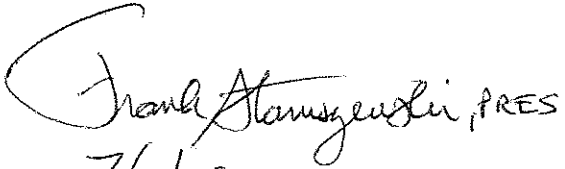


Madison Development Corporation (MDC)  
Response to RFP- 7/2/09

City of Madison CDBG Office  
Economic Development Proposal

Cover Page

Agency Name: Madison Development Corporation  
Agency Address: 550 W. Washington Avenue, Madison, WI 53703  
Agency Contact: Frank Staniszewski, Pres.; 256-2799 Ext. 212; [fstan@mdcorp.org](mailto:fstan@mdcorp.org)  
Proposal For: CDBG-ARRA; RFP for Economic Development  
Legal Status: Non-Stock, Non-profit Corporation, 501 (c)(3)  
Amount Requested: \$139,400

  
7/1/09

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**A. Program Design:**

Madison Development Corporation (MDC) is a local non-profit that operates 3 current revolving loan funds (RLF's). These include our Business Loan Program (BLP), which is funded by City of Madison CDBG money, and has operated since 1978. Through this program, MDC makes about 12 or more loans per year, expending about \$750,000 per year. MDC also services these loans with in-house staff. MDC also operates a similar much smaller, county wide program. Since 2005, MDC also started and manages a Venture Debt Loan Program with some city participation, as well as almost \$4 million dollars of private capital. This program lends money to high growth, generally high-tech businesses. Some of these loans have been made to businesses with new energy or "green" technologies.

With the new funding available through the RFP, MDC proposes to seek out businesses in need of new capital through our ongoing marketing and outreach channels, which have proven successful in reaching "green" businesses and businesses in general in need of capital. The program will be operated principally as an add-on to our CDBG funded BLP program. It will be modified, however to reach out particularly to businesses involved in advancing green technologies. These could be businesses with new technologies (which may be found through our Venture Debt outreach), or businesses that may be providing green products or services to local markets. An example of the latter would be solar panel installers. As a secondary target, we may utilize these new funds to meet the needs of businesses implementing green strategies or improvements to their own facilities. For example, non-energy related business that is expanding and creating jobs and as they make general improvements to their property, would include extra energy efficient improvements.

Since MDC has ongoing marketing in progress, we anticipate these business applicants would be found within the first 3 to 6 months of the contract. MDC would do additional outreach to contractors and energy focused architects, consultants and others to find clients. We anticipate the funds would be fully expended in 6 to 9 months.

**B. Experience**

Much of the knowledge described in the "Program Design" section above reflects upon the experience of MDC staff. Please note that information. More specifically, MDC's President

and Vice President for Lending, Frank Staniszewski and Dave Scholtens, each have over 20 years experience in lending and alternative lending programs and administration. That experience is in similar, if not identical, lending programs. MDC conducts these programs in full compliance with CDBG and HUD rules and requirements. Our program has had nearly zero audit or compliance findings. The program also achieves our job creation requirements, often creating jobs at cost of \$25,000 per job or less, relative to the higher limits of \$42-50,000. We track and monitor job creation and require penalties for borrowers' failure to meet job standards.

### C. Outcomes

We anticipate the funds would create a minimum of 1 job per \$35,000 loaned, and would be restricted to that amount, but more likely have greater impact of closer to 1 job for each \$25,000 loaned. We would ensure creation of at least 4 full time jobs, all of which would pay at least two times the Federal minimum wage. Assuming the funds could be maintained in an MDC revolving fund; the money would be re-loaned about every three years and generate additional job impact. MDC would also target any revolving payments from the RFP funds to continue to be targeted to green businesses. Borrowers would have penalties in their loans if jobs are not created during the term of the loan. MDC would require job reporting until the required jobs have been met. Borrowers will provide a copy of the payroll at loan closing to verify baseline jobs, and be required to submit hiring information and job surveys.

### D. Budget

MDC would use all funding from this RFP as loan capital. One hundred percent, up to the maximum \$139,400 would be directly loaned to borrowers. MDC would charge borrowers a loan fee of up to 1.5% of each loan amount to defray some of the administrative costs. MDC can efficiently market this money with little or no additional marketing time or expense, which is usually the most costly administrative item. Any other administrative costs would be funded from MDC's ongoing RLF generated interest income. As stated the RFP funds would be administered alongside MDC's Business Loan Program and Venture Debt (technology) Program.

### E. References

Barb Constans in the CDBG Office has been our grant administrator for years.

Olivia Parry, 608-266-4270  
Dane County Planning & Development  
City County Building, Room 362  
Madison, WI 53703-3342

Michael Gay, City of Madison, Office of Business Resources, 267-4933