



Meeting: Village Board
Meeting Date: 5/13/13
Agenda Item: 5c

VILLAGE BOARD MEETING STAFF REPORT

REPORT TO: Burt R. McIntyre, President
Village Board of Trustees

REPORT FROM: Chris Haltom, Director of Administrative Services

AGENDA ITEMS: Review and take action on Resolution 2013-17 authorizing participation in the forming of a Bay-Lake Regional Loan Fund

ACTION REQUESTED: ___Ordinance ___Resolution ___Motion ___Receive/File

POLICY ISSUE

Should the Village Board approve Resolution 2013-17 authorizing the creation of a new Bay-Lake Regional revolving loan fund to replace the village's existing loan fund?

BACKGROUND INFORMATION

Village staff has been working with area officials for more than a year to seek input on creating a new revolving loan fund entity, which shall be called the Bay-Lake Regional Loan Fund (Bay-Lake). Bay-Lake would consolidate all county and municipal revolving loan funds into one new entity. The new entity would be established to maintain, monitor and collect all funds from existing municipal and county revolving loans. Bay-Lake is expected to have assets that exceed \$30 million based on estimates of communities that have been participating in the discussions.

The current village revolving loan fund (RLF) is somewhat restrictive on the ability to make loans. The current village manual for the RLF, which has been approved by the village board and state, calls for loans to be made based on new jobs created and only \$20,000 per new job can be made as loans. There are also various reporting requirements for the loan recipients and more rules associated with the jobs created related to low to moderate income jobs. All of the requirements of the village's RLF are a result of the original loan funds being made from three Federal Community Development Block Grants that were subsequently collected by the village and new loans were made.

The proposed new entity Bay-Lake will be a non-profit corporation established only for the purpose of maintaining and making new loans. By each municipality and county transferring existing loans to Bay-Lake, the Federal requirements of job creation will cease to exist. New loans could be made from the fund to area businesses for improvements such as new facades, upgrading equipment, expanding buildings and other business needs that are not tied to job creation or any other burdens of the existing program. Please note that any cash transferred to Bay-Lake will remain under the current RLF restrictions until the funds are loaned to a business; subsequent collections of these funds would no longer be subject to the existing RLF restrictions.

Municipal and county officials from Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto and Sheboygan are being asked to participate into the new entity. No municipality can participate in the program unless the county agrees to participate. So far, only Manitowoc County

has declined to participate in the program. In Brown County, De Pere, Howard and Brown County could participate in the program. De Pere and Brown County will be seeking their governing body approvals for the same resolution in May and/or June 2013.

The attached resolution authorizes the village to become part of the forming of the new entity, Bay-Lake Regional Loan Fund. The resolution does not commit the village to be part of the entity yet, but commits the village to be part of forming the new entity. After the entity is formed, additional action will be needed by the village to agree to terms with the new entity on how the loans and cash will be transferred and other details related to the new entity and handling of future loans.

The village's Community Development Authority (CDA) has been granted authority to issue village loans by the village board. The CDA would continue to have authority to make and approve loans up to \$250,000 from the new entity. The new entity would provide legal counsel and management functions in preparing loan documents, disbursing funds, reporting requirements and all other administrative issues related to these loans. The new entity would also be required to approve any loans that exceed \$250,000.

FISCAL IMPACT:

Is There A Fiscal Impact?	No, not yet
Is it Currently Budgeted?	No

STAFF RECOMMENDATION

Staff recommends the board approve the resolution and the following motion could be made:

"I move to approve Resolution 2013-17 authorizing participation in the forming of a Bay-Lake Regional Loan Fund."

POLICY ALTERNATIVE(S)

The Village Board could take the following actions:

- Take no action and maintain the current RLF structure
- Table the item

ATTACHMENTS

- I. Resolution 2013-17

Resolution No. 2013-17

**RESOLUTION TO AUTHORIZE THE PARTICIPATION OF THE VILLAGE OF HOWARD
IN FORMING A BAY-LAKE REGIONAL LOAN FUND.**

WHEREAS, the State of Wisconsin Department of Commerce (now WEDC) developed an initiative that seeks to consolidate the local CDBG Business Revolving Loan Funds that exist in Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto and Sheboygan counties in the Bay-Lake region into a regional loan fund; and

WHEREAS, the proposed consolidation is in the Village of Howard's economic interest as it will provide a more effective financing program that will remove existing federal regulations, open up the funds to more businesses and projects, streamline fund management, and relieve individual communities of administrative and legal responsibilities; and

WHEREAS, the Village of Howard has reviewed the Bay-Lake Regional Loan Fund draft manual; has considered the advantages and disadvantages of participation; and recommends the Village of Howard participation in forming a Bay-Lake regional loan fund; and

WHEREAS, the Bay-Lake regional loan fund will implement a regional strategy that encourages local governments to work together, streamlines the management of RLFs, and improves local capacity for economic development: and

NOW, THEREFORE BE IT RESOLVED that the Village of Howard Board agrees to participate with Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto and Sheboygan Counties to form a Bay-Lake regional loan fund.

BE IT FURTHER RESOLVED, that the Village of Howard Board authorizes the Village Administrator to sign and execute all necessary documentation to complete said participation on behalf of the Village of Howard.

Approved this 13th day of May, 2013.

Burt R. McIntyre, Village President

Christopher A. Haltom, Village Clerk