

**CITY OF MEQUON EMERGENCYLOAN FUND PROGRAM
PROGRAM GUIDE**

April 30, 2020

SECTION 1. GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the policies and procedures contained within this program guide is to present the criteria which governs the resources made available through the City of Mequon's Emergency Loan Fund (ELF) program for local businesses affected by COVID-19 pandemic and associated Wisconsin Governor's *Safer at Home* Order(s).

1.2 OBJECTIVES

The City desires to meet the following objectives with emergency funds made available through the ELF program:

- 1) To help stabilize the local economy through the retention of Mequon business operations and jobs.
- 2) To maintain and increase flow of capital for businesses during the emergency orders and recovery period from the pandemic.
- 3) To encourage and retain the private investment made within the City in the form of fixed asset and working capital investments.
- 4) To perpetuate a positive and proactive business climate which encourages the retention and long-term viability of existing businesses and helps to attract desirable new businesses.

SECTION 2. ADMINISTRATION

2.1 LOAN REVIEW PANEL

- 1) The City of Mequon has designated the Ozaukee County Economic Development Director, City of Mequon Community Development Director and City of Mequon Finance Director as the Loan Review Panel for the Emergency Loan Fund program. Funding decisions relative to the loans will be made by the Loan Review Panel in consultation with the City's Mayor.
- 2) The Loan Review Panel will be responsible for the day-to-day administration of the program. The Loan Review Panel, where necessary and appropriate, will counsel or guide loan applicants to other financial resources, specifically those offered through the Small Business Administration during the pandemic emergency period.
- 3) The Loan Review Panel will periodically review financial statements and loan schedules for loan recipients and maintain ELF accounting records that will be

segregated from other City accounts.

- 4) The City Attorney will prepare all loan agreements, review all promissory notes and mortgage or lien instruments, record ELF security instruments, and counsel the City on default matters.

2.4 ADMINISTRATION COSTS

On an annual basis, up to 20 percent of the ELF program income will be made available for personnel costs and other ELF administrative expenses incurred in the maintenance of the program. There shall be no fees associated with applications for the Emergency Loan Fund.

SECTION 3. ELIGIBILITY CONSIDERATIONS

3.1 ELIGIBLE AREA

The area served by the Emergency Loan Fund program will be within the corporate limits of the City.

3.2 ELIGIBLE APPLICANTS

- 1) Applications may be submitted by the sole proprietor, general partner, or chief executive officer of any business with operations open to the public in the City of Mequon prior to January 1, 2019 and show a positive financial success. Businesses open to the public within the City of Mequon after January 1, 2019, shall also qualify provided the business has a satellite location within the seven counties of Southeastern Wisconsin known as M7.
- 2) Existing businesses participating in the City's Revolving Loan Fund Program (RLP) are not eligible.
- 3) Applicants will not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.01(5), sexual orientation or national origin.

3.3 INELIGIBLE APPLICANTS

- 1) Emergency fund loans will not be available for the following businesses: a) speculative investment companies; b) real estate investment companies; c) lending institutions; d) gambling operations; and e) other businesses not serving the interests of the City.
- 2) No member of the City of Mequon Common Council, the City of Mequon Economic Development Board, or any other official, employee, or agent of the City who exercises decision-making functions or responsibilities in connection with the implementation of the ELF program is eligible for financial assistance under this program. In addition, no

ELF loans will be made which conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).

3.4 MINIMUM REQUIREMENTS

To be eligible for funding, each of the following minimum requirements must be met:

- 1) Documentation of Operations as open to the public within the City as specified in section 3.2.
- 2) Certify by statement that operations have been negatively impacted by COVID-19.
- 3) Certify operations within the City are supported by 25 Full Time Equivalent (FTE) employees or fewer as of March 1, 2020.
- 4) The applicant must demonstrate that the business achieved financial stability and positive financial success during the 2019 and 2020 to-date fiscal years.
- 5) Applicants must comply with all applicable local, State, and Federal laws and codes.

SECTION 4. TERMS AND CONDITIONS

4.1 TERMS AND CONDITIONS

Loan terms and conditions will be structured based on need and ability to repay. Minimum standards will include the following:

- 1) The maximum loan amount is \$15,000.
- 2) The loan term is 5 years including deferment period.
- 3) Loan payments and interest are deferred through June 30, 2021 and offered at 1% fixed annual interest rate following June 30, 2021.
- 4) There are no prepayment penalties.
- 5) Loans will be backed by personal guarantees from any principal owner, defined as owner(s) of 20% or more, of the subject business.

SECTION 5. APPLICATION PROCEDURES

5.1 TIMING

Applications may be submitted on May 5, 2020 and thereafter during the calendar year until allocated funding of \$150,000 is executed, or until the program is terminated by action of the Common Council.

5.3 PRIORITY

Complete applications will be reviewed in the order received and based on readiness for the loan approval process to proceed. In those instances where the number of requests for emergency funds exceeds allocated funding, applications will be prioritized based upon the

date of receipt of all requested application materials, the number of jobs to be created and/or retained, and the historic financial stability of the business operations. Where feasible, the amount of ELF funds contributed to each business will be adjusted in order to facilitate as many loan requests as possible.

5.4 LOAN APPLICATION

Applicants must apply using forms available from the City of Mequon that include documentation of the Minimum Requirements within Section 3.4 and the following:

- 1) A completed emergency loan fund application.
- 2) A written overview the existing business (1-page or less), including type of operation, management, markets, and products.
- 3) Financial statements for the 2019 and 2020 to-date fiscal years including balance sheets profit and loss statements and income statements that are compiled in accordance with Generally Accepted Accounting Principles (GAAP), including all footnote disclosures.
- 4) A description of how the business plans to use the requested funds.
- 5) Personal financial statements for the principals of the business.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

- 1) The Loan Review Panel will review the application for completeness and verify that the proposed project meets the minimum requirements provided in this policy and procedures manual. If the application is not complete, the applicant will be informed of the deficiencies.
- 2) The Loan Review Panel will meet to review an application within 5 business days of the receipt of a completed application. Once the review is completed and the proposal is acceptable for funding, the approval and terms of loan will be forwarded to the applicant for review and acceptance.
- 3) The applicant shall have 5 business days to accept and to execute the necessary loan documents for loan closure.
- 4) If the application is not approved, the Loan Review Panel will notify the applicant 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) The Loan Review will prepare a loan agreement which will be executed by the Mayor, City Clerk, and the sole proprietor, general partner, or chief executive officer of the business.
- 2) A promissory note will be prepared by the City Attorney and signed by the chief executive officer at the time of loan closing. The note will be dated; it will reference the agreement between the City and the business; and, it will specify the amount and terms of the loan funds delivered.
- 3) Personal guarantees provided as security for all loans will be prepared by the Loan Review Panel and executed at the time of the loan closing. All security instruments shall be recorded by the City Attorney and copies placed in the project file, as applicable.
- 4) An amortization schedule will be prepared by the Loan Review Panel and forwarded to the loan recipient after all loan proceeds are fully disbursed.

SECTION 7. POST APPROVAL REQUIREMENTS

7.1 OBLIGATION OF LOAN RECIPIENT

In addition to the terms and conditions of the loan, all borrowers must agree to comply with the following:

- 1) To maintain records that are necessary for the City to determine if the performance of the business complies with the terms of the loan agreement. Files must be maintained as long as the loan is active or for at least three years after completion of the work for which the loan has been obtained, whichever is longer.
- 2) To submit financial statements and periodic progress reports during the outstanding term of the loan.

7.2 LOAN REPORTING & REVIEW

All loans will be reviewed on an annual basis and include the following action steps:

- 1) The review will follow receipt of the fiscal year-end financial statements, the year-end

progress reports, and site visits. A loan review report shall be placed in the file and address the following: timeliness of monthly payments; condition of collateral securing the loan and status of overall financial condition of the business.

- 2) If the business is experiencing problems, the Loan Review Panel will work with the loan recipient to identify actions that are needed to correct the identified deficiencies.
- 3) 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 will, at the City's option, become immediately due and payable. To exercise this option, the City Attorney will prepare a written notice to the business.

The City of Mequon Is Ready to Help. For More Information Please Contact:

Kim Tollefson
Director of Development
City of Mequon

Office 262.236.2903
Cell: 414.807.3074
Email: ktollefson@ci.mequon.wi.us

City of Mequon Emergency Loan Fund Application

1. **Business Name:** _____
Address: _____
Agent for Loan: _____
Agent Telephone: _____
Agent Email: _____

2. **Brief Statement regarding operational impact by COVID 19:**

3. **Brief Statement regarding how the business plans to use the requested funds and anticipated number of Full Time Equivalent (FTE) jobs to be retained.**

4. **Emergency Loan Funds Requested:**

a) Loan Amount Requested	
b) Interest Rate is Set	Deferred through June 30, 2021 1% fixed annual rate after June 30, 2021
c) Loan Term is Set	5 years Five Year Repayment Term Includes Deferment Period

5. **Attachments To Include:**

- a) Overview of business with proof of operations, date of such and number of FTE employees and satellite locations. Include a copy of incorporation papers, payroll records as of March 1, 2020,
- b) Financial statements for the 2019 and 2020 to-date fiscal years including balance sheets profit and loss statements and income statements.
- c) A list of the principal owner(s) of the business, defined as owners of 20% or more of subject business, and copies of the personal financial statements for each.

I hereby certify that the information provided above and in the attached supporting documentation is to the best of my knowledge true and correct. I also certify that I have read and understand the Emergency Loan Fund Program Guide, which includes post approval requirements and obligations of the loan recipient.

Applicant Signature

Date

FOR IMMEDIATE RELEASE

April 30, 2020

Contact: Kim Tollefson, Community Development Director
262-236-2903 / ktollefson@ci.mequon.wi.us

EMERGENCY LOAN FUND PROGRAM ESTABLISHED TO ASSIST MEQUON BUSINESSES

Mequon, WI - The Mequon Common Council this week approved an Emergency Loan Fund Program to assist local businesses adversely affected by the COVID-19 pandemic. The program provides initial funding in the amount of \$150,00 and allows for loans of up to \$15,000 each for qualifying small businesses.

Qualifying businesses are defined as:

- Operations open to the public within the City of Mequon prior to January 1, 2019
- Operations open to the public after January 1, 2020 may also qualify, provided the business has a satellite location within the seven counties of Southeastern Wisconsin known as M7.
- Operations that have been negatively impacted by COVID-19
- Operations supported by 25 Full-Time Equivalent (FTE) employees or less as of March 1, 2020.
- Existing Revolving Loan Fund program participants are not eligible.

Loans are limited to a 5-year term, payments and interest are deferred through June 30, 2021, and payable at a 1% interest rate after June 30, 2021. Loans shall be backed by a personal guaranty from any principal owner and will be vetted for financial stability and positive financial performance during the 2019 and 2020 to-date fiscal years. Applications, which are available at: [EmergencyLoanFund](#) will be acted upon within 5 business days on a first-come, first-served basis. For more details, please contact Community Development Director Kim Tollefson as indicated above.

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