

**VILLAGE OF SAUK CITY**  
**DOWNTOWN REVITALIZATION PROGRAM**  
**TAX INCREMENTAL FINANCING DISTRICT #8 (TID #8)**

**TID #8 REVOLVING LOAN FUND PROGRAM:**  
***MANUAL OF POLICIES AND PROCEDURES***

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**TID #8 REVOLVING LOAN FUND PROGRAM:**

**POLICIES AND PROCEDURES MANUAL**

**FOREWORD**

In the Boundary & Project Plan to Tax Incremental District No. 8 within the Village of Sauk City (“TID #8” or “Downtown TID”), which was approved by resolution of the Village Board of the Village of Sauk City (“Village”) on March 29, 2005, and subsequently approved by the Joint Review Board, the Village approved the following as part of its project list:

**Revolving Loan Fund and Development Incentives.**

The Village may provide incentives to property owners and developers as a means of encouraging desired types of development within the District. Incentives may include but are not limited to assistance with land acquisition, site improvement, facility construction, building improvement, landscaping and other incentives which will assure increased tax base.

The Policies and Procedures contained in this Manual govern loans made for the above-project(s) within TID #8.

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## **SECTION 1    GENERAL PROVISIONS**

### **1.1    TITLE.**

These regulations shall hereafter be known, cited and referred to as the Village of Sauk City's TID #8 Revolving Loan Fund Program: Policies and Procedures Manual (2008) ("TID #8 Revolving Loan Fund Manual" or "Manual").

### **1.2    PURPOSE.**

This Manual sets forth the regulations that govern revolving loans ("TID Loans") that fund economic development activities identified in the Village of Sauk City's Boundary & Project Plan for Tax Incremental District No. 8 ("TID #8" or "Downtown TID"). The TID #8 Revolving Loan Fund Program ("TID Loan Program" or "Program") is one of the tools being used by the Village of Sauk City ("Village") as part of its downtown revitalization program.

### **1.3    OBJECTIVES.**

TID Loans are intended to assist with economic development that meets one or more of the following objectives:

- (1)    To maintain and promote a diverse mix of employment opportunities to minimize seasonal or cyclical employment fluctuations.
- (2)    To encourage the leveraging of new private investment in the community.
- (3)    To maintain a positive business climate which encourages the retention and expansion of existing business and industry and helps to attract desirable new business, industry and services.
- (4)    To encourage the development of businesses that use modern technology and promote safe, healthy work environments.
- (5)    To address environmental issues that otherwise present a barrier to economic development in the Village.
- (6)    To support the downtown and main street revitalization in the Village.

- (7) To provide needed services.
- (8) To improve the quality of life in the Village.
- (9) To increase the tax base of the Village.

#### 1.4 AMENDMENTS.

The Village Board may from time to time amend the Manual. To be effective, all such amendments must be reviewed by the Plan Commission (“PC”) and approved by a majority vote of the Village Board.

## **SECTION 2 ADMINISTRATION**

### 2.1 OVERVIEW OF PROGRAM ROLES & RESPONSIBILITIES.

- (1) The Village Administrator, Village President, Chair of the Plan Commission and/or others designated by the Village Board shall explain the Program to prospective applicants and furnish the application and other written information regarding the Program to applicants.
- (2) The Village Administrator (and/or others designated by the Village Board) shall review and process all applications for TID Loans. Following award of a TID Loan, the Village Administrator shall monitor the TID Loans and report regularly to the Village Board regarding the status of the TID Loans.
- (3) The Plan Commission (“PC”) shall:
  - a. review and recommend overall policies and procedures for implementing the Program;
  - b. consider all complaints or disputes related to the Program and make recommendations for resolution to the Village Board; and,
  - c. review all TID Loan applications and make recommendations to the Village Board for approval, conditional approval, and/or disapproval. The final decision on all TID Loans is left to the sound discretion of the Village Board.
- (4) The Village Board shall have final authority with respect to the Program, including, but not limited to:

- a. establishing the overall policies and procedures for implementing the Program;
  - b. reviewing and ranking all TID Loan applications, following consideration of input from PC and Village Administrator;
  - c. approving or disapproving all requests for TID Loans; and,
  - d. resolving all complaints or disputes related to the Program following consideration of input from PC and Village Administrator.
- (5) The Village Attorney shall assist as necessary, prepare all TID Loan Agreements, review all legal documentation related to the TID Loans, and advise the Board on related matters.

## 2.2 MEETINGS.

Meetings on issues related to TID Loans shall be held by the PC and/or Village Board and/or others designated by the Village Board, on an as-needed basis. Meetings shall be held in the Village Hall located at 726 Water Street, Sauk City, Wisconsin, unless otherwise agreed and noticed, in accordance with Open Meetings Laws. For the purpose of action, a majority of the members of the entity convening shall constitute a quorum. A majority of those present and constituting a quorum shall be required for official action to take place.

## 2.3 RECORDS.

Written records of all Program activities, including minutes of public meetings that involve the Program, TID Loan applications and related documents, shall be maintained in the office of the Village Clerk.

# **SECTION 3 ELIGIBILITY**

## 3.1 ELIGIBLE APPLICANTS.

- (1) Applications for TID Loans may be submitted by any persons with eligible projects within TID #8, except those identified as “ineligible applicants” in this Section 3.
- (2) A member of the Village Board or a Village committee, or any other official, employee or agent of the Village who would otherwise exercise policy, decision-making functions or responsibilities in connection with the implementation of this Program may apply for a TID Loan, **BUT ONLY UNDER THE FOLLOWING CIRCUMSTANCES:** he or she has abstained from all TID Loan application review, TID Loan decision-making, and development of TID Loan policy during both of the

following years: (a) the year in which he or she applies for a TID Loan; and, (b) the year in which his or her TID Loan is approved. This provision shall take effect on July 15, 2008; therefore, any such participation prior to July 15, 2008 shall not in any way limit an applicant's eligibility.

### 3.2 INELIGIBLE APPLICANTS.

- (1) An applicant is ineligible if he or she is a member of the Village Board or a Village committee, or any other official, employee or agent of the Village who is authorized to, and in fact did, exercise policy, decision-making functions or responsibilities in connection with the implementation of this Program during both of the following years: (a) the year in which he or she applies for a TID Loan; and, (b) the year in which his or her TID Loan is approved. This provision shall take effect on July 15, 2008; therefore, any such participation prior to July 15, 2008 shall not in any way limit an applicant's eligibility.
- (2) An applicant is ineligible if the award of a TID Loan to that applicant would present a conflict of interest under Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
- (3) An applicant is ineligible if, as of the date of any TID Loan award to be made, he or she is delinquent in the payment of personal property tax, special assessments, real estate property taxes or any other fees or taxes due to the Village
- (4) If an applicant is ineligible, his or her spouse, if any, is also ineligible.

### 3.3 ELIGIBLE ACTIVITIES.

TID Loans may be available to eligible applicants for the following activities:

- (1) The acquisition of land, buildings and improvements located in TID #8.
- (2) The construction, reconstruction or installation of public infrastructure benefiting property located in TID #8.
- (3) The addition, construction, clearance, demolition, removal or rehabilitation of buildings and improvements located in TID #8.
- (4) The payment of assessments or costs related to installation of: wastewater treatment facilities, sanitary sewer lines (including laterals), lift stations and grinder

pumps; wells, pumps, water lines and laterals; storm sewer and drainage facilities (including drainage swales, detention ponds and retention facilities); groundwater recharge areas; street improvements (including road way, curb & gutter and sidewalk) and other public infrastructure improvements, provided that the improvements directly benefit property within TID #8.

- (5) Remediation efforts relating to property within TID #8 and the use, generation, manufacture, collection, treatment, disposal, storage, control, removal or clean up of Hazardous Materials (as defined herein). The term "Hazardous Material" shall mean any waste, substance, or material that is: (i) identified in 42 USC § 9601(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as the same may be amended from time to time (herein called "CERCLA"); or (ii) determined to be hazardous, toxic, a pollutant or contaminant, under federal, state, or local law, including, but not limited to, petroleum and petroleum products. The term "release" shall have the meaning given to such term in 42 USC § 9601(22) of CERCLA.
- (6) Engineering costs, architectural costs, legal fees, surveying costs, monitoring costs, title insurance premiums, brokerage commissions, construction interest and other soft costs related to any of the foregoing.

### 3.4 INELIGIBLE ACTIVITIES.

TID Loans shall **not** be available for the following activities:

- (1) Refinancing (such as using the TID Loan to pay off other existing loans) or reimbursement for expenditures made or incurred prior to the date of the application for a TID Loan.
- (2) Purchase of equipment that has a depreciation life of 5 years or less (using standard depreciation schedules), such as office equipment, furnishings or minor tools.
- (3) Routine maintenance of real property in TID #8.

### 3.5 CRITERIA FOR THE AWARD OF TID LOANS.

**The maximum amount of a TID Loan is Fifty Thousand Dollars (\$50,000.00).**

In reviewing TID Loan applications, the PC shall make specific findings as to the existence of the top two criteria in this Section 3.5, shall consider the additional criteria in this Section

3.5, and may consider additional factors, as the PC deems appropriate for the specific TID Loan application presented. The PC shall then make its recommendation to the Village Board. The final decision with respect to the award of a TID Loan shall be left to the sound discretion of the Village Board following consideration of the PC's recommendation, the criteria set forth below and other factors the Village Board deems relevant.

Top Two Project Criteria: The following criteria should be given significant weight during the review process:

- (1) The project will encourage the economic development of the Village.
- (2) The project will add tax base increment to the Village.

Additional Project Criteria: The following criteria, which are not necessarily listed in the order of significance, should be considered carefully during the review process:

- (1) Degree of Benefit to Property Located in TID #8.
- (2) Type of Improvement and Community Need
  - a. Residential
  - b. Commercial
  - c. Mixed Use
- (3) Redevelopment and Expansion of Existing Businesses, as well as New Development
- (4) Benefits to Community (in addition to added increment)
  - a. Job Creation
  - b. Needed services or facilities<sup>1</sup>
- (5) Financial and/or Business Strength of Applicant<sup>2</sup>
  - a. Creditworthiness
  - b. Business Plan
  - c. Letters of Intent

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<sup>1</sup> For example, in 2006, a community survey indicated the need for retail services and restaurant(s). Please contact the Village Administrator for additional and current information.

<sup>2</sup> To evaluate the financial strength of an applicant, the applicant must submit the business' last two (2) years of federal tax returns and/or year end accountant-prepared compilation financial reports (income, expense and balance sheet information is required for existing businesses and a business plan is encouraged). For new businesses, a business plan and financial projections are required. A current personal financial statement of guarantor(s) must also be provided.

- d. Experience
  - e. Commitment to Community
- (6) Risk of Proposal
  - (7) Performance Guarantee
  - (8) Dollar Amount To Be Invested and Potential Return
  - (9) Project's Financial Feasibility and Viability

#### **SECTION 4 APPLICATION PROCEDURES**

##### **4.1 DISCUSSION OF REQUIREMENTS.**

Before submitting an application, the applicant shall discuss the Program with the authorized Village officials, which includes the Village President, the Chair of the PC and the Village Administrator and/or others designated by the Village Board. The authorized Village officials shall provide the applicant with the appropriate application forms and may provide information that may assist the applicant in completing the application.

##### **4.2 APPLICATION DEADLINES AND REVIEW PROCESS TIMING.**

Applications may be made at any time throughout the year.

##### **4.3 APPLICATION.**

The PC recommends that applicants review the criteria for the award of TID Loans carefully, and provide sufficient information to allow the Village to determine whether the project meets the criteria. At a minimum, applicants shall submit a package that contains all of the following information:

- (1) Application Form. Complete the Village's standard application form which requests relevant background and contact information.
- (2) Project Description. Explain how the applicant plans to use the requested TID Loan. The written description of the project should include the following:

- a. The need for the proposed project, and the anticipated benefits of the project.
  - b. The timetable for the project.
  - c. Market trends and research supporting viability and anticipated benefits of project.
- (3) Applicant's Background. Describe the applicant's background and ability to complete the project, including:
- a. A brief personal resume of each principal associated with the applicant, including number of years experience on this or similar projects, educational background, and personal involvement in proposed project.
  - b. Evidence of financial stability of applicant, including evidence of applicant's ability to fund elements essential to the success of the project, but not included in the TID Loan, and applicant's ability to provide a guarantee of increment, if the Village deems such guarantee necessary or advisable.
- (4) Financial Projections. Provide information requested by the Village to allow the Village to complete financial projections necessary to assess the financial viability of the project. Each project must demonstrate a probability of economic success. It is the Village's responsibility to both encourage economic development and protect the TID #8 Revolving Loan Fund for future economic development.

**NOTE: THE VILLAGE IS SUBJECT TO WISCONSIN'S OPEN RECORDS AND OPEN MEETINGS LAWS. TO THE EXTENT THAT THE APPLICANT WISHES THAT CERTAIN INFORMATION REMAIN CONFIDENTIAL, IT IS THE APPLICANT'S RESPONSIBILITY TO CLEARLY MARK THE INFORMATION AS CONFIDENTIAL. THE VILLAGE WILL THEN DO ITS BEST TO MAINTAIN THE CONFIDENTIALITY OF SUCH INFORMATION, WITHIN THE CONFINES OF ITS OBLIGATIONS UNDER THE LAW.**

#### 4.4 REVIEW, IMPLEMENTATION & MONITORING FEES.

The review, implementation and monitoring fees associated with a TID Loan shall be paid by the applicant, as set forth below. TID Loan fees shall be set by resolution of the Village Board, and may be adjusted on an annual basis. These fees may include application review fees, third party administrative fees and monitoring fees.

- (1) Review Fees. TID Loan application review fees<sup>3</sup> shall be paid to the Village by the applicant at the time of the application. As of the date of adoption of this Manual, the TID Loan application fee shall be two hundred fifty dollars (\$250.00). Thereafter, the TID Loan application fee shall be set by resolution of the Village Board. The TID Loan application fee shall be nonrefundable.
- (2) Third Party Administrative Fees. As soon as reasonably possible in the review process, the Village Administrator shall notify the applicant of the need for third party review of the TID Loan application and shall request a deposit from the applicant in the amount of five hundred dollars (\$500.00) which shall be used to pay third party administrative and review fees. At completion of said review, any balance remaining shall be refunded to applicant. If the Village has determined that legal and/or other consultant's review is advisable, the Village shall refer the application to the Village Attorney and/or other Village consultant for a good faith estimate from the Village Attorney and/or other Village consultant of the costs of review and recommendation with respect to the award of the TID Loan. If such costs are estimated to exceed \$500, the Village shall advise the TID Loan applicant prior to incurring said costs. Provided that notice is given to the TID Loan applicant and the TID Loan applicant does not submit a written objection to proceeding with review within five (5) business days of the Village's delivery of notice that costs may/will exceed \$500, all such costs shall be paid by the TID Loan applicant. These costs may include legal fees, consulting fees (such as appraisals, estimations of value, etc.), and associated hard costs such as copying, typing and mailing expenses. Third party administrative fees shall be billed to the applicant as services are rendered and shall be paid by the applicant within 30 days of the invoice date.
- (3) Loan Administration Fees. After award of the TID Loan, and particularly in the event of delay or default or excessive use of Village administrative time or for other reasons as determined by the Village, the Village may impose loan administration fees associated with the review, monitoring and annual reports to be made to the Village to confirm the progress of the project or to evaluate a project's status. Loan administration fees shall be billed to the applicant as services are rendered and shall be paid by the applicant within 30 days of the invoice date. No advance notice or authorization is required to impose loan administration fees, and failure to timely pay monitoring fees shall be deemed a default of the TID Loan.

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<sup>3</sup> Review fees shall be deposited in the general fund to offset the Village's administrative time and expense in reviewing the TID Loan applications.

#### 4.5 REVIEW PROCESS.

Specific steps in the review process include the following:

- (1) Preliminary Review by Village Administrator/Consultants/Committees. The Village Administrator, with assistance from the Village financial consultant and Village Attorney as necessary, shall review the application for completeness and verify that the proposed project meets the minimum requirements of the Program. If the application is not complete, the Village Administrator and/or Village financial consultant and/or Village Attorney will advise the applicant of the deficiencies. As part of the review, the Village Administrator or Village financial consultant shall also evaluate the applicant's financial strength and ability to complete the proposed project. Financial strength may be determined through financial underwriting common in the commercial lending industry, and/or a prequalification process similar to the one used to prequalify bidders on construction projects. Once the application and preliminary review is complete, the application will be referred to the PC along with a report prepared by the Village Administrator and/or Village financial consultant and/or Village Attorney. The PC and/or others designated by the Village Board will then review and recommend approval/conditional approval/disapproval as well as terms of the TID Loan to the Village Board.
- (2) Formal Review by Village Board. Following consideration of the recommendations from the PC, the Village Administrator and consultants, and/or others designated by the Village Board, the Village Board will meet to formally review the application. The Village Board may request that the applicant be present for the review and to answer questions or provide additional information. The Village Board shall then determine whether the application is acceptable for a TID Loan and, if acceptable, recommend terms and conditions for the TID Loan.
- (3) Notice of Recommendation for Approval, Negotiation and Approval of TID Incentive Agreement, and TID Loan Award. Once the review is complete and the application is approved, the Village Attorney will work with the applicant to complete the TID loan documents. The TID loan documents will then be presented to the Village Administrator for approval, modification or disapproval. If approved, notice of approval will be provided, documents executed and the TID Loan awarded.
- (4) Notice of Disapproval. If the application is not approved, the Village President shall send a letter to the applicant stating the reasons for rejection.

## **SECTION 5     DISTRIBUTION OF TID LOAN**

### **5.1     TID LOAN FUND RELEASE PROCEDURES FOR REIMBURSEMENTS.**

To the extent that the TID Loan is for REIMBURSEMENT of approved costs on a particular project, all of the following conditions must be met prior to disbursement of the TID Loan funds:

- (1) The applicant must submit a written signed statement that contains: (1) a list of all contractors and suppliers who worked on the approved project; and, (2) confirmation that the work has been completed in accordance with the approved application and TID Loan.
- (2) The applicant must submit final unconditional lien waivers from ALL contractors and suppliers.
- (3) The applicant must supply proof that the improvements passed all final inspections and meet all Village of Sauk City code requirements.
- (4) The Village may also take those steps the Village deems appropriate under the circumstances to verify the information provided and completion of the project as approved.
- (5) All improvements must be completed within six (6) months of the award of the TID Loan, and all requests for reimbursement must be made within nine (9) months of the award of the TID Loan, or applicant shall be deemed to have waived any right to reimbursement and no reimbursement shall be made. Extensions to the six (6) month completion period may be granted for inclement weather or the ordering of special building materials, provided that the applicant requests an extension in writing prior to expiration of the completion period. The Village will notify the applicant in writing of its approval or denial of the extension.

### **5.2     ONGOING REVIEW AND MONITORING.**

Following the award of a TID Loan, the Village Administrator shall review all financial information, documentation of TID Loan and overall Program expenditures, maintain separate accounting records as recommended by the Village's auditor, and report regularly to the PC and Village Board regarding the status of current TID Loans.

### **5.3     AMENDMENT OF TID LOAN DOCUMENTS.**

To be effective, any amendments of TID Loan documents shall be in writing and must be approved by the Village Board. Satisfactory arrangements for preparation of amendments will vary based on individual circumstances.

Approved by the Village Board of the Village of Sauk City on this 8th day of July, 2008, by a vote of 5 for, 0 against, and 0 abstaining.

James Anderson, Village President  
Vicki Breunig, Village Administrator