

- Goals and Objectives:**
- 1) To create jobs within the City of Eau Claire.
 - 2) To encourage small business start-up and development.
 - 3) To create new tax base within the City of Eau Claire
 - 4) To diversify and promote the economic base of the region.
 - 5) To foster downtown business and creative economy growth.

Loan Amount: In most cases, the RLF will provide 30% of a project fund. The lending institution will provide 50-60% of a project fund. The borrowers will provide 10-20% of a project fund. The minimum RLF loan will be \$10,000 and the maximum will be \$150,000 unless special approval is given by the RLF Board.

Direct loans can be up to 100% of the project and can be made to borrowers requesting up to \$150,000.

Eligible Borrowers: Any manufacturing or service business located within the Eau Claire city limits and those businesses that are in sectors targeted by the city's Economic Development goals and strategies, which include downtown businesses and creative economy businesses.

Eligible Uses of Funds: Purchase of capital equipment, purchase of a facility, new construction, rehabilitation, reuse, and renovation of buildings, and working capital.

Non-eligible Uses: Refinancing. Relocation of companies located outside the Eau Claire area.

Collateral: The City will record a lien against the collateral pledged for the loan. In some instances, the lien may be a subordinate lien. Fixed asset loans will be collateralized with the assets purchased. Working capital loans can be collateralized with inventory, fixtures and receivables, or anything else the RLF Board deems necessary.

Proper insurances such as Hazard and Key-Person will be obtained as approved by the RLF Board. Personal guarantees will usually be required. If financing real property, a lien will be placed on the mortgage on the property.

Interest Rates: The interest rate charged on the RLF portions of the participation loans will be at 60% of the prime rate published in the Wall Street Journal. Direct loans may charge a higher rate per the risk. The minimum interest rate that may be charged is four (4) percentage points below the lesser of the current money center prime interest rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four (4) percent or 75% of the prime interest rate listed in the Wall Street Journal.



- Terms:** The terms of the loan will vary depending on the collateral and uses of funds. The participating financial institution will be relied upon to make term recommendations. As a guide, the RLF will normally go a maximum of 10 years on real estate, 3-10 years on capital equipment (depending on the life of the asset), and 3 years on working capital loans. Short terms will be encouraged.
- Job Creation Ratio:** The RLF will need to see at least one job created or retained for every \$10,000 that is loaned.
- Changing Lenders:** Upon RLF Board approval, borrowers may move the loan to a different financial institution if the City's lien position will not be compromised.
- Information Required:** RLF application
Financial institution commitment letter
Financial statements of the business (current plus last 3 years)
Pro-forma projections (start-ups)
Personal financial statements
Explanation on why credit is not available in terms and conditions which would permit completion and/or the successful operation or accomplishment of the project in the Eau Claire area. The lender reserves the right to recall the loan if these requirements are not met.
Business plan (start-ups)
Federal and EDA compliance documents
Employment plan
- Contact:** Mike Schatz
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