



Redevelopment Authority AGENDA BRIEFING MEMORANDUM

AGENDA DATE: March 7, 2019

SUBJECT:

Microenterprise Revolving Loan Fund Update

PREPARED BY:

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EXECUTIVE SUMMARY:

Department of City Development - Division of Neighborhood Services has received applications for the Microenterprise Revolving Loan Fund and is recommending allocations.

BACKGROUND AND ANALYSIS:

The Microenterprise Revolving Loan Fund ('Micro Fund') targets business owners supporting households with low/moderate incomes, and encourages reinvestment in Racine's retail and commercial corridors. Further, the Micro Fund aims to ensure that Racine residents have access to Foxconn-related opportunities and employment through entrepreneurship. City Development staff initially presented on the Micro Fund in October and submitted a follow-up memorandum in December 2018. The funding source for this program is the Federal Community Development Block Grant (CDBG) program, which requires that the owners of awarded businesses are members of low/moderate-income households.

Staff released the Notice of Funding Availability (NOFA) for the Micro Fund on December 17, 2018. Outreach was conducted through social media, email marketing, and distribution of program literature. The NOFA closed on February 15, 2019, and 14 applications were received. One applicant exceeded the household income requirements as demonstrated through their application, and another application was withdrawn.

The remaining applications were reviewed and scored by staff according to the criteria published in the NOFA. The following five (5) applicants submitted the highest scoring applications, and are recommended for funding as described below:

Applicant	Proposed Funding	Funding Request
Valid Kixx, LLC	\$15,000	\$15,000
2SwiftSuits, LLC	\$15,000	\$15,000
I Love Tamales, LLC	\$5,000	\$5,000
Yogis Pud'n, LLC	\$15,000	\$15,000
Audreyanna's, LLC	\$12,700	\$15,000
Total	\$62,700	

Applicants selected for funding will work with City Development staff to confirm that the owners of the business entity meet the CDBG income qualification limits. Successfully qualified applicants will then execute a funding agreement and relevant loan documents with the City of Racine, enabling the applicants to receive funding for eligible expenses on a reimbursement basis. Loan applications primarily requested funding support for marketing, inventory, equipment and working capital. Equipment funded through the Micro Fund will be secured with liens, guarantees, and/or mortgages to the greatest extent feasible. Loans will have an interest rate of 1%, option of principal deferred for 12 months, and a maximum term of 5 years.

The Micro Fund aims to catalyze growth and development of Racine's entrepreneurial community. City Development staff look forward to connecting all applicants to available resources, whether through Micro Fund financing or other available business resources.

BUDGETARY IMPACT:

The Community Development Committee and Common Council allocated \$62,700 of CDBG for the purposes of assisting microenterprises through 2018 Annual Action Plan. There are sufficient resources available to fund this request.

RECOMMENDED ACTION:

Staff recommends that the Redevelopment Authority Board approve a Resolution authorizing the Mayor, City Clerk, and Executive Director of the Redevelopment Authority to execute written agreements and loan documents with Valid Kixx LLC for \$15,000, Yogi's Pud'n LLC for \$15,000, I Love Tamales, LLC for \$5,000, 2SwiftSuits, LLC for \$15,000, and Audreyanna's LLC for \$12,700, consistent with federal regulations for the purpose of assisting eligible microenterprises.