



City of Bloomington Common Council

Legislative Packet

Committee of the Whole
Wednesday, 12 October 2011

For additional background material please consult the [Legislative Packet](#) issued in interest of the 5 October 2011 meeting.

Office of the Common Council
P.O. Box 100
401 North Morton Street
Bloomington, Indiana 47402

812.349.3409

council@bloomington.in.gov
<http://www.bloomington.in.gov/council>



Packet Related Material

Memo

Agenda

Calendar

Notices and Agendas:

None

Legislation for Discussion at the Committee of the Whole on Wednesday, October 12th (in order of Consideration)

- **Res 11-14** Authorizing a Loan Under the Bloomington Investment Incentive Fund - Re: \$75,000 to ProWinds, Inc. for Inventory and Improvements at 1400 East Third Street
 - EDC Res 11-07; Map; Memo to Council from Danise Alano-Martin (Director), Adam Wason (Assistant Director for Small Business and Sustainable Development) and Miah Michaelsen (Assistant Director for the Arts), Department of Economic and Sustainable Development; BIIF Loan Application – General Information – Section 2; Proposal; Proposal Finances and Readiness; Personal Finances; Certification; ProWinds Statement and Photographs; BIIF Operating Policies and Guidelines (Guidelines)
Contact:
Adam Wason at 349-3418 or wasona@bloomington.in.gov
Miah Michaelsen at 349-3418 or michaelm@bloomington.in.gov
Danise Alano-Martin at 349-3418 or alanod@bloomington.in.gov
- **Ord 11-18** To Amend Title 15 of the Bloomington Municipal Code Entitled “Vehicles and Traffic” - Re: To Allow Emergency Responders to Operate Various Types of Motor Vehicles on the B-Line, City Parks, and Similar Areas and to Allow Emergency Responders to Operate Off-Road Vehicles on City Streets
 - *Contact: Patty Mulvihill at 349-3426 or mulvihip@bloomington.in.gov*

- **Ord 11-17** To Rezone a 2.2 Acre Property from Residential Single Family (RS) to a Planned Unit Development to Allow a Cooperative Housing Development to be Constructed. - Re: 415 ½ N. Spring Street (Bloomington Cooperative Plots)
 - *Contact: Pat Shay at 349-3524 or shayp@bloomington.in.gov*

Please see the [05 October 2011 Council Legislative Packet](#) for the associated legislation, supplemental material and summaries.

Memo

Three Items for Discussion at the Committee of the Whole on Wednesday, October 12th

There are three items for ready discussion at the Committee of the Whole next Wednesday. These include a resolution, which is included in this packet, and two ordinances, which can be found in last week's packet (as noted above).

Res 11-14 – Authorizing a \$75,000 Loan from the Bloomington Investment Incentive Fund (BIIF) to ProWinds, Inc. to Purchase Inventory and Make Improvements at 1400 East third Street

Res 11-17 joins two other items for discussion at the Committee of the Whole next Wednesday. It brings forward the first loan under the Bloomington Investment Incentive Fund (BIIF) since the Operating Policies and Guidelines (Guidelines) were amended last December (with the adoption of Res 10-18). This loan is for \$75,000 and would go to ProWinds, Inc. to purchase inventory and make physical improvements at 1400 East Third Street.

Purpose of BIIF

The BIIF began as the Bloomington Industrial Incentive (revolving) Loan Fund in 1986 with a \$400,000 allocation from the Special Non-Reverting Fund – which received monies from certain west side industries in exchange for not being annexed by the City. Over the last 25 years the fund has grown both in size and purpose. According to the most recent Guidelines (attached), the BIIF now focuses on sustainable development with the intent of stimulating the economy and improving quality of life of the community. It offers “gap” as well as other financing to promote development that expands economic opportunities, protects

the health of the environment, and provides for social equity of local citizenry. The goals of the various programs are to:

- Retain and attract enterprises that provide permanent jobs;
- Financially assist eligible enterprises;
- Support social enterprises and non-profits promoting the economic vitality of the community; and
- Further Bloomington Entertainment and Arts District strategic plan and the sustainable development policies of the City.

BIIF Programs

The BIIF is primarily a revolving loan fund with Guidelines that offer four loan programs and one grant program.

The four loan programs address the following:

- Business Retention, Expansion and Attraction;
- Public Purpose Induced Business Relocation;
- Sustainable and Arts Related Initiatives; and
- Business Disruption Bridge Funds (resulting from public projects).

The grant program is for:

- capital improvements to facilities owned or operated by non-profit organizations that either:
 - have a retail or commercial activity as a primary purpose or
 - operate an enterprise where traditional business goals are equal or secondary to social or environmental ones.

Balance in the BIIF

As of late September, the BIIF had a balance of \$391,000 with five outstanding loans in the amount of about \$245,100.

Business Retention, Expansion and Attraction Program – Eligibility, Preliminary Approvals, and Additional Terms

This \$75,000 loan is being offered under the Business Retention, Expansion, and Attraction program. This program promotes businesses located within the City and

the Areas Intended for Annexation (AIFA) ¹ that are properly zoned, have access to adequate infrastructure, and “demonstrat(e) a commitment to job growth, quality wages and benefits, and the overall economic vitality of the community.”

Eligibility: ProWinds, Inc. has been in business in the City since 1994. It is owned by Dean and Leichen Foster, has four full-time and six part-time employees, is located across from the IU Jacobs School of Music, and sells and repairs woodwind and brass musical instruments for clients across the world. The site is zoned for this activity and has access to adequate infrastructure. The four full-time employees make between \$9 - \$14 per hour along with health insurance. The six part-time employees make between \$8 - \$10 per hour without benefits. The proposal anticipates hiring of four more employees – two full-time and two part-time. Please note that this loan is *not* subject to the Living Wage ordinance.

Use of Funds: The loan may be used for qualified capital improvement costs associated with a qualified project, including the acquisition of land or buildings; construction, expansion or renovation of buildings; purchase of eligible equipment or inventory; improvements to infrastructure; and development of the workforce (when done in conjunction with capital expenditures and when not exceeding 20% of the total amount of the loan). ²

Eligibility: The project will purchase inventory and remodel the retail space.

Limitations on the Loan Amount: The loan may be no higher than \$100,000 or 20% of the total fund balance (whichever is lower) and the applicant must provide at least 50% of the costs for projects totaling \$100,000 along with at least 20% of the costs in excess of that figure.

Eligibility: The \$75,000 is less than 20% of the total fund balance of \$391,000 (\$78,200). About \$50,000 of the loan will leverage \$125,000 of private contributions towards inventory, which exceeds the \$65,000 required by the Guidelines. Another \$25,000 of the loan will leverage \$25,000 of private contributions toward the remodeling, which equals the 50% required by the Guidelines.

¹ Applicants located in the AIFA must either agree to voluntary annexation (if eligible for it) or execute a waiver of remonstrance against future annexation.

² Except for the Business Disruption Bridge Loan program, monies cannot be used for payroll and operational expenses (excluding inventory), debt service, liens, or judgments.

Maximum Term and Interest Rate: Loans may have term of from five to 15 years and an interest rate equal to the highest rate generated by other City fund investments (which is valid for 90 days from receipt of the application and fee).

Proposal: This loan is for a maximum of five years at an interest rate of 0.3%.

Security for Loans: The loan may be secured by a mortgage against real estate (with at least 20% equity remaining after the financing is secured) or a lien against cash value of life insurance, certificate of deposit, or qualified equipment as well as any other acceptable form of security.

Security: The loan will be secured by business assets.

Preliminary Approvals: In accordance with program procedures, this loan was reviewed and unanimously recommended for funding by the BIIF Review Committee on September 16th and the Economic Development Commission on September 23rd. It is coming to the Council because all loans of \$75,000 or more and all BIIF grants require approval by the Council.

Subsequent Steps Should Council Approve the Loan. Assuming the Council approves the loan and the City verifies the availability of funds, ProWinds, Inc. would need to execute a funding agreement with the City and comply with all the terms and conditions set forth in the BIIF Guidelines approved in Res 10-18.

Default and Consequences The Guidelines require return of the funds within 30 days after written notice of the default, which would occur if the borrower:

- misrepresents any information or fails to disclose any facts pertinent to the loan;
- fails to make timely payments or use funds as described in the application;
- fails to maintain, insure, or pay taxes on the property;
- relocates the relevant business activity without approval of the Council;
- fails to comply with other material terms of the loan; or
- fails to comply with an agreement to annex (or waive objection to annexation).

Evaluation Criteria

The Guidelines set forth general evaluation criteria that apply to grants and loans but may be waived by the Economic Development Commission or Council if the waiver furthers the purpose of the program or the criteria is not applicable to the proposal.

Here, in brief, are those evaluation criteria:

- Strength of business plan or proposal - including either the extent sustainability goals equal traditional business goals or the extent the proposal enhances the Bloomington as an arts and cultural destination.
- Jobs created as a result of the project;
- Overall impact on the economic vitality of the community;
- Priority given to:
 - Retaining or attracting enterprises providing permanent jobs;
 - Supporting social enterprises and NFPs contributing to the economic vitality of the community;
 - Furthering the BEAD strategic plan and the sustainable development policies of the City.
- Nature and extent of equity participation of the principal owner(s);
- Leveraging of City funds to garner other funds or capital;
- Nature and extent of security/guarantees;
- Credit history;
- Increases or decreases in tax base as a result of the project (applicable to the loans, not grants);
- Nature and extent of other City or State incentives going to the project (e.g. tax abatements);
- Compliance and compatibility with the City Unified Development Ordinance and policies of the Historic Preservation Commission; and
- Public benefit of any relocation.

Summary of Proposal and Operations

Since 1994, ProWinds, Inc. has supplied woodwind and brass instruments to musicians of all ages both here and across the world. It is located across from the IU Jacobs School of Music and, through professional level of service, which includes the repair of these instruments, has found a niche that others have not been able to replicate. They have four full-time and six part-time employees and hope to hire two more in each category. Their application also states that they are “huge supporter of the local music scene.”³

The tight credit market, however, has constrained the capacity of this business to grow. ProWinds, Inc. has monthly sales of between \$250,000 - \$400,000. While

³ “We are a huge supporter of the local music scene. We have sponsored many clinics, master classes, jazz festivals, and concerts. With funding to help grow and sustain our business, we can expand our sponsorship of local arts.”
(Page 5)

reducing its \$1 million plus of debt, it (like many small businesses in the current market) has not had access to the new capital needed to increase sales, revenue and employment.

Almost 90% of ProWinds, Inc. business is the result of its online presence – PROWINDS.COM. Its largest competitor is another online store owned by a \$2 billion enterprise known as Guitar Center, which is downsizing the brass and wind instrument component of their business. ProWinds, Inc. plans to use this opportunity to promote its site and return budgets to prerecession levels. Part of this campaign will be to encourage customers to visit their store along with other places in Bloomington.

Most of the loan (\$50,000), along with about \$125,000 from sales and other revenue, will be used to purchase about \$175,000 of inventory. With monthly sales of approximately \$250,000 - \$400,000, this investment is expected to significantly boost revenues.

The remainder of the loan (\$25,000), plus about \$25,000 ProWind's own funds, will be used to remodel the store's exterior (with new paint and signs) and interior (with new paint, carpeting, fixtures and upgrades to its repair facility).

Rationale for Support

The Memo to the Council states that the proposal meets the spirit of the Business Retention, Expansion, and Attraction Program. It also says that the proposal increases the community's capacity as an arts and cultural destination by supporting local artists and arts organizations.

NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL COMMITTEE OF THE WHOLE
7:30 P.M., WEDNESDAY, OCTOBER 12, 2011
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 N. MORTON ST.

Chair: Andy Ruff

1. Resolution 11-14 Authorizing a Loan Under The Bloomington Investment Incentive Fund- Re: \$75,000 to ProWinds, Inc. for Inventory and Improvements at 1400 East Third Street

Asked to Attend: Adam Wason, Assistant Director for Small Business and Sustainable Development
Representative of Petitioner

2. Ordinance 11-18 To Amend Title 15 of the Bloomington Municipal Code Entitled “Vehicles and Traffic” - Re: To Allow Emergency Responders to Operate Various Types of Motor Vehicles on the B-Line, City Parks, and Similar Areas and to Allow Emergency Responders to Operate Off-Road Vehicles on City Streets.

Asked to Attend: Patty Mulvihill, Assistant City Attorney

3. Ordinance 11-17 To Rezone a 2.2 Acre Property from Residential Single Family (RS) to a Planned Unit Development to Allow a Cooperative Housing Development to be Constructed. - Re: 415 ½ N. Spring Street (Bloomington Cooperative Plots)

Asked to Attend: Patrick Shay, Development Review Manager
Representative of the Petitioner



**City of Bloomington
Office of the Common Council**

To: Council Members
From: Council Office
Re: Calendar for the Week of 10 October – 15 October 2011

Monday, 10 October 2011

5:00 pm Community Development Block Grant Mandatory Training, McCloskey
5:00 pm Utilities Service Board, Board Room, 600 E. Miller Dr.
5:30 pm Plan Commission, Council Chambers

Tuesday, 11 October 2011

12:00 pm Bloomington Urban Enterprise Association, McCloskey
4:30 pm Commission on Aging, Hooker Room
5:30 pm Board of Public Works, Council Chambers
5:30 pm Bloomington Public Transit Corporation, Public Transportation Center, 130 W. Grimes Lane
6:00 pm Bloomington Commission on Sustainability, McCloskey

Wednesday, 12 October 2011

4:00 pm Commission on the Status of Black Males, Hooker Room
4:00 pm Bloomington Housing Quality Appeals, McCloskey
4:00 pm AICP: Webinar Planning for Solar Energy, Council Chambers
4:30 pm Environmental Resources Advisory Council, Wapehani Mountain Bike Park, 3401 W. Wapehani Rd
7:30 pm Common Council Committee of the Whole, Council Chambers

Thursday, 13 October 2011

12:00 pm Housing Network, McCloskey
4:00 pm Solid Waste Management District, Council Chambers
4:00 pm Bloomington Historic Preservation Committee, McCloskey

Friday, 14 October 2011

1:30 pm Metropolitan Planning Organization Policy Committee, McCloskey

Saturday, 15 October 2011

9:00 am Bloomington Community Farmers' Market, Showers Common, 401 N. Morton

Posted and Distributed: Friday, 7 October 2011

RESOLUTION 11-14

**AUTHORIZING A LOAN UNDER THE
BLOOMINGTON INVESTMENT INCENTIVE FUND
- Re: \$75,000 to ProWinds, Inc. for Inventory and Improvements at
1400 East Third Street**

WHEREAS, the City of Bloomington Common Council has established the Bloomington Investment Incentive Loan Fund (the "Fund") by Ordinance 86-04 and has approved guidelines and procedures for use of the Fund; and,

WHEREAS, procedures for the Fund require that an application of \$75,000 or more be made to the Economic Development Commission of the City of Bloomington, receive a positive recommendation from the Bloomington Investment Incentive Fund Review Committee and, following approval by the Economic Development Commission, the application shall be forwarded to the Bloomington Common Council for approval by resolution; and,

WHEREAS, ProWinds Inc. filed an application for a loan through the Fund which has been approved by the Economic Development Commission of the City of Bloomington, EDC Resolution 11-07; and,

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. A Business Investment Incentive Loan is awarded in the amount of Seventy-Five Thousand Dollars (\$75,000.00) to ProWinds, Inc. for a maximum term of five years subject to an interest rate of zero point three percent (0.3%) with conditions, which will be detailed in an Agreement between the City and ProWinds, Inc. The Controller of the City of Bloomington is hereby authorized to release funds in the amount specified and subject to the specific terms and conditions approved by the Economic Development Commission in EDC Resolution 11-07, together with all terms and conditions contained in Resolution 86-06 and Resolution 99-17 and Resolution 10-18, and upon execution of an agreement between The City and ProWinds, Inc..

SECTION 2. This resolution shall be in full force and effect from the passage by the Common Council of the City of Bloomington and approval of the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana upon this _____ day of _____, 2011

SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2011.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2007.

MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This resolution authorizes a \$75,000 loan from the Bloomington Investment Incentive Fund to ProWinds, Inc. to purchase inventory and make improvements at 1400 East Third Street.

**RESOLUTION 11-07
OF THE
ECONOMIC DEVELOPMENT COMMISSION
OF THE
CITY OF BLOOMINGTON, INDIANA**

WHEREAS, the City of Bloomington Common Council established the Bloomington Investment Incentive Fund ("Fund") and approved guidelines and procedures for use of the Fund; and,

WHEREAS, procedures for the Fund pursuant to the Bloomington Investment Incentive Fund Operating Policies and Guidelines (BIIF Guidelines) IV (A) (2) allow an application for a loan of less than Seventy-Five Thousand Dollars to be recommended by the BIIF Review Committee (BRC), and forwarded to the Economic Development Commission (EDC) for final approval; and,

WHEREAS, ProWinds Inc. is a locally owned and operated business in Bloomington by Dean Foster, and has filed an application for a loan through the Fund for expenses related to remodeling the retail location at 1400 East Third Street and also for the purchase of additional inventory; and,


WHEREAS, the BIIF Review Committed reviewed this loan application in its meeting of September 16, 2011, and voted to recommend that the loan be forwarded to the EDC for their review and, if deemed appropriate, approval; and,

WHEREAS, the current BIIF Guidelines for the Fund provide for loans to have terms of a minimum of five years;


NOW, THEREFORE, BE IT HEREBY RESOLVED that

The Economic Development Commission hereby approves the Bloomington Investment Incentive Fund Application in the amount up to Seventy-Five Thousand Dollars (\$75,000) to Dean Foster of ProWinds Inc. for a maximum term of five (5) years subject to an interest rate of 0.3%. All other provisions of the Guidelines for the Bloomington Investment Incentive Fund shall be in full force and effect with regard to the loan approved herein. The Commission specifically requests that City staff, including but not limited to staff in the Economic and Sustainable Development and Legal Departments, ensure that the provisions of Section II(A)(3) are met.

FURTHER, said approval is a commitment pending the execution of a loan agreement, promissory note, security agreement, and other documents necessary to secure the loan, together with all terms and conditions required in the BIIF Guidelines.



Kurt Zorn, Vice President; Interim-President



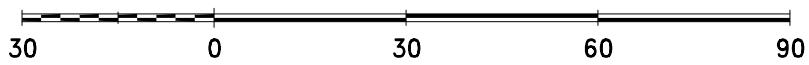
Amanda Nickey, Secretary

Approved this 23rd day of September, 2011.

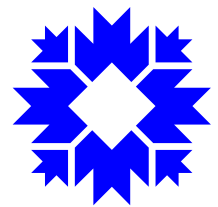


Area Around 1400 E. 3rd St.

By: winklec
7 Oct 11



City of Bloomington
ITS



Scale: 1" = 30'

For reference only; map information NOT warranted.



CITY OF BLOOMINGTON
economic & sustainable development

MEMORANDUM

To: Members of the City of Bloomington Common Council
CC: Margie Rice, Inge Van der Cruysse, Mike Trexler, Dan Sherman, Regina Moore
From: Adam Wason, Miah Michaelsen, Danise Alano-Martin
Date: September 27, 2011
Re: Resolution 11-14: to Approve Application and Authorize Loan from the Bloomington Investment Incentive Fund (Dean Foster owner of ProWinds Inc., Petitioner)

Approval by the Common Council of this resolution would authorize a loan from the Bloomington Investment Incentive Fund in the amount of \$75,000 to ProWinds Inc., a nearly 20-year Bloomington company. Below is background information on the Fund and the project.

Bloomington Investment Incentive Fund (BIIF) Background

Established by Resolution 86-06 and amended by Resolution 99-17 and Resolution 10-18 (which adopted current guidelines), the Bloomington Investment Incentive Fund (BIIF) seeks to provide gap financing to both new and expanding businesses and not-for-profit enterprises. This fund makes loans to eligible private businesses or not-for-profit organizations and makes grants to eligible not-for-profit organizations. These loans or grants are intended to assist in the creation and/or retention of jobs within new and existing enterprises, and to fund projects that enhance the quality of life in the community.

The approximate current balance of the BIIF is \$391,000. Guidelines require that no loan can exceed 20% of the total balance of the fund. The Economic Development Commission (EDC) approves loans below \$75,000. For loans \$75,000 and above, the EDC forwards a recommendation to the Common Council for final approval.

BIIF Review Committee and EDC Review

ProWinds Inc. owner Dean Foster submitted a \$75,000 loan application to the BIIF for the purpose of supporting planned renovations to the current retail space located at 1400 East Third Street near the Indiana University campus as well as the purchase of new inventory.

On September 16, 2011, the Economic and Sustainable Development (ESD) staff convened the BIIF Review Committee to review the application. The BIIF review

committee, which includes a member of the local commercial lending community, offers a higher level of comfort for staff and the EDC related to financial review of all loan applications.

The review committee voted to recommend approval of the ProWinds application to the EDC.

The EDC on September 23, 2011 voted unanimously to support the loan application via its Resolution 11-07, and forward it to the Common Council with a recommendation for approval.

Project Information

As a locally owned and operated business for nearly 20 years, ProWinds is a supplier which specializes only in Woodwind and Brass instruments. By dedicating its business model to providing professional service to musicians of all ages ProWinds has found a niche market that no competitor has been able to replicate. To date, ProWinds remains very specialized and prides itself as providing the highest level of products and customer service in the industry.

The proceeds of this loan would be used to help grow ProWinds in difficult economic times. Despite the recession beginning in 2008, ProWinds has continued to pay down bank and supplier debt by over \$1 million without access to new capital. By updating the look of the retail location and increasing inventory available for in-time shipping, ProWinds looks for sales, revenue and employment growth.

The majority of loan proceeds will go towards the purchase of inventory, an eligible use based on the BIIF guidelines. As a business with approximately \$250,000-\$400,000 in monthly sales, inventory management and quick delivery of products are essential. With recent economic variables restricting and limiting the amount of available credit to small businesses, \$50,000 of the \$75,000 loan request will assist in mitigating this current barrier to access of capital. Matching funds for this portion of the loan proceeds have been identified through the typical business cycle of inventory purchases and sales by ProWinds.

The proposed project for remodeling and renovations at the retail location on East Third Street will be for both interior and exterior improvements. With the required matching component of the loan request, \$25,000 in loan proceeds in the overall \$50,000 project will go towards the remodeling and renovations. Exterior improvements include painting and new signage. Interior improvements include new paint schemes, new carpeting and an overall updated and modern look to the retail space. As part of the application materials, detailed project costs are itemized.

As part of the application materials submitted to staff and included in this packet, a general business description, position statement and a description of financial needs have been provided. In addition, current photographs showing the outdated nature of the retail space are provided.

Recommendation

As an eligible retail business applying for BIIF loan funds under the “Business Retention, Expansion, or Attraction” program, the application meets the spirit of the program. All expenses related to the project are eligible based on the BIIF guidelines. As an arts-based business also supporting local artists and arts organizations, ProWinds further meets the BIIF’s intent of increasing Bloomington’s capacity as an arts and cultural destination.

With the unanimous support of the review committee and the Economic Development Commission, we now request final approval of the Common Council.



**BLOOMINGTON INVESTMENT INCENTIVE FUND
GENERAL REVOLVING LOAN FUND
SECTION 2. APPLICATION
GENERAL INFORMATION**

Rev. 2010

Please attach additional sheets if necessary.

Date of application:	9/1/11
Applicant name(s):	DEAN FOSTER
Applicant phone:	[REDACTED]
Applicant address:	1400 E. 3RD ST. BLOOMINGTON, IN 47401
Applicant email:	DFOSTER@PROWINDS.COM

If the applicant and business or not-for-profit enterprise are not one and the same, please provide business/not-for-profit contact information.

Business/enterprise name:	PRO WINDS, INC.
Phone:	812-333-2095
Address:	1400 E. 3RD ST. BLOOMINGTON, IN 47401
Email:	DFOSTER@PROWINDS.COM

Total amount requested:

Total project cost:

Loan Eligibility: Please check one.

<input checked="" type="checkbox"/>	Business retention, expansion, and attraction	Business demonstrating a commitment to job growth, quality wages and benefits, and the overall economic vitality of the community.
<input type="checkbox"/>	Public purpose induced business relocation	Business that is required to relocate due to acquisition of the property by the City of Bloomington for a project serving a public purpose. "Relocate" as used in this subsection means that the business is required to move its primary business operations from the property.
<input type="checkbox"/>	Project/Initiative with sustainability or arts related focus	An initiative undertaken by a business or non-profit organization whose purpose may or may not be sustainability or arts-related that will support the City's sustainability or arts policies or goals.

Type of business:	Retail	
Start-up date:	AUGUST 1994	
Legal structure:	Sole Proprietorship S-CORPORATION	
Incorporation date:	JUNE 1994	State: IN
Federal Tax ID #:	35-1925223	NAICS code:

Principal Owners, Partners, Stockholders with 20% or more ownership in the business

Name	Position	Percent Ownership
DEAN FOSTER	PRESIDENT/CEO	100

List the hours of operation for the business.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
9-7	9-7	9-7	9-7	9-7	9-5	CLOSED

List the days and hours each principal owner will be at the business.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
9-7	9-7	9-7	9-7	9-7		

1. Please list any business-related insurance policies currently in place at the company (i.e. health plans, liability coverage, etc.)

HEALTH INSURANCE, DENTAL/VISION INSURANCE, BUSINESS INSURANCE,

2. Is your business current on all local, state, and federal taxes?

WORKMAN'S COMP

Yes No

If not, please explain.



**BLOOMINGTON INVESTMENT INCENTIVE FUND
GENERAL REVOLVING LOAN FUND
PROPOSAL**

Please provide a copy of your current business plan as Attachment A. Refer to Appendix A. for more information regarding what your plan should include.

Please briefly describe your proposal.

- DEVELOPMENT OF NEW E-COMMERCE SITE
 - PURCHASE OF INVENTORY TO SUPPORT NEW BUSINESS MODEL
 - REMODEL OF CURRENT RETAIL SHOWROOM
- How does this proposal impact the economic vitality of the community?
- POTENTIAL HIRING OF FULL + PART-TIME ARTS (MUSIC) RELATED EMPLOYEES

Employees

	Current number of employees	Number of new employees	Hours worked per week	Hourly rate range
Part-time	6	2	20	\$8 - \$9
Full-time	4	2	35-40	\$9 - \$14
Family/Volunteer				
Applicant(s)				

Briefly describe how your business plan and/or proposal promote sustainability and enhance Bloomington as an arts and cultural destination.

ESTABLISHED IN 1994, PRO WINDS HAS BEEN A HUGE SUPPORTER OF THE LOCAL MUSIC SCENE. WE HAVE SPONSORED MANY CLINICS, MASTER CLASSES, JAZZ FESTIVALS, AND CONCERTS. WITH FUNDING TO HELP GROW AND SUSTAIN OUR BUSINESS, WE CAN EXPAND OUR SPONSORSHIP OF THE LOCAL ARTS.



**BLOOMINGTON INVESTMENT INCENTIVE FUND
GENERAL REVOLVING LOAN FUND
PROPOSAL FINANCES & READINESS**

Budget:

Use of Funds	BIIF Request	Other Source	Other Source	Total Line Item Cost
Land acquisition	\$	\$ Define source:	\$ Define source:	\$
Building acquisition	\$	\$ Define source:	\$ Define source:	\$
Construction <input type="checkbox"/> Expansion <input type="checkbox"/> Renovation <input type="checkbox"/> of buildings	\$	\$ Define source:	\$ Define source:	\$
Purchase of eligible equipment or inventory	\$50,000	\$125,000 Define source: INTERNAL	\$ Define source:	\$175,000
Infrastructure improvements (REPAIRS)	\$25,000	\$25,000 Define source: INTERNAL	\$ Define source:	\$50,000
Workforce development <i>(Only 20% of loan may be used for this purpose).</i>	\$	\$ Define source:	\$ Define source:	\$
Other use Please describe:		\$ Define source:	\$ Define source:	\$
Other use Please describe:		\$ Define source:	\$ Define source:	\$
Other use Please describe:		\$ Define source:	\$ Define source:	\$
Other use Please describe:		\$ Define source:	\$ Define source:	\$
TOTAL LOAN REQUEST <i>Must not exceed 50% of total project cost if total cost is at or under \$100,000, & 20% of remaining project costs over \$100,000. Total Request must not exceed \$100,000</i>	\$75,000			TOTAL PROJECT COST: \$225,000

Security / Guarantees / Collateral

Please list types and fair market value of the collateral or other repayment sources (accounts receivable, guarantees, etc.)

Description	Available Collateral
<input type="checkbox"/> Mortgage against real estate with at least 20% equity remaining after total project financing is secured. Name of bank:	\$
<input type="checkbox"/> Lien against cash value of life insurance	\$
<input type="checkbox"/> Lien against a Certificate of Deposit Account	\$
<input type="checkbox"/> Lien against qualified equipment Type of equipment:	\$
<input type="checkbox"/> Other form of security Please describe.	\$
<input checked="" type="checkbox"/> Other form of security Please describe. BUSINESS ASSETS (BLANKET)	\$
TOTAL	\$

Professional Support Personnel (i.e. attorney, accountant, bank representative, etc.)			
Name: DAVE SARE	Address: 4327 E 3RD ST.	Phone: 339-9330	Occupation: ACCOUNTANT
Name: R.D. JONES	Address: 205 S. WALNUT #3	Phone: 332-4431	Occupation: ATTORNEY
Name:	Address:	Phone:	Occupation:
Name:	Address:	Phone:	Occupation:
Name:	Address:	Phone:	Occupation:

Project Readiness	
<i>Please answer questions below if applicable to your business.</i>	
For those sources of matching funds that are not already secured, please explain where your organization is in the process.	
Has the land or building for this project been purchased or has an offer been made? Yes <input type="checkbox"/> No <input type="checkbox"/> If so, when: Provide further explanation if necessary.	
n/a	
Have construction contracts for this project been signed? Yes <input type="checkbox"/> No <input type="checkbox"/> If so, when: Provide further explanation if necessary.	
n/a	
Has equipment or inventory to be financed been ordered? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If so, when: Provide further explanation if necessary.	

1. Please include documentation for project readiness section as applicable in Attachment A.
2. Please describe how loan funds received will be used to leverage other sources of capital including venture, conventional, and grant funds.

- THROUGH GROWTH ACHIEVED FROM
NEW BUSINESS MODEL
3. Please estimate your total payroll increase as a result of the project. 5%
4. Please include a current aging schedule for the enterprise's accounts receivable and accounts payable as Attachment B.



**BLOOMINGTON INVESTMENT INCENTIVE FUND
GENERAL REVOLVING LOAN FUND
PERSONAL FINANCES**

This section must be completed on an individual basis for all principal owners, partners, or stockholders with 20% or greater ownership in the business applying for this loan. Please attach additional sheets if necessary.

Full name:	DEAN FOSTER		
Residence address:	3855 COMMODORE TRAIL BLOOMINGTON, IN 47408		
Phone:	812-376-1594	Email:	DFOSTER@PROWINDS.COM
Present employer:	PROWINDS, INC.		

(SEE ATTACHED STATEMENT)

Assets		Liabilities	
Cash on hand and in banks	\$	Loans Owed	\$
Accounts & Notes Receivable	\$	Real Estate Mortgages	\$
Real Estate Owned	\$	Credit Card Balances	\$
Securities Owned	\$	Taxes Payable	\$
401(k) & IRAs	\$	Other Liabilities (please list)	
Automobile (present value)	\$		\$
Life Insurance	\$		
Other Personal Property	\$		\$
Other Assets (please list)			\$
	\$		\$
	\$		\$
	\$		\$
TOTAL	\$	TOTAL	\$
Sources of Income		Contingent Liabilities	
Salary	\$	As Endorser or Co-Maker	\$
Real Estate Income	\$	Legal Claims & Judgments	\$
Net Investment Income	\$	Provision for Federal Income Tax	\$
Other Income	\$	Alimony/Child Support	\$
		Other Special Debt	\$

Description of Real Estate Owned

Address		Year Acquired	
Type of Property		Present Value	\$
Title in name of		Mortgage Balance	\$
Mortgage holder		Monthly Payment	\$

Address		Year Acquired	
Type of Property		Present Value	\$
Title in name of		Mortgage Balance	\$
Mortgage holder		Monthly Payment	\$

Additional Information

1. Have you (or your business) ever filed a petition for bankruptcy or creditor protection? Yes No

If yes, please provide information below:

Month of filing: _____ Year of filing: _____ State _____
of filing:

2. Have you ever committed a felony? Yes No

3. Have you been denied by any other lending institutions for this project?

Yes
No

Date of denial: _____ Amount requested: _____

Reason stated for denial:

4. Do you have plans over the next six months to apply for any funding from other financial institutions/lenders?

Yes
No

If yes, please provide the following information:

Institution's name: _____

Projected application date: _____ Amount: _____

Reason: _____



**BLOOMINGTON INVESTMENT INCENTIVE FUND
GENERAL REVOLVING LOAN FUND
CERTIFICATION**

The loan applicant herein certified that:

- To the best of the applicant's knowledge and belief, the data presented in this loan application is true and correct, and is provided for the purpose of obtaining or maintaining credit.
- The purpose described in this application has been duly and legally authorized by the applicant.
- Upon approval of the funds requested, the applicant is willing and is duly and legally authorized to enter into a legally binding loan commitment and will comply with all of the provisions and conditions of any loan agreement.
- The applicant hereby authorizes the Loan Review Committee, its authorized agent and representatives, to investigate the applicant's credit worthiness, credit capacity, or business affairs.
- The applicant hereby authorizes any person, business, and/or financial institution having information pertaining to the applicant's credit worthiness credit capacity, or business affairs to release the same to the Loan Review Committee, its authorized agents or representatives.
- The applicant agrees to hold harmless the City of Bloomington, its officers, agents, and the City of Bloomington Loan Review Committee members and their respective organizations from liability as a result of actions and outcomes taken during or after the loan review process.
- I further certify that the individual(s) applying for the Business Investment Incentive Loan Fund are not in arrears on any payments, fees, charges, fines or penalties owed to the City of Bloomington, Indiana, including, but not limited to, City of Bloomington Utilities, Bloomington Transit, and any other City of Bloomington departments, boards or commissions.

Applicant

Co-applicant

Enterprise name:

Enterprise name:

By (Applicant's signature)

By (Co-applicant's signature)

Printed name: *DEAN FOSTER*

Printed name:

Title: *PRESIDENT*

Title:

Date: *9/1/11*

Date:

Please return this completed application along with \$100.00 processing fee (if applicable) and appropriate attachments to:

City of Bloomington
Department of Economic & Sustainable Development
PO Box 100
Bloomington, IN 47402

PROWINDS

Celebrating 18 Years of Wind Instrument Expertise

Located across the street from the world-renowned Indiana University School of Music, Pro Winds is one of the country's premier music stores. As our name implies, Pro Winds has made a special commitment to provide professional service to musicians of all ages. Unlike many of our competitors, Pro Winds specializes ONLY in Woodwind and Brass instruments.

Pro Winds was founded in 1994 by husband and wife team Dean and Leichen Foster. Leichen had just completed eight years at the Indiana University School of Music. She graduated with honors while obtaining advanced degrees in Saxophone and Bassoon Performance. Dean had just completed his Marketing degree from the Indiana University School of Business. After conducting a one-year test market while still in school, it was determined that entry into music products retail was the perfect fit for the young couple. An ideal location was obtained across the street from the world-renowned Indiana University School of Music and Pro Winds was born.

Today, Pro Winds is proud to be one of the industry leaders in the sales of woodwind and brass instruments. Pro Winds remains to be very specialized and prides itself in providing the highest level of products and customer service in the industry.

Retail Location (3500 Square Feet):
1400 E. 3rd Street
Bloomington, IN 47401

Warehouse Location (2000 Square Feet):
316 S. Swain Ave.
Bloomington, IN 47401

POSITION STATEMENT:

For musicians of all ages and abilities, Pro Winds is a family-owned, premier supplier of only woodwind and brass instruments worldwide, committed to providing the highest level of professional products and customer service by offering a large on-site selection, quality repairs, fair and competitive pricing and first-hand musical expertise.

FINANCIAL NEEDS:

After several years of sustained growth, Pro Winds has been greatly affected by the recession which began in 2008. Like most small businesses throughout the nation, Pro Winds continues to pay down their bank and supplier debt without access to new capital.

Pro Winds hopes to achieve the following goals with a \$75,000.00 loan from the City of Bloomington.

- Purchases of New Inventory to support new online store orders (Summary Attached)
- Remodel of Retail Location in Bloomington (Summary Attached)

MARKET:

As one of the ONLY Woodwind and Brass Pro Shops in the country, Pro Winds has become a destination point for many musicians from throughout the world to hand-select their instrument. The goal is to promote this unique store, the Indiana University School of Music, and the City of Bloomington. With the new Indiana University School of Music building (See Attachment) directly across the street from our location, the prospects for this type of marketing have never been greater.

The retail location gives instant credibility to online customers. Professional musicians, college professors, and band directors throughout the country are very familiar with the IU School of Music. They have confidence that Pro Winds would not exist in their current location without outstanding products and services.

The Pro Wind's target market is every WIND INSTRUMENT player throughout the world. This market breaks down to students, professional musicians, college professors, schools, universities, and military. Despite budget cuts and the recession, school music programs are on the rise.

The largest competitor of Pro Winds is Guitar Center. This \$2 billion company is owned by a private equity firm called Bain Capital. Under the Guitar Center umbrella is an online store called Woodwind & Brasswind (www.wbw.com) This business recently announced they were downsizing their operations. (See Attachment) This could be an excellent opportunity for Pro Winds.

MARKET STRATEGY:

Approximately 90 percent of Pro Wind's business is a direct result of PROWINDS.COM . The overall strategy to promote this site is partnered with Bloomington's Hanapin Marketing. Hanapin closely works with Pro Winds and directs all Google (pay-per-click) advertising. Provided cash flow improves, Pro Winds intends to increase these budgets to pre-recession levels.

Most Pro Wind's instruments and accessories are purchase via internet or phone. Customers make these purchases using their credit cards. 12-Month Interest Free Financing is also offered through a partnership with GE Money. Products are either shipped directly from the Bloomington warehouse or drop shipped directly from the manufacturer.

Pro Winds hopes to rejuvenate its highly successful marketing campaign. (This campaign was suspended at the height of the recession.) This print advertising campaign won two Addy awards from the advertising industry in 2009. (See Attachment)

FINANCIAL INFORMATION:

Attachments

-Accountant's Compilation (2008, 2009, 2010)

-Balance Sheet, P&L, A/R, A/P, Statement of Cash Flows (as of June 30, 2011)

-2011 Projections based upon launch of new Business Model and needed financing

New Inventory – Summary

On September 1, 2011, Pro Winds launched its completely redesigned Online Store. (www.prowinds.com) Pro Winds is one of the first companies in its unique market to develop this type of user friendly and technologically advanced platform for its customers.

This new, state-of-the-art site features the following:

- Very high quality product graphics and descriptions
- Video demonstrations of products being manufactured or played by professional musicians
- Direct interaction with Social Media. Customers can share products directly with their social networks
- Advanced Shopping Cart system with improved customer checkout experience
- Cutting edge technology for Search Engine placements
- Ability to generate Newsletters within the system
- Real time Order Tracking system
- Complete system for Pro Winds Gift Cards

To achieve success with this new business model, Pro Winds needs to improve its Inventory mix. One of the biggest problems faced right now is not having the correct inventory in-stock to support the new orders coming in on the site. This is greatly due to manufacturers and distributors who have tightened up their credit policies in the current economic environment.

With matching loan funds from the City of Bloomington, Pro Winds hopes to improve its accessory inventory (reeds, mouthpieces, instrument care items, etc.). These are items that **MUST** be delivered immediately for consumer confidence. This is especially important if a customer is making their first purchase on the new Pro Wind's Online Store.

Remodel of Pro Winds Retail Store – Summary

To further enhance the new Pro Wind's business model, an upgrade (remodel) to the current retail location is desperately needed. The current layout, colors, furniture, fixtures, and carpet are 18-years old. Everything is very outdated and needs a fresh look. (See attached photos)

This is especially important for the following reasons:

- Pro Wind's largest competitor, Woodwind & Brasswind just announced the closing of their South Bend, Indiana retail store. (see attached article) This would make Pro Winds one of the ONLY Woodwind and Brass Pro Shops in the Midwest. Pro Winds intends to market the concept of encouraging customers to visit the Bloomington location to select their instrument. It is also the intention of Pro Winds to promote the City of Bloomington and Indiana University with these out-of-town visitors.
- The Indiana University Jacobs School of Music is in the process of putting a new building directly across the street from the Pro Wind's retail location. (see attached article) In addition, Indiana University hopes to develop the entire area into an Arts District. Pro Winds feels that a fresh-look retail store would greatly enhance its long-term relationship with the Indiana University Music administration, faculty, and students.

Pro Winds would like to make the following modifications to its retail facility:

-New Pro Winds Rooftop Sign (the previous sign was destroyed by high winds and was greatly outdated) – **Budget - \$5,000.00**

-New paint on outside of building (current paint very faded and inconsistent) – **Budget - \$3,000.00**

-New paint on inside of building (the teals and purples from the early 90's just don't work anymore) – **Budget - \$5,000.00**

-New carpet (the current carpet is 18-years old and is very worn and tired looking) – **Budget - \$15,000.00**

-Upgraded retail fixtures (Again, colors/styles outdated) – **Budget - \$15,000.00**

-Repair water damage to ceiling (stains in ceiling from leaks) – **Budget - \$2,000.00**

-Upgrades to Instrument Repair facility – **Budget \$5,000.00**

TOTAL: \$50,000.00



Middle (main) sign was destroyed by high winds. Style and colors outdated



Remaining signage outdated, cracked, and faded



Paint of outside of building faded



Fixtures worn and colors outdated



Carpet worn and outdated



Outdated retail displays



Inside paint colors outdated



Water damage to ceilings

City of Bloomington Investment Incentive Fund Operating Policies and Guidelines

I. BLOOMINGTON INVESTMENT INCENTIVE FUND (BIIF) DESCRIPTION

- A. Statement of Purpose:** The City of Bloomington seeks to expand economic opportunities while protecting the health of our environment and providing for the social equity of our citizenry. Working within this guiding framework of sustainable development, it is the intent of the City of Bloomington to assist in stimulating the economy and improving the quality of life in the community. One means of accomplishing this is by providing gap financing from the Fund to both new and expanding businesses and not-for-profit enterprises. This fund makes loans to eligible private businesses or not-for-profit organizations and makes grants to eligible not-for-profit organizations with the intention that such loans or grants will be instrumental in the creation and/or retention of jobs within new and existing enterprises, and that the projects funded will enhance the quality of life in the community. The loan or grant is not the primary source of financing for a project, however, the combination of public and private financing lessens the risk for the primary lender or investor and yields an overall lower cost of money for the borrower.
- B. Goals and Objectives:** The City of Bloomington seeks to work with healthy companies that have excellent potential for growth, will provide increased employment in the city and will help diversify the economic base. Further the **BIIF** seeks to:
1. Retain and attract enterprises that provide permanent jobs.
 2. Provide financial assistance to eligible enterprises.
 3. Support social enterprises and not-for-profits in contributing to the economic vitality of the community.
 4. Further the Bloomington Entertainment and Arts District Strategic Plan and the sustainable development policies of the City.
- C. Programs:** The Bloomington Investment Incentive Fund is the funding source for the following programs:
1. General Revolving Loan Fund Program for:
 - a. **Business retention, expansion, attraction:** Business demonstrating a commitment to job growth, quality wages and benefits, and the overall economic vitality of the community.
 - b. **Public-purpose induced business relocation:** Business that is required to relocate due to acquisition of the property by the City of Bloomington for a project serving a public purpose. “Relocate” as used in this subsection means that the business is required to move its primary business operations from the property.

c. Initiative with sustainability or arts related focus: An initiative undertaken by a business or non-profit organization whose purpose may or may not be sustainability- or arts-related that will support the City’s sustainability or arts policies or goals.

2. Business Disruption Bridge Loan Program
3. Grant Fund for non-profit organizations

D. Geographical Limitation: Only applicants within or contiguous to the City of Bloomington’s corporate boundaries or within an “Area Intended for Annexation” (AIFA) are eligible to seek assistance from the Bloomington Investment Incentive Fund. The area must be properly zoned and have or plan to have access to adequate infrastructure, including water, sewer, roads, and telecommunications. If the business is located within the AIFA or contiguous to the City’s corporate boundary and is eligible for annexation, then the applicant (and property owner, if different) must agree to voluntary annexation. If the applicant is ineligible for annexation at the time the loan or grant is approved, then the property owner must sign and record a waiver of remonstrance against future annexation.

E. Ineligible Activities: With exceptions as noted in the Business Disruption Bridge Loan, payroll and operational expenses (not including inventory), debt-service, liens, judgments are ineligible for funding by the BIIF.

F. Evaluation criteria: Certain factors shall be considered when evaluating an eligible loan or grant application. The Common Council and/or Economic Development Commission may choose to waive one or more of the requirements if it finds that public policy so dictates, or if requirement(s) do not apply. These criteria do not apply to the Business Disruption Bridge Loan. Evaluation criteria shall include, but are not limited to the following:

1. Strength of business plan or proposal, including:
 - a. Extent to which sustainability goals are equal to traditional business goals and/or
 - b. Extent to which proposal enhances Bloomington as an arts and cultural destination
2. Projected new jobs to be created as a result of the project.
3. Overall projected impact on the economic vitality of the community.
4. Priority will be given to applicants:
 - a. Retain and attract enterprises that provide permanent jobs.
 - b. Support social enterprises and not-for-profits in contributing to the economic vitality of the community.
 - c. Further the Bloomington Entertainment and Arts District Strategic Plan and the sustainable development policies of the City.
5. Nature and extent of equity participation by principal owner(s).
6. Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
7. Nature and extent of security/guarantees.
8. Credit history.
9. Expected tax base increases or decreases as a result of the project. (Loan Fund Only)
10. Any proposed tax abatements or other city/state-sponsored incentives expected to be received for the proposed project.

11. Compliance and compatibility with the City of Bloomington Unified Development Ordinance and the policies of the Historic Preservation Commission.
12. Projected public benefit of relocation.

II. PROGRAM ELIGIBILITY, USE OF FUNDS AND LOAN TERMS

A. General Revolving Loan Fund

1. **Eligible Businesses & Activities:** Any qualified business or not-for-profit enterprise is eligible to submit a loan application for permissible projects as identified by the guidelines. The following eligible activities have been targeted as the primary beneficiaries of loan proceeds to promote a diverse economic base.
 - a. **Business retention, expansion, attraction**
 - b. **Public-purpose induced business relocation**
 - c. **Initiative with sustainability or arts related focus**
2. **Permissible Uses of Funds:** Loan proceeds shall be applied to qualified capital improvement costs associated with a qualified project including land acquisition; building acquisition; construction, expansion, or renovation of buildings; purchase of eligible equipment or inventory; infrastructure improvements; or workforce development in combination with capital expenditures with no more than 20% of the loan amount being used for Workforce Development purposes.
3. **Loan amount:** Loan maximum amount is 50% of total project cost for projects with total cost at or under \$100,000, and 20% of any remaining project costs over \$100,000. Total loan amount is not to exceed \$100,000 and no loan shall be granted that equals more than 20% of the total fund balance.
4. **Interest Rate:** The interest rate will be the highest rate currently generated by other City fund investments at the time of application. The interest rate assigned is valid for a period of 90 days from the receipt of both completed application and application fee.

B. Business Disruption Bridge Loan Fund:

1. **Eligible Businesses & Activities:** A qualified business that suffers significant loss of sales and revenues in an area determined to be economically distressed due to disruptions caused by a City of Bloomington project is eligible to submit a loan application for short-term operating capital costs. For the purposes of this program, a City of Bloomington project is defined as any project lasting more than ninety (90) days that is initiated by the Parks and Recreation, Public Works or Utilities departments. Businesses applying for loans under this section must have been in operation at their affected site for at least 12 months prior to the start of construction of the project.
2. **Permissible Use of Funds:** Loan proceeds shall be applied to rent or mortgage, utilities, payroll, or other unavoidable expenses necessary to maintain the business at a minimum operational level.
3. **Loan amount:**

- a. Subject to the availability of funds, a maximum of \$150,000 in loans per project may be given out under this section unless the Common Council appropriates additional funds for this specific program.
 - b. Maximum loan per qualified applicant is \$35,000.
 - c. The Committee may request a special warrant from the City Controller's office for expedited release of moneys from the fund if it determines that the business receiving the loan has demonstrated reasonable need for loan proceeds prior to schedule.
- 4. Interest Rate:** No interest shall be charged or accrued on loans before the date the City of Bloomington project is complete. This date shall be determined by the BIIF Review Committee, in conjunction with the city department performing the project. Thereafter, interest on each loan shall accrue at the end of each month with an annual rate equal to one percent of the unpaid balance of the loan.
- 5. Evaluation Criteria:** The loan BIIF Review Committee shall establish criteria for the acceptance, review and approval of Bridge Disruption loans, which shall at a minimum include, but not be limited to, the following:
- a. Each business must demonstrate financial need for the loan in order to meet minimum operation expenses, including but not limited to rent or mortgage, utilities, payroll, or other unavoidable expenses necessary to maintaining the business at a minimum operational level.
 - b. Each business shall provide sales figures for the current time period in which the business has experienced economic distress due to the project, along with sales figures for the same time period in the prior calendar year.
 - c. Each business shall provide proof of similar expense levels required to generate the same level of sales in the current time period, compared to the sales levels for the same time period in the preceding calendar year.
 - d. Each business shall provide a plan that describes how the business will use loan proceeds; forecasted expenses and revenues for the period beginning with the first day of the month in which the loan is granted through the last day of the month preceding the month in which the loan is granted of the following year; and a proposed repayment schedule of the total loan amount shall be provided no later than one (1) year from the date on which the loan closing occurs.

C. Non-profit Matching Grant Fund:

- 1. Eligible Organizations & Activities:** The non-profit grant fund is intended to encourage capital improvements to facilities owned and/or operated by eligible non-profit organizations. Under this section eligible non-profits are defined as follows:
- a. Organizations that have a retail or commercial activity as a primary purpose including, but not limited to: performance venues, galleries, or retail shops.
 - b. Operate a social enterprise, in which at least one social or environmental goal is considered to be of equal importance to traditional commercial or other business goals.
- 2. Permissible uses of funds:** Grant proceeds may be applied to qualified capital improvement costs including building and/or land acquisition; construction, expansion, or renovation of buildings; purchase of eligible equipment or inventory; or infrastructure improvements.

3. Grant amount and Terms:

- a. Subject to the availability of funds, a maximum of \$50,000 in grants may be given out under this section in any calendar year.
- b. Maximum grant per qualified applicant is 50% of total project not to exceed \$25,000.
- c. Grant disbursements are limited to one every 5 years per organization.
- d. Grant funds are in lieu of loan funds.

III. ADDITIONAL TERMS AND CONDITIONS

- A. Term:** The term will range between five and fifteen years. It will be defined based on the project at hand and is subject to approval.
- B. Confidentiality of financial and proprietary documents:** Financial and proprietary information provided to the City of Bloomington for the purpose of the Bloomington Investment Incentive Fund application process will be held confidential to the extent allowed by law. Economic and Sustainable Development Department staff will advise applicants on a case by case basis regarding the submittal of financial and proprietary information including, but not limited to, products, services, systems and concepts to protect the proprietary nature of said information.
- B. Payments on Loan Funds:** Principal and interest payments are to be made monthly. All payments are due on the first day of each month. Payments received after the tenth of the month will be assessed a 5% late fee.

Loan payments are to be mailed to:
City of Bloomington
Controller's Office
P.O. Box 100
Bloomington, IN 47402

- C. Security for Loans:** Acceptable collateral includes a mortgage against real estate with at least 20% equity remaining after total project financing is secured, a lien against the cash value of life insurance, a lien against a Certificate of Deposit Account, a lien against qualified equipment, and/or any other acceptable and approved form of security.

Loans will be secured to the extent that such security is feasible and does not impair the ability of the borrower to conduct its activities. Loans may be subordinated to other financing, to and including a subordinated position on personal guarantees, as long as the city's loan is adequately secured.

D. Default and Noncompliance

1. If a **grant** agreement is violated, it may be declared in noncompliance and become due and payable within 30 days of written notice to the non-profit organization.
2. **Loans** under the BIIF program may be declared in default and become due and payable within 30 days of written notice to the borrower for any of the following reasons:
 - a. Failure of borrower to disclose any and all facts pertinent to the loan approval or any misrepresentation of information.

- b. Failure of borrower to make timely payments.
- c. Failure of borrower to use loan funds as described in the BIIF application.
- d. Failure of borrower to maintain mortgaged property, keep it insured and/or pay property taxes on it.
- e. Relocation of funded business activity or a significant part of the business activity without receiving specific approval from the Common Council.
- f. Failure to comply with any material terms of the loan documents, including but not limited to, the loan agreement, mortgage, financing statement, and personal guaranty.
- g. Failure to comply with voluntary annexation agreement or waiver of remonstrance agreement.

IV. APPLICATION FEE AND APPROVAL PROCESSES

All applications are first reviewed by the BIIF Review Committee. **BIIF Review Committee Membership:** The committee will be composed of the following members: the Director of the Economic and Sustainable Development Department or his/her departmental designee, a representative from the local financial lending community, the City Attorney or his/her departmental designee, the President of the Economic Development Commission or his/her designee from the Economic Development Commission and the Common Council member serving on the Economic Development Commission. The BIIF Review Committee shall be chaired by the Director of Economic & Sustainable Development. The Committee shall meet as often as needed.

A. The following procedures apply to the General Revolving Loan Fund and the Non-profit Grant Fund:

1. Upon receipt of a completed application and a \$100.00 processing fee, the Director of Economic & Sustainable Development shall schedule a meeting of the BIIF Review Committee ("BRC").
2. Loans less than \$75,000 recommended for approval by the BRC will be forwarded to the Economic Development Commission for final approval.
3. Loans of \$75,000 or more and all grants that are recommended for approval by the BRC will require both Economic Development Commission and Common Council approval.
4. Upon final approval, the Department of Economic & Sustainable Development shall coordinate with the City's Legal and Controller's Department to prepare all necessary grant agreements or loan documents and a loan closing date. The borrower or grant recipient shall sign all necessary documents and agreements.

B. The following procedures apply to the Business Disruption Bridge Loan Fund.

1. Upon receipt of a completed application, the Director of the Department of Economic & Sustainable Development shall schedule a BRC meeting. The processing fee for the Business Disruption Bridge Loan fund shall be waived.
2. The BIIF Review Committee shall make final determination for all Business Disruption Bridge Loans.

3. Upon final approval, the Department of Economic & Sustainable Development shall coordinate with the City's Legal and Controller's Department to prepare all necessary loan documents and a loan closing date. The award recipient shall sign all necessary documents and agreements.

C. Applications and other materials.

1. The Department of Economic & Sustainable Development shall devise all application procedures and documents as necessary to fulfill these guidelines.

V. RELEASE OF FUNDS

- A. All supplemental matching funds, securities, lien documents, insurance documentation, title insurance policies, and other conditional documentation or action applicable must be secured within 90 days. Failure to comply with any terms, conditions, or other requirements within this time period may result in nullification of the approved loan or grant.
- B. All documentation must be on file with the Department of Economic & Sustainable Development and approved by the City of Bloomington's Legal Department prior to any release of funds.
- C. Loan funds may be disbursed in full at time of closing or in two disbursements within the first year following approval.
- D. Claims for the payment of Business Disruption Bridge Loan proceeds do not need approval of the Board of Public Works prior to disbursement. The Department of Economic & Sustainable Development will submit claims according to the City Controller's standard claim schedule.