

LA CROSSE COUNTY ECONOMIC DEVELOPMENT FUND LOAN APPLICATION

A Revolving Loan Fund (RLF) Providing Affordable and Flexible Economic Development Loans to Help Businesses Grow and Create Jobs in La Crosse County

What is the La Crosse County Revolving Loan Fund (RLF)? The La Crosse County revolving loan fund consists of three separate funds: A County Fund established in 1992 through the sale of County property, a federal - U.S. Department of Commerce - Economic Development Administration fund established through a economic development grant awarded as a result of the flood 1993, and State of Wisconsin Community Development Block Grant awards. The County has made numerous loans to businesses through these three funds.

What is the goal of the fund? The goal of the fund is to foster economic development by providing loans to help businesses grow, create jobs and generate additional tax base.

How will the fund achieve its goal? The goal will be achieved by providing affordable and flexible loans that leverage other private financing and equity investments that together allow for a business to capitalize a project that under normal lending circumstances would not occur. In all instances the RLF financing will be in conjunction with a larger share of private financing or other investments.

Why is the fund needed? In order to protect their depositor's asset base, conventional lending institutions prefer equity positions that many businesses cannot meet. New business start-ups in particular have a more difficult time in meeting the needed equity position requirements. One of the principal needs that the County Revolving Loan Fund is addressing is providing affordable subordinate financing so private lending institutions are more willing to soften their equity requirements and participate in economically sound business loans that they would not normally participate in were it not for the RLF subordinate financing. As opposed to charging interest rates of prime plus two to four percentage points that private lending institutions often charge, the RLF will fill a niche by providing more affordable rates. By keeping their financing costs down the County RLF frees up capital for other needed business needs such as working capital. Based on the County's diverse economy including tourism, retailing, advanced manufacturing and information technology, it has been determined that the best niche for the RLF is to fill a niche of versatility and flexibility to meet a wide range of business needs.

How is the fund managed? The La Crosse County Economic Development Fund Corporation, a private nonprofit corporation, created by the La Crosse County Board, serves as the loan board. The Mississippi River Regional Planning Commission (MRRPC) the writer of the grants that created the fund is responsible for administering and providing compliance review services for the fund.

Are There Any Federal Requirements? Loan recipients are required to adhere to several Federal regulations such as National Environmental Policy Act, Civil Rights Act, Davis Bacon Act, Flood Disaster Protection Act, and National Historic Preservation Act. A certificate of non-relocation is also required. The MRRPC or County staff serving as the RLF administrator will inform the borrower of the above and any other regulations they are required to adhere to in order to secure a loan.

Is There an Application Fee? A \$200.00 processing fee shall be paid with the submission of each RLF application. An additional fee of \$400.00 shall be paid at the time of closing to cover additional administrative expenses and future reporting and monitoring costs associated with the loan. For micro loans below \$10,000 there is a \$30.00 application fee with an additional 5% of the total loan (not to exceed \$350.00) if the loan goes to closing. These two fees shall be made payable to the MRRPC.

Who to contact for additional information? Mississippi River Regional Planning Commission, 1707 Main Street, Suite 435, LaCrosse WI 56401, Telephone: (608) 785-9396 or contact the La Crosse County Community Development Specialist, Administrative Center, Room 2040, 400 4th Street N, La Crosse WI 54601 Telephone (608) 785-5792. The loan application can be downloaded at: www.mrrpc.com/Revolving_Loan_Funds.html

What Standards and loan criteria will the fund use?

- **Loan Sizes** - in the \$10,000 - \$120,000 range are preferred. The maximum loan to a single borrower is \$200,000. Micro loans in the \$400 - \$9,999 range are also eligible. The RLF Loan Board may adjust this if they feel the economic benefits of a proposed loan merit such an adjustment.
- **Job Creation** - A minimum of one job created or retained for every \$10,000 - \$15,000 of RLF financing. The RLF Loan Board may adjust this if they feel the economic benefits of a proposed loan merit such an adjustment.
- **Loan Ratio** - \$2 of private or other financing to every \$1 of RLF financing is required.
- **Participating Lender** - money from this loan fund is always in conjunction with a sponsoring senior lender or other investment capital. To apply for a RLF loan a business must also secure private financing. The sponsoring senior lender will be invited to appear at the County Loan Board meeting to answer questions concerning the loan and about the need of an inter-creditor agreement.
- **Equity** - each project will require a minimum of 10% equity.
- **Uses of Funds** - Real estate, working capital, and equipment all are eligible financing uses. Adequate collateral and security requirements will be sought on all RLF loans. The RLF may take a subordinated position behind a senior lender.
- **Refinancing of Existing Debt** - Existing debt refinancing will be considered if a business can satisfactorily demonstrate such refinancing is necessary to stay in operation and loss of jobs is a likely consequence if more favorable financing terms are not secured.
- **Loan Terms** - Land and buildings 10-15 years, equipment and machinery expected life, and working capital up to seven years. Balloon payments and a transition to private financing after an agreed upon timetable are likely to be part of a loan.
- **Interest Rates** - Typically 4-6% based on need and economic conditions.
- **Deferred Payments** - Initial loan principal payments, if needed, may be deferred up to two years. Interest only payments are required during the deferred period.

La Crosse County Economic Development Fund Loan Application: Prior to completing a loan application, contact the Mississippi River Regional Planning Commission (MRRPC) at 608.785.9396 or the County Community Development Specialist at 608.785.5792 to see about the amount of loan funds available. Each applicant for a loan shall provide the following information to the Mississippi River Regional Planning Commission. The following information in its entirety makes up a complete application. Please note that Items 12-18 are not applicable to start up businesses.

- 1) Business Name and Address
- 2) Telephone number of key business contact person regarding loan application.
- 3) Type of Business (LLC, LLP, S Corp, C Corporation, Sole Proprietorship, Partnership, Non-Profit)
- 4) Date Business Established
- 5) Business's Employer Federal Identification Number
- 6) Business's Employer's State Identification Number
- 7) Owner(s) Information: Names, percentage of business owned, home address(s) and telephone number(s)
- 8) Professional Services: Names, addresses and telephone numbers of your Banker, Attorney and Accountant.
- 9) Business Plan (see business plan outline on page 4, take note of the financial data required in part h.)
- 10) Signed personal financial statements dated as part of application for any person who owns 20% or more interest in the business
- 11) Key person insurance and property insurance, which may be available or has been obtained to secure the loan
- 12) Copies of business's federal tax returns for last three years.
- 13) Provide evidence business is current on federal quarterly payroll withholding. (Federal Form 941)
- 14) Provide evidence business is current on State payroll withholding. (Wisconsin Form W-6, provide other state forms if applicable)
- 15) Provide evidence business is current on payment of unemployment taxes. (Letter from accountant or attorney)
- 16) Provide evidence business is current on payment of federal income taxes. (Letter from accountant or attorney)
- 17) Provide evidence business is current on payment of state income taxes. (Letter from accountant or attorney)
- 18) Provide evidence business is current on payment of real estate taxes. (Letter from accountant or attorney)
- 19) Provide copy of business's articles of incorporation.
- 20) Provide copy of business's bylaws.
- 21) Provide evidence that business's corporate minute book exists.
- 22) If business is a new start up provide evidence it is registered with the Wisconsin Department of Revenue – My Tax Account.
- 23) If business is a new start up provide evidence it is registered with the Federal Tax Payment System (FTPS).
- 24) Commitment letter from the participating lender stating its commitment on the amount and terms of the financing it will provide for the project.
- 25) Statement from the participating lender that the RLF loan will not be substituting for commercial lending.
- 26) Statement from the business indicating its job commitment and agreement that failure to meet its job commitment may result in an RLF loan interest rate increase, job penalty payment or complete recall of the County loan.
- 27) A statement from the business certifying that it will not relocate out of La Crosse County during the term of the RLF loan and that in the event of relocation outside of the County it will immediately prepay the RLF loan. In addition the applicant must sign a certificate of non-relocation.
- 28) Has the business, any officer, subsidiary or affiliate of your company been involved in any bankruptcy or insolvency proceedings in the last 36 months? Yes No *If yes please provide the details on a separate page.*
- 29) Has the business, any officer, subsidiary or affiliate of your company been involved in any lawsuits in the past 36 months? Yes No *If yes please provide details on separate page.*
- 30) Complete Employment and Financing Data Form –“A”

La Crosse County Economic Development Fund Loan Application Review Process

Upon receipt of a business loan application staff will review it for completeness, if completed satisfactorily staff will prepare a loan board report and schedule a loan board meeting. The applicant and the participating lender are invited and strongly encouraged to attend the loan board meeting. Staff will mail the loan board report comprised of the following to the loan board members prior to the meeting. After conclusion of the loan board meeting the applicant will be informed of the decision on their loan.

Loan Board Report Contents

- A. Summary describing the overall project.
- B. Sources and uses of all project financing, terms and security positions.
- C. Background information on the company and owners.
- D. Loan collateral analysis table.
- E. Economic impact analysis in regards to jobs and tax base.
- F. Key project and market information that makes the loan an acceptable risk.
- G. Business's current balance sheet 90 days old or less.
- H. Business's current income statement 90 days old or less.
- I. Business's current cash flow statement 90 days old or less.
- J. Pro forma cash flow projections.
- K. Projected income statements for two years.
- L. Projected balance sheet for two years.
- M. Staff verification that the loan applicant has provided the required application materials and explanation on any missing or incomplete items.

LA CROSSE COUNTY ECONOMIC DEVELOPMENT FUND EMPLOYMENT AND FINANCING DATA FORM "A"

BUSINESS NAME: _____							EMPLOYMENT AND FINANCING SUMMARY						
							Employment Projections						
Type of Employment		Existing Jobs				First Year				Second Year			
Professional/Mgr/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 & USES OF FUNDS:		La Crosse Co. E.D. Fund		Bank		Equity		[]		[]		Total	
Acquire Land		\$		\$		\$		\$		\$		\$	
Acquire Building		\$		\$		\$		\$		\$		\$	
Improve/Renovate Building		\$		\$		\$		\$		\$		\$	
Purchase Equipment/Machinery		\$		\$		\$		\$		\$		\$	
Inventory		\$		\$		\$		\$		\$		\$	
Working Capital		\$		\$		\$		\$		\$		\$	
Other _____		\$		\$		\$		\$		\$		\$	
Other _____		\$		\$		\$		\$		\$		\$	
Other _____		\$		\$		\$		\$		\$		\$	
TOTALS		\$		\$		\$		\$		\$		\$	
PROJECT SUMMARY:		La Crosse Co. E.D. Fund				Bank				[]		[]	
Loan Amount		\$				\$				\$		\$	
Loan Term (Years)													
Loan Interest Rate													
Annual Debt Service		\$				\$				\$		\$	
Type of Collateral													
Security Position													
Type of Guarantee													

Business Plan Outline

- a. **Executive Summary should include:** (1) Name and location of business; (2) Brief discussion of product, market and competition; (3) Expertise of management team; (4) Summary of financial projections; (5) Amount of financial assistance requested and proposed purpose; and (6) Business goals and reasons for undertaking the project.
- b. **Description of Company:** (1) Date and state of incorporation or formation, (2) History of company, (3) Background of the principals and their roles.
- c. **Market Analysis:** (1) Description of current industry and industry trends, (2) Description of the total market and its participants and (3) Discussion of the target market, your competition, and list of the names of your top four competitors.
- d. **Description of the Product or Service:** (1) List of patents, copyrights, licenses or proprietary interests; (2) Discussion of technical and legal considerations; (3) Comparisons to competitors' products or services and (4) Description of current and future research and development.
- e. **Marketing Strategy:** (1) Overall strategy; pricing policy and sale terms; (2) Method of selling, distributing and servicing; (3) Current and estimated sales and market share and (4) Advertising, public relations, and promotion.
- f. **Management Plan:** (1) Form of business organization, (2) composition of board of directors, officers, organization chart and responsibilities and (3) Resumes of key personnel and listing by key advisors.
- g. **Operating Plan:** (1) Schedule of upcoming work and key completion dates for next two years, (2) Planned facilities or capital improvements for next three years and (3) Staffing plan.
- h. **Financial Data:** (1) Describe the amounts, sources and uses of all project funding, (2) Provide balance sheet, income statement and cash flow statement for the past three years, (3) Provide current (90 days or less) interim balance sheet, income statement and cash flow statement, (4) Provide pro-forma cash flow projections including the proposed financing for two years, (5) Provide projected balance sheets and income statements including the proposed financing for two years (6) Describe all the assumptions behind the financial projections.

Note: It is highly recommended and preferred that all Financial Data described in "h." above be prepared by an independent certified public accountant, if not please provide your reason for not using this service as part of "h".

Applicant Certification

The Applicant by signing below:

- 1. Certifies that to the best of its knowledge and belief, the information being submitted to the La Crosse County Economic Development Fund and its agent is true and correct.
- 2. Certifies that it is in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to it.
- 3. Certifies that it is in compliance with and current on federal payroll withholding, state payroll withholding, payment of unemployment taxes, federal income taxes, state income taxes and real estate taxes.
- 4. Certifies that it is not in default under the terms and conditions of any grant or loan agreements, leases, or financing arrangements with any other creditor.
- 5. Certifies that the La Crosse County Business Fund Inc. or its agent is authorized to obtain a credit check on any principal or business associated with this application for the purposes of determining credit worthiness.
- 6. Agrees to reimburse the La Crosse County Business Fund Inc. its agent for any reasonable expenses made in connection with this loan request, including, but not limited to, title work, legal fees, appraisals, recording /filing fees etc.
- 7. Certifies that it has disclosed and will continue to disclose any occurrence or event that could have an adverse material impact on the project described in this application. Adverse material impact includes but is not limited to lawsuits, criminal or civil actions, bankruptcy proceedings, regulatory intervention or adequate capital to complete the project.
- 8. Agrees that in the event credit is extended it will complete a direct payment authorization form allowing payments to be electronically debited by automatic clearing-house (ACH) and deposited into the appropriate La Crosse County Economic Development Fund Account.

Signature: _____ Title: _____

Printed Name: _____ Social Security # _____

Signature: _____ Title: _____

Printed Name: _____ Social Security # _____

Please submit application to: Mississippi River Regional Planning Commission, 1707 Main Street, Suite 435, La Crosse WI 54601
 T: 608.785.9396 or La Crosse County Community Development Specialist, Administrative Center, Room 2300, 212 6th Street N, La Crosse WI 54601 T: 608.785.5792.