



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE:	March 1, 2018 – Redevelopment Authority March 6, 2018 – Common Council
SUBJECT:	RDA Resolution 18-06 (Legistar Item No. 0189-18) Small Business Revolving Loan Fund Request- Littleport Brewing Company, LLC
PREPARED BY:	Laura Detert, Manager of Housing and Community Development
SUMMARY:	Littleport Brewing Company, LLC has requested \$174,980 from the City of Racine Small Business Development Revolving Loan Fund (SBD-RLF) to fund equipment purchase and working capital for creation of five (5) full-time equivalent positions.
PROJECT BACKGROUND & ANALYSIS:	<p>Littleport Brewing Company, LLC is planned as a 10 barrel brewery with a tasting room located at 214 3rd Street, in historic Downtown Racine. Littleport is a woman-owned business whose owners also own DP Wigley, home base of the <i>Belle City Homebrewers and Vintners Club</i>, and <i>Hop To It</i>, the area’s only wine and beer supply business. As home brewers, the owners of Littleport have won numerous brewing awards.</p> <p>To expand from home brewing to a commercial brewing business, Littleport has been working with Wisconsin Women’s Business Initiative Corporation (WWBIC) to develop a business plan and secure financing for the equipment, building costs, and working capital. Littleport plans to purchase commercial brewing equipment and renovate the building for the brewery and tasting room space. Littleport has been approved for a White Box Grant and Façade Grant through the City of Racine to assist with building costs.</p> <p>WWBIC assisted Littleport with the application and underwriting of a \$174,980 loan from the City of Racine Small Business Development Revolving Loan Fund (SBD-RLF) and recommends the loan with the given terms. The business plans to hire four full-time employees and two part-time employees within a year of closing the SBD-RLF loan as part of the Community Development Block Grant (CDBG) funding requirements.</p> <p>Littleport Brewing Company, LLC will be sourcing key ingredients directly through <i>Hop To It</i> and using a developed network of customers to ensure immediate tap-room clientele. Preliminary wholesale agreements have been drafted with area pubs and taverns.</p> <p>In addition to creating jobs, the project may also contribute to overall Downtown redevelopment. Located in a historic warehouse, the project adds manufacturing and production Downtown, expands arts and entertainment available in the region as a microbrew tasting room destination, rehabilitates a prominent building in Downtown Racine’s historic retail corridor, and bolsters existing businesses in the area.</p>

FINANCING:

Littleport Brewery Co., LLC. is requesting a \$174,980 loan from the City of Racine Small Business Development Revolving Loan Fund (SBD-RLF).

Total project financing is estimated at \$480,000. WWBIC has approved a \$250,000 Small Business Administration (SBA) loan pending secured financing from other sources including the Racine SBD-RLF. WWBIC funds are earmarked for construction, additional equipment purchases, and working capital.

City of Racine SBD-RLF funds would be used for the purchase of a 10 barrel brewing system and working capital. The SBD-RLF loan term is proposed as 2% APR, principal deferred for 24 months, and a 10 year loan term for equipment and 5 year term for working capital. All equipment purchased with SBD-RLF funds will be collateralized and the entirety of the loan will be secured through agreements and guarantees.

(See "Sources and Uses" and "Loan Summary Sheet".)

Littleport Brewing Company , LLC					
Source and Uses					
USES	City of Racine RLF	City of Racine – Grants*-	Client	WWBIC	TOTALS
Equipment	\$140,550.00			\$142,000.00	\$282,550.00
Buildout	\$0.00	\$30,000.00*	\$25,000.00	\$63,000.00	\$118,000.00
Closing Costs	\$6,730.00			\$10,270.00	\$17,000.00
Working Capital	\$27,700.00			\$8,730.00	\$36,430.00
AMEX- payoff				\$26,000.00	\$26,000.00
Totals	\$174,980.00	\$30,000.00*	\$25,000.00	\$250,000.00	\$479,980.00

Includes White Box Grant (Approved 02.2018) and Façade Grant (Approved 11.2017)

PROGRAM BACKGROUND:

The Redevelopment Authority of the City of Racine established the Small Business Development Revolving Loan Fund (SBD RLF) in 2015. The goal of the SBD RLF is to create and retain jobs for the benefit of low-to-moderate income (LMI) households living within the City of Racine. Basic eligibility for business loans is based upon the creation and retention of jobs with a goal of one job created or retained for every \$35,000 borrowed from the SBD RLF, and at least 51% of said jobs to be held by members of CDBG-qualifying LMI households. The SBD RLF is funded by Community Development Block Grant (CDBG) dollars. All loans approved by the RDA must also be approved by the Common Council.

RECOMMENDED ACTION:

Approve RDA Resolution 18-06 authorizing a loan to Littleport Brewing Company, LLC from the City of Racine Small Business Development Revolving Loan Fund not to exceed \$174,980.

FISCAL NOTE:

The CDBG Revolving Loan Fund currently has sufficient funds to finance this request. Funds will be secured through a Selective Business Security Agreement lien on all equipment purchased with SBD-RLF funds, Corporate Guarantees, and Personal Guarantees.