

CITY OF MERRILL
COMMUNITY DEVELOPMENT COMMITTEE
Tuesday, February 14, 2023 at 8:00 A.M.
City Hall Council Chambers
1004 E. First Street

Voting members: Chairman Daniel Schneider, Alderman Mark Weix, Pete Koblitz, Nancy Kwiesielewicz, Landis Holdorf, Chris Malm and Betsy Meier Peterson.

AGENDA

1. Call to order
2. Public Comment
3. November 9, 2022 meeting minutes
4. Community Development Growth in 2022 report
5. Update from Shari Wicke on Community Development Block Grant Housing program and Economic Development Program
6. Distribute copy of Agreement between City of Merrill and Lincoln County Economic Development Corporation
7. Review the proposed changes on the Economic Development Revolving Loan Fund Procedure Manual
8. The Committee may convene in closed session pursuant to Wisconsin State Statutes Section 19.85(1)(f) to consider financial, medical, social or personal histories of disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon any person referred to in such histories or data, or involved in such problems or investigations, to discuss delinquent business loan(s), and discuss and recommend collection procedures.
9. The Committee may reconvene in open session to take or recommend action on closed session item.
10. Discussion
11. Adjourn

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COMMUNITY DEVELOPMENT COMMITTEE MINUTES
Wednesday, November 9, 2022, City Hall, Merrill, WI

Present: Pete Koblitz, Betsy Meier Peterson, Alderman Mark Weix, Daniel Schneider and Chris Malm.

Present: Mayor, Steve Hass and Shari Wicke, Community Development Director

No Public Comment.

The meeting was called to order at 8:00 a.m. Mr. Malm made a motion to approve the minutes of the previous meeting; seconded by Mr. Koblitz. The motion carried.

Nominations were Alderman Mark Weix & Daniel Schneider for Chairman of the Community Development Committee. Motion made by Mr. Weix to decline his nomination and nominated Daniel Schneider as Chairman of Committee; seconded by Mr. Malm; Motion carried.

Shari Wicke handed out Agreement between City of Merrill and Lincoln County Economic Development Corporation (LCEDC) for informational only. No action was needed.

Shari Wicke updated the committee on Community Development Block Grant Housing Program progress and the City of Merrill Economic Development Revolving Loan Fund status. No action was needed.

Shari Wicke presented the Small Business Emergency Support Loan Program's progress. No action was needed.

Shari Wicke presented proposed changes to the City of Merrill Economic Development Revolving Loan Fund Manual. Committee asked the City Attorney, Thomas Hayden to review the proposed changes in the manual and bring back to the next Community Development Committee meeting.

Shari Wicke presented the 2 business loan applications we offer when businesses are applying for a City of Merrill Economic Development Revolving Loan program. Committee reviewed and no changes needed of the applications. No action was needed.

No other business.

Ms. Meier Peterson made a motion to adjourn; seconded by Mr. Malm. The motion carried. Adjournment was at 8:50 a.m.

Respectfully submitted, Shari Wicke, Community Development Director

COMMUNITY DEVELOPMENT GROWTH IN 2022



Prepared by
Shari P. Wicke, Community Development Director
12/31/2022

Community Development Department:

The purpose of the Community Development Block Grant (CDBG) is to rehabilitate and improve residential property occupied by low and moderate income (LMI) residents in the City of Merrill. CDBG loans are specifically used to improve the home with siding, roof, windows, insulation, doors, drywall repairs, furnace, water heater, and plumbing. This program is a win/win situation for the homeowner and the City. The homeowner gets a 0% deferred loan to make improvements to their home and the City benefits by cleaning up the neighborhoods and a possible increase in tax base. Homeowner applicants must have adequate equity in their property to secure the City's CDBG loan.

2022 Community Development (CDBG) Loans to City Residents:

- 10 Homeowner applicants were contacted by the Community Development Program Administrator in 2022.
- 5 Homeowners were given for assistance with Northwood Housing Region Community Development Program in 2022.
- 3 were denied for various reasons; no security, homeowner denied loan, delinquent on property taxes, foreclosure or bankruptcy procedures have been filed.
- 2 Homeowners in the City were granted a loan for rehabilitation in 2022. Homeowner loans totaling \$135,000.00

- Since 1985 the CDBG Program has assisted 639 homeowners in the City of Merrill. We currently have funded \$6,208,483.20 in CDBG Housing mortgages for the community.
- The CDBG Program has assisted 33 Landlords that rent to low to moderate income tenants in the City of Merrill. We currently have funded \$755,627.01 in CDBG Rental mortgages for the community.
- **The 2022 reimbursed amount to the city for Shari Wicke's wages from the Community Development Block Grant Administration \$18,819.10**

AN AGREEMENT BETWEEN THE CITY OF MERRILL & LINCOLN COUNTY ECONOMIC DEVELOPMENT CORPORATION

This agreement made and entered into by and between the City of Merrill, a municipal corporation ("City") and Lincoln County Economic Development Corporation ("LCEDC") a Wisconsin Corporation, is subject to terms and conditions set forth herein:

LCEDC, through its director, shall provide the following services to the City of Merrill:

1. DUTIES AND RESPONSIBILITIES

The Lincoln County Economic Development Corporation, through its director, is to perpetuate a positive and proactive business climate which encourages the retention and expansion of existing businesses and helps to attract desirable new businesses. The City of Merrill has established an Economic Development Revolving Loan fund (RLF) program, as an important economic development tool. These program policies are incorporated herein by reference.

The Lincoln County Economic Development Director shall perform a preliminary review of all loan applications and develop a summary analysis of the loan request. Upon completion of the review, the Lincoln County Economic Development Director shall meet with Community Development Committee to review the loan request. Community Development Committee is empowered by the City of Merrill to approve, disapprove or recommend modifications to the loan request, with a final approval by Common Council. All records will be maintained at the City of Merrill.

The City's Community Development Program Director will provide periodic loan status reports to the Lincoln County Economic Development Director and the City's Community Development Committee. The Lincoln County Economic Development Director shall cooperate with the Community Development Program Director, to oversee all administration duties in accordance with policies and procedures outlined in the Economic Development (RLF) Loan Fund manual, including cooperating to facilitate the collection of delinquent or past due obligations due the RLF or City of Merrill.

The Lincoln County Economic Development Director shall provide, quarterly or as needed, a report to the City of Merrill Redevelopment Authority on LCEDC activities.

2. WORK PRODUCT OWNERSHIP

All work products created by virtue of this agreement by the Lincoln County Economic Development Director shall become the property of the City of Merrill exclusively. Written records, loan applications and related documents shall be maintained in appropriate files and stored securely with City of Merrill.

3. COMPENSATION

City of Merrill shall contribute approximately \$26,250 annually towards operation of the LCEDC, with a 2% annual increase subject to the City of Merrill budget. The method of payment shall be the beginning of each calendar year. The City shall make this payment no later than 30 days after the end of the previous calendar year.

4. AMENDMENTS AND MODIFICATIONS

The City may from time to time amend the provisions imposed by the policies and procedures contained with the Economic Development manual. Such amendments are subject to prior written approval by the Community Development Committee and the City of Merrill Common Council members.

5. TERM/TERMINATION

This agreement is effective January 1, 2023, and will continue in full force and effect until either party gives the other party at least two (2) months prior written notice of termination. In the event of termination of said Agreement by either the City of Merrill or LCEDC, the remaining funds contributed by the City of Merrill on hand at the time of termination shall be returned to the City of Merrill on a pro-rated basis, after payment of all liabilities.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hand and seal the day and year so noted.

CITY OF MERRILL

LINCOLN COUNTY ECONOMIC
DEVELOPMENT CORPORATION

Dated: 12/7/22

Dated: 12/7/22

BY: Steve J. Hass
Steve J. Hass, Mayor

BY: Gary Hartwig
Gary Hartwig,
Development President

BY: Lori Anderson-Malm
Lori Anderson-Malm, City Clerk

BY: _____
Chair

**CITY OF MERRILL
~~WISCONSIN ECONOMIC DEVELOPMENT~~
~~COMMUNITY DEVELOPMENT~~
REVOLVING (RLF) LOAN FUND
MANUAL**

Adopted 2009
Updated 2023

Prepared by:
~~Jack Sroka, Lincoln County Economic Development Director~~
~~& Shari Wicke, Community Development Director~~

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FOREWORD

The City of Merrill has established an **Community Economic Development Revolving Loan Fund (RLF)** to promote job creation and economic growth in City of Merrill through recruitment, expansion and retention of business, and to stimulate new company formations. The **RLF funds are** an important economic development tool. It provides financing to fill gaps in the local markets and stimulates private sector capital formations.

This manual contains policies and procedures that govern the use of the **Community Economic Development Revolving Loan Fund (RLF)**.

The City of Merrill in accordance with the Resolution provided initial capitalization for this **RLF Economic Development RLF Funds**. City of Merrill was awarded a \$500,000 grant from the SBA. U.S. Representative Dave Obey and his staff secured this project as part of the 2004 consolidated appropriations bill.

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this manual, hereafter referred to as the City of Merrill ~~Community~~ **Economic** Development Revolving Loan Fund (RLF) Manual, is to present the criteria that govern the eligible ~~community~~ **economic** development activities assisted with funds made available through the City of Merrill ~~Community~~ **Economic** Development Revolving Loan Fund (RLF) program.

1.2 OBJECTIVES

~~Community~~ **Economic** development activities assisted with funds made available through the RLF **Loan** Program ~~are is~~ intended to meet the following objectives:

- (1) To provide financing to new and expanding businesses that anticipates high growth as a result of receiving funds.
- (2) To encourage the creation and retention of permanent jobs that provide competitive wages appropriate to the skills and experience of the regional labor force.
- (3) To encourage the leveraging of new private investment into the region in the form of fixed asset investment, particularly in land and buildings.
- (4) To perpetuate a positive and proactive business climate that encourages the retention and expansion of existing business and helps to attract desirable new businesses.
- (5) To implement the community and economic development goals and objectives as defined by the City of Merrill.
- (6) To maintain and promote a diverse mix of employment opportunities and to minimize seasonal or cyclical employment fluctuations.
- (7) To encourage the development and use of modern technology and create safe work environments.
- (8) To encourage the development and maintenance of sustainable central business districts throughout the region.
- (9) To stimulate new company formations and encourage the growth and development of entrepreneurs and entrepreneurial-oriented firms.

1.3 AMENDMENTS

The City of Merrill may from time to time amend the provisions imposed by the policies and procedures contained within the **Economic Development** RLF manual. Such amendments are subject to approval by a two-thirds majority vote of the ~~City of Merrill~~ **Community Development Committee**. The only criterion that may not be amended by the City of Merrill is the 'Eligible Area' as outlined in Section 3.1 ~~below~~.

SECTION 2. ADMINISTRATION

2.1 CITY OF MERRILL ADMINISTRATIVE ROLE RLF & COMMUNITY DEVELOPMENT COMMITTEE

- (1) The City of Merrill shall appoint a ~~Loan Review~~ **Community Development** Committee that should 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 should 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, a certified public accountant and the ~~RLF administrator~~ **Lincoln County Economic Development Director & Community Development Director**.
- (2) The ~~City of Merrill RLF Administrator~~ **Lincoln County Economic Development Director** shall perform a preliminary review of all completed loan applications and develop a summary analysis of the loan request. The summary analysis should include basic information on the project, information on the loan requested, and a recommendation on the terms requested. Upon completion of the summary analysis, the ~~RLF~~ **Community Development** Committee shall meet to review the loan request, and is empowered by the City of Merrill to approve, disapprove or recommend modifications to the loan request ~~and then forward that recommendation to Common Council for final approval or disapproval~~. Upon taking any action on a loan, the ~~RLF~~ **Community Development** Committee shall present the ~~RLF~~ **Community Development** Committee meeting minutes to the City of Merrill in a timely manner.
- (3) The ~~City of Merrill RLF Administrator~~ **Lincoln County Economic Development Director & Community Development Director** will work together to ~~shall~~ oversee the administration of the **Economic Development** RLF Program. The City of Merrill will use a variety of entities (Economic Development Corporations, Chamber of Commerce, and area banks) to explain the **Economic Development** RLF Program to prospective applicants, provide written information, assist applicants in completing applications, and process requests for financing. Where necessary and appropriate, loan applicants will be guided to other more appropriate technical and financial resources when the loan applicant has needs beyond those available from the **Economic Development** RLF program.
- (4) The ~~City of Merrill RLF Administrator~~ **Lincoln County Economic Development Director & Community Development Director** shall ~~work together to~~ monitor and provide periodic loan status reports to the ~~City of Merrill~~ **Community Development Committee**.
- (5) The City of Merrill ~~Community Development~~ **Economic Development** RLF accounting records shall be segregated from other City of Merrill accounts and reports on the account's status will be provided regularly to the City of Merrill
- (6) DIRECT LOANS.

The City of Merrill ~~Community~~ **Economic** Development Revolving Loan Fund will make direct loans to loan recipients. The ~~City of Merrill RLF Administrator~~ **Community Development Director** will develop and maintain loan amortization and repayment schedules, collect payments, send late notices, and notify the ~~RLF~~ **Community Development** Committee when

payments are late. City of Merrill reserves the right to let participation loans with accredited lending institutions when the situation warrants a participation loan.

2.2 MEETINGS

Loan reviews shall be held on an as-needed basis. A majority of the ~~RLF Community Development~~ Committee in attendance at a meeting constituting a quorum shall be required for official Committee action.

2.3 RECORDS

Written records of all program activities, including program meetings, loan applications, and related documents, shall be maintained in appropriate files. ~~City of Merrill RLF Administrator~~ The City of Merrill shall maintain all files in a secure place with limited access. ~~The City of Merrill RLF Administrator~~ Lincoln County Economic Development Director & Community Development Director shall service and manage its loans in accordance with its usual practices and in accordance with policies and procedures outlined in this manual.

The ~~City of Merrill RLF Administrator~~ Community Development Director will notify the loan recipient in writing of the deficiency and the action that will be taken should the payment not be made. ~~After not being successful with attempts to collect the late payments, Should there be a late payment,~~ the Lincoln County Economic Development Director, Community Development Director and City Attorney shall work together ~~will contact the loan recipient to~~ determine the reason for the delayed payment and inform the ~~RLF Community Development~~ Committee of the loan status.

In the event City of Merrill authorizes a participation loan, the ~~City of Merrill RLF Administrator~~ Lincoln County Economic Development Director may review all loan files and reports maintained by Participating Lender.

If the business experiences problems in connection with a loan, the ~~City of Merrill RLF Administrator~~ Lincoln County Economic Development Director & Community Development Director will work with the loan recipient to identify actions needed to correct the identified deficiencies. Corrective actions may include restructuring the loan to protect City of Merrill's interest and to meet the needs of the business.

In the event the findings of the loan review suggest serious problems, particularly if the loan is at risk for default, the ~~City of Merrill RLF Administrator~~ Lincoln County Economic Development Director, Community Development Director and City Attorney will work together to retain legal counsel to take the lead role in initiating action to protect the loan at the loan recipient's expense.

2.4 ADMINISTRATION

Reasonable administrative funds up to five percent (5%) of the loan award may be withdrawn from the ~~Economic Development RLF Loan Funds RLF~~ to cover administrative expenses. In addition to paying costs for ~~RLF administration~~ Lincoln County Economic Development Director, these funds may be used for the following:

- (1) Legal fees.

- (2) Consulting fees for credit analysis, business plan reviews, and technical assistance.
- (3) Office supplies, copying, postage, and related expenses.
- (4) Training costs.
- (5) Costs incurred by Lincoln County Economic Development Corporation relating to the administration of the RLF.
- (6) Reimburse the City of Merrill for wages of the Community Development Director's time with assisting with this program. (Formula: The total amount disbursed in that calendar year x 5%)

To generate additional revenue to cover administrative costs, the ~~Loan Review~~ Community Development Committee may also establish loan origination fees, closing fees, servicing fees, and other fees to cover charges directly related either to processing an application or to servicing a loan. All fees collected go to the Economic Development RLF. The accounting of any fee revenue received on Economic Development RLF loans shall be placed in the RLF and shall include separate line items to track administrative expenses recovered.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the City of Merrill Community Economic Development RLF program shall include all businesses within the City limits.

3.2 ELIGIBLE APPLICANTS

- (1) Applications may be submitted by the sole proprietor, managing partner, Chief Executive Officer of any business wishing to establish a new operation or expand an existing operation in the eligible area as described in 3.1, above.
- (2) Eligible applicants should be businesses or sole proprietors engaged in the manufacture or production of products and/or services consistent with Section 3.3, Eligible Activities, below.
- (3) ~~No~~ Any Committee member or family member (see attached "Conflict of Interest" form) of the RLF Community Development Committee who exercises decision-making functions or responsibilities in connection with the implementation of this program **must include completed Conflict of Interest form with application. is eligible for financial assistance under this program.** For purposes of the Economic Development RLF program "family" means: Spouse, fiancée/fiancé, children and stepchildren, brothers and brothers-in-law, sisters and sisters-in-law and parents and parents-in-law.
(See Attached Conflict of Interest form)
- (4) Applicants shall not be disqualified or discriminated against because of age, race, religion, color, handicap, sex, physical condition, development disability as defined in s.s. 51.01(5), sexual orientation, or national origin.

3.3 ELIGIBLE ACTIVITIES

The Community Economic Development RLF will engage in letting funds for three 2 distinct types of business activities, including 1) Business District Façade Improvement Loans, 2) Economic Development RLF Business Loans Micro loans to early stage businesses, and 3) Job Retention and Creation Loans.

Business District Façade Improvement Loans shall be available to eligible applicants within Business Districts City of Merrill for the following activities:

- (1) Building façade improvements
- (2) Tuck pointing and brick restoration
- (3) Awning repair and acquisition
- (4) Signage
- (5) Façade painting
- (6) Routine maintenance

~~Micro loans shall be available to eligible applicants for the following activities:~~

- ~~(1) Acquisition of fixed equipment~~
- ~~(2) Working capital~~
- ~~(3) Marketing and sales materials~~

~~Job Retention and Creation loans shall be available to eligible applicants for the following activities:~~

- ~~(1) The acquisition of land, buildings, and fixed equipment.~~
- ~~(2) Site preparation, the construction or reconstruction of buildings, or the installation of fixed equipment.~~
- ~~(3) Clearance, demolition, or removal of structures, or the rehabilitation of buildings and other such improvements.~~
- ~~(4) Working capital.~~

Economic Development RLF Business Loans shall be available to eligible applicants within ~~Business Districts~~ City of Merrill for the following activities:

- (1) Purchasing Equipment
- (2) Acquisition of land and or buildings
- (3) Construction or reconstruction of buildings
- (4) Installation of fixed equipment
- (5) Demolition or removal of structures
- (6) Rehabilitation of building and other such improvements

3.4 INELIGIBLE ACTIVITIES

Program loans shall not be available for the following activities:

- (1) Refinancing or consolidating existing debt.
- (2) Specialized equipment 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~~
- (4) Other related activities the City of Merrill 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) Lending institutions.
- (3) Gambling operations.
- (4) Non-public recreation facilities.

3.6 MINIMUM REQUIREMENTS

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

- (1) Private Funds Leveraged. ~~All~~ The applicants must leverage private funds in conjunction with requesting RLF funds. ~~Business District Façade Improvement loan requests must leverage private funds in an amount equal to the loan request. Micro-loan requests must leverage funds in an amount equal to the loan request. Job Retention and Creation loans must leverage funds in an amount equal to fifty percent of the loan request.~~
- (2) Financial Feasibility and Business Viability. The applicant must demonstrate that the proposed project is viable and that the business will have the economic ability to repay the funds. ~~All Micro-loan~~ **The Lincoln County Economic Development Director may require the** applicants ~~are required~~ to submit a complete business plan and pro forma with their application.
- (3) Compliance with Applicable Laws. Applicants shall comply with all applicable local, state, and federal laws and codes.
- (4) Economic Benefit. Applicants must demonstrate the economic benefit to the region associated with the proposed project.

SECTION 4. TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

Loan terms and conditions shall be based on need and ability to repay. It is the intent of the **Economic Development RLF Loan Program** to be as flexible as possible while operating in accord with prudent lending policies. Minimum standards shall include the following:

- (1) Loan Amount. Loan amounts are subject to the availability of program funds, the project proposed and the type of loan requested. It is the City of Merrill's intent to not offer more than ~~\$15,000~~ **\$25,000** per loan per business in the Business District Façade Improvement program, ~~no more than \$10,000 per loan per business in the micro-loan program and no more than \$100,000 per loan per business in the Job Retention and Creation program.~~ The RLF **Community Development** Committee may consider loans in larger amounts if the applicant can demonstrate substantial economic benefit associated with the project.
- (2) Interest Rate. The interest rate shall be established by the RLF **Community Development** Committee. ~~on a case-by-case basis. In general, the interest rate should be similar to the rates provided by the Wisconsin State Trust Fund, but other factors such as the level of economic benefit to the region and the level of financial risk will also be considered.~~

- (3) Terms for Loans. ~~The RLF Committee shall establish loan terms. Ideally, the following loan terms will be considered as standard:~~
- ~~(a) Micro loans and other working capital loans should have a maximum term of seven (7) years.~~
 - ~~(b) Façade Improvement Loans should have a maximum term of eight (8) years.~~
 - ~~(c) Loans for machinery, equipment, and fixtures should have a maximum term of ten (10) years.~~
 - ~~(d) Real estate loans should have a maximum term of 12 years.~~

The RLF **Community Development** Committee reserves the right to ~~establish~~ **consider** different terms on a case-by-case basis **if requested**.

- (4) Frequency of Payment. Terms may include longer amortization schedules with balloon payments. Amortization schedules shall generally be set up for monthly payments, but shall be set up for payment not less frequently than quarterly.
- (5) Deferral. Under special circumstances, payment of interest and/or principal may be deferred for up to one (1) year. 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 not be any prepayment penalties.
- (7) Collateral. City of Merrill will seek to have the best collateral position possible to ensure that RLF **Economic Development** RLF loans are adequately secured. ~~Loan applicants requesting a Micro loan or a Business District Façade Improvement loan may receive an unsecured loan if the business owner can demonstrate a credit score above 650. No unsecured loans will be provided for Job Retention and Creation Loans.~~ In addition to any collateral deemed necessary by the **RLF Community Development** Committee, applicants will be required to provide a personal guarantee unless the applicant can demonstrate to the RLF **Community Development** Committee a personal guarantee is unwarranted.

SECTION 5. APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program with the **Lincoln County Economic Development Director** or other local economic development professionals. ~~The City of Merrill RLF Lincoln County Economic Development Director Administrator,~~ or other local economic development professionals, shall assist the applicant, as is reasonably necessary, in completing the application. Authorized personnel should keep all financial information in a secured place with limited access only.

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 the readiness for the proposed project to proceed. If 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 or retained, the type of jobs created, and the wages to be paid.
- (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

- (1) Applicants should submit a complete copy of the appropriate application, with all required attachments, to the **Lincoln County Economic Development Director** to be considered for the program.

5.5 REVIEW PROCESS

Specific steps in the review process include:

- (1) Preliminary Review. ~~The City of Merrill RLF Administrator~~ **Lincoln County Economic Development Director** 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 **Lincoln County Economic Development Director** will inform the applicant of the deficiencies and request the information required to complete the application. No incomplete applications will be forwarded

- (2) Formal Review and Action. The RLF **Community Development** Committee will meet to review a complete application and will vote to approve or reject the application, or provide the applicant with an opportunity to modify the application based on the RLF **Community Development** Committee's recommendations. If the application is modified the RLF **Community Development** Committee will review the modified application and determine approval or rejection of the modified application.
- (3) ~~Negotiation of Terms. Upon the tentative acceptance by the RLF Committee, the City of Merrill RLF Administrator will submit a Commitment Letter to the loan applicant to review and explain the terms of the loan offer. The letter will provide a period that the offer is available and will be signed by the applicant if acceptable.~~
- (4) Notice of Award. If the application is approved and the loan terms accepted, a closing will be scheduled to execute the necessary loan documents.
- (5) Rejection of Award. If the application is not approved, the ~~City of Merrill RLF Administrator~~ **Lincoln County Economic Development Director** will ~~contact~~ **send a Denial Letter** to the loan 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 must be in place or provided at the appropriate time during the term of the loan. RLF documents may be reviewed by legal counsel for City of Merrill at the expense of the borrower. At a minimum, City of Merrill will be responsible for preparing all notices of award and providing the terms for the loan agreements.

- (1) Notice of Award. The ~~RLF~~ **Community Development** Committee must review and approve a complete application for an eligible applicant to receive a notice of award.
- (2) Loan Agreement. The ~~City of Merrill RLF Administrator~~ **Community Development Director** shall prepare a loan agreement that shall be approved by the City of Merrill's legal counsel. City of Merrill and the borrower shall execute the loan agreement. The loan agreement must be dated, refer to the promissory note, and specify the amount and the terms of the loan funds delivered.
- (3) Promissory Note. A promissory note shall be prepared by **Community Development Director** that shall be approved by the City of Merrill's legal counsel on loans when applicable.
- (4) Security. Mortgage or lien instruments or personal guarantees provided as security for all loans should be prepared by **Community Development Director** that shall be **approved** by the City of Merrill's legal counsel when applicable. The documents will be executed at the time of the loan closing.

The ~~City of Merrill~~ Community Development Director and Lincoln County Economic Development Director will schedule a loan closing with the borrower. All documents will be executed before funds are disbursed, and mortgages and UCC statements shall be recorded with the Register of Deeds and the Wisconsin Department of Financial Institutions when applicable.

SECTION 7. LOAN SERVICING

7.1 MONITORING MANAGING

~~The City of Merrill RLF Administrator Lincoln County Economic Development Director shall service and manage all loans in accord with its internal procedures and policies. The City of Merrill RLF Administrator Lincoln County Economic Community Development Director should prepare and submit an annual loan review to the Community Development Committee, City of Merrill. City of Merrill is also allowed access to the RLF loan files as needed. The City of Merrill RLF Administrator Lincoln County Economic Development Director shall monitor each loan to ensure compliance with the loan terms and conditions and to review the financial health of the business to ensure continued repayment of the loan. The City of Merrill RLF Administrator shall maintain, at minimum, annual contact with each borrower, any other participating lenders and the City of Merrill~~

A loan-servicing file shall be established and maintained for each loan. The file shall include all written correspondence; a record of important telephone conversations; a list of applicable loan covenants; and other documentation deemed appropriate by the RLF Community Development Committee and the City of Merrill.

7.2 RECORDKEEPING

In addition to all other requirements, the RLF financial management records must be comprehensive and designed to provide the following information, which may be provided through an internal accounting system maintained by the ~~City of Merrill RLF Administrator~~ Community Development Director

- (a) Revolving Loan Fund Registers that record all deposits and disbursements to and from the RLF, including funds used for RLF administration.
- (b) RLF Loan Repayment Registers that records repayments made by each business receiving a loan from the RLF. This register also tracks the balance of repayments from all loans from the RLF.
- (c) A Collection Register for every loan made. Each register contains the business name, loan date, loan number, loan amount, terms, and date repayment begins. Payments are divided into principal and interest payments, with a declining principal balance.
- (d) ~~The City of Merrill RLF Administrator Lincoln County Economic Community Development Director~~ shall prepare loan periodic status reports for the ~~City of Merrill Community Development Committee~~ and a monthly report to ~~Personal & Finance Redevelopment Authority Committee~~.

SECTION 8. PERFORMANCE MONITORING

8.1 DEFAULT

If the business defaults on any of the terms and conditions of the loan agreement, note, participation agreement, mortgage, security agreement, or other agreement issued in connection with a loan, all sums due and owing, including penalties, shall become immediately due and payable. City of Merrill's legal counsel will start all legal action on loans in default at the direction of the ~~RLF~~ **Community Development** Committee. City of Merrill may commence action to recover the unpaid balance of the note and account. To exercise this option, the ~~Lincoln County Economic~~ **Community Development Director** and the City of Merrill's legal counsel shall prepare a written notice to the business. The notice shall specify the following:

- (1) The default.
- (2) The action required to cure the default.
- (3) A date, not less than thirty (30) days from the date of the notice, by which the default must be cured to avoid foreclosure or other corrective action.
- (4) Any penalties incurred resulting from the default.

SECTION 9. USE OF LOAN REPAYMENTS AND REPORTING

9.1 RLF PROGRAM

Repaid loans shall be re-deposited into the appropriate ~~Community~~ **Economic** Development Revolving Loan Fund (RLF) 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 lent. The RLF account will be analyzed on an annual basis and the results of the analysis will be reported to the City of Merrill. The analysis shall meet any reporting requirements required by the **Community Development** ~~RLF~~ Committee or recommended by the City of Merrill.

ECONOMIC DEVELOPMENT RLF LOAN PROGRAM
CONFLICT OF INTEREST LIST OF PERSONS

Mayor:

Steve Hass

Alderspersons:

Mike Rick

Steve Sabtke

LaDonna Fermanich

Mark Weix

Richard Lupton

Michael Caylor

Paul Russell

Rick Blake

Community Development Committee:

Mark Weix, Alderman

Landis Holdorf

Betsy Meier Peterson

Nancy Kwiesielewicz

Pete Koblitz

Daniel Schneider

Chris Malm

Community Development Office:

Shari Wicke

Economic Development Director:

William Bialecki

Do you have family or business ties to any of the following people listed above?

_____ I am not related or have any business ties to any of the persons listed above.

_____ I am related to _____ in the following way _____.
Name

_____ I have business ties with _____ in the following way _____.
Name

Signature of Applicant