting any information that can help in rating the overall condition/risk of the loan.

(6) **Repayment Monitoring File:** The Sheboygan County Finance Department will monitor the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems shall be reported to the Loan Committee and notations shall be placed in the tickler file to remind the RLF administrator of the need to provide continued monitoring.

The Sheboygan County Finance Department shall immediately notify the RLF Administrator and the Corporation Counsel of failure of a loan recipient to make timely payments. The Corporation Counsel will notify the loan recipient in writing of the deficiency and the action that will be taken should the payment not be made.

Should there be a late payment, the RLF Administrator will contact the loan recipient to determine the reason for the delayed payment. Contact may need to be made with other participating lender(s) to determine if their loans are current and to alert the lender of a potential problem. All payments shall be applied first to accrued late payment penalties, then to interest accrued and then to principal.

(7) **Loan Review File:** All loans are to be reviewed as deemed necessary by the Loan Committee. As such, a report on the loan review shall be in the file and address the following: timeliness of monthly payments; condition of collateral securing the loan and status of security documents (i.e. mortgages, UCC filings); overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants and suggested corrective actions.

If the business is experiencing problems with any of the above criteria, the RLF Administrator is to work with the loan recipient to identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan to protect Sheboygan County's interest and meet the needs of the business. If appropriate, the RLF Administrator will arrange for business assistance.

In the event the findings of the loan review suggest serious problems, particularly if the loan is at risk for default, the account shall be referred to Corporation Counsel for legal action in order to initiate steps necessary to protect the loan and to ensure the maximum repayment of the balance due. Again, corrective actions may be achieved through restructuring or if necessary, foreclosure actions.

## 2.4 ADMINISTRATION

Reasonable administrative funds may be withdrawn from the RLF to cover personnel costs and other administrative expenses. Administrative expenses of up to fifteen (15) percent of program income may be used for direct loan administrative costs. In addition to paying costs for direct RLF administration, these funds may be used for the following purposes to support RLF administration:

- (a) Legal costs.
- (b) Consulting fees for credit analysis, business plan reviews and technical assistance.
- (c) Office supplies, copying, typing, mailing, and related.
- (d) Fees, meals and mileage reimbursement as deemed necessary by the Loan Committee.

To generate additional revenue to cover administrative costs, if necessary, the Loan Committee may also establish loan origination fees, closing fees, servicing fees, and other fees to cover charges directly related to either processing an application or servicing a loan. All fees collected go to the RLF.

## **SECTION 3. ELIGIBILITY CONSIDERATIONS**

### **3.1 ELIGIBLE AREA**

The area served by the RLF program shall generally be within the corporate limits of Sheboygan County.

### **3.2 ELIGIBLE APPLICANTS**

- (1) Applications may be submitted by the authorized representatives of any business wishing to establish a new operation or expand an existing operation in Sheboygan County.
- (2) No member of the Sheboygan County's Industrial Development and Revolving Loan Agency is eligible for financial assistance under this program.
- (3) The applicant must not be delinquent or in default on federal, state or local taxes or any existing private or publicly financed loan and will be required to sign an affidavit to that effect.
- (4) Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability, 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) Site preparation and the construction or reconstruction of buildings or the installation of fixed equipment.
- (3) Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.
- (4) Working capital (inventory and direct labor costs only).
- (5) Purchase of seeds, livestock or farm products that increase the production capacity of the farm.
- (6) Historical or significant rehabilitation to a commercial, mixed-use, industrial or retail structure
- (7) Construction of 5 or more residential units in a single site.
- (8) Bridge financing where other source(s) of capital are expected to flow into the project at a later date (an example of this is the future receipt of tax credit funds)
- (9) Other activities that the Sheboygan County's Industrial Development and Revolving Loan Agency may identify as appropriate for the RLF program



### 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) Routine maintenance.
- (5) 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 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) Lending institutions.
- (3) Gambling operations.
- (4) Non-public recreation facilities.
- (5) Other businesses not serving the interests of Sheboygan County.
- (6) Other businesses that the Loan Committee may identify during the administration of this program

### 3.6 MINIMUM REQUIREMENTS

To be eligible for funding, a 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 each dollar (\$1.00) of loan funds requested. Higher leverage may be required at the discretion of the Loan Review Committee.
- (2) 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.

(3) Compliance with Applicable Laws. Applicants shall comply with all applicable local, state, and federal laws and codes.

(4) Project Completion. Projects shall be completed within 36 months from the date of the loan approval. Applicants shall provide the Loan Committee a project implementation schedule not exceeding 36 months for project completion.

DRAFT

## 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.
- (2) Interest Rate. The interest rate shall be established by the Loan Committee.
- (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-yr basis with the option of refinancing for an additional 8 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) Repayment. Payment of interest and/or principal may be deferred during the implementation period of the assisted activity 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 Loan Committee will seek to have the best possible collateral position possible to ensure that RLF loans are adequately secured.
- (8) Insurance. Term life and building insurance may be required of the applicant to cover the loan balance through the life of the loan.

## SECTION 5. APPLICATION PROCEDURES

### 5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program with the RLF Administrator. The RLF Administrator shall assist the applicant, as is reasonably necessary, in completing the application. All financial information shall be kept in a secured place with limited access by authorized personnel only.

### 5.2 TIMING

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

### 5.3 PRIORITY

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 following criteria will be used to determine which business (es) will be awarded the loan(s):

- (1) Eligibility of the applicants.
- (2) Eligibility of the project to be undertaken.
- (3) The extent to which private funds are to be leveraged.
- (4) The extent to which the loan can be secured.
- (5) Evidence of ability to repay the loan.
- (6) Size of the loan requested.
- (7) Timing of the proposed expenditures.
- (8) Completeness of application.
- (9) Other factors as deemed appropriate, such as economic impact and access to other loan programs

### 5.4 LOAN APPLICATION

Applicants shall apply using the form available from the Sheboygan County's Industrial Development and Revolving Loan Agency and will generally include the following:

- (1) Business Description. A written description of the business, including the following:
  - (a) A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, markets, and products.
  - (b) Key customers and clients.

(c) A personal resume of each principal associated with the business, including: number of years of experience in the business; educational background; and role in the proposed or existing business.

(d) Three years of financial history including balance sheets, profit/loss statements, cash flow statements and accountant notes.

(2) Project Description. A description of how the business plans to use the requested funds.

(3) Commitments from Private Lenders. This consists of commitments from all private lenders making loans to the project. Lender commitment letters should include:

a) Description of the type of loan being made by the lender (first mortgage, permanent financing, construction financing, etc.)

b) The amount of the loan, interest rate, term, and security, availability, and repayment schedule and amounts.

These commitments shall be obtained concurrently with the negotiation of the terms and conditions of the Sheboygan County's Industrial Development and Revolving Loan Agency Program loan to ensure the interest of Sheboygan County are secured.

(4) Projections. Provide proformas (a balance sheet & income statement and cash flow statement). These should cover a three-year period and should assume that the business will receive the requested loan.

(5) Additional Information. The Loan Committee or the RLF Administrator may require additional information.

## 5.5 REVIEW PROCESS

Specific steps in the review process include the following:

(1) Preliminary Review. The RLF Administrator will review the application for completeness and verify that the proposed project meets the minimum requirements provided in Section 3.6. If the application is not complete, the RLF Administrator will inform the applicant of the deficiencies.

(2) Formal Review. The Loan Committee will meet to review an application within 30 days of the receipt of a completed application or at some other predetermined schedule. Once the review is completed and the proposal is acceptable for funding, the Loan Committee will forward the proposal to Corporation Counsel for drafting of the closing loan documents.

(3) Negotiation of Terms. Upon the tentative acceptance by the governing body, the RLF Administrator will contact the business in writing to review and explain the terms of the loan.

(4) Notice of Award. If the application is approved, a closing will be scheduled by Corporation Counsel to execute the necessary loan documents.

(5) Rejection of Award. If the application is not approved, the RLF Administrator will send a letter to the applicant stating the reasons for rejection and offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

## SECTION 6. DISTRIBUTION OF FUNDS

### 6.1 LOAN PROCEDURES

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan.

- (1) Notice of Award. The Loan Committee must have reviewed and approved a complete application for an eligible applicant with letter to the loan recipient.
- (2) Loan Agreement. Corporation Counsel shall prepare a loan agreement, which shall be executed by the Sheboygan County Industrial Development and Revolving Loan Agency Treasurer and the Chief Executive Officer of the business.
- (3) Promissory Note. A promissory note shall be prepared by the Corporation Counsel and signed by the Chief Executive Officer at the time of loan closing. The note must be dated; it must reference the agreement between Sheboygan County's Industrial Development and Revolving Loan Agency and the business; and, it must specify the amount and terms of the loan funds delivered.
- (4) Security. Mortgage or lien instruments, or a personal guarantee must be provided as security for all loans and shall be prepared by Corporation Counsel and executed at the time of the loan closing. Corporation Counsel shall record the instrument and place a copy in the project file to include
  - (a) Mortgage and/or security agreement.
  - (b) UCC searches and filing.
  - (c) Guarantee agreement.
  - (d) Title insurance or Abstract.
  - (e) Assignment of Life Insurance.
  - (f) Casualty Insurance binder.
  - (g) Personal guarantee.
  - (h) Other documentation as may be appropriate.
- (5) Repayment Schedule. A loan repayment or amortization schedule shall be prepared by the Sheboygan County Finance Department after the loan proceeds are fully disbursed. The repayment schedule shall be dated and signed by the Sheboygan County Industrial Development and Revolving Loan Agency Treasurer. At that time, the repayment schedule shall be attached to both parties' copies of the agreement.
- (6) Evidence of Permits, etc. Documentation must be provided by the applicant that all necessary permits, licenses, and any other registrations required have been obtained by the applicant prior to the release of program funds as documented in the Notice of Award
- (7) Evidence of Program Expenditures. Documentation must be provided by the business to evidence program expenditures prior to the release of funds. Documentation shall include bills and invoices or

receipts for materials, final bills of sale or canceled checks. All documentation shall be reviewed and approved by the RLF Administrator.

(8) Fixed Equipment. Fixed equipment financed with program funds must have been purchased, delivered, and installed. The RLF Administrator shall verify the installation of fixed equipment.

(9) Other Documentation. As appropriate or necessary, the borrower may be asked to provide the following:

- a) A certificate of status from the Department of Financial Institutions.
- b) The Articles of Incorporation and by-laws.
- c) A Board resolution to borrow funds and Secretary's certificate.
- d) Current financial statements.
- e) Evidence of having secured other funds necessary for the project.
- f) An Environmental Assessment for real estate loans which may either be a Phase I, II, or III analysis, depending on the environmental condition of the site.

With the above documentation in place, the RLF Administrator will schedule a loan closing. All documents will be executed before funds are disbursed, and mortgages and UCC Statements shall be recorded with the Register of Deeds and the Secretary of State.

## **SECTION 7. POST APPROVAL REQUIREMENTS**

### **7.1 OBLIGATION OF LOAN RECIPIENT**

In addition to the terms and conditions of the loan, all borrowers shall agree to comply with the following:

- (1) Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.01(5), sexual orientation or national origin in any employment or construction activity related to the use of the business loan funds.
- (3) To use the loan money only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
- (4) To permit inspections by persons authorized by Sheboygan County's Industrial Development and Revolving Loan Agency of all projects and properties assisted with loan funds. Related project materials shall also be open to inspections, which include, but may not be limited to, contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection shall be complied with by the borrower.
- (5) To maintain records on the project as may be requested by the RLF Administrator. These files shall be maintained as long as the loan is active or for at least three (3) years after completion of the work for which the loan has been obtained, whichever is longer.
- (6) To submit periodic progress reports to the RLF Administrator in accordance with the schedule in the loan agreement.
- (7) To maintain fire and extended coverage insurance on the project property required during the term of the loan. Sheboygan County's Industrial Development and Revolving Loan Agency shall be listed as Loss Payee, Mortgagee, or "additional" insured on the policy. Term life insurance may be required of the applicant to cover the loan balance through the life of the loan.
- (8) Payments shall be made to the Sheboygan County Finance Department, Attn: RLF Administrator. Sheboygan County Finance Department will maintain a file with receipts of payments.



## **SECTION 8. PERFORMANCE MONITORING**

### **8.1 PRIVATE LEVERAGE COMMITMENTS**

The RLF Administrator shall monitor the use of the funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sale, and canceled checks.

### **8.2 DEFAULT**

In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties, shall, at Sheboygan County's Industrial Development and Revolving Loan Agency option, become immediately due and payable. To exercise this option, Corporation Counsel shall prepare a written notice to the business. The notice shall specify the following:

- a) The default.
- b) The action required to cure the default.
- c) A date, not less than thirty (30) days from the date of the notice, by which the default must be cured to avoid foreclosure or other collective action.
- d) Any penalties incurred as a result of the default.

## **SECTION 9. USE OF LOAN REPAYMENTS AND REPORTING**

### **9.1 RLF PROGRAM**

Repaid loans shall be re-deposited into the Revolving Loan Fund account and used in a manner consistent with the Industrial Development and Revolving Loan Agency Fund Manual. A separate accounting record for each loan shall be kept to account for all funds loaned. The RLF account shall be audited on an annual basis.

A portion of the previously loaned money shall be returned to the general fund of Sheboygan County.

## **SECTION 10. LOAN SERVICING**

### **10.1 MONITORING**

The RLF Administrator shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to ensure continued repayment of the loan. The monitoring will also ensure that all progress reports are completed.

A loan monitoring file shall be established and maintained for each loan recipient. This will include written correspondence; a record of important telephone conversations; a list of applicable loan covenants and certificates of insurance(s), as applicable.

### **10.2 RECORDKEEPING – SHEBOYGAN COUNTY FINANCE DEPARTMENT**

In addition to the above, the RLF financial management records must be comprehensive and designed to provide the following information:

- (a) A Revolving Loan Fund Register that records all deposits and disbursements to and from the RLF, including funds used for RLF administration.
- (b) A Loan Repayment Register that records repayments made by each business which has received a loan from the RLF. It also tracks the balance of repayments from all loans from the RLF.
- (c) A Collection Register for every loan made. Each register contains the business name, loan date, loan amount, terms, and date repayment begins. Payments are divided into principal and interest payments with a declining principal balance.
- (d) RLF Loan Repayment Registers that record repayments made by each business, which has received a loan from the RLF. It also tracks the balance of repayments from all loans from the RLF.