



Revolving Loan Fund Plan

Rural Business Enterprise Grant Application City of Appleton

The City of Appleton (grantee) Revolving Loan Fund (RLF) shall be operated under the guidance of the following revolving loan fund plan. This Revolving Loan Fund Plan will not be amended or changed without prior written concurrence from Rural Development (grantor), an Agency of the USDA.

1) Use or Grant Funds:

Applicants of the RLF will be required to meet their financial needs from their own resources and commercial financial institutions whenever possible. The RLF will be used to finance applicant needs that cannot be met from the above resources. The RLF may finance 100% of an applicant's needs if other resources are not available.

2) Purpose and limitations of the loans made from the RLF:

The purpose of establishing the revolving loan fund is to:

- Attract new and expanding businesses
- Support job retention and growth
- Create a more entrepreneur friendly community

a) Planned projects to be financed may include but not limited to:

- I. Project / business to be assisted by the RLF program typically must be physically located within the corporate limits of Appleton. On a case by case basis, the Loan Committee may waive this requirement and provide loan funds to a business located outside the corporate limits of Appleton, if the committee determines doing so will have a positive economic impact on the community to be assisted with RLF funds.
- II. Acquisition and development of land, easements, and rights-of-way.
- III. Construction, conversion, enlargement, repairs or modernization of buildings (including façade repairs), plants, machinery, equipment, access streets and roads, parking areas, utilities, and pollution control and abatement facilities.
- IV. Loans for startup operating cost and working capital.
- V. Technical assistance for private business enterprises.

b) Limitations on loans from the RLF:

- I. RLF funds will not be used to produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.
- II. RLF funds will not be used to finance comprehensive area-wide type planning. This does not preclude the use of grant funds for planning for a given project.
- III. RLF funds will not be used to fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
- IV. Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of "small and emerging private business enterprises" defined as "any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues." If the grantor changes its definition of small and emerging business as defined by the Rural Business Enterprise Grant regulations, the grantee reserves the right to utilize the amended definition without further approval from the grantor.
- V. At least 51 percent of the outstanding interest in the applicant must be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.
- VI. Applications by members of the loan committee and their immediate family members shall be ineligible for funding.

c) Other Lending criteria:

- I. Loans to be made from the RLF will not exceed the level of available funding in the RLF bank account. Loans made from the RLF typically will not be less than \$5,000. The Loan Committee may authorize loans smaller than the above values on a case by case basis.
- II. Loans can be amortized over the lesser of seven years or the life of the security. The Loan Committee shall determine the term.
- III. The interest rate will typically range from 3-5% and typically will not exceed prime rate by more than 2%. The Loan Committee will determine the rate based on the prime rate listed in the Wall Street Journal.
- IV. Security shall consist of the best lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The Loan Committee may require personal guarantees and/or co-signors.

- v. There must be evidence presented by the applicant that indicates the RLF loan is necessary to make the proposed project feasible.
- vi. RLF loan funds will not be used to pay off any previous debt. Refinancing construction financing is an exception to this rule.
- vii. If the business relocates outside of the City of Appleton or surrounding area, the Loan Committee may require immediate pay off of the loan.
- viii. The proposed project must be presented to the Loan Committee by the prospective business owner or her/his representative.
- ix. The Loan Committee may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.
- x. A \$100 application fee shall be submitted with each application. Costs associated with processing the application (e.g. credit report fees, UCC and lien search fees, filing security documents, filing legal documents fees, etc.) shall be the responsibility of the applicant. The Loan Committee may waive or amend this fee structure without further approval from the grantor.

3) Number of jobs to be created/saved with each project.

The grantee has a portfolio goal of creating or retaining at least one full time job for each \$10,000 loaned from the RLF.

4) Project priority and length of time involved in completion of each project.

Applications for RLF funds will be accepted on a continual basis. Applicants who choose to apply in times when inadequate funds exist for extending a loan will be informed of the lack of funds. Applications will be reviewed and funded (if eligible) based on the following criteria:

- a) Applications with the greatest anticipated economic impact for the community shall receive greatest priority. Criteria to be considered in determining economic impact include number of jobs created or saved, wage scale of employees, benefits paid to employees.
- b) Applications of equal economic impact will be funded in date order of application.
- c) In accordance with Federal law and U.S. Department of Agriculture policy, the Loan Committee will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.
- d) The Loan Committee will be responsible for determining priorities of application to be funded. Eligibility of applicants will typically be determined within 30 days of receipt of a complete application. An application will be considered complete when all information necessary for the Loan Committee to make a decision has been received.

5) Other information:

RLF will be administered by a Loan Committee. The Loan Committee shall be comprised of no fewer than five voting members plus a City representative. The City representative shall not have voting privileges.

City Representative – non-voting member

Two (2) City Council Representatives – City Council Representatives bring a vested interest in creating economic opportunities throughout the community.

One (1) Bank Industry Representative – A bank industry representative will bring expertise in lending best practices that balance efforts to support entrepreneurs and develop equitable projects.

Two (2) Community/Economic Development Representatives – Community/Economic Development Representatives will bring expertise in recognizing opportunities to advance local and regional projects and will be an advocate for equitable projects.

In all positions there is a preference that the individual has experience in at least one of the following areas: finance, lending, economic development, community development or private industry/small business.

The City will be responsible for appointing individuals to fulfill these representative roles on the loan committee. If funds are awarded, the City will appoint individuals to fulfill each of these roles and going forward will appoint representatives to fulfill any vacancies. Current appointments are as follows:

City Council Representatives: Chad Syltie, Dave Raddatz

Bank Industry Representative: Eddie Masee

EDA Representatives: Laura Thomson, Jon Heinecke

One committee member shall be a representative from the banking industry. The remaining four members shall be persons who live within or who live outside of the corporate limits of Appleton but have an interest in the economic climate of the applicant RLF territory. Three persons of the committee shall constitute a quorum necessary for approving or rejecting an application for funding from the RLF. A simple majority (51%) of members voting shall be necessary for approval.

The City of Appleton and/or the City representative shall be responsible for administrative requirements of the RLF.