

Economic Development Loan Program Manual

**Administered by the City of Sheboygan's
Redevelopment Authority**

11/19/2025

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PURPOSE

The purpose of the Economic Development Loan Program, also known as the Revolving Loan Fund (RLF) is to promote employment and business opportunities in the City of Sheboygan. Such purposes are declared to be a public purpose for which public funds may be expended. Through the Economic Development Loan Program, the City will provide below market interest rate loans to qualified borrowers for specified eligible projects.

PROGRAM FUNDING

An economic development loan pool for the City of Sheboygan is established, containing funds allocated through various Community Development Block Grant Programs and income generated by repayment of loans. The pool will serve as a revolving loan fund for future activities. Loans cannot exceed 50% of total project cost.

BUSINESS DEFINITIONS

New Business – A company that has been in operation for less than 12 months or has not previously operated in the City of Sheboygan. New businesses must provide a complete business plan, 3-year financial projections, and proof of adequate capital funding. Businesses relocating from outside Sheboygan are considered new but must demonstrate net new job creation.

Existing Business – A company with 12 months or more of continuous operations supported by at least one year of financial statements. Existing businesses must provide a business plan and proof of adequate capital. Expansion projects (new facility, equipment, or workforce growth) and job retention projects qualify as existing.

ELIGIBLE AREA

Eligible activities must take place within the city limits of the City of Sheboygan. LMI (Low- and Moderate-Income) designated areas of the city will receive priority. Please contact the Department of City Development for details.

ELIGIBLE APPLICANTS

Eligible applicants are businesses and/or industries that will locate or expand in the City of Sheboygan by creating or retaining jobs, of which more than 51% must be for low and moderate-income people. Documentation of income of job positions created or retained is required. Job pirating is prohibited under Section 588 of the Quality Housing and Work Responsibility Act of 1998.

ELIGIBLE ACTIVITIES

Eligible uses of funds include: (1) building demolition if the new building value is equal or more of the assessed value of the one being demolished, renovation, or addition; (2) land acquisition,

site preparation, or new building construction; (3) equipment purchase and installation; and (4) working capital. Ineligible activities include maintenance of facilities and specialized equipment not essential to business operations.

LABOR STANDARDS (DAVIS BACON ACT)

The Applicant, if awarded an Economic Development Loan through this program, shall comply with and assure compliance of all Project contractors and subcontractors with the Davis Bacon Act, as amended 40 U.S.C. 276a-276a-5, the Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333, applicable Federal laws, provide weekly payroll reports for contractors/subcontractors working on this project, and other regulations pertaining to labor standards.

APPLICATION PROCESS

Applications must include:

For existing businesses: current year-to-date balance sheet and income statement, past two years of historical financials, a current financial statement, sources and uses of funds, three-year pro forma and cash flow analysis, and a business plan.

Two or more years of business tax returns, and credit analysis from bank lending partner if applicable

For new businesses:

(1) three-year pro forma and cash flow analysis that includes a sources and use, P&L Income Statement), Statement of Cashflows, Depreciation Schedule, Balance Sheet, and Breakeven Analysis; and a

(2) business plan that includes an Executive Summary, Business Description, Industry Analysis, Target Market Analysis, Competitive Analysis, Sales and Marketing Plan, Risk Analysis.

Credit analysis from bank lending partner if applicable.

All loan applications are subject to the State of Wisconsin Open Public Records Law.

EVALUATION CRITERIA

In general, the Redevelopment Authority of Sheboygan will evaluate the application in accordance with the following criteria and in comparison, with other applications received:

- a. Employment opportunities.
- b. Economic impact on community.
- c. Amount of project cost over and above loan.
- d. Need for financial assistance.
- e. Compatibility with nearby land uses.
- f. Consistency with existing economic development plans of the City of Sheboygan.

The City of Sheboygan will also decide of the applicant's ability to repay the loan. Each completed application will be reviewed by the Redevelopment Authority. The RDA will decide within 60 days of application submission. A rejected application may be resubmitted, provided it is revised in accordance with the RDA's recommendations and funds are still available. Decisions of the RDA shall be final.

Applications will be evaluated based on the following criteria, with a maximum of 100 points. Applicants must score at least 60 points to qualify. 10 points per category. (Please see scoring sheet attached to this document identified as Addendum A)

1. Employment Opportunities – Creates permanent jobs at or above one FTE per \$35,000 loaned, with additional points for jobs paying above the county median wage or offering benefits.
2. Spin-off Development – Potential to generate additional development.
3. Tax Base Generation – Increases local tax base relative to public expenditures.
4. Private vs. Public Investment – Leverage of private capital.
5. Benefit-to-Risk Ratio – Balance of benefits versus risks to the City of Sheboygan.
6. Economic Impact – Positive impact on the local economy.
7. Neighborhood Impact – Positive compatibility with surrounding properties.
8. Conformance with City Plans – Aligns with economic development and comprehensive plans.
9. Local Ownership & Community Commitment – Up to 10 points for locally owned or community-invested businesses.
10. Management Readiness – Up to 10 points for business plan quality, collateral, and management experience.

LOAN AND INTEREST TERMS

All loans granted under this program shall be subject to the following terms and conditions:

1. Loans will only be made to the business to be affected directly by the proposed activity.

2. No loan shall be made to any party whose application does not indicate adequate financial capacity for loan repayment.
3. Approved loan amounts may vary according to the amount of dollars in the pool.
4. Interest Rate – Loans will be issued at prime minus 1% on the day of the application is approved for projects creating or retaining a majority of low-to-moderate income (LMI) jobs, or at Prime for general projects.
5. Loan Amounts – Loans cannot exceed 50% of total project cost and are limited to \$35,000 per job created.
6. Loan Term – Up to 20 years for real estate, 7–10 years for equipment, and 3–5 years for working capital.
7. Loans will be secured by a mortgage to security agreements. The security agreements will include LMI job requirements and standards for compliance on a yearly basis.
8. Repayment Start – Loans may include up to 12 months of interest-only payment for new businesses or expansions.
9. No Loans shall be subject to any penalty for prepayment.
10. The funds of each loan shall be paid in the name of the borrower by the City and shall constitute a loan advance in the borrower's name. The City shall not disburse any of the loan proceeds to any contractor, sub-contractor or supplier until it has satisfactory written, evidence that all work has been completed satisfactorily, and that all suppliers, laborers, and sub-contractors have been paid or have delivered releases of their rights to assert liens upon the property.
11. In the event any installment payment (including, without limitation, the entire principal balance upon maturity), becomes more than fifteen (15) days past due, borrowers shall pay a late payment charge to holder equal to five (5%) percent of the entire unpaid amount of the installment. Payments received after any installment becomes more than fifteen (15) days past due shall be applied first to current installment(s) and then to delinquent installments for purposes of this Provision.
12. Claw-back provisions – Borrowers must meet job creation/retention commitments. Annual reporting required. Non-compliance may result in adjusted terms or repayment acceleration.

13. The Redevelopment Authority reserves the right to ask for additional information.

14. Application will not be considered until complete.