



Brookfield Development Loan Fund Program: Policies and Procedures Manual

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SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

These policies and procedures contain the criteria which govern the funds available through the Brookfield Development Loan Fund, established by Resolution 8292-11, hereafter referred to as “Program”. Program funds are for business establishments located in the City of Brookfield or which plan to locate in the City of Brookfield as a result of the Program.

1.2 TARGETING CRITERIA

Program funds are available for those businesses or proposed businesses who can raise a major portion of the debt and equity necessary to establish a new business or expand an existing business but for which a gap exists.

1.3 OBJECTIVES

The Program funds are intended to:

- 1) Encourage the creation and retention of permanent jobs within the City of Brookfield;
- 2) Facilitate leveraging new private investment into the City of Brookfield for fixed asset investment;
- 3) Perpetuate a positive and proactive business climate in the City of Brookfield that encourages the retention and expansion of existing businesses and attracts new businesses;
- 4) Promote investment that provides a diverse mix of jobs.
- 5) Assist the City of Brookfield in attracting diverse and cutting-edge businesses, including those involved in energy efficiency, sustainability, and technology;
- 6) Encourage and focus redevelopment within the City of Brookfield’s identified Targeted Investment Areas (TIA) as defined in the 2050 Comprehensive Plan in order to support continued economic and fiscal vitality of those areas and in the City as a whole;
- 7) Implement the City of Brookfield’s Economic Development Committee’s goals and objectives.

1.4 GENERAL PROGRAM OVERVIEW

Program Funds will be loaned to an approved Program participant by the Milwaukee Economic Development Corporation (MEDC), after the City purchases a Participation Interest from MEDC upon EDC recommendation and Common Council approval.

SECTION 2. ADMINISTRATION

2.1 ECONOMIC DEVELOPMENT COMMITTEE

- 1) The Economic Development Committee (EDC) is responsible for overseeing Program administration and preparing these policy and procedures which the Finance Committee and Common Council will review and approve.
- 2) The EDC will determine on a semi-annual basis whether there are sufficient Program funds to purchase new loan participation interests.
- 3) The EDC will annually review the need for additional Program funds and timely submit requests to the Common Council for consideration in the City's budget process, when necessary.
- 4) Program participation interest purchasing initial review and recommendations will be made by the EDC based on the Economic Development Coordinator's (Coordinator) reports, with final purchase decisions by the Common Council.

2.2 ECONOMIC DEVELOPMENT COORODINATOR

- 1) The Coordinator shall be the Program liaison between the EDC, the Council and MEDC.
- 2) The Coordinator shall administer the Program including initial eligibility reviews and consultations, and prepare a recommendation for the EDC based on:
 - a) History of the business and impact the proposed project and current economic conditions may have on the business;
 - b) Historical and projected, when appropriate, financial performance of the business;
 - c) Sufficiency of collateral and cash flow coverage
- 3) The Coordinator shall create and provide to the EDC on a semi-annual basis, a Program Activity Report that includes: available program funds, outstanding closed out Participation Interests (if applicable), loan defaults (if applicable), and payments.

2.3 LOAN PROGRAM

- 1) MEDC will provide recommendations to the Coordinator as to the terms of the MEDC and proposed terms after it receives a loan application.
- 2) If the City decides to participate in the loan, the City will enter into a Loan Participation Agreement (Contract) with MEDC for the approved amount of funding, the interest rate paid to the City, and the interest rate paid by the Borrower, which should cover any MEDC costs.
- 3) MEDC will be responsible for servicing all loans under the Program

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE APPLICANTS

- 1) Business or proposed business shall be located or planning to locate within the corporate limits of the City of Brookfield.
- 2) No member of the EDC or any other official, employee, or agent of the City of Brookfield who exercises decision-making functions or responsibilities in connection with the implementation of the Program is eligible for financial assistance under the Program. Former City of Brookfield elected officials and EDC members are ineligible to apply for or receive loan funds for a period of 3years from the date of termination of their service.

3.2 ELIGIBLE ACTIVITIES

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

- 1) Site preparation and the construction or reconstruction of buildings.
- 2) Clearance, demolition, or the removal of structures or the rehabilitation and renovation of buildings, façade renovations and other such improvements.
- 3) Leasehold improvements, where the lease period is for the term of the Program loan or five (5) years, whichever is longer
- 4) Acquisition of machinery or equipment provided that the minimum useful life of the equipment is estimated at ten (10) years or more, except specialized equipment that is not essential to the business operation and rolling stock.
- 5) Furniture and fixtures.
- 6) Acquisition of land and buildings.

3.3 INELIGIBLE BUSINESSES

Program loans shall not be available for the following types of businesses:

- 1) Speculative investment companies
- 2) Real estate investment companies
- 3) Payday and auto title loan businesses
- 4) Gambling operations
- 5) Adult-oriented uses as defined at §5.04

SECTION 4. APPLICATION PROCEDURES

4.1 DISCUSSION OF REQUIREMENTS

Prior to submitting a loan application to MEDC, the applicant shall discuss the Program with the Coordinator and MEDC, who will assist the applicant in completing the application.

4.2 TIMING

Applications may be submitted at any time during the calendar year.

4.3 PRIORITY

Applications shall be reviewed in the order that they are received. In the event that applications are received at the same time, the following criteria will be used to determine which application will be processed first:

- 1) Funds available
- 2) Completeness of application;
- 3) Eligibility for Program;
- 4) Readiness of proposed project to proceed.

4.4 LOAN APPLICATION

Applicants shall submit an application using the form available from MEDC that includes the following:

- 1) Borrower Information.
 - a) Description of the business that includes legal form, date of organization, state of organization, NAICS code, ownership.
 - b) Business history
 - c) Certifications

- d) Professional contacts
 - e) Business locations
 - f) Type of business
 - g) Ownership resumes
 - h) Current and previous 3 year financial statements (3 year projections for start-ups)
 - i) Existing debt obligations
 - j) Current ownership personal financial statement
- 2) Proposed Project Information.
- a) Project description
 - b) Real estate or equipment purchased
 - c) Interim financing
 - d) Estimated start date for project
 - e) Estimated end date for project
 - f) Project costs
- 3) Job Information.
- a) Full-time and part-time workers
 - b) Wage ranges
 - c) Employee residence
 - d) Employee coverages (i.e. health insurance)
 - e) Estimated increase of jobs from project
- 4) Additional Information.
- a) Business dependency
 - b) Environmental related business
 - c) Licensing needs
 - d) Government contracts
 - e) Business bank accounts

4.5 REVIEW PROCESS

Preliminary Review: MEDC will inform the Coordinator of applications for the Program and the Coordinator will review requests and verify that the proposed project meets the minimum requirements provided in **Section 3.2**

Formal Review: The EDC will review loan participation requests at regularly scheduled meetings. Once a review is completed, the EDC will issue a written recommendation to the Common Council. Copies of the recommendation will be sent to the applicant and MEDC. The Council will make a decision to adopt or reject the EDC's recommendation.

Review Time Frame: The EDC, and Common Council will attempt to complete review within 60 days of the receipt of a participation request from MEDC.

Reconsideration: If the loan participation request is denied by the Council, the Coordinator, MEDC and the applicant can work together to explore ways to strengthen the loan participation request and resubmit for EDC recommendation and Council action.

SECTION 5. TERMS AND CONDITIONS

Minimum loan terms and conditions shall include the following:

- 1) **Availability:** Loan participation is subject to the availability of Program funds.
- 2) **Maximum Participation Amount:** The City's maximum Loan Participation Amount is \$50,000 per loan. The City may purchase a Participation interest in a higher amount, if the additional request is also reviewed and recommended by the Finance Committee. In such instances, the higher participation interest cannot be more than an additional \$5,000.00.
- 3) **Interest Rate:** The interest rate charged to the borrower and paid to the City will be determined by MEDC.