

**COUNTY OF RACINE
FINANCE & HUMAN RESOURCES COMMITTEE**

Supervisor Q. A. Shakoar, II, Chairman
Supervisor Robert N. Miller, Vice Chairman
Supervisor Thomas H. Pringle, Secretary
Supervisor Janet Bernberg
Supervisor Brett Nielsen

Supervisor Donnie E. Snow
Supervisor John A. Wisch
Ryan Anderson, Youth in Governance Representative
Ruby Ward, Youth in Governance Representative

*** THIS LOCATION IS HANDICAP ACCESSIBLE. If you have other special needs, please contact the Racine County Board Office, 730 Wisconsin Avenue, Racine, Wisconsin 53403 (262) 636-3571, fax (262) 636-3491 or the TTD/RELAY 1-800-947-3529. ***

NOTICE OF MEETING OF THE
FINANCE AND HUMAN RESOURCES COMMITTEE

DATE: **Wednesday December 13, 2017**

TIME: **5:00 P.M.**

PLACE: **IVES GROVE OFFICE COMPLEX
AUDITORIUM
14200 WASHINGTON AVENUE
STURTEVANT, WISCONSIN 53177**

AGENDA –

1. Convene Meeting
2. Chairman Comments – Youth In Governance/Comments
3. Public Comments
4. Approval of Minutes from the November 29, 2017 committee meeting.
5. Approval of Minutes from the December 5, 2017 committee meeting.
6. UW Extension – Bev Baker – Authorizing a lease agreement with the Board of Regents to the University of Wisconsin System, University of Wisconsin – Education – 2017 – Resolution – 1st Reading at the December 19, 2017 County Board Meeting.
7. Racine County Economic Development Corporation – Janell Topczewski – Joint Resolution between Finance & Human Resources Committee and Economic Development & Land Use Planning Committee – Racine County Revolving Loan Fund (RLF) Plan Certification for the Period Ending September 30, 2017 – 2017 – Resolution – 1st Reading at the December 19, 2017 County Board Meeting.
8. Racine County Economic Development Corporation – Carolyn Engel – Establishment of new Racine County Revolving Loan Fund – 2017 – Resolution – 1st Reading at the December 19, 2017 County Board Meeting.

12. Adjournment

FINANCE & HUMAN RESOURCES COMMITTEE ACTION ONLY

Requestor/Originator Finance & Human Resources Committee

Committee/Individual Sponsoring: Finance & Human Resources Committee

Date of Committee Meeting: 12/13/2017

**Signature of Committee Chairperson
/Designee:** _____

Description: Approval of the minutes from the November 29, 2017 Meeting

Motion: _____

Action: **County Board Supervisors**
 Approve
 Deny

Youth In Governance
 Approve
 Deny

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING
November 29, 2017

IVES GROVE OFFICE COMPLEX
AUDITORIUM
14200 WASHINGTON AVENUE
STURTEVANT, WISCONSIN 53177

Meeting attended by: Chairman Shakoor II, Supervisors Bernberg, Nielsen, Snow and Wisch, Youth Representatives Anderson and Ward, County Executive Jonathan Delagrave, Chief of Staff MT Boyle, Finance Director Alex Tillmann, Human Resources Director Karen Galbraith, Finance & Budget Manager Kris Tapp, Asst. Corporation Counsel John Serketich, Audit Manager Tricia Randelzhofer, Information Technology Director John Barrett, Captain James Weidner, John Knepel from Baker Tilly Virchow Krause, LLP and Joseph Veranth and Noaman Sharief from DANA Investment Advisors.

Excused: Supervisors Miller and Pringle.

Agenda Item #1 - Convene Meeting

Meeting Called to Order at 5:02 by Chairman Shakoor II.

Agenda Item #2 – Youth in Governance/Comments

Chairman Shakoor said the Youth in Governance statement.

Agenda Item #3 – Public Comments

None.

Agenda Item #4 – Approval of Minutes from the November 7, 2017 Meeting.

Action: Approve the minutes from the November 7, 2017 meeting. **Motion Passed.** Moved: Supervisor Wisch. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Advisory Vote: All Ayes No Nays.

Agenda Item #5 – Approval of Minutes from the November 21, 2017 joint meeting with the Committee of the Whole Meeting.

Action: Approve the minutes from the November 21, 2017 joint meeting with the Committee of the Whole Meeting. **Motion Passed.** Moved: Supervisor Wisch. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Advisory Vote: All Ayes No Nays.

Agenda Item #6- Finance Department – Alexandra Tillmann – 2016 Racine County Comprehensive Annual Financial Report – 2017 – Report – Representatives from Baker Tilly Virchow Krause, LLP Audit Firm will be present at the meeting.

Action: Accept the 2016 Racine County Comprehensive Annual Financial report and forward to the County Board – 2017 - Report. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Advisory Vote: All Ayes No Nays. Vote: All Ayes No Nays.

Agenda Item #7- Finance Department – Alexandra Tillmann – 2016 Racine County Single Audit – 2017 – Report – Representatives from Baker Tilly Virchow Krause, LLP Audit Firm will be present at the meeting.

Action: Accept the 2016 Racine County Single Audit report and forward to the County Board – 2017 - Report. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Advisory Vote: All Ayes No Nays. Vote: All Ayes No Nays

Agenda Item #8- Finance Department – Alexandra Tillmann – Racine County 2017 3rd Quarter Investment Report – 2017 – Report – Staff from DANA Investments will be available to discuss the materials

Action: Accept the 3rd Quarter Investment Report and forward to the County Board – 2017 - Report. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Advisory Vote: All Ayes No Nays. Vote: All Ayes No Nays

Agenda Item #9 – Transfers

9a) County Executive – Jonathan Delagrave – Transfer of \$15,500 from the Contingent account to the County Executive – Economic Development 2017 for increase the 2017 annual funding for Racine County Economic Development Corporation from \$109,500 to \$125,000 – 2017 – Resolution - 1st & 2nd Reading at the December 5, 2017 County Board Meeting.

Action: Authorize the transfer of \$15,500 from the Contingent account to the County Executive – Economic Development 2017 for increase the 2017 annual funding for Racine County Economic Development Corporation from \$109,500 to \$125,000 – 2017 – Resolution - 1st & 2nd Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Youth Representatives Vote: All Ayes No Nays

9b) County Executive – Jonathan Delagrave – Transfer of \$10,000 from the Contingent account to the Cultural 2017 Budget to fund the donation Gateway Promise Endowed Fund. This fund is used for students who demonstrate financial need and paying for the gap between the cost of tuition and fees what other grant and tuition scholarship funds cover – 2017 – Resolution - 1st & 2nd Reading at the December 5, 2017 County Board Meeting.

Action: Authorize the transfer of \$10,000 from the Contingent account to the Cultural 2017 Budget to fund the donation Gateway Promise Endowed Fund. This fund is used for students who demonstrate financial need and paying for the gap between the cost of tuition and fees what other grant and tuition scholarship funds cover – 2017 – Resolution - 1st & 2nd Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Youth Representatives Vote: All Ayes No Nays

9c) Information Technology – John Barrett – Transfer of \$59,038 within the Capital Project 2017 for the purchase of capital – Local Area Network storage device and transfer of \$4,992 from the Capital Project 2017 budget to the Information Technology – Non- Lapsing 2017 budget for maintenance for the new capital item 2017 – Resolution - 1st & 2nd Reading at the December 5, 2017 County Board Meeting.

Action: Authorize the transfer of \$59,038 within the Capital Project 2017 for the purchase of capital – Local Area Network storage device and transfer of \$4,992 from the Capital Project 2017 budget to the Information Technology – Non- Lapsing 2017 budget for maintenance for the new capital item – 2017 – Resolution - 1st & 2nd Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Youth Representatives Vote: All Ayes No Nays

9d) Sheriff's Office – Sheriff Christopher Schmaling – Authorizing the acceptance of a Wisconsin Department of Transportation, Bureau of Transportation Safety Seat Belt Enforcement Grant in the amount of \$90,000, Transfer of \$5,000 from the Sheriff's Office – 2017 Budget to the Sheriff's Office Grants 2017 Budget for the County's local match and transfer of \$90,000 within the 2017 Sheriff's Office Grants 2017 Budget 2017 – Resolution - 1st Reading at the December 5, 2017 County Board Meeting.

Action: Authorize the acceptance of a Wisconsin Department of Transportation, Bureau of Transportation Safety Seat Belt Enforcement Grant in the amount of \$90,000, Transfer of \$5,000 from the Sheriff's Office – 2017 Budget to the Sheriff's Office Grants 2017 Budget for the County's local match and transfer of \$90,000 within the 2017 Sheriff's Office Grants 2017 – 2017 – Resolution - 1st Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Youth Representatives Vote: All Ayes No Nays

9e) Sheriff's Office – Sheriff Christopher Schmaling – Authorizing the acceptance of a Wisconsin Department of Transportation, Bureau of Transportation Safety Impaired Driving Enforcement Grant in the amount of \$40,000, Transfer of \$5,000 from the Sheriff's Office – 2017 Budget to the Sheriff's Office Grants 2017 Budget for the County's local match and transfer of \$40,000 within the 2017 Sheriff's Office Grants 2017 Budget 2017 – Resolution - 1st Reading at the December 5, 2017 County Board Meeting.

Action: Authorize the acceptance of a Wisconsin Department of Transportation, Bureau of Transportation Safety Impaired Driving Grant in the amount of \$40,000, Transfer of \$5,000 from the Sheriff's Office – 2017 Budget to the Sheriff's Office Grants 2017 Budget for the County's local match and transfer of \$40,000 within the 2017 Sheriff's Office Grants 2017 – 2017 – Resolution - 1st Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Youth Representatives Vote: All Ayes No Nays

Agenda Item #10 – Sheriff's Office – Sheriff Christopher Schmaling – Authorizing the acceptance of a Wisconsin Department of Justice, Division of Criminal Investigation COPS Meth Task Force Grant authorizing revenue transfers within the Sheriff's Office Accounts – 2017 – Resolution – 1st Reading at the December 5, 2017 County Board Meeting.

Action: Authorize the acceptance of a Wisconsin Department of Justice, Division of Criminal Investigation COPS Meth Task Force Grant authorizing revenue transfers within the Sheriff's Office Accounts – 2017 – Resolution – 1st Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Advisory Vote: All Ayes No Nays. Vote: All Ayes No Nays

Agenda Item #11 – Medical Examiner's Office – Michael Payne – Authorize a 3-Year contract with Milwaukee County Medical Examiner's Office to provide Racine County for autopsy services for the period 1/1/18 – 12/31/20 – 2017 – Resolution – 1st Reading at the December 5, 2017 County Board Meeting.

Action: Authorize a 3-Year contract with Milwaukee County Medical Examiner's Office to provide Racine County for autopsy services for the period 1/1/18 – 12/31/20 – 2017 – Resolution – 1st Reading at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Advisory Vote: All Ayes No Nays. Vote: All Ayes No Nays

Agenda Item #12- Communication Referrals from County Board Meeting:

Action: Receive and file items a - c. **Motion Passed.** Moved: Supervisor Wisch. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays. Advisory Vote: All Ayes No Nays.

Agenda Item # 13 – Staff Report – No Action items.

- a) Next meeting date will be on December 13, 2017 and the Meetings in January will be January 3rd and January 17th. Chairman Shakoor has stated he will not be available for the December 13, 2017.

Agenda Item # 14 – Adjournment

Action: Adjourn the meeting at 6:01 pm. **Motion Passed.** Moved: Supervisor Bernberg. Seconded: Supervisor Nielsen. Vote: All Ayes No Nays.

FINANCE & HUMAN RESOURCES COMMITTEE ACTION ONLY

Requestor/Originator Finance & Human Resources Committee

Committee/Individual Sponsoring: Finance & Human Resources Committee

Date of Committee Meeting: 12/13/2017

Signature of Committee Chairperson /Designee: _____

Description: Approval of the minutes from the December 5, 2017 Meeting

Motion: _____

Action: **County Board Supervisors**
 Approve
 Deny

Youth In Governance
 Approve
 Deny

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING
December 5, 2017

IVES GROVE OFFICE COMPLEX
CONFERENCE ROOM BEHIND COUNTY BOARD CHAMBERS
14200 WASHINGTON AVENUE
STURTEVANT, WISCONSIN 53177

Meeting attended by: Chairman Shakoor II, Supervisors Bernberg, Miller, Nielsen, Pringle, Snow and Wisch, County Board Chairman Clark, Chief of Staff MT Boyle, Finance Director Alex Tillmann, Finance & Budget Manager Kris Tapp, Corporation Counsel Michael Lanzdorf, Asst. Corporation Counsel Sarah McNutt and Brian Della from PFM.

Excused: Youth Representatives Anderson and Ward.

Agenda Item #1 - Convene Meeting

Meeting Called to Order at 6:16 pm by Chairman Shakoor II.

Agenda Item #2 – Finance Department – Alexandra Tillmann – Awarding the Sale of \$80,000,000 Taxable Bond Anticipation Notes, Series 2017 – 2017 – Resolution – 1st & 2nd Readings at December 5, 2017.

Action: Approve the sale of \$79,205,000 Taxable Bond Anticipation Notes, Series 2017 – 2017 – Resolution – 1st & 2nd Readings at the December 5, 2017 County Board Meeting. **Motion Passed.** Moved: Supervisor Miller. Seconded: Supervisor Pringle. Vote: All Ayes No Nays.

Agenda Item # 3 – Adjournment

Action: Adjourn the meeting at 6:30 pm. **Motion Passed.** Moved: Supervisor Pringle. Seconded: Supervisor Miller. Vote: All Ayes No Nays.

REQUEST FOR COUNTY BOARD ACTION

YEAR	<u>2017</u>	<input checked="" type="checkbox"/>	Resolution Request
		<input type="checkbox"/>	Ordinance Request
		<input type="checkbox"/>	Report Request

Requestor/Originator: Bev Baker - UW Extension

Committee/Individual Sponsoring: Finance & Human Resource

Date Considered by Committee: 12/13/2017 Date of County Board Meeting to be Introduced: 12/19/2017

1st Reading: 1st & 2nd Reading: *

* Include a paragraph in the memo regarding why 1st & 2nd reading is required.

Signature of Committee Chairperson/Designee: _____

TITLE OF RESOLUTION/ORDINANCE/REPORT:

Authorizing a lease agreement with the Board of Regents fo the University of Wisconsin System, University of Wisconsin - Extension

SUBJECT MATTER:

The attached memo describes in detail the nature of resolution /ordinance /report and any specific facts which you want included in resolution/ordinance/report must be attached.

Any request which requires the expenditure or transfer of funds must be accompanied by the specific amount being transferred and the account number from which these funds will be taken and to which they will be transferred.

THIS FORM MUST BE FILLED OUT COMPLETELY PRIOR TO YOUR APPEARANCE BEFORE A COMMITTEE.

The Committee believes that this action furthers the following goals:

- Make Racine County the most accessible county in Wisconsin for business to grow, develop and create family supporting jobs.
- Develop a system that encourages employees, elected officials and citizens to suggest ideas for service enhancement and productivity improvements including a measurement of customer satisfaction.
- Foster an environment where intergovernmental cooperation is encouraged to produce better services and efficiencies.
- Reduce or limit the growth of the tax levy as set forth in Resolution No. 2002-59S.
- To make Racine County a healthy, safe, clean, crime-free community and environment.

RESOLUTION NO. 2017-75

**RESOLUTION BY THE FINANCE AND HUMAN RESOURCES COMMITTEE
AUTHORIZING A LEASE AGREEMENT WITH THE BOARD OF REGENTS OF THE
UNIVERSITY OF WISCONSIN SYSTEM, UNIVERSITY OF WISCONSIN – EXTENSION**

To the Honorable Members of the Racine County Board of Supervisors:

BE IT RESOLVED that the Racine County Board of Supervisors authorizes and approves the lease agreement between Racine County and the University of Wisconsin System, University of Wisconsin – Extension (UWEX) is authorized and approved under the following terms and conditions:

1. The rental space consists of 126 square feet at 209 N Main Street in the City of Burlington and will be occupied by one UWEX Division of Cooperative Extension employee.
2. The term of the lease shall begin on July 1, 2017 and continue for an indefinite period; however, it can be terminated for any reason by either UWEX or Racine County upon written notice to the other party for any or no cause in accordance with mutually agreed upon terms. The agreement may also be terminated should funding by either legislature or other essential source be insufficient to allow for continued operations of either party.
3. All utility costs, internet, phone, and janitorial services are included with the space. Other costs for services outside of the agreement shall be negotiated between the County and UWEX.
4. Such other terms and conditions as the Corporation Counsel and Public Works and Development Services Director deem necessary and appropriate.

BE IT FURTHER RESOLVED by the Racine County Board of Supervisors that any two of the County Clerk, the County Executive and/or the County Board Chairman are authorized to execute any contracts, agreements or other documents necessary to carry out the intent of this resolution.

Respectfully submitted,

**FINANCE AND HUMAN RESOURCES
COMMITTEE**

1st Reading _____

2nd Reading _____

BOARD ACTION

Adopted _____

For _____

Against _____

Absent _____

Q.A. Shakoor, II, Chairman

Robert N. Miller, Vice-Chairman

VOTE REQUIRED: Majority

Thomas Pringle, Secretary

1 Res No. 2017-
2 Page Two

3
4 Prepared by:
5 Corporation Counsel

Janet Bernberg

6
7
8 _____
John A. Wisch

9
10 _____
Donnie Snow

11
12 _____
Brett A. Nielsen

13
14
15
16 **The foregoing legislation adopted by the County Board of Supervisors of
17 Racine County, Wisconsin, is hereby:**

18 **Approved: _____**

19 **Vetoed: _____**

20
21 **Date: _____,**

22
23 _____
24 **Jonathan Delagrave, County Executive**
25

REQUEST FOR COUNTY BOARD ACTION

YEAR	<u>2017</u>	<input checked="" type="checkbox"/>	Resolution Request
		<input type="checkbox"/>	Ordinance Request
		<input type="checkbox"/>	Report Request

Requestor/Originator: Janell Topczewski - Racine County Economic Development Corp

Committee/Individual Sponsoring: Joint Finance & Human Resource & Economic Development & Land Use Planning Committee

Date Considered by Committee: 12/13/2017 Date of County Board Meeting to be Introduced: _____

1st Reading: 1st & 2nd Reading: *

* Include a paragraph in the memo regarding why 1st & 2nd reading is required.

Signature of Committee Chairperson/Designee: _____

TITLE OF RESOLUTION/ORDINANCE/REPORT:

Joint Resolution between Finance & Human Resources Committee and Economic Development & Land Use Planning Committee - Racine County Revolving Loan Fund (RLF) Plan Certification for the Period Ending September 30, 2017.

SUBJECT MATTER:

The attached memo describes in detail the nature of resolution /ordinance /report and any specific facts which you want included in resolution/ordinance/report must be attached.

Any request which requires the expenditure or transfer of funds must be accompanied by the specific amount being transferred and the account number from which these funds will be taken and to which they will be transferred.

THIS FORM MUST BE FILLED OUT COMPLETELY PRIOR TO YOUR APPEARANCE BEFORE A COMMITTEE.

The Committee believes that this action furthers the following goals:

- Make Racine County the most accessible county in Wisconsin for business to grow, develop and create family supporting jobs.
- Develop a system that encourages employees, elected officials and citizens to suggest ideas for service enhancement and productivity improvements including a measurement of customer satisfaction.
- Foster an environment where intergovernmental cooperation is encouraged to produce better services and efficiencies.
- Reduce or limit the growth of the tax levy as set forth in Resolution No. 2002-59S.
- To make Racine County a healthy, safe, clean, crime-free community and environment.

MEMORANDUM

**TO: RACINE COUNTY FINANCE & HUMAN RESOURCES COMMITTEE
RACINE COUNTY ECONOMIC DEVELOPMENT & LAND USE PLANNING
COMMITTEE
RACINE COUNTY BOARD OF SUPERVISORS
RCEDC EXECUTIVE COMMITTEE**

FROM: JANELL TOPCZEWSKI, COMPLIANCE/CLOSING SPECIALIST

**RE: RACINE COUNTY REVOLVING LOAN FUND (RLF) PLAN CERTIFICATION FOR THE
PERIOD ENDING SEPTEMBER 30, 2017**

DATE: DECEMBER 1, 2017

THE REQUEST

The RCEDC is requesting Racine County approve the September 30, 2017 semi-annual Plan Certification (attached) required by the Economic Development Administration (EDA) to indicate that the County's Revolving Loan Fund (RLF) program is consistent with:

- 1) Racine County's Economic Development Plan (EDP); and
- 2) The policies and procedures within the RLF Manual.

PROGRAM STATISTICS- AS OF SEPTEMBER 30, 2017

Below are some current statistics on the EDA RLF:

- Fund Capitalization: \$1,100,000;
 - EDA: \$700,000;
 - Racine County: \$400,000;
- Dollars available to lend: approximately \$418,482 (as of October);
- Outstanding Loan Balances: \$1,172,370.22;
- Active Loans: 12;

- Total Loans Made: 73 to 62 different companies;
- Total project investments since inception of program: \$56,048,141.84;
- Total RLF dollars lent since inception of program: \$6,607,557.94;
- Total private investment since inception of program: \$49,440,583.90;
- Total Job Creation: 461;
- Total Job Retention: 188; and
- Total Job Impact (Creation and Retention): 649.

REPORT HIGHLIGHTS

Overall, the RLF program is performing within the standards of the RLF Plan or performing better than the goals set for the program. Some of the key metrics include:

	GOAL	CURRENT RESULT
Create Full Time Equivalent (FTE) positions	1 FTE for every \$35,000 lent	1 FTE for every \$10,181.14
Leverage Private Dollar Investments (financial institution loans or borrowers own dollars)	\$2.00 in private funds for every \$1.00 in RLF funds	\$7.48 in private funds for every \$1.00 in RLF funds

During this six month reporting period:

- No new loans were closed; and
- One loan was paid in full.

The one certification the RLF program is not meeting is:

	GOAL	CURRENT RESULT
Capital Utilization	More than 75% of RLF dollars should be outstanding in loan balances or committed to projects	66.18% of funds are outstanding as loan balances or committed to projects.

Since the reporting period RCEDC did close one additional loan from this fund which improves the capital utilization rate. When financing inquiries are received by RCEDC the staff evaluates all 13 loan programs it manages to pair the business with the best fit. In 2017 many of the projects were

located in the City of Racine and that fund was utilized first and is now almost depleted. Given the current capital utilization rate the EDA RLF will be targeted for projects in 2018.

In addition to this loan fund RCEDC staff manages 13 other loan programs in Racine County and throughout the State of Wisconsin. One of these programs is the United States Small Business Administration 504 (SBA) which has 219 organizations administering this program nationwide. One of the requirements to participate in SBA lending is to undergo an independent third party file review on an annual basis. RCEDC's last review was completed in December 2016 and the file reviewer indicated:

"RCEDC processes and file management are superior to many CDC's in its peer group and industry-wide. The recommendations made within this report reflect the current SBA environment, because SBA has greater expectations of CDCs than ever with respect to prudent lending, portfolio management and risk mitigation. RCEDC underwriting processes and portfolio/risk management appears to be active, professional and prudent."

MEMORANDUM

**TO: RACINE COUNTY FINANCE & HUMAN RESOURCES COMMITTEE
RACINE COUNTY ECONOMIC DEVELOPMENT & LAND USE PLANNING
COMMITTEE
RACINE COUNTY BOARD OF SUPERVISORS
RCEDC EXECUTIVE COMMITTEE**

FROM: JANELL TOPCZEWSKI, COMPLIANCE/CLOSING SPECIALIST

**RE: RACINE COUNTY REVOLVING LOAN FUND (RLF) PLAN CERTIFICATION FOR THE
PERIOD ENDING SEPTEMBER 30, 2017**

DATE: DECEMBER 1, 2017

Introduction

In 1991 the Economic Development Administration (EDA) and Racine County established this low interest loan fund. The fund addresses the goals of business retention and small business development by utilizing RLF funds to create employment opportunities through the retention and expansion of existing, and the development of new, manufacturing and service-related businesses in the County. As these loan dollars are repaid, they are retained in the RLF and are available for relending to another eligible business. RCEDC maintains a service contract with Racine County to administer the County's RLF and has been administering these funds on behalf of the County since the inception in 1991.

Racine County is required to certify to the Economic Development Administration (EDA) on a semi-annual basis that:

1. The Racine County RLF Plan is consistent with and supportive of the area's current economic adjustment strategy; and

2. The RLF is being operated in accordance with the policies and procedures contained in the RLF Plan, and the loan portfolio meets the standards contained therein.

The RLF Plan is Consistent with the Racine County Economic Development Plan

Only those Challenges and Strategies that are applicable to the RLF Program have been included below:

Challenge One – To create an entrepreneurial culture in Racine County

Strategies:

- Existing programs will be maintained and new financial capital programs and resources will be attracted which address fundamental gaps preventing the start and growth of Racine County entrepreneurs.

Challenge Two – To focus on a proactive business recruitment program and a business retention and expansion (BRE) program that will create and retain jobs, create additional tax base and increase personal income in Racine County.

Strategies:

- Continue to implement a targeted and proactive business recruitment program.
- Maintain an active business retention and expansion (BRE) program that meets the needs of existing employers in Racine County
- Continue to provide staff assistance to business and local units of government to support business recruitment and business retention and expansion.

Challenge Four – To take advantage of the development opportunities that exist as a result of the Chicago-Milwaukee Corridor and to properly link land use with future business development county-wide.

Strategies:

- Provide high value real estate development opportunities that link Racine County with the Southeast Wisconsin Region and Northern Illinois, including an update of the Racine County Industrial Lands Absorption Study

Challenge Five – To link education and training in a manner that provides a competitive workforce to meet the present and future needs of local employers and to create opportunities for low-income, disadvantaged, and minority individuals to prepare for and obtain employment.

Strategies:

- Provide the infrastructure for new and expanding business and industry in areas of high unemployment and identify appropriate business targets with the potential to locate in and/or expand in these areas in order to employ the unemployed and underemployed persons that will be educated and trained through the programs identified elsewhere in the plan.

The RLF is Being Operated in Accordance with the Policies and Procedures of the RLF Plan and the Portfolio Meets the Projected Guidelines Contained Therein.

The following provides the original RLF standards, and the current status of the RLF as of September 30, 2017.

1. Job Cost Ratio. An average of one full-time equivalent job will be created and/or retained for every \$35,000 of EDA-RLF investment. Currently, the job cost ratio for the total portfolio is \$10,181.14 and for the active portfolio \$10,056.67. **We are currently performing better than the guideline set.**

Historical Trends:

	September 30, 2017	March 31, 2017	September 30, 2016	March 31, 2016	September 30, 2015
Active Portfolio	\$10,056.67 (12 Loans)	\$10,724.72 (13 Loans)	\$10,623.58 (12 Loans)	\$10,623.58 (12 Loans)	\$11,044.42 (11 Loans)
Total Portfolio	\$10,181.14 (73 Loans)	\$10,181.14 (73 Loans)	\$10,168.36 (72 Loans)	\$10,168.36 (72 Loans)	\$10,024.78 (70 Loans)

2. Assisting Long-Term Unemployed. All loan recipients are required to sign an "Employment Memorandum of Agreement" which requires that the business work with Racine County Workforce Solutions Business Consultant in making jobs available to low- and moderate-income persons. To date, all recipients have signed this memorandum. The Business

Consultant is located at the Racine County Workforce Solutions which is a “one-stop” shop for meeting the needs of the unemployed. The Center serves persons involved in the welfare-to-work transition as a part of other activities. **We are currently meeting this guideline.**

3. Low- and Moderate-Income Benefit. All loan recipients are required to sign an “Employment Memorandum of Agreement” which requires that the business work with a WDC Business Consultant in making at least 51 percent of new and retained jobs available to low- and moderate- income (LMI) persons. To date, all recipients have signed this memorandum. As part of the efforts of making jobs available to LMI persons, the WDC also provides the job posting to community based organizations that could help reach LMI persons. **We are currently meeting this guideline.**

4. Private Sector Leverage Ratio. A minimum of two private sector dollars for each RLF dollar is required of business participants. To date, total RLF bank financing and equity participation in projects is \$49,440,583.90 and total RLF funds disbursed is \$6,607,557.94 for a leveraging ratio of 7.48 to 1.0. **We are currently performing better than the guideline set for this.**

Historical Trends:

	September 30, 2017	March 31, 2017	September 30, 2016	March 31, 2016	September 30, 2015
Active Portfolio	6.04 (12 Loans)	5.75 (13 Loans)	5.19 (12 Loans)	5.19 (12 Loans)	6.17 (11 Loans)
Total Portfolio	7.48 (73 Loans)	7.48 (73 Loans)	7.54 (72 Loans)	7.54 (72 Loans)	7.59 (70 Loans)

5. Types of Activities Eligible for Funding. All loans must be for fixed assets and working capital. All loans have been for these purposes. **We are currently meeting this guideline.**

6. Types of Businesses Eligible for Funding. The RLF strategy is to retain existing, and develop new, manufacturing and service-related businesses. The following is the distribution of the 12 loans in the active portfolio:
 - A. 12 loans were made to existing businesses and 0 to start-up businesses.

- B. 6 active loans have been made to manufacturing companies, 0 made to commercial/retail companies and 6 to service companies.

We are currently meeting this guideline.

A maximum of 10% of the loan portfolio can be loaned to commercial/retail firms. Based on our total portfolio 6.85% of the RLF loans have been made to commercial/retail businesses. **We are meeting this guideline.**

The RLF Plan prohibits certain types of business financing. No loans or loan guarantees can be made to EDA Title II recipients. In addition, the RLF may not finance any equity, subsidize interest payments on existing loans, refinance loans made by other lenders, or contribute equity required by other loan programs. **We are meeting this guideline.**

There are several restrictions with regard to the types of businesses that can receive RLF loans:

- A. All loan recipients are located in the County of Racine.
- B. No loans have been made to businesses that have relocated jobs from outside the Racine labor market area to the County of Racine.
- C. No loans have been made that are not related to job creation or retention.
- D. No loans have been made that would create a conflict of interest for existing or former RCEDC Board members or staff.
- E. RLF funds have not been used for speculative activities.

All of the above guidelines have been met.

- 7. Standards to Achieve Economic Objectives and Benefits for the County of Racine. The RLF plan requires that all loans include an analysis of why other public sector loan programs were not used prior to using the RLF funds. All loans subject to this EDA regulation have included this in

the loan write-up that is provided to the Loan Committee. **We are currently meeting this guideline.**

A minimum of 15 percent of the loan funds should provide financing for minority owned firms. Currently, a total of 1.37 percent of all the funds have been used for this purpose. **We currently are not meeting this guideline with an explanation provided below.**

Historical Trends- Ethic Minorities:

	September 30, 2017	March 31, 2017	September 30, 2016	March 31, 2016	September 30, 2015
Total Portfolio	1.37	1.37	1.39	1.39	1.43

The RCEDC experience has been that a significant number of minority entrepreneurs have sought funding for small loans for retail and commercial operations that are generally not permitted, nor cost effective, through the RLF program. Often, RCEDC makes referrals to the Women’s Business Initiative Corporation (WWBIC) as their programs are typically better suited (working capital) to meet the needs of these entrepreneurs (see comparison below). RCEDC staff also refers minority entrepreneurs to the appropriate microloan programs, UW- Parkside Small Business Development Center (SBDC), and Gateway Technical College’s Business and Workforce Solutions division (which includes LaunchBox) who has resources to assist these clients to grow their business to be successful. Some of the resources include “Growthwheel” and small business Accelerators.

Gateway, SBDC, and WWBIC create a pool of resources to connect companies with one-on-one counseling and programs like Growthwheel and the accelerator to launch and expand local companies. RCEDC maintains a close partnership with all of these organizations in order to make appropriate referral but also be a resource once the company’s expansion a line with the RLF program requirements.

In addition, Racine County has established the Racine County Matching Grant Program (MGP) to assists minority owned businesses. Businesses which are 51% or more minority owned can apply for this \$2,500 matching grant to assist with: training and/or consulting services, marketing initiatives, or participation in the CEO Roundtable or the Living as a Leader program.

Historical Trends for WWBIC Referrals:

	September 30, 2017	March 31, 2017	September 30, 2016	March 31, 2016	September 30, 2015
WWBIC Referrals-financing	6	2	19	13	11

One significant reason for not reaching this goal is that the entrepreneurs contacting us to discuss their financing options tend to be a better fit for the Wisconsin Women’s Business Initiative Corporation’s (WWBIC’s) micro-loan program. Most businesses in the Racine area that have contacted us and that are owned by racial minorities tend to be commercial/retail businesses, which primarily have financing needs specific to working capital such as the need for a line of credit. RCEDC makes referrals to WWBIC when appropriate for the customer’s needs.

Below is a table that provides a comparison between the WWBIC and EDA RLF loan programs which explains why the EDA RLF program was not designed for certain funding needs and explains why WWBIC’s program is better suited for those purposes.

	EDA – RLF	WWBIC*
Program Fees	Approx. \$3,350 (legal fees and 1.5% processing fee, would be \$2,250 on a \$150,000 example) plus out-of-pocket costs	\$375-\$1,275 based on loan amount
Loan Amount	Up to \$200,000 (average \$150,000)	\$1,000-\$100,000
Loan Terms	Average 15 years	6-year maximum
Typical Use of Funds	Fixed Assets (Real estate and Equipment)	Working Capital (Lines of Credit available)
Bank Participation (Private Dollar Leverage)	Required. A 2:1 private dollar match is required; the EDA RLF can only finance up to 33% of a total funding need.	Not required.
Typical Total Project Amount	\$450,000	\$1,000-\$100,000

*WWBIC is now a participant in the SBA's Community Advantage program. If a borrower opts into this program they can have access to high loan amounts and longer terms.

It is noteworthy that in January 2015, the RCEDC Executive Committee made the decision to retain the goal of targeting minority and women owned business as a priority but removing the goal of 15%. These applications would continue to be considered a priority over other applications when funding availability is limited. This change would be considered by the Economic Development Administration with the next update to each RLF Plan. The County Plan has been with EDA for consideration since October 2014 (with the January 2015 amendment subsequently provided). Once this draft is approved by EDA, the new RLF Plan would then come before the County Board for approval.

8. Assurances for Maximum Private Sector Leverage. The RLF program will maximize private sector leverage and private equity contributions and ensure that RLF funds are not substituted for private financing. To this end, the RLF program requires: 1) financial institutions participating in the project to submit a letter stating that the financial institution is providing the maximum amount available and that the loan is contingent upon the receipt of RLF financing, and 2) equity contributions must be documented with a letter from contributing source that commits to the injection of the equity upon receipt of an RLF loan. **This guideline has been met for each loan and has been included in the loan write-up that is provided to the Loan Committee.**

9. Total Number of Loans in Initial Funding Cycle. A total of 73 loans to 62 companies have been made from the original grant, the recapitalization and loan program income. The number of loans required has been met. **We have met this guideline.**

10. RLF Loan Size. The anticipated average loan size is \$100,000, with a minimum loan size of \$5,000 and a maximum loan size of \$200,000 (unless approved on a case-by-case basis by EDA). Currently, the average active loan size is \$132,413 and the average for the total loan portfolio is \$90,514. The active loan size is larger than originally anticipated. The largest loan amount was \$470,000 (approved by EDA); with the smallest loan size being \$6,600. **Currently we are meeting this guideline.**

11. RLF Loan Proportions. Working capital loans cannot exceed 50 percent of the portfolio. Currently, zero percent of the active RLF loans have been made for working capital purposes and only 14% of the total portfolio has been used for working capital loans. **We are meeting this guideline.**

12. Standard Terms and Rate of Interest. The terms and interest rates of the loans have not exceeded the standards included in the RLF plan. Interest rates on all active loans are set at a fixed rate. **We are meeting this guideline.**

13. Special Financing Techniques. Special financing techniques the RLF program can offer to applicants include: 1) deferral of principal payments during the first year of an RLF loan, 2) the subordination of the RLF security position to private sector lenders that participate in the RLF program, and 3) the use of balloon payments. The RCEDC has subordinated its collateral to financial institutions, has deferred payments of the principal portion for loans, and balloon payments are typically offered. **We are meeting this guideline.**

14. Equity Requirements. The RLF program will require a 10 percent equity injection for each RLF loan, when appropriate. Consideration will be given for individuals that have made substantial equity commitments to the applicant business, as well as to individuals who do not have sufficient financial resources to contribute to the RLF project. All equity contributions must be provided through private sources. The RLF program will not be used to purchase or finance equity. **We are meeting this guideline**

15. Collateral Requirements. The current goal of the RLF is to provide a 1:1 collateral coverage ratio on each loan. Personal guarantees and mortgages on non-project assets are often used to increase the collateral coverage when project assets are not sufficient. The goal of 1:1 collateral coverage is always sought but given the nature of the program is rarely achieved. In those cases, new project assets are often taken as additional collateral. Therefore, **we have met this guideline.**

16. Restructuring RLF Loans. One RLF loan was restructured. Racine Precision Machining is no longer an operating concern. The principal had agreed to make yearly payments of \$2,400 through June of 2006. In 2000, RCEDC filed a legal judgment against the borrowers to collect the outstanding principal balance of the loan. One half of the judgment was paid off and a

judgment in the amount of \$13,429.31 is still active although it is unknown if RCEDC will be able to collect this money in the future. **We are meeting this guideline.**

17. Elements of a Loan Guarantee Program. The RLF may establish a loan guarantee program with recycled or second-generation RLF funds to reduce the risk of private lenders and thereby persuade lenders to provide financing that otherwise would not have been available. **The RLF has not provided any loan guarantees.**

18. Interest Payments on Recycled RLF Funds and Sales of RLF Loans and Loan Origination Fee. The RLF program will utilize a maximum of 100 percent (approved by Racine County as Resolution 2014-161 on 4.21.2015) of any and all program income for expenses associated with the administration of the RLF and will not charge more than 1.5 percent loan origination fees on all EDA-RLF loans. **This guideline has been met.**

19. RLF Program Coordination with SBA 504 and Other Programs. The RLF program will utilize private sector financial institutions and the local SBA 504 Certified Development Company program, as well as other public sector financing programs, in packaging loans. **This guideline has been met** and has been included in the loan write-up that is provided to the Loan Committee.

20. Time Schedule for Loan Closings. All of the original RLF funds have been utilized within the three-year time period for disbursement. **This guideline has been met.**

21. Technical and Management Assistance. The RLF program utilizes the services of the Small Business Development Center (SBDC), as well as other providers of technical assistance. A significant degree of coordination between the RLF and the SBDC is currently being achieved. **We are currently meeting this guideline.**

22. Loan Packaging and Referral Services. The staff for the RLF program is responsible for all aspects of the RLF program, including program and policy development, finance, law, marketing, credit analysis and loan packaging, processing and servicing. The RCEDC staff prepares all loan packages for review by the Loan Committee. **We are currently meeting this guideline.**

23. Capital Utilization Standard. During the revolving phase, at least 75 percent of an RLF's capital should be in use. At any time subsequent to a second consecutive report showing that the applicable standard has not been met, EDA may require the grant recipient to deposit excess funds in an interest bearing account and EDA approval will be required to withdraw the sequestered funds. This goal was not met in previous semi-annual periods, thus \$25,706.23 of the RLF funds are sequestered in an interest bearing account. When those funds are needed for new project disbursements, RCEDC will seek EDA approval to release those funds into the RLF operating account. For the time period ending September 30, 2017, the RLF fund had 66.18% percent of its capital in use. RCEDC has worked diligently over the past few years to improve the RLF by adjusting loan terms to better meet current economic conditions (i.e. longer terms and reduced interest rates). **We are currently not meeting this guideline.**

REQUEST FOR COUNTY BOARD ACTION

YEAR <u>2017</u>	<input checked="" type="checkbox"/>	Resolution Request Ordinance Request Report Request
------------------	-------------------------------------	---

Requestor/Originator: Carolyn Engel - Racine County Economic Development Corp

Committee/Individual Sponsoring: Finance & Human Resource

Date Considered by Committee: 12/13/2017 **Date of County Board Meeting to be Introduced:** 12/19/2017

1st Reading: **1st & 2nd Reading:** *

*** Include a paragraph in the memo regarding why 1st & 2nd reading is required.**

Signature of Committee Chairperson/Designee: _____

TITLE OF RESOLUTION/ORDINANCE/REPORT:

Establishment of new Racine County Revolving Loan Fund

SUBJECT MATTER:

The attached memo describes in detail the nature of resolution /ordinance /report and any specific facts which you want included in resolution/ordinance/report must be attached.

Any request which requires the expenditure or transfer of funds must be accompanied by the specific amount being transferred and the account number from which these funds will be taken and to which they will be transferred.

THIS FORM MUST BE FILLED OUT COMPLETELY PRIOR TO YOUR APPEARANCE BEFORE A COMMITTEE.

The Committee believes that this action furthers the following goals:

- Make Racine County the most accessible county in Wisconsin for business to grow, develop and create family supporting jobs.
- Develop a system that encourages employees, elected officials and citizens to suggest ideas for service enhancement and productivity improvements including a measurement of customer satisfaction.
- Foster an environment where intergovernmental cooperation is encouraged to produce better services and efficiencies.
- Reduce or limit the growth of the tax levy as set forth in Resolution No. 2002-59S.
- To make Racine County a healthy, safe, clean, crime-free community and environment.

**TO: RACINE COUNTY FINANCE AND HUMAN RESOURCES COMMITTEE
RACINE COUNTY BOARD**

FROM: CAROLYN ENGEL, BUSINESS FINANCE MANAGER

RE: ESTABLISHMENT OF NEW RACINE COUNTY REVOLVING LOAN FUND

DATE: DECEMBER 13, 2017

INTRODUCTION

The purpose of this memorandum is to outline the parameters proposed for a new Racine County Revolving Loan Fund (RLF). The purpose of the fund is to assist businesses that may be impacted, either positively or negatively, by the establishment of the Foxconn manufacturing facility in Racine County.

Understanding that existing businesses would be impacted by the new development and that new businesses may be recruited to the County as a result, the County staff has considered funding a new RLF to assist with those businesses. The intent is to develop an RLF with great flexibility such as the ability to offer loan deferrals and terms that meet the needs of the applicants. An Advisory Committee was formed to provide recommendations for the new RLF. This group included local manufacturers, a commercial lender and a representative from Gateway Technical College. The RCEDC Loan Committee and Executive Committee have also provided input into the RLF parameters and approved the attached Policies and Procedures Manual. A summary of the program parameters is offered below:

LOAN FUND PARAMETERS

Program Objective: To assist businesses in Racine County that are impacted by the Foxconn development. Specifically:

1. To assist existing businesses that are positively or negatively impacted by the Foxconn development;
2. To recruit new businesses to Racine County that have a connection to Foxconn;
3. To assist potential suppliers and others to automate and grow to compete for Foxconn business;
4. To generally offset higher operating costs such as increased wages to retain talent; and
5. To encourage the leveraging of private investment to support local business growth.

Notes:

The Committees recognized that suppliers and service providers may need to scale up for growth. They also recognized that existing companies may be competing for employees with similar skill sets and may need to pay higher wages and automate to compete.

Target Area: Racine County, specifically businesses with a local presence

Fund Availability: The RLF would be capitalized by Racine County

Assistance Types: Business Loans

Notes:

The Committees identified the following as priority needs for what applicants would seek in the RLF:

- 1: Low equity requirement
- 2: Principal deferrals

Interest rates were noted as not much of a factor in today's rate environment

Eligible Businesses: Established businesses located in or recruited to Racine County. Applicants should demonstrate how they are or might be impacted by the Foxconn development.

Industries of focus will include but not be limited to:

- Manufacturing
- Wholesale Trade
- Transportation and Warehousing
- Professional and Technical Services
- Construction
- Others as deemed appropriate by the RCEDC Loan Committee

Ineligible businesses:

- Agriculture
- Hospitality
- Retail
- Residential
- Developers
- Non-profit businesses

Notes:

Committee members noted that hospitality and others may also be impacted by Foxconn. Staff suggested there are other loan programs that could assist those businesses but also that these parameters are intended to be guidelines and Committees during the loan review process could consider waivers if other financing options were exhausted.

Other Eligibility Criteria:

- Limited start-up businesses (strong guarantors would be sought)
- Must meet SBA size standards
- Must provide some community benefit such as job creation/retention
- Majority US owned is preferred but would be a credit decision
- Jobs goal of 1 job for every \$35,000

Use of Funds:

Eligible Uses of Funds:

- Land and building purchases, construction, renovation and expansion
- Site preparation and demolition
- Leasehold improvements
- Equipment

- Furniture and fixtures
- Professional fees such as feasibility studies, consulting fees and legal fees associated with project development
- Training costs
- Other purposes as deemed eligible by the RCEDC Loan Committee and Executive Committee

Ineligible Uses of Funds:

- Working capital/Lines of Credit
- Acquire equity positions in private business
- Refinancing

Amount Available For Each Project:

Typically between \$50,000 and \$250,000 (may be higher)

Notes:

The Advisory Committee recommended a streamlined process be sought for loan closings but not for underwriting

Private Dollar Leverage:

The goal of the program would be to maximize the private dollars leveraged.

Notes:

The Advisory Committee suggested these funds could target being used for required equity injections to reduce cash required and secure bank partners.

Equity from Borrower:

10%, if appropriate.

Rate/Terms:

Interest rates would generally be market rates and negotiated on each project. Rates to consider would be 1.25% below the participating bank's rate but typically no less than 4%. Variable interest rates may be used.

Flexible financing structures may be used such as principal deferrals.

Generally loan terms would have amortizations that match the life of what is being financed and use balloon payments to accelerate repayment and encourage refinancing with bank partner.

Notes:

Deferrals were noted as key to the success of this program. For example, principal deferrals of 1-2 years should be offered with the ability to extend longer if needed.

Administrative Fees:

RCEDC's standard fees would apply:

- 1.5% processing fee charged to Borrower (minimum \$2,000) and can be capitalized in loan amount
- Closing costs will be the responsibility of the recipients of these funds and can be capitalized in the loan amount
- RLF administration costs will be paid from the fund

- Servicing fee of .005 may be charged to the Borrower and may be incorporated into the interest rate to support administrative costs for the RLF

Notes:

Committee members indicate the Borrower should pay for application and closings costs but recommended they be added to the loan amount. It was also recommended that a minimum \$2,000 processing fee be charged for smaller loans.

Loan Review Process:

RCEDC would administer the fund and be represented as the Lender. RCEDC would have authority for approvals of applications which includes representation from County staff on its Executive Committee. The review process is as follows:

1. Staff Review
Applications are reviewed by RCEDC staff for completeness and verification that the project meets the necessary eligibility requirements.
2. RCEDC Loan Committee
Loan processing is completed by the RCEDC staff and presented to the RCEDC Loan Committee for their recommendation to the Executive Committee.
3. Executive Committee
A final recommendation for approval is made to the RCEDC Executive Committee, which includes the County Executive and the Racine County Director of Public Works and Development Services.

RCEDC’s current Loan Committee of nine (9) volunteers, which currently includes the following skill sets:

- Accounting: 2
- Contractor: 1
- Legal: 1
- Lenders: 4
- Resource Provider: 1

This Committee will include someone with an understanding of the local impact of the Foxconn project. For 2018, a representative from Gateway Technical College was approved to fill the Resource Provider seat on Committee which would meet this skillset for the new RLF.

Recipients Reporting Requirements:

Beyond the typical reporting requirements a business would have for any commercial loan, the following results would be monitored as a result of businesses receiving these funds:

- Jobs created/retained over two years
- Private dollars leveraged with financing package
- Additional company investments in capital expenditures over two years
- Sales growth over two years
- Real estate tax impact over two years
- Was there any community involvement by the Company or its employees following this assistance

*** DRAFT ***

*** DRAFT ***

**Racine County
Revolving Loan Fund
Established 2017**

POLICIES AND PROCEDURES MANUAL

Prepared by the:

Racine County Economic Development Corporation
2320 Renaissance Boulevard
Sturtevant, Wisconsin 53177

November 2017

TABLE OF CONTENTS

FOREWORD.....

SECTION 1. GENERAL PROVISIONS

- 1.1 PURPOSE
- 1.2 OBJECTIVES
- 1.3 AMENDMENTS AND MODIFICATIONS

SECTION 2. ADMINISTRATION

- 2.1 LOAN COMMITTEE
- 2.2 MEETINGS
- 2.3 RECORDS
- 2.4 ADMINISTRATION

SECTION 3. ELIGIBILITY CONSIDERATIONS

- 3.1 ELIGIBLE AREA
- 3.2 ELIGIBLE APPLICANTS
- 3.3 ELIGIBLE ACTIVITIES
- 3.4 INELIGIBLE ACTIVITIES
- 3.5 INELIGIBLE BUSINESS
- 3.6 PROGRAM REQUIREMENTS

SECTION 4. TERMS AND CONDITIONS

- 4.1 TERMS and CONDITIONS

SECTION 5. APPLICATION PROCEDURES

- 5.1 DISCUSSION of REQUIREMENTS
- 5.2 TIMING
- 5.3 PRIORITY
- 5.4 LOAN APPLICATION
- 5.5 REVIEW PROCESS

SECTION 6. DISTRIBUTION OF FUNDS

- 6.1 LOAN PROCEDURES

SECTION 7. POST APPROVAL REQUIREMENTS

- 7.1 OBLIGATION of LOAN RECIPIENT

SECTION 8. PERFORMANCE MONITORING

- 8.1 PRIVATE LEVERAGE COMMITMENTS
- 8.2 HIRING of NEW EMPLOYEES
- 8.3 DEFAULTS

SECTION 9. USE OF LOAN REPAYMENTS AND REPORTING

- 9.1 RLF ACCOUNT

SECTION 10. LOAN SERVICING

*** DRAFT ***

*** DRAFT ***

10.1 MONITORING
10.2 RECORDKEEPING

FOREWORD

In 2017, Racine County created this new loan fund for businesses that may be impacted by the establishment of a Foxconn manufacturing facility in Racine County. It is anticipated that local businesses may be impacted both positively and negatively by the Foxconn development and in addition other businesses may seek to locate in Racine County as a result of the development. The purpose of this fund is to assist businesses that are impacted by the Foxconn development by providing the businesses impacted with flexible financing options.

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this manual, hereafter referred to as the RLF Manual, is to present the criteria which govern the economic development activities assisted with funds made available through the County of Racine's Revolving Loan Fund (RLF) program. All criteria set forth in the Manual are subject to the discretion of the Racine County Economic Development Corporation (RCEDC) Executive Committee, which includes the County Executive of Racine County.

1.2 OBJECTIVES

To assist Racine County businesses impacted by the proposed Foxconn development anticipated to occur in Racine County and to recruit new businesses to Racine County that may also be connected to the Foxconn development.

- 1) To assist existing businesses that are positively or negatively impacted by the Foxconn development;
- 2) To recruit new businesses to Racine County that have a connection to Foxconn;
- 3) To assist potential suppliers and others to automate and grow to compete for Foxconn business;
- 4) To generally offset higher operating costs such as increased wages to retain talent; and
- 5) To encourage the leveraging of private investment to support local business growth.

1.3 AMENDMENTS and MODIFICATIONS

The policies and procedures contained within the RLF Manual and such amendments are subject to prior written approval by the RCEDC Executive Committee.

SECTION 2. ADMINISTRATION

2.1 LOAN COMMITTEE

- 1) The RCEDC administers the RLF program.
- 2) Funding decisions relative to RLF loans will be made by the RCEDC Executive Committee based upon a recommendation by the RCEDC Loan Committee.

- 3) The RCEDC Loan Committee shall have the authority to review, select and recommend loan applications to RCEDC's Executive Committee for final approval. Expertise on the RCEDC Loan and/or Executive Committee optimally shall include representation from the governing body of Racine County and the County's development services division. Other skillsets of representatives may include those with expertise in internal controls, financial risk management, commercial lending, legal issues related to commercial lending, corporate governance and economic, workforce or community development expertise. At least one representative will be sought with an understanding of how the Foxconn development might impact local businesses. The RCEDC Loan Committee and Executive Committee shall also have the authority to make policy recommendations for the administration of the program. Activity reports prepared by the RCEDC shall be provided to members of the County of Racine's governing body in such format and at such times as required by them regarding the use of the RLF funds.
- 4) The RCEDC shall explain the Program to prospective applicants, provide written information, assist applicants in completing applications, and process requests for financing. The RCEDC, 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.
- 5) The RCEDC, following approval and disbursement of a RLF loan, 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 community accounts.
- 6) The RCEDC attorney shall prepare all loan agreements, review all promissory notes and mortgages or lien instruments, and counsel the RCEDC on default matters. All attorney fees incurred shall be charged to the borrower. (See Section 2.4 Administration)
- 7) The RCEDC shall be responsible for the maintenance of all other records for the RLF, particularly those related to the expenditures of the RLF monies for program administration purposes.

2.2 MEETINGS

The RCEDC Loan Committee meetings shall be held on an as-needed basis. A majority of the Committee in attendance at a meeting constituting a quorum shall be required for official Committee action. Official actions must have the support of the majority of those in attendance.

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 shall be maintained in a secure place with access only by authorized personnel. The County of Racine's legal counsel shall be consulted in regard to compliance with applicable open records laws.

The following files shall be established and maintained electronically for each loan recipient:

- (1) Loan Application File: This file contains all application materials that may have been provided by the applicant or considered when evaluating the loan request, including the business financial statements, personal financial statements, credit reports, business plan documents, a summary of the credit analysis, recommended actions for the application, and other supporting loan information submitted to the RCEDC, including all applicable correspondence. All of these materials shall be placed in the application file. The minutes of the RCEDC Loan Committee or Executive Committee summarizing the action taken on the loan request shall be maintained in a separate file for RCEDC Loan Committee and Executive Committee meetings.
- (2) Loan Closing File: This file contains copies of all loan-closing documents. All original documents from the loan closing, including security instruments, the note and other applicable documents shall be placed in a locked, fireproof filing cabinet and located at RCEDC's offices. The RCEDC's legal counsel shall be involved in helping create and complete this file to ensure 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 fees.
- (3) Loan Servicing File: This file contains all records of subsequent activity related to the supervision and monitoring of the loan. This file will include:
 1. List of applicable loan covenants;
 2. Records and summary of site visits conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project, highlighting any information that can help in rating the overall condition/risk of the loan;
 3. Memorandums: Loan recipients may be required to submit periodic progress report memorandums during the term of the loan. To help measure the impact of this RLF, these questions may include asking how much additional investment the company made since receiving the RLF and whether there was any community involvement by the Company or its employees following the assistance;
 4. Certificates of insurance for builders risk, property-casualty, and life insurance, as applicable;
 5. Evidence of payment of real estate taxes, if applicable;
 6. Borrower financial statements as required by the loan covenants, and annual loan risk rating analysis conducted by RCEDC;
 7. Documentation for job creation and retention;
 8. All written correspondence; and
 9. Record of important telephone conversations and meetings.
- (4) "Tickler" System: A tickler file system shall be established and maintained to ensure that loan repayments, financial information, the loan agreement covenants, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required. The following system will be maintained in the Loan Servicing File, the Portfolio Status Report, and in the loan management software utilized by RCEDC.
 - 1) Expiration dates for property, casualty and life insurance policies;
 - 2) Due dates for all financial statements;
 - 3) Expiration dates for UCC financing statements, the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand;
 - 4) Scheduled dates of annual loan performance and covenant reviews;
 - 5) Dates for site visits;

- 6) Dates for property tax payments and confirmation of payment of those taxes;
- 7) Review dates for job monitoring; and
- 8) Dates on which loan recipients will be notified of scheduled changes in the loan amortization schedule per loan agreements.

(5) Repayment Monitoring Files: These files include the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems shall be reported to the RCEDC Loan Committee and notations shall be placed in the tickler file to remind the RCEDC of the need to provide continued monitoring. Payments will be tracked via computer program.

The RCEDC will notify the loan recipient in writing of any payment deficiencies and the action that will be taken should the payment not be made. Should there be a late payment; the RCEDC 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(s) of a potential problem. All payments shall be applied first to accrued late payment penalties and costs associated with the loan, then to interest accrued, and then to principal.

(6) Loan Reviews: All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the RCEDC. The review shall follow receipt of the fiscal year-end financial statements. A loan risk rating analysis report shall be completed and include the following: timeliness of monthly loan payments; review of the overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants and suggested corrective actions.

If the business is experiencing problems with any of the above criteria, the RCEDC 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 RCEDC's interest and meet the needs of the business. If appropriate, the RCEDC will arrange for business assistance, including services available through the University of Wisconsin-Parkside, Small Business Development Center (SBDC), the Service Corps 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, RCEDC staff will work with the RCEDC attorney to take any steps necessary to protect the loan and to ensure the maximum repayment of the balance due, corrective actions may be achieved through restructuring or, if necessary, foreclosure actions.

2.4 ADMINISTRATION

Reasonable administrative funds may be withdrawn from the RLF to cover RCEDC personnel costs and other administrative expenses.

The RCEDC will also require the following fees which are the responsibility of the Borrowers but may be capitalized into their loan amounts:

- (a) Loan Processing Fee: An amount equal to 1.5% of the loan amount with a minimum of \$2,000. A deposit toward this fee may be collected at the time of loan approval.
- (b) Out of Pocket Fees: All out of pocket expenses related to determining the value of collateral and perfecting security interest of the RCEDC loan and other fees to cover charges directly related to processing an application, servicing or closing the loan, including but not limited to, appraisals, title reports, lien searches, credit reports, UCC filing fees and Register of Deeds fees.
- (c) Legal Fees: Legal fees incurred by RCEDC in relation to this loan will be invoiced to the Borrower, including but not limited to fees for the preparation by outside counsel of the loan agreement, the note, all security agreements and related documents as required by the loan commitment. A deposit towards this fee may be collected at the time of the loan approval.
- (d) Servicing Fees: Borrower may be charged a one-half of one percent servicing fee to be collected through their monthly payments. These fees will be used to pay for administrative expenses incurred for the servicing of the loan and program administration and may be incorporated into the loan's interest rate.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the RLF program shall be the County of Racine, specifically businesses with a Racine County location.

3.2 ELIGIBLE APPLICANTS

1) Eligible businesses shall include for-profit businesses including but not be limited to the following industries:

- Manufacturing
- Wholesale Trade
- Transportation and Warehousing
- Professional and Technical Services
- Construction
- Others as deemed appropriate by the RCEDC Loan Committee

Additional eligibility criterial includes:

- Limited start-up businesses (strong guarantors would be sought)
- Must meet SBA size standards
- Must provide some community benefit such as job creation/retention

- Majority US owned is preferred but would be a credit decision

- 2) Applications may be submitted by the sole proprietor, managing member, managing partners, Chief Executive Officers or other authorized representative of a business wishing to establish a new operation or expand an existing operation in the County of Racine.
- 3) No member of the RCEDC Staff, Board, Loan Committee, or any official, employee, or agent of the County of Racine who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program. Former RCEDC Staff, Loan Committee members or RCEDC Board members and/or officers and any officials, employees or agents of the County of Racine are ineligible to apply for or receive loan or grant funds for a period of six months from the date of termination of their services.
- 4) No RLF loans will be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
- 5) Applicants shall not be disqualified on the basis of age, race, religion, color, handicap, sex, physical condition, developmental disability (as defined in Section 51.01(5), Wisconsin Statutes), sexual orientation or national origin in any employment or construction activity related to the use of the business loan funds.

3.3 ELIGIBLE ACTIVITIES

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

- 1) Land and building purchases, construction, renovation and expansion
- 2) Site preparation and demolition
- 3) Leasehold improvements
- 4) Equipment
- 5) Furniture and fixtures
- 6) Professional fees such as feasibility studies, consulting fees and legal fees associated with project development
- 7) Training costs
- 8) Other purposes as deemed eligible by the RCEDC Loan Committee and Executive Committee

3.4 INELIGIBLE ACTIVITIES

Program loans shall not be made available for the following activities:

- 1) Working capital/Lines of Credit
- 2) Acquire equity positions in private business
- 3) Refinancing

3.5 INELIGIBLE BUSINESSES

Program loans would typically not be loaned to the following businesses:

- Agriculture
- Hospitality
- Retail
- Residential
- Developers
- Non-profit businesses
- Other businesses not serving the interests of the County of Racine or the general intent of this RLF program.

3.6 PROGRAM REQUIREMENTS

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

- 1) Private Funds Leveraged. The goal of the program would be to maximize the private dollars leveraged. A minimum 1:1 private dollar match may be sought but will be determined on a case by case basis.
- 2) Ratio of Jobs Created or Retained to Amount Borrowed. A goal of at least one (1) full-time permanent position or full-time equivalent to be created or retained for every \$35,000 of program funds requested within two years. The jobs shall be created within an agreed upon period of time, as determined by the RCEDC Loan Committee, following the closing of the loan, and shall be maintained for an additional agreed upon period of time.
- 3) Equity. 10%, if appropriate.
- 4) Financial Feasibility and Business Viability. The applicant must demonstrate, based on an analysis by the RCEDC staff and accepted by the RCEDC Loan Committee, 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. (i.e. building codes, zoning codes, environmental permits, nondiscrimination laws, etc.)
- 6) Criminal Records. Applicants will be required to disclose any criminal records of all owners and officers of the company.
- 7) Project Completion. Projects shall be completed within an agreed upon period of time from the date of the loan approval.
- 8) Records. Loan recipients will maintain those records that are necessary for the RCEDC or its designated agent, to determine compliance with the terms of the loan agreement (i.e. jobs created or retained, private investment, etc.). The records will include, but may not be limited to, purchase orders, invoices, records of payments, canceled checks, and payroll records for new or retained employees that are a part of the project. The RCEDC or its

designated agent will have access to all records pertinent to the project for the purposes of examination and transcription.

- 9) Penalty for the Failure to Comply with Reporting Requirements or any other condition of the Loan Agreement. The RCEDC Loan Committee impose penalties as deemed appropriate at the time of each RLF loan application and as incorporated into the RLF closing documents.

SECTION 4. TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

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 and determined by the RCEDC Loan Committee. Generally, loans will be made for amounts of \$50,000 to \$250,000 but may be higher.
- 2) Interest Rate. Interest rates shall be determined by the RCEDC Loan Committee and may be fixed or variable and respond to current market conditions. Generally, interest rates will be offered at 1.25% below the participating bank's rate or at market rates with a minimum rate of 4%.
- 3) Terms for Loans. Loan terms and amortization schedules shall generally not exceed the useful life of the collateral but may be flexible as negotiated on a case-by-case basis.
 - (a) Loans for machinery, equipment and fixtures shall generally have a maximum term of ten years.
 - (b) Real estate loans shall generally 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 years.
- 4) Period of Payment. Terms may include longer amortization schedules with balloon payments.
- 5) Repayments. Loan repayments will be monthly, utilizing an automatic debit system.
- 6) Deferral of Payments. Payment of interest and/or principal may be deferred if merited in the loan application, or as a form of project incentive. Repayment of any accrued interest would be negotiated on a case-by-case basis, if appropriate.
- 7) Prepayment. Borrower may prepay the loan in full or in part at any time without a penalty.
- 8) Collateral. The collateral requirements will be determined on a case-by-case basis by the RCEDC Loan Committee and may include: mortgages and/or liens on land, buildings, machinery, equipment, accounts receivable, inventory or other assets of value owned by

the borrower, principal owners, other co-borrowers or guarantors. The collateral position of the RLF may be subordinated to private sector financial institutions participating in the project, if approved by the RCEDC Loan Committee. Personal guarantees from the principals of the business may be required. In addition, life insurance coverage on the principal owner naming the RCEDC as assignee may also be required.

- 9) Hazard Insurance. Businesses receiving loans secured by real estate and fixed assets will be required to obtain property casualty insurance equal to the amount of outstanding loan balance and have the RCEDC listed as mortgagee and loss payee on the insurance policy. Proof of insurance with appropriate endorsement or coverage documents will be requested by the RCEDC prior to the closing of the loan.

SECTION 5. APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the program with the RCEDC. The RCEDC shall assist the applicant, as is reasonably necessary, in completing the application. All financial information shall be kept in a secured place with access by authorized personnel only.

5.2 TIMING

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

5.3 PRIORITY

Completed applications shall be reviewed in the order received and based on readiness for the proposed project to proceed. The RCEDC will determine whether sufficient funds are available in the RLF to accept applications for new business loans. The RCEDC will determine the best methods for advertising the availability of the funds to the business community.

Eligible projects will be considered using the following criteria to determine which business(es) will be awarded the loan(s):

- 1) The extent to which private funds are to be leveraged.
- 2) The extent to which jobs are to be created, wages and benefits paid and the skill level required.
- 3) The extent to which new tax base would be created.
- 4) The extent to which the loan can be secured.
- 5) Evidence of ability to repay the loan.
- 6) Other factors as deemed appropriate including consideration of the goals set for allocation of RLF fund.

5.4 LOAN APPLICATION

Applicants shall submit a loan application that may include the following as deemed appropriate by the RCEDC:

- 1) Project description of how the business plans to use the requested funds.
- 2) A written description of the business that includes its history, description of management ability, description of its product and the market.
- 3) Personal Financial Statement current within 90 days for each proprietor, partner member or stockholder of the operating company, and, if different, of the real estate holding company.
- 4) Resumes of the principals and any key personnel involved in the day-to-day management.
- 5) Balance sheet and income statement for the previous three years for the operating company. Please attach the accountant's report for further explanation. The RCEDC Loan Committee may require, on a case by case basis, these be accountant prepared or may accept tax returns in lieu of financial statements.
- 6) A balance sheet and income statement dated within 90 days of the application. The RCEDC may also require an aging of the accounts receivable and accounts payable listed.
- 7) Annualized projections, when appropriate, including both balance sheet and income statement for two years with a description of the assumptions attached. The RCEDC may require these to be accountant prepared.
- 8) For a new business, a monthly cash flow analysis for the first 12 months of operation or three months beyond break even, (whichever is longer) together with a description of assumptions attached.
- 9) A schedule of debts which includes the original amount, date, monthly payment, interest rate, present balance, maturity, to whom payable and collateral.
- 10) The names of affiliated (through management control or similar ownership) or subsidiary businesses as well as the last two fiscal year-end financial statements and a current financial statement for each of these firms.
- 11) A copy of key cost documents related to the project such as real estate purchase agreements, contractor cost estimates, equipment costs, etc.
- 12) An accepted offer to purchase land and/or buildings or a pre-lease agreement.
- 13) If applicable, a copy of the existing or proposed lease agreement.*
- 14) An independent appraisal for construction projects on an "as completed" basis and otherwise as required.*

- 15) Environmental analysis, if applicable.*
- 16) A resolution from the Board of Directors of the borrower authorizing it to borrow or (if applicable) a Partnership Borrowing Agreement.*

*These items may be provided subsequent to loan approval, but prior to loan closing.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

- 1) Preliminary Review. The RCEDC will review the application for completeness and verify that the proposed project meets the minimum requirements provided in Section 3.7. If the application is not complete, the RCEDC will inform the applicant of the deficiencies.
- 2) Formal Review. The RCEDC Loan 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 RCEDC Loan Committee will forward the proposal for final approval by the RCEDC Executive Committee.
- 3) Negotiation of Terms. Upon the acceptance by the RCEDC Executive Committee, the RCEDC 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 RCEDC 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 must be in place or provided at the appropriate time during the term of the loan.

- 1) Notice of Award. The RCEDC Loan Committee and Executive Committee must have reviewed and approved an application for an eligible applicant.
- 2) Loan Agreement. The RCEDC attorney, or designee, shall prepare a loan agreement which shall be executed by both the RCEDC and the borrower.
- 3) Promissory Note. A promissory note shall be prepared by RCEDC attorney and signed by the borrower at the time of loan closing. The note must be dated; it must reference the agreement between the RCEDC and the business; and it must specify the amount and terms of the loan.

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

- 5) Repayment Schedule. A loan repayment or amortization schedule shall be prepared by the RCEDC after the loan proceeds are fully disbursed. The repayment schedule shall be provided with copies of all other closing documents to the Borrower.

- 6) Evidence of Permits, etc. Documentation must 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 must be provided by the business, as deemed appropriate by RCEDC, 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 RCEDC. The RCEDC may opt to use a title company for disbursement of the loan funds.

- 8) Fixed Equipment. Equipment financed with program funds must have been purchased, delivered, and installed prior to final disbursement of the loan proceeds, as deemed appropriate by RCEDC. The RCEDC shall verify the installation of 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 an Environmental Questionnaire, Environmental Records Search, or Phase I, II, or III

analysis, depending on the environmental condition of the site and the requirements set forth in the Commitment Letter.

With the above documentation in place, the RCEDC 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 and/or the Wisconsin Department of Financial Institutions.

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 the period of time referenced in the loan and associated documents.
- 2) Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability (as defined in Section 51.01(5), Wisconsin Statutes), 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 RCEDC 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 RCEDC. These files shall be maintained as long as the loan is active.
- 6) To maintain fire and extended coverage insurance on the RLF collateral required during the term of the loan. The RCEDC shall be listed as Lenders Loss Payee and/or Mortgagee on the policy. Term life insurance on the life of the principal owner may be required of the applicant to cover the loan balance through the life of the loan.
- 7) To submit progress reports to the RCEDC as detailed in Section 8.2.

SECTION 8. PERFORMANCE MONITORING

8.1 PRIVATE LEVERAGE COMMITMENTS

The RCEDC 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 BORROWERS REPORTING REQUIREMENTS

The RCEDC shall monitor the success of the program by requiring the following reports from borrowers:

- Jobs created/retained over next two years
- Private dollars leveraged with financing package
- Additional company investments in capital expenditures over next two years
- Sales growth over next two years
- Real estate tax impact over next two years
- Whether there was there any community involvement by the Company or its employees following this assistance

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 RCEDC's option, become immediately due and payable. To exercise this option, RCEDC'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 must be cured to avoid foreclosure or other collection action.
- (d) Any penalties incurred as a result of the default.

SECTION 9. USE OF LOAN REPAYMENTS AND REPORTING

9.1 RLF ACCOUNT

Repaid RLF loan funds shall be used to cover RCEDC administrative costs with the balance to be deposited into the RLF loan fund account at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). These dollars may be relent in a manner consistent with the policies of the RLF Manual. A separate accounting record for each loan shall be kept to account for all funds loaned. (Section 10.2(b)).

SECTION 10. LOAN SERVICING

10.1 MONITORING

The RCEDC shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to ensure continued repayment of the loan. The monitoring will also ensure that all recordkeeping requirements are met particularly.

A loan servicing file, repayment monitoring file and “tickler” system shall be established and maintained for each loan recipient to insure complete, accurate and timely information on the status of the loan. The files will include records of all payments, observations and comments of the RCEDC, all written correspondence, a record of important telephone conversations, a list of applicable loan covenants, certificates of insurance for builders risk, property-casualty, and life insurance, as applicable; and documentation for job creation and retention.

10.2 RECORDKEEPING

In addition to the above, the RCEDC shall maintain the following financial management records which will be comprehensive and designed to provide the following information:

- (a) A Loan Fund Record that records all deposits and disbursements to and from the RLF, including funds used for RLF administration.
- (b) A RLF Loan Amortization Schedule that records repayments made by each business which has received a loan from the RLF. It also tracks the balance of repayments from all loans from the RLF. Each schedule contains the business name, loan date, loan amount, terms, and date repayment begins. Payments are divided into principal and interest payments with a declining principal balance.
- (c) Revolving Loan Fund Status Report that contains the business name, loan date, loan amount, terms, and date repayment begins.

REQUEST FOR COUNTY BOARD ACTION

YEAR	<u>2018</u>	X	Resolution Request
			Ordinance Request
			Report Request

Requestor/Originator: Jackie Bratz - Communications Department

Committee/Individual Sponsoring: Finance & Human Resource

Date Considered by Committee: 12/13/2017 Date of County Board Meeting to be Introduced: 12/19/2017

1st Reading: 1st & 2nd Reading: *

* Include a paragraph in the memo regarding why 1st & 2nd reading is required.

Signature of Committee Chairperson/Designee: _____

TITLE OF RESOLUTION/ORDINANCE/REPORT:

Creation of 1 FTE Non Rep - Exempt E040 Public Safety System Administrator as of 1/1/2018 and Transfer of
\$71,252 within the Communications Department 2018 Budget

SUBJECT MATTER:

The attached memo describes in detail the nature of resolution /ordinance /report and any specific facts which you want included in resolution/ordinance/report must be attached.

Any request which requires the expenditure or transfer of funds must be accompanied by the specific amount being transferred and the account number from which these funds will be taken and to which they will be transferred.

THIS FORM MUST BE FILLED OUT COMPLETELY PRIOR TO YOUR APPEARANCE BEFORE A COMMITTEE.

The Committee believes that this action furthers the following goals:

- Make Racine County the most accessible county in Wisconsin for business to grow, develop and create family supporting jobs.
- Develop a system that encourages employees, elected officials and citizens to suggest ideas for service enhancement and productivity improvements including a measurement of customer satisfaction.
- Foster an environment where intergovernmental cooperation is encouraged to produce better services and efficiencies.
- Reduce or limit the growth of the tax levy as set forth in Resolution No. 2002-59S.
- To make Racine County a healthy, safe, clean, crime-free community and environment.

DEC-13-17

FISCAL NOTE RESOLUTION NO:

EXHIBIT "A"

Fiscal Year:

2018

FTE	POSITION	GRADE	WAGES	FRINGES	CONTRACT	TOTAL
-----	----------	-------	-------	---------	----------	-------

THIS POSITION WILL BE EFFECTIVE 1/1/18

COMMUNICATIONS DEPARTMENT

1.000	PUB SAFETY SYS ADMIN	E040	50,369	20,883		71,252
-------	----------------------	------	--------	--------	--	--------

<u>1.000</u>	Total for DEPARTMENT NAME		<u>50,369</u>	<u>20,883</u>		<u>71,252</u>
--------------	----------------------------------	--	---------------	---------------	--	---------------



Communications Department

14116 Washington Ave

Sturtevant, WI 53177

262-833-8773

fax: 262-833-8727

RCCommunications@racinecounty.com

December 11, 2017

To: Finance and Human Resources Committee

Re: Public Safety systems Administrator position

Our department is in need of an Administrator to maintain the functionality of our Computer Aided Dispatch (CAD) software, ProPhoenix.

Due to the complexity of the system and the necessity for our CAD system to communicate and function hand in hand with the squad computers used by our partner agencies (all Law Enforcement and Fire/Rescue Departments in Racine Co) it is imperative that we have a position dedicated to ensuring daily operational needs are met.

The Racine County Communications Center serves as the critical link between the people of Racine County and all emergency and non-emergency agencies, and it is our duty to promote, preserve and protect the public safety and security of all people in Racine County. We rely heavily on our CAD system to make sure we are providing prompt, reliable, and accurate information to our first responders.

We are asking this position to be considered for First and Second reading, so this position can be filled January 1, 2018.

Respectfully,

Jackie R. Bratz
Director