AGENDA OF THE
ECONOMIC DEVELOPMENT AUTHORITY

MONDAY, SEPTEMBER 10, 2018, 5:00 PM
CITY HALL, ROOM 604

A. Roll Call.

1. Members: Gary Sikich - Chair, Mike Borlee - Vice Chair, Ald. Brian Johnson, Eric Genrich, Pam Parish, Mahamed Rage and Michael Peot

B. Approval of the Agenda.

1. Approval of the September 10, 2018, agenda of the Economic Development Authority meeting.

C. Approval of Minutes.

1. Approval of the June 11, 2018, minutes of the Economic Development Authority meeting.

D. Regular Business.

1. Consideration with possible action regarding policies and procedures for the Economic Development Revolving Loan Fund.

E. Informational.

1. Brownfields program update
2. Development Director's update
3. Next meeting date: October 10, 2018.

F. Adjournment.

1) THIS MEETING IS RECORDED: THE VIDEO OF THIS MEETING AND MINUTES ARE AVAILABLE ONLINE AT www.greenbaywi.gov
2) ACCESSIBILITY: Any person wishing to attend who requires special accommodation because of a disability, should contact the City Safety Manager at 920-448-3125 at least 48 hours before the scheduled meeting time so that arrangements can be made.
3) QUORUM: Please take notice that a majority or quorum of the Economic Development Authority will attend this meeting and will constitute a meeting of the Economic Development Authority for purposes of discussion and information gathering relative to this agenda.
4) REPRESENTATION: The party requesting the communication, or their representative, should be present at this meeting.

MINUTES OF THE ECONOMIC DEVELOPMENT AUTHORITY

MONDAY, JUNE 11, 2018, 5:00 PM
CITY HALL, ROOM 207

A. ROLL CALL.

B. APPROVAL OF THE AGENDA.

Moved by Alderperson Brian Johnson, seconded by Board Member Pam Parish to approve. Motion carried.
Yes- Brian Johnson, Eric Genrich, Michael Borlee, Pam Parish, Gary Sikich, No- None, Abstain- None

C. APPROVAL OF MINUTES.

1. Approve the minutes from the February 14, 2018 Economic Development meeting.

Moved by Board Member Pam Parish, seconded by Board Member Michael Borlee to approve. Motion carried.
Yes- Brian Johnson, Eric Genrich, Michael Borlee, Pam Parish, Gary Sikich, No- None, Abstain- None

D. REGULAR BUSINESS.

1. Discussion on the planning for the potential expansion of the I-43 Business Center

Moved by Board Member Eric Genrich, seconded by Board Member Michael Borlee to direct staff to begin the planning process and feasibility of expanding the I-43 Business Center . Motion carried.
Yes- Brian Johnson, Eric Genrich, Michael Borlee, Pam Parish, Gary Sikich, No- None, Abstain- None

E. INFORMATIONAL.

1. Brownfields Program Update

F. PUBLIC HEARINGS.

G. ADJOURNMENT.

Moved by Board Member Pam Parish, seconded by Board Member Eric Genrich to adjorn. Motion carried.

Yes- Brian Johnson, Eric Genrich, Michael Borlee, Pam Parish, Gary Sikich, No- None, Abstain- None

Report to the
Economic Development Authority of the City of Green Bay

MEETING DATE	PREPARED BY
September 10, 2018	Wendy Townsend, Economic Coordinator

AGENDA ITEM # D.1.

Consideration with possible action regarding policies and procedures for the Economic Development Revolving Loan Fund.

BACKGROUND

In 2017, the City of Green Bay received the allocation of $200,000 of the city's Excess Stadium tax revenues for the purpose of establishing a minority and women owned business economic development revolving loan fund (RLF) program. The ED-RLF Program will be administered by the City's Economic Development Authority. All elements of this manual apply to the initial capitalization of $200,000, as well as to subsequent capitalizations and to any and all repayments and proceeds resulting from the fund.

RECOMMENDATION

Staff recommends the approval of the policies and procedure manual as presented.

FISCAL IMPACT

ATTACHMENTS

1. 2018 ED-RLF Policies & Procedures

CITY OF GREEN BAY
Economic Development Revolving Loan Fund
POLICIES AND PROCEDURES MANUAL

Approved _____, 2018

City of Green Bay Economic Development Authority
100 North Jefferson Street
Green Bay, WI 54301

SECTION 1: GENERAL PROVISIONS

1.1 Introduction

In 2017, the City of Green Bay received the allocation of $200,000 of the city's Excess Stadium tax revenues for the purpose of establishing a minority and women owned business economic development revolving loan fund (RLF) program. The ED-RLF Program will be administered by the City's Economic Development Authority. All elements of this manual apply to the initial capitalization of $200,000, as well as to subsequent capitalizations and to any and all repayments and proceeds resulting from the fund.

1.2 Title

The Economic Development Revolving Loan Fund Program is hereinafter referred to as the Economic Development Revolving Loan Fund Program (ED-RLF).

1.3 Purpose

The purpose of the Minority and Women owned business CD-RLF is to create and retain employment opportunities in the City of Green Bay, with major emphasis on employment for persons from low-to moderate-income households.

1.4 Administrator

To achieve this purpose, the City of Green Bay Redevelopment Authority (RDA), which is the administrator of the city's CDBG Funds, shall administer the Revolving Loan Fund Program set forth in this manual.

1.5 Amendments

The RDA may amend the CD-RLF Policies and Procedures Manual within Department of Housing and Urban Development regulations as necessary.

SECTION 2: ADMINISTRATION

2.1 Program Roles and Responsibilities

1) The EDA shall establish and approve overall policies and procedures for implementing the CD-RLF Program, and appoint the members of the CD-RLF Loan Committee, which shall be comprised of five members, with three of the members from the Economic Development Authority (EDA) and two from the Redevelopment Authority (RDA). In the event no member of the EDA or RDA is a commercial lender, an at-large member may be appointed.

2) The staff of the EDA shall perform the general day-to-day administrative functions related to implementation of the ED-RLF, including: providing information to interested businesses; conducting preliminary meetings; reviewing applications for completeness and conformance to guidelines and regulations; analyzing applications; making recommendations to the ED-RLF Loan Committee; negotiating terms and conditions as well as loan terms and conditions; and calling meetings of the Loan Committee. The staff of the EDA shall perform monitoring approved projects for compliance with all federal and local requirements; completing related recordkeeping; receiving loan payments; and providing quarterly portfolio reports to the EDA.

3) The City Attorney shall prepare all loan agreements, review all promissory notes, mortgage and/or lien instruments, and advise the EDA on default matters.

4) The ED-RLF Loan Committee shall review all complete loan applications and approve or disapprove loans. They will also have authority to grant loan forgiveness in the event of a defaulted loan.

5) The Program Manager shall review all source documentation supporting program delivery expenditures before payment will be disbursed from the Economic Development Revolving Loan fund.

6) The Program Manager shall report all economic development activities and program income information.

7) The Senior Accountant shall be responsible for reporting economic development activities and program income information. The Senior Accountant shall also remit payment of all interest earned on the Economic Development Revolving Loan Fund to the US Treasury on an annual basis.

2.2 Records

Written records of all program activities including loan applications and related documents, minutes of ED-RLF Loan Committee Meetings, and compliance monitoring records shall be maintained in the EDA Offices at City Hall.

SECTION 3: GENERAL CRITERIA

3.1 Standard

(1) The minimum CD-RLF loan shall be $10,000 city-wide. The maximum loan amount is $100,000.

(2) A minimum of 10 % of the total project cost shall be provided in the form of equity.

(3) At least $1.00 of other funds shall leverage each $1.00 from the ED-RLF

(4) There shall be a maximum of $35,000 of ED-RLF dollars loaned for each permanent FTE (40 hours per week) job created or retained.

(5) The applicant must demonstrate that the proposed project is viable and that the business will have the capacity to repay the loan

(6) The project and the related job creation and/or retention must take place within the corporate limits of the City of Green Bay.

(7) Project elements occurring prior to ED-RLF funding approval are not eligible for ED-RLF funding or for leveraging consideration

3.3 Federal Requirements

(1) The use of the ED-RLF must be determined to be “necessary and appropriate”.

(2) Federal Equal Opportunity Requirements apply to all ED-RLF funded projects (Attachment B).

(3) The project is subject to environmental review clearance, including review of impacts on historic properties (Attachment D).

(4) The project must meet federal underwriting guidelines
   a. All projects costs must be reasonable
   b. All sources of financing are committed
   c. The ED-RLF loan is not substituted for other financing (must be gap financing)
   d. The project is financially feasible
   e. The return on investment is reasonable

(5) The project is subject to any other applicable state and federal regulations.

SECTION 4: ELIGIBILITY CONSIDERATIONS

4.1 <u>Eligible Area</u>

The area served by the ED-RLF program shall generally be within the corporate limits of the City of Green Bay.

4.2 Eligible Applicants

(1) To be eligible, a business must be classified (but not necessarily certified) into one of the following federal designations:

- Minority Owned Business (MBE): at least fifty-one percent (51%) or more is owned, operated and controlled by citizens who are Asian, Black, Hispanic and or Native American.
- Women Owned Business (WBE): at least fifty-one percent (51%) or more is owned , operated and controlled by a women.
- Small Disadvantaged Business (SDB) or Disadvantaged Business Enterprise (DBE): at least fifty-one percent (51%) or more owned, operated, and controlled by one or more socially and economically disadvantaged persons as defined by DBE Regulation 49 CFR Parts 23 and 26.
- Disabled Veteran Business (DVBE): at least fifty-one (51%) or more is owned, operated and controlled by one or more disabled veterans; a United States military, naval or air service veteran with a service related disability of at least ten percent (10%).

(2) Applications may be submitted by the sole proprietor or Chief Executive Officer of any business wishing to establish a new operation or expand an existing operation in the Community.

(3) No member of the governing body, loan review board, or any other official, employee, or agent of the Community who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program.

(4) No program loans will be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).

(5) Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability as defined in Section 51.01(5), sexual orientation or national origin.

(6) All projects and applicants for eligibility purposes must be compliance with all community adopted plans.

4.3 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) 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   Refer to Section 6 for guidelines specific to Working Capital loans.

4.4 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) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation).

(5) Routine maintenance.

(6) 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 Review Committee may identify during the administration of the program.

4.5 Ineligible Businesses

Program loans shall not be available for the following businesses:

(1) Speculative investment companies.

(2) Real estate investment companies.

(3) Lending institutions.

(4) Gambling operations.

(5) Non-public recreation facilities.

(6) Or businesses not serving the interests of the Community.

4.6 Priorities

Priority will be given to projects which include one or more of the following and not necessary in this order:

(1) A beneficial impact on the Broadway Redevelopment Area, Central Business District, I-43 Business Center, and/or Packerland, Tower East or Nicolet Industrial Parks, Olde Main St., Bay Port Industrial Park.

(2) The relocation of business or industry from inappropriate areas to areas of appropriate land use.

(3) Existing business and industry.

SECTION 5: TERMS AND CONDITIONS

5.1 Financing Methods

(1) Direct, companion loans with the ED-RLF dollars will not to exceed 50 percent of the project's total cost.

5.2 Terms

(1) The interest rate is a fixed rate of 4%.

(2) Deferral of principal and/or interest payments shall be allowed based only on special circumstances.

(3) The maximum loan term on real estate shall be 15 years, on machinery and equipment 10 years,

5.3 Collateral

(1) The City of Green Bay shall have a first position lien on real property and/or machinery and equipment financed by the ED-RLF unless the need to subordinate to another lender is demonstrated.

(2) If need is shown for the city to take a subordinated position on assets that it is financing with the ED-RLF, the City of Green Bay shall have a first position lien on other assets of the business.

(3) Personal and/or corporate guarantees shall be required on most cases. Loans will also be secured by a General Business Security Agreement.

(4) Other conditions or performance standards or penalties may be required depending on the circumstances of the proposed project.

5.4 Job Creation

(1) A minimum of 51 percent of the full-time equivalent (FTE) jobs created and/or retained must be <u>made available</u> to persons from low-to moderate-income households as defined by HUD guidelines. The current applicable income guidelines will be attached to the ED-RLF application and shall become a part of the city's contract with successful applicants.

a. Low-Moderate income households based on family, not individuals
b. Not construction/spin-off/indirect jobs
c. Seasonal jobs can be counted IF the job is the person's principal source of yearly income.

d. Potential applicants will need to list how the jobs will be made available on their applications, i.e. posting at the local job center board, notice in an applicable newsletter, or other job board that serves LMI persons.

(2) Retained jobs must be documented by showing that the jobs would actually be lost or eliminated without the assistance, and that one or both of the following applies to at least 51% of the jobs:

a. The job is held by an LMI person
b. If the position is vacated, steps will be taken to ensure that the job will be filled by, or made available, an LMI person.

(3) Created or retained jobs are only considered available to or held by LMI persons when:

a. Special skills that can only be acquired with substantial training or work experience or education beyond high school are *not* a prerequisite to fill such jobs or the business agrees to hire unqualified persons and provide training; and
b. Business must take actions to ensure that LMI persons receive first consideration for filling such jobs. This can be accomplished by comparing the candidate's address to a census tract that meets LMI criteria.

(4) The Loan Recipient would have 18 months from the time the Loan Agreement is signed to create the agreed upon number of jobs. For every job less than stated number of positions that were to be made available to LMI individuals committed to by the Borrower, the interest rate for funds loaned pursuant to the Loan Agreement will increase by .25 percent, retro-active to the date of initial loan closing.

SECTION 6: WORKING CAPITAL LOANS

6.1 General

1. Loans for working capital are allowed as direct outlays.
2. Maximum loan amount is $35,000
3. Working capital loans may not be rolled into other loans for equipment, construction or building acquisition.

6.2 Eligible and Ineligible uses

1. Loans may be used for direct labor costs or inventory only.
2. Working capital loans may not be used as a line of credit, a loan guarantee, or to refinance outstanding debt.

6.3 Terms

1. The interest rate shall be no more than 1% higher than the rate for equipment, construction or building acquisition loans.

2. Maximum loan amortization is 3 years
3. All job creation policies from Section 5.4 apply to working capital loans.

6.4 Collateral

Working capital loans will be secured by a General Business Security Agreement and a Personal Guarantee of primary owner.

6.5. Miscellaneous

Working capital loans shall not consist of more than 25% of the total loan portfolio. Additionally, no more than 20% of available funds may be awarded for working capital loans.

SECTION 7: APPLICATION PROCEDURES

7.1 Preliminary Meeting

Prior to submission of an application, the potential applicant shall meet with the EDA staff to discuss the proposed project and program requirements.

7.2 Applicant Format

Applicants shall submit a loan application package consisting of the following information:

(1) A completed ED-RLF Application Form, as provided by EDA staff at the preliminary meeting.

(2) A business plan completed within one year of application, which includes the minimum requirements outlined in the application.

(3) Documentation and/or statement of the need for CD-RLF involvement in the project.

(4) Documentation of commitments of other lender(s) and/or source and commitment of leveraged funds.

(5) Financial information as outlined in the application.

7.3 Application Submittal

The completed application and all required attachments shall be submitted to the EDA staff, Green Bay City Hall, 100 North Jefferson Street, Room 200, Green Bay, Wisconsin, 54301.

Acceptance of applications shall be subject to the availability of ED-RLF dollars.

SECTION 8: REVIEW PROCESS

8.1 Preliminary Staff Review

The EDA staff shall review the application for completeness and verify that the proposed project meets the standards and eligibility requirements set forth in this manual. If the application is incomplete, the EDA staff will contact the applicant and list the deficiencies. The review process will not continue until the application passes preliminary review. EDA staff will analyze the complete application and prepare a recommendation for the Loan Committee.

8.2 Project Selection and Underwriting Guidelines

Staff review will consist of the following activities:

(1) Review application for use of loan funding and cost estimates information. Documents may include item descriptions, price quotes, construction estimates, etc.

(2) Review Business Plan for completeness, and to assess project feasibility.

(3) Staff reviews that the intended use of funds is a reasonable request in that it will help the company grow by adding new product lines, obtaining additional space and/or bringing in additional business that will ultimately create jobs that can be offered to LMI individuals.

(4) Review project description for statement of why gap financing needed. Acceptable information includes number of banks approached and turned down participating in project; number of offers of financing that would not cover the amount needed for the project, etc. Documentation should also show what actions were taken to secure other federal financing programs first (i.e. Small Business Administration loans, loan guarantees, etc.).

(5) Review commitment letters from all outside financial backers assuring participation in the project.

(6) Compare "Sources of Funding" table with project description for 10% equity, minimum 1:1 financing of RLF funds, and identification of all other project financial commitments.

(7) Staff reviews three years past balance sheets and profit and loss statements, auditor notes, one and 5 year projected pro-formas to determine if company is able to sustain the financial liability.

(8) Staff obtains credit reports on the company and main principals to determine credit worthiness.

(9) Staff negotiates with applicant for reasonable collateral. Personal and/or other business assets may be considered.

(10) Staff reviews the project (to the extent practicable) to determine whether the return on the owner's equity investment will not be unreasonably high.

(11) Determines (to the extent practicable) whether loan funds will be disbursed on a pro-rata basis with other financial commitments to the project.

8.3 Formal Review

The Loan Committee shall meet to formally review the application, review the underwriting procedures, receive the EDA staff recommendation, and approve the application contingent upon successful negotiation of the specific terms or deny funding.

8.4 Negotiation of Terms

Upon approval of the application, the EDA staff shall meet with the applicant to negotiate and arrive at a consensus on the terms including, for example, the loan amount, interest rate, term of loan, collateral and repayment schedule.

8.5 Notice of Award / Denial of Application

If the application is approved and negotiation of terms is successful, the applicant will be sent a notice of award letter. If the application is not approved, the applicant will be sent a letter of denial stating the reason for denial.

SECTION 9: DISTRIBUTION OF FUNDS TO APPROVED APPLICANTS

9.1 Environmental Clearance

The proposed project must receive official environmental clearance from the city prior to the applicant expending or committing to the expenditure of any of the CD-RLF funds.

9.2 Loan Documents

Prior to the city's distribution of CD-RLF funds, all appropriate documents such as a loan agreement, promissory note, repayment schedule, security instruments, and any others deemed appropriate (i.e. personal guarantee) shall be prepared and executed

9.3 Evidence of Expenditures

The business must provide the EDA staff documentation related to ED-RLF fund expenditures prior to release of ED-RLF funds. Such documentation shall be for expenditures outlined in the application and the loan agreement, and shall include invoices, receipts, final bills of sale or canceled checks as determined appropriate by the EDA staff.

SECTION 10: PERFORMANCE MONITORING

10.1 Leverage Commitments

The EDA staff shall monitor the expenditure and use of funds committed for leveraging. Documentation required from the business shall include invoices, receipts, final bills of sale or canceled checks as determined appropriate by the EDA staff.

10.2 Job Creation/Retention

The EDA staff shall monitor the job creation and/or retention of the business utilizing the payroll records of the business. The business shall be required to provide the EDA staff with all documentation, payroll records and contact with employees necessary to document performance of job creation and/or retention, as well as documentation specific to persons from low-to moderate-income households.

10.3 Late Payments

Any payment more than 30 days past due will be considered late. The loan recipient will be contacted by EDA staff requesting the account is brought current. After 60 days, EDA staff will send a letter requesting full remittance of late payments.

10.4 Default

Failure by the business to make any payment of principal or interest within 90 days after the payment is due and payable shall be considered a default. In the event of a default, all sums due and owing to the city shall, at the city's option, become immediately due and payable. To exercise this option, the City Attorney shall prepare a written notice to the company. The notice shall specify the following:

(1) The default.

(2) The action required to cure the default.

(3) The date, not less than 60 days from the date of the notice, by which the default must be cured to avoid foreclosure or other collective action.

In the event loan collection cannot be made the Revolving Loan Fund Committee will have the authority to grant loan forgiveness with discretion to send forgiveness to the Redevelopment Authority if need be.

SECTION 11: REUSE OF FUNDS

11.1 Continuation of Program

Repaid funds shall be deposited into a revolving loan account and used in a manner consistent with the then existing ED-RLF Program Policies and Procedures Manual. A separate accounting record shall be kept so that a clear, auditable account can be maintained to show how funds have been used.

11.2 Discontinuation of Program

Should the ED-RLF Program be discontinued, all funds in the ED-RLF account, all funds repaid from the loan made through the ED-RLF Program and any other program income shall be returned to the City of Green Bay Redevelopment Authority for uses permitted for the City's Community Development Block Grants.

Report to the
Economic Development Authority of the City of Green Bay

MEETING DATE	PREPARED BY
September 10, 2018	Matt Buchanan, Staff

AGENDA ITEM # E.1.

Brownfields program update

BACKGROUND

As of August 30, 2018, the City has expended 72% of the 2017-2020 Brownfields Grant. Funds have been spent on 8 Phase I environmental site assessments (ESAs), 5 Phase II ESAs, 3 remedial action plans, and one asbestos/lead paint inspection.

RECOMMENDATION

N/A

FISCAL IMPACT

ATTACHMENTS

None

Report to the
Economic Development Authority
of the City of Green Bay

MEETING DATE	PREPARED BY
September 10, 2018	

AGENDA ITEM # E.2.

Development Director's update

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

None

Report to the
Economic Development Authority of the City of Green Bay

MEETING DATE	PREPARED BY
September 10, 2018	

AGENDA ITEM # E.3.

Next meeting date: October 10, 2018.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

None