



REDEVELOPMENT AUTHORITY OF THE CITY OF KAUKAUNA (RACK)

LOAN PROGRAM HANDBOOK

Revolving Loan Program

Microloan Program

Energy Assistance (PACE) Loan Program

Last Updated: October 2021

For questions about this program, please contact:

City of Kaukauna
Attn: Joe Stephenson
144 W.2nd Street
PO Box 890
Kaukauna, WI 54130
920-766-6315
jstephenson@kaukauna-wi.org

TABLE OF CONTENTS

Introduction	3
Application Process	4
Loan Application Package	5
Distribution of Funds	7
How to Request a Private Business Loan	8

INTRODUCTION

The Redevelopment Authority of the City of Kaukauna (RACK) administers three loan programs which are available to assist businesses and property owners within the City of Kaukauna with projects which will benefit both their business/property and the community.

The three loan programs are:

1. Revolving Loan Fund for physical improvements to buildings and land.
2. Microloans for small businesses to assist with various costs of doing business.
3. Energy Assistance Loans (also known as PACE: Property Assessed Clean Energy) for improving energy efficiency through upgraded heating and cooling, insulation, windows, and lighting.

RACK loans serve as “gap financing” for projects. Applicants must demonstrate that funding is needed to make the project feasible. The applicant must invest some of their own funds and/ or traditional financing (bank loan) toward the project.

This document serves as a guide for to understand the purpose of each loan program, eligible projects which qualify for each program, and how to apply.

If you have a project that meets the guidelines discussed in this document, or if you aren't sure which loan is best for your project, the first step is to contact the City's Planning and Economic Development Director listed on the title page for assistance.

APPLICATION PROCESS

Getting Started: Talk with us.

Before submitting an application, the applicant shall discuss the program with the Planning and Community Development Director. The Planning and Community Development Department shall provide the applicant with the appropriate application forms and shall assist the applicant, as necessary, in completing the application. All financial information shall be kept confidential except as required by law.

Timing & Priority

Timing: Applications may be submitted at any time during the year.

Priority: Applications will be evaluated in the order received.

Submitting the Application

Please submit applications to the Planning and Community Development Director:

City of Kaukauna
Attn: Joe Stephenson
144 West Second Street PO Box 890
Kaukauna, WI 54130
920.766.6315
jstephenson@kaukauna-wi.org

Review Process

Preliminary Review: The Director of Planning and Community Development shall review for completeness and verify that the proposed program meets the minimum requirements. If the application is not complete, the Planning and Community Development Director will inform the applicant and state the deficiencies.

Formal Review: The Redevelopment Authority of the City of Kaukauna will meet to formally review the application.

Notice of Decision: If the application is approved, a meeting will be arranged to execute the necessary loan closing documents. If the application is not approved, the Planning and Community Development Director shall send a letter to the applicant stating the reasons for rejection.

LOAN APPLICATION PACKAGE

To apply for a RACK Loan, applicants shall submit a loan package consisting of the following information. Additional information may be requested before an application is submitted to the Authority. The applicant is required to be present at the meeting where the application is reviewed to answer any questions members of the Authority may have.

- **Completed Application Form:** A completed application form for the relevant program, as provided by the Planning and Community Development Department.
- **Business Description:**
 - A brief history of the existing or proposed business, when it started or is to start, type of operation, legal structure, union status, markets, competitors and products.
 - Key customers and clients.
 - A brief personal resume of each principal associated with the business, including number of years of experience, educational background, and personal involvement in proposed business.
- **Business Performance History and Projections:** Business performance history (profit and loss statement) for the past three years (or life of business, whichever is shorter) and a two-year business projection.
- **Business Plan:** A business plan including projected financial statements. If the applicant is the property owner and is making improvements to attract or retain tenants, include rent cashflow projections.
- **Project Description:** Explain how the company plans to use the requested funds.
- **Description of Need:** Explain and document why RACK program financing is necessary to implement the proposed project. One or more of the following examples may apply:
 - Demonstrate the existence of a financing gap.
 - Demonstrate that the proposed project is not economically feasible if private financing must be used for 100 percent of the project.
 - Demonstrate that private financing or investment in the project is contingent upon and will be leveraged by RACK program financing.
- **Estimates:** Estimates of work to be performed for eligible expenses by contractors (Revolving Loan or PACE), or of eligible costs to be incurred (Microloan).
- **Financial Statements:** Financial statements must be provided for the business and the principal owners of the business.
- **Copy of Bank Loan Application Materials:** Please black-out all Social Security numbers.
 - If the bank loan request was denied, please provide a denial letter from the bank to indicate that applicant has sought traditional financing options.

- **Commitment from Private Lenders** (if applicable): Include documentation of commitments from all private lenders making loans to the project. Lender commitment letters should include:
 - Description of the type of loan being made by the lender (first mortgage, permanent financing, construction financing, etc.)
 - The amount of the loan, interest rate, term and security.
 - Statement that the loan is contingent only on the receipt of program financing, if applicable.
- **Proof of Personal Financial Commitment** (if applicable): If applicable, statement showing personal financial commitment to project.
- **Proof of Landlord Consent** (if applicable): If leasing the building to be improved, please provide a letter of consent from the building owner including an acknowledgment of the specific work to be performed.
- **Exterior Improvement Visuals** (if applicable for Revolving Loan): Renderings of planned work or photos of similar work to illustrate what exterior improvements will look like when complete.

DISTRIBUTION OF FUNDS

Prior to releasing funds, the following terms and conditions must be met:

- **Notice of Award:** The Redevelopment Authority of the City of Kaukauna must have reviewed and approved a complete application for an eligible project submitted by an eligible applicant.
- **Evidence of Program Expenditures:** Documentation must be provided by the business to evidence program expenditures prior to the release of funds. Documentation shall include invoices, receipts for materials, approved requests for payment, final bills of sale or canceled checks. All documentation shall be reviewed and approved by the Planning and Community Development Director prior to payment by the City of Kaukauna.
- **Fixed Equipment:** Fixed equipment financed with program funds must have been purchased, delivered and installed. The Planning and Community Development Director shall verify the installation of all fixed equipment.
- **Loan Agreement:** The Redevelopment Authority of the City of Kaukauna attorney shall prepare a loan agreement which shall be executed by the Redevelopment Authority of the City of Kaukauna and Chief Executive Officer of the business.
- **Promissory Note:** A promissory note shall be prepared by the Redevelopment Authority of the City of Kaukauna. The promissory note must be signed by the Chief Executive Officer of the business at the time of loan closing. The note must be dated; it must reference the agreement between the Redevelopment Authority of the City of Kaukauna and the business; and it must specify the amount and terms of the loan funds delivered.
- **Repayment Schedule:** A loan repayment schedule shall be prepared by the Planning and Community Development Department. At that time, the repayment schedule should be attached to both parties' copies of the agreement.
- **Security:** Mortgage or lien instruments provided as security for all loans must be prepared and executed at the time of loan closing. The Planning and Community Development Director shall record the instrument and place a copy in the project profile.

HOW TO REQUEST A PRIVATE BUSINESS LOAN

When seeking a loan from a bank for part of your project, the following is intended to serve as a guide for the information your financial institution needs to help make a decision on your business loan request. Providing this information to your financial institution at the time you request the loan will speed the processing of your loan. More importantly, it gives you the opportunity to systematically analyze the future plans for your business, enabling you to make the best-case possible for the loan you seek.

Proposal Summary: In a few sentences, describe the company, its product or service, the amount of the loan you are requesting, how the funds will be used, and the equity which you will be putting into the business.

Description of Business: Describe the products or services, applications, and markets of your business. Include pictures and advertising brochures. Tell whether you are a manufacturer, distributor or retailer. If a new business, describe the planned business form (proprietorship, partnership or corporation) and how you will operate it. For an existing business, give a brief history of the company.

Goals for the Business: Describe the direction you see the business going over the next two to three years. Identify any new products. Detail your goals for quality, profits, employee relations, number of customers, type of customer, etc. List separately the key dates included in your goals- such as the order, receipt and operating dates for new equipment, buildings, systems, etc. Describe your marketing and sales plans.

Management and Personnel: List the key people in the organization. Describe the individual capabilities and experience that will contribute to the success of the business.

Financial Data: For an existing business, provide the balance sheet and income statement for the past two to three years, plus the current (within 60 days) financial statements. Provide a monthly budget with two or three scenarios (best, worst, realistic) of your sales, expenses and cash flow for the year after you receive the loan. Also, it would be helpful to provide an estimate of the succeeding one or two years. List any assumptions on which your forecasts are based. Include an aging of accounts payable, the details of any other business debts and credit references.

Use of Loan Funds: Tell what you will be using funds for, when major loan expenditures will be made, and the reasons for the expenditures. Estimate the portions of the funds required for machinery and equipment, buildings, accounts receivable increase, additional inventory, etc. Supply a copy of the quotations on which you based the estimate for buildings, machinery and equipment.

Collateral: List business or personal assets that will be available to collateralize the loan. Attach available appraisals of assets such as machinery, buildings and land. Include an aged listing of accounts receivable. Provide an estimate of forced liquidations (distressed) value of assets.

Equity: Show any personally owned assets or cash you will be putting into the business. If you will be personally borrowing equity, list the lenders, the terms of repayment and include any commitment letters. 8