

Agenda Item Report



Winnebago County

The Wave of the Future

DATE: April 5, 2023

FROM: Jerry Bougie, Planning Director, IDB Coordinator

RE: Report and Board discussion on proposed repurposed IDB Revolving Loan Fund Program with Greater Oshkosh Economic Development Corporation.

General Description:

The IDB's current Revolving Loan Fund program is out of date and is proposed to be revised and repurposed to a new Revolving loan program that will better assist businesses in the County.

Action Requested:

No Board action will occur at this meeting. This agenda item is for informational purposes only.

Procedural Steps:

(Show each level of committee and board approval needed, with meeting dates.)

Committee Jurisdiction: Winnebago County IDB Meeting date: 4/17/2023

Action taken: N/A Vote: _____

Other Committee: N/A Meeting date: _____

Action taken: N/A Vote: _____

County Board: N/A Meeting date: _____

Background:

This is a follow-up discussion from the September 22, 2022 IDB meeting. The IDB's current Revolving Loan Fund has been in existence since 1980 pursuant to an initial \$1 million allocation by the County Board in the 1980 County budget. The loan program policies as established by the Industrial Development Board in 1980 were set up to loan funds directly to municipalities within the County for development projects. These loans were not designed to go directly to individual businesses. Between 1980 and 2015 the IDB loaned out over \$11 million to municipalities in the county via 36 separate loans for industrial development related projects. However, since 2015, municipalities no longer were interested in borrowing funds from the loan program.

Policy Discussion:

Lack of interest in borrowing from the loan fund by municipalities since 2015 has been primarily due to local municipalities recognizing that borrowing funds directly from the IDB loan fund coupled with the requirement they secure the loans with the municipality's taxing authority negatively impacts their debt service and borrowing capabilities. Furthermore, the loan program criteria were somewhat restrictive relative to the types of development projects that were eligible under the program. Therefore, the IDB began discussions several years ago to look at ways to change the loan program to better assist businesses in the County. The proposal by Greater Oshkosh Economic Development Corporation (GO-EDC) is to provide the IDB with an improved loan program by establishing more flexible loan criteria and to allow loans directly to businesses for the purposes of gap financing. The proposed new program would potentially enlist GOEDC as the contracted agency to manage the loan program for the IDB, as they have the administrative infrastructure and expertise to carry out these functions for the IDB. The proposed/revised new loan program is summarized in the attachment. GO-EDC personnel will be present at the meeting to provide an update and next steps regarding the proposed loan program. Any action by the IDB relative to the proposed new loan program is anticipated to occur at the IDB's next meeting. **FISCAL IMPACT:** There would be no fiscal impact on the county as the IDB's existing loan fund is sufficiently funded to implement the proposed repurposed loan program.

Attachments:

Attachment: WINNEBAGO COUNTY IDB REVOLVING LOAN FUND Proposal.

WINNEBAGO COUNTY IDB REVOLVING LOAN FUND Proposal

The "proposed" program for the IDB Revolving Loan Fund for Winnebago County is designed to encourage job creation and promote local economic development within the County. It is a flexible gap financing tool with lower or competitive interest rates for area businesses engaged in high- income and job growth through expansion and/or relocation projects.

REQUIREMENTS

Administered and managed by Greater Oshkosh Economic Development Corp., businesses must meet certain eligibility requirements to receive money from the Winnebago County Revolving Loan Fund. The proposed program allows for any single business enterprise to obtain funds from a minimum of \$25,000 to a maximum of \$250,000.

ELIGIBILITY

Any viable private enterprise with at least two years of financial history seeking to grow operations within Winnebago County.

ELIGIBLE ACTIVITIES

- The acquisition of land, buildings, and/or fixed equipment
- Inventory essential to the business operations
- Site preparation, the construction and/or reconstruction of buildings, the rehabilitation of buildings including leasehold improvements, and/or installation of fixed equipment
- Clearance, demolition, or the removal of structures
- Working capital
- Research and development
- Intellectual property
- Employee training
- Marketing of new products or its emergence into a new niche
- Employee recruitment and/or transfer
- Potential interest rate buy-down with private sector lender

FINANCING GUIDELINES

The Greater Oshkosh RLF Committee will use the following guidelines to evaluate each loan application:

- **Private Funds:** One dollar of private sector investment shall be provided for each dollar of RLF investment.
- **Loan Amount:** The amount of funds available for any single business enterprise shall range from a minimum of \$25,000 to a maximum of \$250,000.
- **Loan Terms:** The specific term of the loan will be determined on a case-by-case basis, designed around generating maximum success and outcomes.
- **Interest Rates:** The interest rate on each loan shall be determined on a case-by-case basis by the RLF Committee, balancing risk and return for Winnebago County, as well as applicable margins to cover associated costs.
- **Repayment:** Deferral of principle payments may be provided but will be determined on a case-by-case basis designed around generating maximum project success and outcomes.
- **Collateral:** Collateral requirements shall be determined on an individual basis by the RLF Committee.