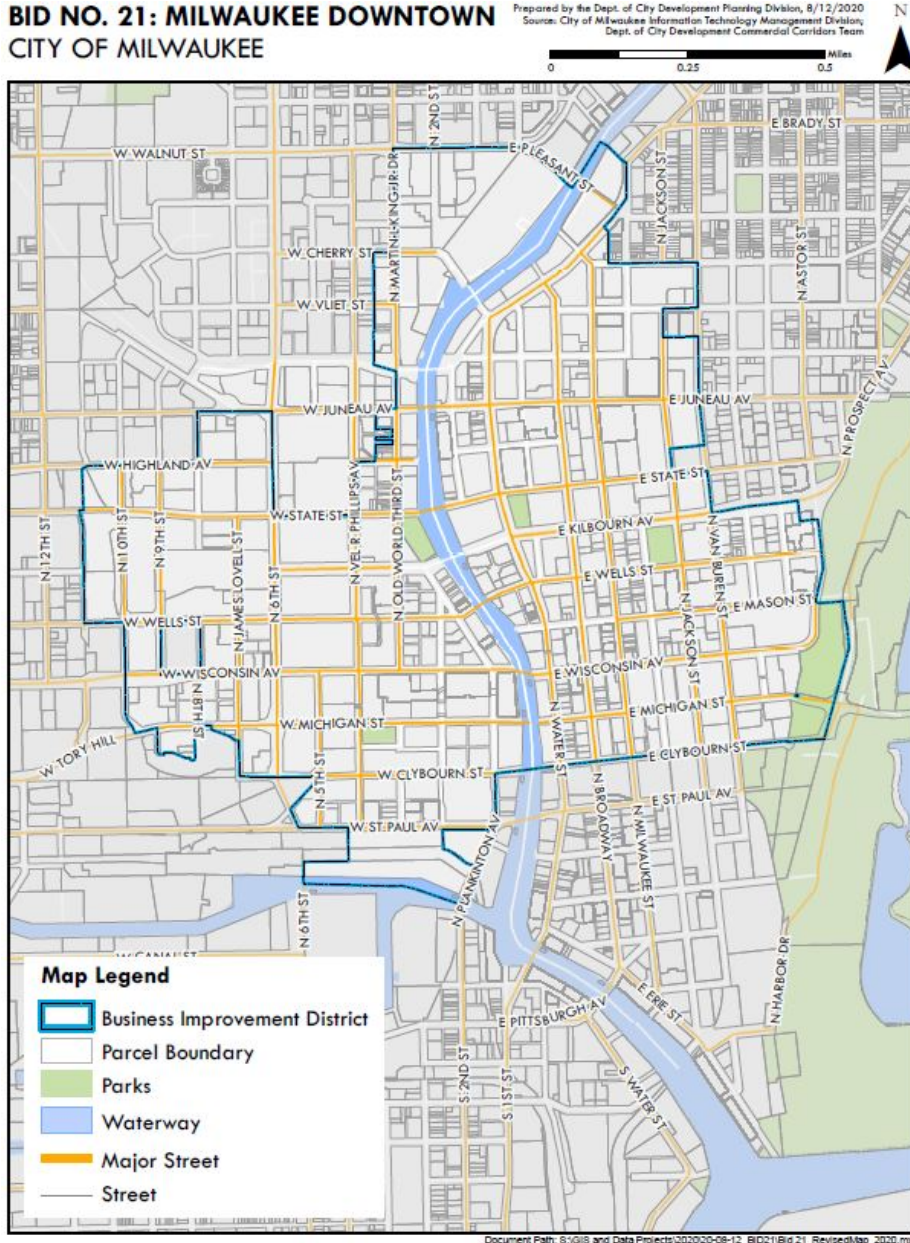


MILWAUKEE DOWNTOWN, BUSINESS IMPROVEMENT DISTRICT #21 BUSINESS DEVELOPMENT LOAN POOL (BDLP) GUIDELINES & APPLICATION

BID NO. 21: MILWAUKEE DOWNTOWN
CITY OF MILWAUKEE

Prepared by the Dept. of City Development Planning Division, 8/12/2020
Source: City of Milwaukee Information Technology Management Division,
Dept. of City Development Commercial Corridors Team



Created in proud partnership with



BUSINESS DEVELOPMENT LOAN POOL (BDLP)
Milwaukee Downtown, Business Improvement District #21 (BID #21)

PARTICIPATING PARTNERS

Participating Partners include:

- Milwaukee Downtown, Business Improvement District #21 (BID #21)
- Bank Five Nine

FUNDING SOURCE

The Milwaukee Downtown, BID #21 Business Development Loan Pool (BDLP) is provided by Bank Five Nine in conjunction with Milwaukee Downtown, Business Improvement District #21 through a public/ bank partnership.

DESCRIPTION

The Business Development Loan Pool (BDLP) is a revolving loan fund designed to provide low cost loans for start-up expenses for new businesses, and/ or expansion costs for existing businesses, and/or building improvement costs for commercial property owners that are located in boundary of Business Improvement District #21 (BID #21) in downtown Milwaukee (See Exhibit A for BID #21 boundary). **The BDLP program is designed to primarily assist in improvements for first floor retail/ commercial space and businesses; however upper floor commercial improvements may also be considered in applicable situations.**

ELIGIBLE ACTIVITIES

Eligible expenses include loans for the following:

- Building improvements/ renovation and/or new construction
- Land and/or building acquisition
- Equipment purchase
- Costs associated with environmental and/or safety compliance
- Costs associated with the redevelopment of blighted and/or vacant land and facilities

INELIGIBLE ACTIVITIES

Ineligible expenses include loans for the following:

- Refinancing of existing debt or the interest payments on existing debt
- Improvements completed prior to loan approval
- Paying of taxes
- Contributing equity required of borrowers participating in other loan programs.
- Investing in interest bearing accounts, certificates of deposits, or other investments not related to job creation/retention
- Purchasing or financing equity in private businesses
- Subsidizing interest payments on existing loans
- Loans which would create a potential conflict of interest
- Loans for the purpose of speculative activities

APPLICATIONS

Applications are available:

- From Matt Dorner, Economic Development Director, Milwaukee Downtown, Business Improvement District #21 at (414)238-2243 or mdorner@milwaukeedowntown.com

I. Introduction

Bank Five Nine committed to establish a loan pool to encourage business development and revitalization in the boundary of BID #21 in downtown Milwaukee. The loan proceeds will be utilized to fund commercial projects ranging from assisting new businesses with startup costs, existing businesses with renovation or expansion plans, and providing a capital source for building improvement projects for commercial property owners that in the BID #21 boundary. The loans are intended to carry below market rates, typically fixed at 1.00% with favorable terms. Loan amounts shall not exceed 20% of eligible project costs with a maximum of \$25,000.

The program is designed to encourage new investment in commercial and mixed-use projects by property owners and/ or tenants.

II. Program Description

The Business Development Loan Pool (BDLP) is a pool of money made available by Bank Five Nine for the purpose of making loans to achieve economic benefits.

Economic benefits are defined as:

- Business development, including the start-up or expansion;
- Business and job retention;
- Redevelopment of blighted land and vacant facilities for mixed-use residential, commercial, or business purpose;
- Modernization and rehabilitation of existing mixed-use residential or commercial properties;
- Support the use of new technologies in growth industries and/or high-tech firms.

In general, lending policies and financing techniques will include, but are not limited to:

- Providing below market interest rates;
- Providing longer term loans than are traditionally available for a particular type of financing;
- Reducing the risk for non-participating commercial lenders by providing subordinate financing.

III. Eligibility Requirements

Eligible BDLP projects must meet the following basic program eligibility requirements:

A. Eligible Areas

Eligible projects must be located in the boundary of BID #21 in the City of Milwaukee. (See Exhibit A for BID #21 boundary).

B. Eligible Applicants

In order to be eligible for the program, an applicant and the proposed project must meet at least the following criteria:

1. The applicant must own or have a legal option to purchase the subject property or have a Lease or an Agreement to Lease equal to, or greater than, the term of the loan. Proof of the length of the Lease or Agreement must be furnished. (A signed, notarized copy of the Lease or Agreement will be considered proof)
2. The applicant must demonstrate to the Participating Partners that there are adequate resources available to complete the project and create economic benefit. This will include proof of a commitment for financing, along with the necessary equity required by the primary lender(s). A current business plan must be submitted as part of the application process.
3. The taxes on the subject property must be up to date prior to the final approval by the BID #21 Economic Development Steering Committee and remain current for the length of the term of the loan.
4. If the proposed loan project is for construction financing, plans and specifications must show the property will be substantially improved, and all reasonably usable space within the structure will be returned to a state of utility through repair or alteration.
5. An applicant is only eligible for the BDLP program when full private financing or credit is not otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project to be financed.
6. The applicant and guarantors, if applicable, will have no concurrent interest in any other project receiving assistance through the program, unless specifically approved by Bank Five Nine.
7. The applicant and guarantors, if applicable, must have a satisfactory credit history.

C. Eligible Loan Activities

1. Fixed asset loans for the acquisition and/or improvement of land, buildings, and equipment, including new construction or renovation of existing facilities, demolition and site preparation and environmental or safety compliance.

D. Ineligible Loan Activities

1. Loans for the purpose of investing in interest bearing accounts, certificates of deposits, or other investments not related to job creation/retention.
2. Loans which would create a potential conflict of interest.
3. Loans for the purpose of speculative activities.
4. Loans for the purpose of purchase or finance equity in private businesses.
5. Loans for the purpose of subsidizing interest payments on existing loans.
6. Loans for the purpose of refinancing loans made by other lenders.
7. Loans for the purpose of payment of taxes.
8. Loans for projects completed prior to BDLP program approval.

IV. Loan Review Criteria

In general, Bank Five Nine and the BID #21 Economic Development Steering Committee will consider the following priorities and conditions when reviewing an application for financing:

- A. Priority to businesses and developers looking to invest in the BID #21 boundary that furthers the planning goals and objectives to make the District a pedestrian oriented, mixed-use neighborhood with vibrant commercial activities.
- B. Priority based on job retention or new job creation through capitalization of start-ups, business expansion, or retention of businesses.
- C. Priority to business which will attract larger numbers of people to BID #21.
- D. Priority to businesses looking to locate in vacant properties in the BID #21 boundary.
- E. Priority to businesses and property owners targeting improvements of first floor retail/commercial locations; however upper floor commercial improvements may also be considered in applicable situations.
- F. Priority based on security and repayment strength.

V. Loan Terms

It is the goal of the program to remain as flexible as possible in working with the individual needs of applicants. Therefore, the minimum/maximum loan amount, interest rate, term, and collateral will be negotiated, on a case by case basis, with the Participating Partners. Loan amounts shall not exceed 20% of eligible project costs with a maximum of up to \$25,000, subject to the availability of funds in the BDLP and the determined project need. The interest rates are generally fixed at 1.00%; however, each loan is evaluated separately on collateral, risk, and terms. Exceptions may be made on dollar amounts by Bank Five Nine.

In the determination of collateral requirements, the Participating Partners will consider the merits and potential economic benefits of each application. When appropriate and practical, BDLP financing may be secured by liens or assignments of rights in assets as follows:

- A. In order to encourage financial participation in a direct fixed asset loan project by other lenders and investors, the term of the BDLP program may be for a longer period than that of the other lender(s). The lien position of the BDLP loan may be subordinate to pre-existing or concurrent debt, and made inferior to the lien, or liens, securing other loans made in connection with the project.
- B. In projects involving direct working capital loans, the BDLP program will normally obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. Such liens may be subordinate only to existing liens of record and other loans involved in the project.
- C. In projects involving fixed asset loans, the BDLP program normally will obtain collateral on the asset(s) to be financed as well as other assets of the company, as appropriate.
- D. In projects involving guaranteed loans in the revolving phase, the lending institution ordinarily will be required to maintain a collateral position, to which the BDLP loan is subrogated, in the assets of the borrower and/or principals of the borrower such as by taking liens on inventories, receivables, fixed assets, and/or other available assets of borrowers.
- E. In addition to the above types of security, the BDLP program may also require security in the form of assignments of patents and licenses, leases or stock certificates, and such other additional security as the grantee determines is necessary exposure.
- F. The BDLP program should ensure that the borrower obtains adequate hazard and other forms of insurance, as appropriate. The BDLP program also will obtain a lender's loss payable endorsement on that insurance.
- G. BDLP loan requests submitted by closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals will ordinarily be expected to provide and assign to the BDLP life insurance on these key persons. Personal guarantees will be required from principal owners.

VI. Application Process

- A. An application is to be completed by the applicant and submitted to the Milwaukee Downtown, BID #21 Economic Development Director. The preliminary application will be reviewed for completeness and eligibility.
- B. Completed and eligible applications will be reviewed and action will be taken by the BID #21 Economic Development Steering Committee, after receiving a recommendation from BID #21 Staff and Bank Five Nine. Following action by the BID #21 Economic Development Steering Committee, the application will be forwarded for final review and consideration by Bank Five Nine.
- C. The application will be reviewed and approved or denied by BID #21 Economic Development Steering Committee, subject to the requirement that any application shall be approved by a majority vote and approved by Bank Five Nine. Terms and conditions of an approved project will be established as part of the final loan approval process with Bank Five Nine.
- D. The BDLP credit underwriting, loan processing and servicing will be handled by Bank Five Nine.

MILWAUKEE DOWNTOWN, BID#21
BUSINESS DEVELOPMENT LOAN POOL APPLICATION

I. APPLICANT INFORMATION

Name: _____

Telephone: _____

Home Address: _____

Social Security Number: _____

II. PROPOSED PROJECT

Full Legal Name of Borrower: _____

Address: _____
Street City State Zip

Contact Person: _____ Phone Number: _____

Type of Business: _____

Year Business was established: _____

Years Under Current Management: _____

Number of employees: Current: Full time _____ Part time _____

Proposed: Full time _____ Part time _____

Business Ownership:

Sole Proprietorship Corporation General Partnership

Limited Liability Co. S Corporation Limited Partnership

Landlord Information: Name: _____

Phone Number: _____

Lease Expiration: _____ Annual Rent: _____

Any relationship between the business and the Landlord? Yes No

III. LOAN REQUEST

Amount Requested: _____

Interest Rate Requested: _____

Term Requested: _____

For what purposes will this loan be used? _____

How will business repay this loan? _____

Is the business subject to either seasonal or cyclical cash flow variations?

Yes No

If yes, please explain: _____

(Please attached additional sheets to provide complete answers if necessary.)

V. FINANCIAL INFORMATION

- a. Does this business currently pay taxes to the City of Milwaukee?
Yes_____ No_____ If yes, what is the amount \$_____.
Enclose copies of tax bills (property, inventory and equipment if applicable).
- b. Have you received any assistance from the City of Milwaukee, State of Wisconsin or any federal programs for the above presented project or any other property?
Yes_____ No_____
- c. Submit copy of deed or legal description of property, purchase and sales agreement or lease, whichever applies regarding use of loan proceeds.
- d. Business financial statements for the past three (3) years if the business is already in existence. If the business is new, a business plan is required which must include projections for at least two years into the future.
- e. Business income tax returns for the past three (3) years, including all schedules.
- f. Interim financial statements (if six (6) months have passed since the last fiscal year-end; provide all available interim statements).
- g. Personal Financial Statement for each proposed borrower, owner, partner or guarantor.
- h. Personal Federal Income Tax Returns for the past three (3) years for each proposed borrower, owner, partner or guarantor, include all schedules.

VI. COLLATERAL OFFERED TO SECURE LOAN *

- Accounts Receivable
Aging Report (Attached) Date of Report: _____
- Inventory
Inventory List (Attached) Valuation: _____
- Equipment
Bill of Sale (Attached) Valuation: _____
- Real Estate
Recorded deeds (Copy(s) Attached)
Address: _____
- Vehicle(s)
Title(s) Copy (Copy(s) Attached)
Valuation: _____

* If any collateral is pledged, identify and indicate name of secured party.

VII. Bank Relationships

Bank Name	Loan Type	Account Number	Balance

VIII. Credit References (include loans from banks, finance companies, individuals, other financial institutions, etc.)

Creditor	Loan Type	Account #	Monthly Payment	Balance	Collateral

IX. Trade References (List your four largest trade creditors).

Trade Creditor	Trade Terms	High Credit	Balance	Collateral

X. Top Four Customers

Name and Address	Selling Terms	% of Sales

Please read this:

The information contained in this application is provided to induce the Participating Partners to extend credit to you. You acknowledge and understand that Participating Partners are relying on the information provided in this application in deciding whether to extend credit to the applicant. Each of you represents, warrant and certify that the information provided in this application is true, correct and complete. Each of you agree to notify Participating Partners immediately of any materially adverse change in (1) any of the information contained in this application or (2) you or any proposed guarantor's financial condition. The Participating Partners are authorized to make all inquiries it deems necessary to verify the accuracy of the information contained in this application. You authorize any person or credit reporting agency to give the Participating Partners any information it may have about you. Each of you signing below do authorize the Participating Partners to obtain credit checks on you, including consumer credit checks through credit reporting agencies and direct inquiries of business(es) where you have accounts, where you worked, or other sources; (b) to contact these sources at any time whether before, during or after the term of any agreement between you and Participating Partners to update information or to assist the Participating Partners in enforcing any obligations you owe to the program; and (c) to properly report any performance with regard to credit extended to any one who may properly receive such information.

Please sign here:

Corporation or partnership applicant: Individual, Sole Proprietor, and Guarantors:

Name of entity

X _____
Authorized Signature

X _____
Authorized Signature

Print Name Date

Print Name

X _____
Authorized Signature

Title

Print Name Date

X _____
Authorized Signature

Print Name Date

EXHIBIT A

BUSINESS DEVELOPMENT LOAN POOL (BDLP) ELIGIBILITY AREA

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