REVOLVING LOAN FUND MEETING

City of Edgerton
City Hall
12 Albion Street
Edgerton, WI 53534
Wednesday, June 7, 2017 at:3:30 P.M.

1. Call to Order; Roll Call.

2. Confirmation of Appropriate Meeting Notice Posted Friday, June 2, 2017.

3. Elect Chairperson.

4. Approve December 13, 2012 RLF meeting minutes.

5. Discuss and Consider City's Revolving Loan Fund Policy Amendments.

6. Closed session pursuant to Wis. Stat. 19.85(1) (e) "Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business whenever competitive or bargaining reasons require a closed session." Discuss and consider Revolving Loan Fund loan to Rinehart Taxidermy.

7. Adjourn.

Copies To:	Mayor	City Administrator
	All Alderpersons	City Attorney
	Department Heads	Newspapers

NOTICE: If a person with a disability requires that the meeting be accessible or that materials at the meeting be in an accessible format, call the City Administrator's office at least 6 hours prior to the meeting to request adequate accommodations. Telephone: 884-3341

"Notice is hereby given that a majority of the Common Council is expected to be present at the above scheduled noticed meeting to gather information about a subject over which they have decision-making responsibility. The only action to be taken at this meeting will be action by the Revolving Loan Fund Committee."

DECEMBER 13, 2012 REVOLVING LOAN FUND MEETING MINUTES
CITY OF EDGERTON

Rae Spirra called the meeting to order at 1:30 p.m. Members present were Rae Spirra, Warren Kukla, Andrea Egerstaffer, Ramona Flanigan, Jon Paulson and Ken Buhrow. Stan Midtbo was absent.

Flanigan confirmed the meeting was properly posted on Friday, December 7th at M & I Bank, the Post Office, Edgerton Library and City Hall.

ELECT CHAIR: A Buhrow/Kukla motion was made to nominate Rae Spirra as Chair.

A Paulson/Kukla motion to close nomination passed, all voted in favor. The motion to elect Spirra as Chair passed, all voted in favor.

DISCUSS AND CONSIDER RLF MANUAL AMENDMENTS: Flanigan stated the Wisconsin Department of Administration has contacted the City regarding needed modifications to the CDBG revolving loan program. The three areas identified include:

- Low and moderate income requirements
- CDBG funding in areas with revolving loan fund balances
- Anti-pirating

Flanigan stated she has noted other policy changes that the Committee may want to consider also.

The policy allows for the Committee/Council to withdraw funds from the program for administrative costs. Flanigan notes this has not been done in the past but with this language it does allow for it. Committee members requested this be left in the policy in the event an applicant has a complicated loan request and a great deal of time is spent on the application or additional services are needed.

The next area for consideration was in section 3.3 regarding eligible activities. Flanigan proposed language that would add the following activities to the program: site preparation; construction or reconstruction of buildings; installation of fixed equipment; clearance, demolition or removal of structures; rehabilitation of buildings; and other such improvements.

Prevailing wage requirements would apply to these activities making it more difficult to monitor but she feels it will be harder and harder to loan these funds out and this opens up new areas. After a brief discussion, members agreed to add these activities.

Flanigan pointed out in section 3.6 Minimum Requirements the low to moderate income requirements have been added.

Kukla stated the City is acting as a bank with these loans. There should be a personal guarantee on these loans to protect the City's risk. Flanigan stated this can be a requirement, it can be a requirement with Committee discretion or a personal guarantee can be a requirement if City wishes. Members wished to have the discretion.

The anti-pirating has a lot of gray area. Flanigan stated this applies to existing buildings because in some areas growing businesses cannot always find space in the same communities. There can also be other reasons why a business wishes to relocate. Flanigan noted this is an area that we will have to watch how it plays out.

A Kukla/Egerstaffer motion to have the entire Revolving Loan Fund Committee be the Loan Committee in Section 2.1 passed, all voted in favor.

Spirra pointed out that the policy requires a Plan Commission member be on the RLF Committee. Flanigan stated in the past Mayor Lund was the Council representative and also sat on the Plan Commission. Committee members would like to remove the Plan Commission requirement if the State allows this. Flanigan will check into it.

Kukla addressed the security of the applicant's confidential records. Flanigan stated the records will be kept in a locked file cabinet.

A Kukla/Egerstaffer motion to add language to Section 5.1 that the Authorized Personnel be the Loan Committee Administrator, City Attorney and RLF Chair passed, all voted in favor.

A Spirra/Buhrow motion to recommend to Council approval of the Revolving Loan Fund Policy with changes passed, all voted in favor.

Once Council has approved the policy, Flanigan will forward it to the State for their approval.

REVIEW FUND ACTIVITY AND BALANCES: Flanigan recapped the balances in both the City and State revolving loan accounts. The outstanding loans will be paid off in 2013.

The City funds have much more flexibility than the State funds. The City has put 100% of the start-up money into this program and it does not have the strict regulations on the State. Flanigan asked if the Committee wishes to look into other alternatives that they can re-invest the money in or modify the requirements.

Kukla asked Flanigan to investigate other programs that the City could model their plan after.

Being no other business before the Committee, a Buhrow/Paulson motion to adjourn passed, all voted in favor.

Ramona Flanigan/ch
City Administrator

Memo

To: Revolving Loan Fund Committee

From: Staff

Date: 6/1/2017

Re: June 7, 2017 Meeting

The city has two revolving loan funds: one that was funded with State CDBG funds and one that was funded with City funds. Historically, the City's RLF has utilized the policies of the State CDBG RLF. Due to State required changes to the CDBG funded RLFs, the City should consider adopting a separate policy for its RLF with the objective of having a more flexible and efficient policy that can serve more businesses. The attached draft policy uses much of the CDBG language such as the one job/$20,000 of loan funds requirement and the $1 for $1 private investment requirement. The policy proposes the following substantive changes:

- There are no low to moderate income requirements for jobs created using the funds.
- Wage rates and wage rate monitoring are not required
- Environmental reviews are not required

CITY OF EDGERTON

CITY FUNDED

REVOLVING LOAN FUND MANUAL

June 2017

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FORWARD

The City of Edgerton Revolving Loan Fund is used to provide loans to City of Edgerton businesses. The businesses, in return for use of the public funds, provide private investment towards the assisted activity and most importantly creates job opportunities.

When a business repays the City the loan (principal and interest payments), these funds are used to capitalize a local revolving loan fund (RLF). With the RLF, the City can make additional loans to businesses wishing to expand or locate in the City. These loans typically are smaller loans ($5,000 - $50,000). In administering a RLF, a City becomes a "bank" and accepts all of the responsibilities of a commercial lender when it makes a RLF loan to a business.

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this manual, hereafter referred to as the Economic Development Revolving Loan Fund Manual, is to present the criteria which governs the economic development activities assisted with funds made available through the City's Revolving Loan Fund (RLF) program.

1.2 OBJECTIVES

Economic development activities assisted with funds made available through the RLF Program are intended to meet the following objectives:

(1) To encourage the creation and retention of permanent jobs which provide a wage appropriate to the skills and experience of the local labor force and that is competitive.

(2) To encourage the leveraging of new private investment into the City in the form of fixed asset investment, particularly in land and buildings.

(3) To perpetuate a positive and proactive business climate which encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.

(4) To implement the City's Economic Development Plan goals and objectives.

(5) To maintain and promote a diverse mix of employment opportunities and to minimize seasonal or cyclical employment fluctuations.

(6) To encourage the development and use of modern technology and create safe work environments.

1.3 AMENDMENTS & MODIFICATIONS

The City may from time to time amend the provisions imposed by the policies and procedures contained within the RLF manual.

SECTION 2. ADMINISTRATION

2.1 REVOLVING LOAN FUND COMMITTEE

(1) The City shall establish a formal Revolving Loan Fund Committee which shall consist of individuals representative of broad City interests, and having special expertise and knowledge of commercial lending and economic development processes. Expertise on the Committee optimally shall include representation from the governing body, the planning commission, the local development corporation, the local chamber of commerce, the local banking community, a business law attorney, and the RLF administrator appointed by the City. Of this seven member committee, the City Administrator will be the RLF administrator and have an indefinite term. The Council member shall hold one year terms. The terms for the other members should be five years alternating.

(2) The Revolving Loan Fund Committee shall have the authority to review, select and recommend loan applications to the governing body for final approval. The Committee shall also have the authority to make policy recommendations for the administration of the program. Periodic activity reports prepared by the RLF Administrator shall be provided to members of the Common Council.

(3) The RLF Administrator shall explain the Program to prospective applicants, provide written information, assist applicants in completing applications, and process requests for financing. The Administrator, where necessary and appropriate, shall counsel or guide loan applicants to other more appropriate technical and financial resources when the loan applicant has needs beyond those available from the RLF program.

(4) The RLF Administrator 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, and maintain the RLF accounting records which shall be segregated from other City accounts.

(5) The City attorney shall prepare all loan agreements, review all promissory notes and mortgage or lien instruments, and counsel the City on default matters.

(6) The RLF Administrator shall be responsible for the maintenance of all other records for the local RLF, particularly those related to the expenditures of the RLF monies for program administration purposes.

2.2 MEETINGS

The Revolving Loan Fund Committee shall meet on an as-needed basis. Pursuant to Section 19.84, Wisconsin Statutes, all Committee members shall be given prior notice of each meeting. A majority of the Committee in attendance at a meeting constituting a quorum shall be required for official Committee action. Official actions shall 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 should be maintained in a secure place with limited access by authorized personnel. The City's legal 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 City, including all applicable correspondence.

(2) Loan Recommendation File: This file contains a summary of the analysis, recommended actions for the application, and a copy of the minutes for the Revolving Loan Fund Committee meeting summarizing the action taken on the loan request.

(3) Loan Closing File: This file contains copies of all loan closing documents. This file contains all the legal documents from the loan closing, including security instruments, the note and other applicable correspondence and shall be placed in a locked, fireproof safe. The City's attorney should be involved in helping create and complete this file to insure 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.

(4) "Tickler File" System: A tickler file system should 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.

(5) Financial Statement File: This file should contain the business' periodic financial statements as required by the loan covenants with a statement indicating that the RLF administrator reviewed the data.

(7) Site Visit File: Site visits should be conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project. A summary of the site visits should be placed in the file, particularly highlighting any information that can help in rating the overall condition/risk of the loan.

(8) Repayment Monitoring File: This file should include the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems should be reported to the RLF Committee and notations shall be placed in the tickler file to remind the administrator of the need to provide continued monitoring.

The City 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 City 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.

(9) Loan Review File: All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the City.

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 the City's interest and meet the needs of the business. If appropriate, the Administrator will arrange for business assistance, including services available through the University of Wisconsin-Extension, Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE), and other entities having an interest in serving the needs of businesses.

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

2.4 ADMINISTRATION

Administrative expenses may be paid by the RLF for following direct loan administrative costs:

(1) Legal costs.

(2) Consulting fees for credit analysis, business plan reviews and technical assistance.

(3) Office supplies, copying, typing, mailing, and miscellaneous recording fees.

(4) Training costs.

To generate additional revenue to cover administrative costs, if necessary, the City 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 be within the corporate limits of the City.

3.2 ELIGIBLE APPLICANTS

(1) 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 City.

(2) No member of the governing body, loan review board, 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.

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

(4) Applicants shall not be disqualified based on age, race, religion, color, handicap, gender, physical condition, development disability as defined in s. 51.01(5), 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) The payment of assessments for sewer, water, street, and other public utilities if the provision of the facilities will directly create or retain jobs.

(3) Working capital (inventory and direct labor costs only).

(4) Site preparation and the construction or reconstruction of buildings or the installation of fixed equipment.

(5) Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.

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) 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 Revolving Loan Fund Committee may identify during the administration of the program.

3.5 INELIGIBLE BUSINESS

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) Other businesses not serving the interests of the City.

3.6 MINIMUM REQUIREMENTS

To be eligible for funding, a proposed project shall meet all of the following minimum requirements:

(1) Private Funds Leveraged. The applicant shall leverage a minimum of one dollar ($1.00) of private funds for every one dollar ($1.00) of loan funds requested. Higher leverage may be required at the discretion of the Revolving Loan Fund Committee.

(2) Cost Per Job Created. At least one (1) full-time permanent position or full-time equivalent shall be created for every $20,000 of program funds requested. The Committee may require lower job costs where warranted, (i.e. taking into consideration type of jobs, hourly wage, etc.)

(3) Financial Feasibility and Business Viability. The applicant shall demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds.

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

(6) Project Completion. Projects shall be completed within 24 months from the date of the loan approval. Applicants shall provide the City a project implementation schedule not exceeding 24 months for project completion. Hiring commitment must be met within 36 months of the completion of the project.

SECTION 4. LOAN TERMS & CONDITIONS

4.1 STANDARDS

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 below prime and shall be established by the Loan Review 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-year basis with the option of refinancing for an additional eight (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) Period of Payment. Terms may include longer amortization schedules with balloon payments. Amortization schedules shall be set up for monthly payments.

(5) Repayment. Payment of interest and/or principal may be deferred during the implementation period of the assisted activity if merited by the loan application. When considering deferring payment, the Committee shall consider the need for the funds to be repaid as soon as possible for reloaning. 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 City will seek to have the best possible collateral position possible to ensure that RLF loans are adequately secured. Collateral may include the requirement of a personal guarantee from the principals of the company.

SECTION 5. APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program with the Administrator. The Administrator shall assist the applicant, as is reasonably necessary, in completing the application. All financial information should be kept in a secured place with limited access by authorized personnel only. Authorized personnel shall include The Administrator, the City Attorney, and the Chair of the Revolving Loan fund Committee.

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 jobs are to be created, the job types, and wages.

(5) The extent to which the loan can be secured.

(6) Evidence of ability to repay the loan.

(7) Size of the loan requested.

(8) Timing of the proposed expenditures.

(9) Completeness of application.

(10) Other factors as deemed appropriate.

5.4 LOAN APPLICATION

Applicants shall submit an application using the form available from the RLF Program and that includes 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 RLF Program loan to insure the interest of the City are secured.

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

(5) Additional Information. Additional information as may be required by the Revolving Loan Fund Committee, or the Administrator.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

(1) Preliminary Review. The 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 Administrator will inform the applicant of the deficiencies.

(2) Formal Review. The Revolving Loan Fund 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 Review Committee will forward the proposal to the governing body for final approval or to whatever other body has been authorized to act on loan requests.

(3) Negotiation of Terms. Upon the tentative acceptance by the governing body, the 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 to execute the necessary loan documents.

(5) Rejection of Award. If the application is not approved, the 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 shall be in place or provided at the appropriate time during the term of the loan.

(1) Notice of Award. The Revolving Loan Fund Committee shall have reviewed and approved a complete application for an eligible applicant.

(2) Loan Agreement. The City attorney shall prepare a loan agreement which shall be executed by the City's CEO, Clerk, and the Chief Executive Officer of the business.

(3) Promissory Note. A promissory note shall be prepared by the City attorney and signed by the Chief Executive Officer at the time of loan closing. The note shall be dated; it shall reference the agreement between the City and the business; and, it shall specify the amount and terms of the loan funds delivered.

(4) Security. Mortgage or lien instruments and/or personal guarantees provided as security for all loans shall be prepared by the City attorney and executed at the time of the loan closing. The City attorney, or Administrator, shall record the instrument and place a copy in the project file which may 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(s).
h) Other documentation as may be appropriate.

(5) Repayment Schedule. A loan repayment or amortization schedule shall be prepared by the Administrator after the loan proceeds are fully disbursed. The repayment schedule shall be dated and signed by both the CEO and the Chief Executive Officer of the business. At that time, the repayment schedule shall be attached to both parties' copies of the agreement.

(6) Evidence of Permits, etc. Documentation shall 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.

(7) Evidence of Program Expenditures. Documentation shall 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 Administrator.

(8) Fixed Equipment. Fixed equipment funds shall be dispersed at the recommendation of the Committee. The 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 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.

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) The creation or retention of the agreed upon number of jobs within 36 months of the date of the execution of the loan agreement with the City.

(2) Not to discriminate on the basis of age, race, religion, color, handicap, gender, 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 the City 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 City. 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 Administrator in accordance with the schedule in the loan agreement. These reports shall report on project progress including number of jobs created or retained during the loan agreement.

(7) To maintain fire and extended coverage insurance on the project property required during the term of the loan. The City 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.

SECTION 8. PERFORMANCE MONITORING

8.1 PRIVATE LEVERAGE COMMITMENTS

The 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 HIRING OF NEW EMPLOYEES

The Administrator shall monitor the borrower's progress in meeting agreed upon job creation or retention goals. Job creation shall be documented using payroll records such as WI UC101. Before-project and after-project payroll records should be provided by the borrower to document job creation. Failure of the business to provide the targeted number of jobs may be a condition for default unless the business can show it made a good faith effort to create the targeted number of jobs but did not succeed due to reasons beyond its control.

8.3 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 the City's option, become immediately due and payable. To exercise this option, the City's attorney 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 shall be cured to avoid foreclosure or other collective action.
d) Any penalties incurred as a result of the default, jobs, etc.

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 policies and procedures manual. A separate accounting record for each loan shall be kept to account for all funds loaned. The RLF account shall be audited annually.

SECTION 10. LOAN SERVICING

10.1 MONITORING

The Administrator shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to insure continued repayment of the loan. The monitoring will also ensure that all recordkeeping requirements are met particularly in regard to job creation and expenditures of matching funds.

A loan servicing file shall be established and maintained for each loan recipient that includes all written correspondence; a record of important telephone conversations; a list of applicable loan covenants; certificates of insurance for builder's risk, property-casualty, and life insurance, as applicable; and documentation for job creation and retention.

10.2 RECORDKEEPING

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

(1) A record of all deposits and disbursements to and from the RLF.

(2) A Loan Repayment Register that records repayments made by each business which has received a loan from the RLF.

LOAN CLOSING DOCUMENTATION CHECKLIST

	Date Requested	Date Received	Date Recorded	Date Returned	Not Applicable
FOUNDATION DOCUMENTATION					
Financial Statements					
Loan Commitment Letter					
Loan Agreement					
Borrowing Resolution or Agreement					
Certified Copy of Resolution Authorizing Actions Taken					
Sole Ownership Affidavit					
Other					
GUARANTEES/DEBT SUBORDINATION					
Unlimited, Limited, or Specific Guarantee					
Spousal Consent					
Debt Subordination					
Authorizing Resolution or Agreement					
Other					
POSSESSORY COLLATERAL INCLUDING LIFE INSURANCE					
Possession of Policy					
Assignment of Policy as Collateral					
Transmittal Letter and Request for Acknowledgement and Policy Information					
Other					
NONPOSSESSORY COLLATERAL					
Release of Prior Lender Filings					
Security Interest Subordination Agreement					
Business Chattel Security Agreement					
Selective Business Security Agreement					
Financing Statement					
Financing Statement Fixtures - Real Estate Records					
Motor Vehicle Perfection					
Insurance Binder on Collateral					
Other					
REAL ESTATE					
Survey					
Appraisal					
Casualty Insurance Binder					
Title Insurance Binder					
Title Insurance Policy					
Title Opinion Based on Abstract					
Check of Legal Description on Survey Against Deed					
Mortgage Against Title Insurance Binder					

Environmental Audit					
Mortgage					
Business Real Estate Security Agreement					
Flood Plain Certificate					
Flood Plain Notice					
Real Estate Mortgage Subordination Agreement					
Other					
NOTE DISBURSEMENTS					
Business Note					
_____ Statement					
Other					

Completed By: _____

Renewed By: _____