

CITY OF PRAIRIE DU CHIEN REVOLVING LOAN FUND



ELIGIBLE AREA AND APPLICANTS

Eligible activities shall take place within the corporate limits of the City of Prairie du Chien. Applications may be submitted by the Chief Executive Officer of any business or industry seeking to establish a new operation or expand an existing operation in the City of Prairie du Chien. No member of the Prairie du Chien Common Council or any other official, employee, or agent of the City who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program. No program loans will be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited). Applicants shall not be discriminated against 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.

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 or rehabilitation of buildings and 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).

INELIGIBLE ACTIVITIES

Program loans shall not be available for the following activities:

- (1) Refinancing or reimbursement for expenditures made prior to loan approval.
- (2) Specialized equipment that is not essential to the business operation.
- (3) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation).
- (4) Routine maintenance and/or State/Federal Taxes.
- (5) Feasibility studies or other soft costs.
- (6) Involuntary relocation payments.

INELIGIBLE BUSINESS

Program loans shall not be available for the following businesses:

- (1) Speculative investment companies.
- (2) Real estate investment companies.
- (3) Not-for-profit businesses or corporations.
- (4) Unregulated media including newspapers and magazines.
- (5) Lending institutions.

- (6) Gambling operations.
- (7) Non-public recreation facilities.

MINIMUM REQUIREMENTS

To be eligible for funding, the proposed project must meet the following minimum requirements, subject to negotiation with the Committee:

- (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.
- (2) Cost Per Job Created - At least one (1) full-time permanent position must be created for every \$20,000 of program funds requested.
- (3) Demonstration of Need - The applicant must demonstrate that the proposed project is unable to obtain financing from any other source on reasonably equivalent terms and that assistance is required to remain competitive in the business or industry to which it belongs.
- (4) 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.
- (5) Compliance With Applicable Laws - Applicant shall comply with all applicable local, state, and federal laws and/or codes.
- (6) Project Completion - Projects shall be completed within 18 months from the date of the loan approval. Applicant shall provide the City a construction and/or completion schedule not exceeding 18 months from project completion. Timetable should include a hiring schedule, construction completion schedule and any pertinent information and dates relating to the proposed project.

CONDITIONS

Loan proposals should be based on need and ability to repay.

- (1) Loan Amount - Loan amounts are subject to the availability of program funds. The maximum amount of any one loan shall not exceed 50% of the amount in the fund.
- (2) Interest Rate - The interest rate shall be negotiable.
- (3) Terms for Loans -
 - (a) Working capital shall have a maximum term of seven years.
 - (b) Machinery, equipment and fixtures shall have a maximum term of ten years.
 - (c) Real estate shall have a maximum term of 15 years.
- (4) Period of Payment - The repayment schedule shall be set up for either monthly or quarterly payments. Payments may be made either in person or by mail to the Office of the City Clerk, City of Prairie du Chien.
- (5) Repayment - Payment of interest and/or principal may be deferred 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 collected for the remaining term of the loan to maturity.
- (6) Prepayment - No loan shall be subject to any penalty for prepayment prior to the term of the project.
- (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 personal guarantees. Applicants may be requested to provide personal financials as follows:

- a) The applicant can provide them to the City Administrator and/or City Planner with the other application materials, in which case these documents are considered public records, and would be available to the local media, or;
- b) The applicant can provide them to the auditing firm providing audit services to the City of Prairie du Chien for a confidential review. If submitted in this manner, the applicant must pay a fee of \$250-\$500 (depending on the complexity of the review) with a \$150 deposit submitted to the City Administrator and/or City Planner at the time of submission of the application.

BUILDING IMPROVEMENT AND FACADE RENOVATION

1. ASSISTANCE

- (a) The minimum amount of any loan approved under this program shall be \$1500. The maximum amount of any loan approved under this program shall be \$20,000 for a single façade project and \$30,000 for a multiple façade project such as a building on a corner lot or the renovation of a rear façade as part of an overall comprehensive building refurbishing.
- (b) Projects approved for loan funds shall be started within 45 calendar days of approval and shall be completed within 6 months of the loan approval. Extensions to the completion date may be granted by the City Administrator and/or City Planner for unforeseen circumstances such as inclement weather or the delayed delivery of special building materials being used on a project. The applicant must request any extension in writing documenting the reasons for the request. The City will notify the applicant of its approval or denial of the extension request. A denial of a request to extend the completion date deadline may be appealed to the Downtown Revolving Loan Fund Committee.
- (c) Loan/project applications will be processed on a first come, first eligible basis as funding under this program is limited.
- (d) The interest rate shall be no less than one (1) percent and no greater than five (5) percent for building improvements.

2. APPLICATION

- (a) The application for financial assistance is submitted to the City Administrator and/or City Planner on the appropriate forms. An application from a tenant must include a copy of the building lease and written approval of the project by the building owner. Applications must include color photographs of the facades to be improved, a copy of the proposed façade renovation plans that have been approved by the Prairie du Chien Design and Preservation Commission, and a copy of the cost estimates to complete all of the work that the applicant is requesting financial assistance with from the City.
- (b) The City Administrator and/or City Planner will work with the applicant to insure that all of the required application materials are complete. Upon determination of completeness the City Administrator and/or City Planner will prepare a recommendation on the application and forward said recommendation to the Downtown Revolving Loan Fund Committee and the Design and Preservation Commission.
- (c) The applicant must sign a Financial Assistance/Loan Agreement with the City and any other required paperwork including Lien papers against the property for the amount of the City's loan for the project.
- (d) The applicant must obtain all required State and City permits for the required work prior to starting construction. In addition the applicant must display a sign on the site or building

indicating that “Financing is being provided for the project in part by the City of Prairie du Chien Downtown Revolving Loan Fund Program.”

(e) The applicant pays for the completed construction work and submits their payment reimbursement request to the City Administrator along with paid receipts and lien waivers from all contractors.

(f) A final inspection of the building project by the City Administrator and/or City Planner shall be scheduled to determine that all of the required construction work is completed in accordance with the approved plans and application. Upon determination that the project meets all of the requirements of the program the City Administrator shall authorize payment to the applicant for the approved amount of the financial assistance that was awarded to the applicant.

INVENTORY

1. ASSISTANCE

(a) The maximum dollar amount available for a business inventory loan shall be no less than \$2,500 and more than \$25,000.

(b) No loan may be extended for a period to exceed five (5) years from the time the loan funds are disbursed.

(c) Repayment (monthly, quarterly, semiannually or annually) and the commencement of the repayment shall be determined by the Loan Committee.

(d) There will be no pre-payment penalty.

(e) The Loan Committee reserves the right to approve alternate payment periods based on negotiation with the Applicant prior to the loan agreement being finalized.

(f) If any payment is not made on or before 30 days after the date it is due, a late fee equal to one (1) percent of the remaining balance shall be assessed monthly until the loan payment schedule is in compliance with the schedule agreed upon at the time the loan is approved. If a check presented for payment is returned unsatisfied, a fifty (\$50) charge will be assessed.

(g) The interest rate shall be no less than three (3) percent and no more than seven (7) percent for business inventory loans.

(h) 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 personal guarantees. Applicants may be requested to provide personal financials as follows:

1) The applicant can provide them to the City Administrator and/or City Planner with the other application materials, in which case these documents are considered public records, and would be available to the local media, or;

2) The applicant can provide them to the auditing firm providing audit services to the City of Prairie du Chien for a confidential review. If submitted in this manner, the applicant must pay a fee of \$250-\$500 (depending on the complexity of the review) with a \$150 deposit submitted to the City Administrator and/or City Planner at the time of submission of the application.

For more information, please refer to the City of Prairie du Chien Rules and Regulations for the Citywide Revolving Loan Fund, provided upon request for application.

APPLICATION FOR REVOLVING LOAN FUND

NOTE: Applications missing any materials will be returned for completion.

Applicant Name:	
Applicant Address:	
Contact Name:	
Contact Phone:	
Name of Business/Property:	
Property Address:	
Property Use:	
Property Owner (if different than applicant):	
Owner Address:	
Preferred Financial Institution:	

Nature of Loan: Citywide Downtown Building Façade/Improvement Inventory

The “Downtown Business District of the City of Prairie du Chien” is defined as the area of the City of Prairie du Chien easterly from the intersection of Blackhawk Avenue with the Mississippi River extending along Blackhawk Avenue to the eastern limit of the City’s corporate boundaries, and extending in one (1) city block in both a northerly and southerly direction from Blackhawk Avenue.

Checklist

Letter of intent: Addressed to the City of Prairie du Chien and must include (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, and (c) a brief personal resume of each principal associated with the business, including: number of years of experience; educational background; and personal involvement in the proposed or existing business.

Project Description - Explain how the business plans to use the requested funds.

Need - Explain and document why program financing is necessary to implement the proposed project. One or more of the following examples may apply: (a) Demonstration of the existence of a financing gap, (b) Documentation that the proposed project is not economically feasible if private financing must be used for one hundred (100) percent of the project, and (c) Demonstration that private financing or investment is contingent upon and will be leveraged by program financing.

___ Commitments from Private Lenders - Include documentation 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, and (c) Statement that the loan is contingent only on the receipt of program financing, if applicable.

___ Projections - Provide a balance sheet, income statement and cash flow statement to clearly show the requested loan is necessary to make the project work. These should cover a three-year period or until a break-even point is reached and should be based on the assumption that the business will receive the requested loan. Financial statements must be audited or signed by an accountant.

___ Current photo of property

___ Project plan(s) drawn to 1/4-inch scale

___ Paint color(s) or material sample(s), if applicable

___ Application fee (non-refundable): \$25 or more if applicable. Checks addressed to City of Prairie du Chien.

___ Release of information letter (attached)

RELEASE OF INFORMATION LETTER

Date: _____

To: City of Prairie du Chien Revolving Loan Program
P.O. Box 324
214 East Blackhawk Avenue
Prairie du Chien, WI 53821

To whom it may concern,

I hereby authorize the City of Prairie du Chien permission to share all application information, attachments, and corresponding documents made to the Revolving Loan Program with the bank of my designation:

Signed,

Name: _____

Signature: _____

Date: _____