

**CDBG Request for Proposal
Economic Development
April 19, 2010**

**Common Wealth Development
Green Loan Fund**

Submitted by

Common Wealth Development, Inc
1501 Williamson St.
Madison, WI 53703

Contact: Marianne Morton
256-3527 ext. 12
Marianne@cwd.org

Common Wealth Development is a 501(3)c community development corporation

A. Program Design

Common Wealth Development operates two business incubator facilities, the Madison Enterprise Center (MEC) and Main Street Industries (MSI), located in the East Rail Corridor in the Marquette-Williamson neighborhood. The Madison Enterprise Center and Main Street Industries have solid job creation records. Please see attached MEC and MSI fact sheets.

These incubators offer affordable rent rates, shared services, business assistance, resource matching and access to capital through the Neighborhood Loan Fund. Common Wealth Development's Neighborhood Loan Fund is a \$30,000 revolving loan fund for small businesses in the Marquette-Williamson neighborhood. We have been managing this fund since 1999 and have made 5 loans. Currently, there are two loans out and a third pending.

In 2009, Common Wealth Development received ARRA funding from the City of Madison CDBG Office to assist a green business. In November of 2009 Full Spectrum Solar was awarded a working capital loan through Common Wealth Development's Green Loan to retain a full-time solar installation technician position.

We created Common Wealth Development (CWD) Green Loan Fund to support green business job creation that will be structured as a low interest loan. We define green businesses as companies that through their products or services promote energy efficiency, energy conservation or green building technologies.

Businesses who receive funding through the CWD Green Loan Fund will be required to file job creation reports, satisfy job creation requirements and will pay back the balance of the loan over a mutually agreed upon time period not to exceed 5 years following a one year grace period. Please see attached Common Wealth Development Green Loan Fund description. Loan repayment funds will be added to the Neighborhood Loan and will be made available for additional equipment and working capital loans to small businesses in the Marquette-Williamson neighborhood. This revolving loan fund will be low interest and require job creation.

Two green businesses currently in our business incubators have a strong interest in accessing this funding – Full Spectrum Solar and Seventh Generation Energy Systems. Please see the attached letters of interest. These businesses have been vetted through Common Wealth's business incubation application process that required submitting a business plan and application that was reviewed by Common Wealth's Business Development Committee. In addition they met credit score requirements and have proven themselves to be financially responsible business tenants. They understand the requirement to create a total of three jobs by the end of 2011. These companies have the interest and the ability to quickly get this federal stimulus money into the economy and to create green jobs. If, for some reason, any of these companies do not choose to participate in the program we will market it to other green businesses or businesses seeking to improve energy efficiency in their buildings in the Marquette-Williamson neighborhood.

Full Spectrum Solar is a solar energy contractor that was accepted into the Madison Enterprise Center in 2007. They have installed more than 100 grid-connected photovoltaic and solar thermal systems and are the leader in solar energy installations through Wis-

consin's Focus on Energy program. Full Spectrum's most visible projects include Common Wealth's Yahara River View Apartments, Troy Gardens Co-housing, Williamson Street Grocery Cooperative and Porchlight's Pheasant Ridge Apartments.

Seventh Generation Energy Systems is a non-profit organization working with communities, grassroots groups, Native American tribes and individuals nationwide to plan, fund, develop and maintain sustainable energy systems powered by the wind and sun. They were accepted into the Madison Enterprise Center in 2006. Seventh Generation offers a full range of products and services that includes:

- Wind and solar energy system design, installation and service
- Resource assessment and monitoring
- Project planning and fundraising
- Integration with community economic development programs

Green Loan Fund program applicants will be required to fill out an application and meet with the Business Development Committee that currently acts as a loan committee for the Neighborhood Loan Fund. Please see attached Common Wealth Green Loan Fund application. This committee will make loan decisions with the goal of getting the funds distributed within 30 days.

Job creation reports and employee income certification will be required as part of the loan agreement with each Green Loan Fund participating business. Please see attached forms. Common Wealth is experienced at collecting this information for both the Neighborhood Loan Fund and for Main Street Industries.

CWD Green Loan Fund Timeline from date of grant award:

- Application period of 30 days
 - CWD staff assists green businesses with application
- Applicants meet with Business Development Committee
 - Loan decisions made and loans distributed within 30 days
- Required jobs created by end of 2011
 - CWD staff collects job reports and employee income certification data
 - CWD files reports with City of Madison CDBG
- Loan repayment starts in 2011
 - After one-year grace period, loan terms are negotiated not to exceed 5 years.

B. Qualifications of Agency and Staff

Common Wealth Development is a non-profit, 501c(3) community development corporation that has developed and managed numerous innovative economic, community and housing development projects during its 31-year history. All of Common Wealth Development's projects have a track record of creative leveraging of private and public sector dollars and providing long-term benefits to community residents. We have successfully developed two incubator facilities as well as a 60-unit mixed income energy efficient housing development.

Common Wealth Development currently oversees an asset base of over \$12,000,000, which includes both housing and economic development entities and has a sterling track record of meeting all of its financial obligations in its 31 years of existence

Common Wealth's core projects include owning and managing 104 units of affordable housing, managing an affordable home ownership program, running a youth pre-employment skills, job placement, mentoring program, and a teen financial literacy and savings program and managing two highly successful business incubators, the Madison Enterprise Center and Main Street Industries. Both facilities are financially self-sufficient and have solid job creation records.

Common Wealth received the 1997 Partners in Economic Development Award from the City of Madison and the "Best Practices in Expanding Income Opportunities for Lower Income Individuals Award" from the City of Madison CDBG program at their 30th Anniversary Celebration in 2005.

Sarah Hole, Facility Director of the Madison Enterprise Center and Main Street Industries, will oversee the Green Loan Fund, with support from Ted Parker, Financial Manager. Sarah has managed Common Wealth's business incubators for 15 years and has served on the Wisconsin Business Incubation Association Board of Directors. Ted has for the past 21 years overseen the financial management of Common Wealth Development and serves on the Management Team.

Common Wealth Development staff has extensive experience working with federal funding sources including;

- Office of Community Services, U.S. Department of Health and Human Services
- Federal Weed & Seed Program
- City of Madison Community Development Block Grant
- Juvenile Accountability Incentive Block Grant
- U.S. Dept. of Housing & Urban Development John Heinz Neighborhood Development Program

C. Outcomes

The Green Loan Fund will fund green businesses that will create new jobs. We have identified two companies in our incubators that have a strong interest in this funding and will create a minimum of 3 FTE positions.

Common Wealth Development is experienced in collecting and reporting data to funding sources including the City of Madison CDBG. We currently collect job creation information from all incubator tenants. Main Street Industries received City of Madison CDBG funding and although we have satisfied the job creation requirements we continue to collect job creation and employee income certification information from our business tenants and include it as a lease condition. We also collect the same data for all loans through our Neighborhood Loan Fund.

D. Budget

Common Wealth staff will market the Green Loan Fund as needed, assist green business applicants to prepare for and submit their loan applications, schedule and staff Common Wealth Business Development loan meetings, prepare loan documents, collect job creation data, prepare City of Madison CDBG reports and administer loan repayment schedules and track payments.

CAPITAL COSTS

1. Green Fund Loans	101,050
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SERVICE DELIVERY: PERSONNEL COSTS

1. Salaries/Wages	3,983
2. Fringe Benefits/Payroll Taxes	1,017

Subtotal Service Personnel:	5,000
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TOTAL	106,050
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E. References

Doug Thurlow
Wisconsin Department of Commerce
201 W. Washington Ave.
Madison, WI 53703
Phone: 266-7942 E-mail: dthurlow@commerce.state.wi.us

Mark Faultersack, Manager of Residential & Community Services
MG&E
PO Box 1231
Madison, WI 53701
Phone: 252-4725 E-mail: mfaultersack@mge.com

Todd Geltemeyer, Vice-President
Capitol Bank
710 N. High Point Rd.
Madison, WI 53717
Phone: 836-4302 E-mail: toddgelt@capitolbank.com

Jim Montgomery, Senior Director of Facilities Management
MG&E
PO Box 1231
Madison, WI 53701
Phone: 252-7349 E-mail: jmontgomery@mge.com

Attachments

MEC Fact Sheet

MSI Fact Sheet

Common Wealth Development Green Loan Fund Description

Letters of Interest

 Full Spectrum Solar

 Seventh Generation Energy Systems

Common Wealth Development Green Loan Fund Application

Job Report Form

Employee Income Certification Form

Madison Enterprise Center

Madison Gas and Electric (MG&E) and Common Wealth Development, a non-profit community development corporation, formed a unique partnership in 1987 that launched the Madison Enterprise Center (MEC). MG&E owns the historic MEC facility and generously leases it to Common Wealth. Common Wealth manages the incubator facility and program.

Program

The Madison Enterprise Center is a light industrial business incubator that serves start-up and expanding small businesses. The MEC offers an affordable rental rate and shared services including high-speed Internet. The on-site manager is available to provide business assistance and resource-matching services to connect tenants with existing business support programs. Businesses may stay at the MEC from 3-5 years. To qualify for acceptance into the MEC, a business must produce a product or provide a service and have the potential for future job creation. The MEC requires all applicants to prepare a business plan as part of the application package that is reviewed and evaluated by the Business Development Committee that makes all acceptance decisions.



Facility

Originally the MEC building, built in the early 1900's, was the pattern shop for the Gisholt Machine Company that at one time was one of the nation's largest machine tool companies. In its heyday, Gisholt occupied a 2 block square area and employed hundreds of workers. Gisholt went out of business in 1971 and Madison Gas and Electric purchased the building. The MEC building has 20,176 square feet leased to business tenants. The Foundry, an art gallery and suite of six art studios, is located on the 3rd floor. In 2008, MG&E completed extensive building renovations that include: energy efficient windows, exterior wall insulation and new heating and cooling systems for each suite. The MEC, one of the oldest incubator facilities in the state of Wisconsin and the United States, has enjoyed high occupancy since its inception.

Finances

In 1987, Common Wealth Development, a non-profit community development corporation, obtained over \$500,000 in grants from the Mayor's Neighborhood Initiative, the Office of Community Services, Community Block Development Grant and HUD Demonstration Neighborhood Program. These funds paid for the floor-by-floor renovation of the building into light industrial spaces. The Madison Enterprise Center is financially self-sufficient.

The Businesses

Maps, silk-screened t-shirts, web-site development, roasted coffee, hydrogen fuel research, bent willow furniture, computer softwarethe list goes on and on. Eighty-six businesses have passed through the MEC, spending an average of three years in this unique entrepreneurial environment. MEC businesses have enjoyed an impressive 75% survival rate and the majority of MEC "graduates" have remained in the Madison area.

Small businesses are job creation engines! Small businesses with fewer than 20 employees are responsible for the majority of all new job creation in the United States. *Source: U.S. Small Business Administration.* MEC businesses have created 350 new jobs during their stay in the incubator.

The MEC currently has 11 tenant businesses.



Main Street Industries

Main Street Industries (MSI) is a second stage business incubator owned and operated by Common Wealth Development (CWD). Common Wealth is a community development corporation that serves the Marquette-Williamson neighborhood located on Madison's near east side. Common Wealth Development is and has been involved in a number of innovative economic, housing and community development projects in its 25-year history. CWD partnered with Madison Gas & Electric in 1987 to develop the Madison Enterprise Center, a business incubator that serves start-up and expanding small businesses. All of Common Wealth Development's projects have a track record of creative leveraging of private and public sector dollars and providing long-term benefits to community residents. Common Wealth Development received the 1997 Partners in Economic Development Award from the City of Madison.

Main Street Industries (MSI), a second-stage incubator, opened in February of 1996. The 2-million dollar project turned an abandoned Greyhound Bus terminal into an attractive 50,000 square foot light industrial facility. The financing package included grants and loans from the following: City of Madison Community Development Block Grant, Associated Bank, Office of Community Services, U.S. Department of Health and Human Services, Madison Community Foundation, Capital Revolving Loan Fund, the Common Wealth Development Trust and the Evjue Foundation. MSI offer business tenants affordable rent, shared services and technical assistance.

The project was initiated, in part, to provide suitable permanent space in the neighborhood for Madison Enterprise Center "graduating" businesses. Six MEC businesses relocated in the facility when it opened its doors. Since MSI is a second stage facility, tenant businesses are not required to "graduate", but they must meet acceptance criteria including job creation potential. To date, MSI businesses have created 194 new jobs and 164 of those positions paid more than \$11.40 per hour. In addition, 103 low-to-moderate income individuals, 21 minority individuals, 52 female head-of-house holders and 6 handicapped individuals have been hired by MSI businesses.

Main Street Industries has served a total of 31 companies and currently houses 14 businesses. Seven of the businesses are women owned. These companies include: a cartography firm, caterer, test and measurement instrumentation company, distillery, architectural model maker, Internet fine art distributor, decorative metal workers, importer, hat maker, cotton diaper service, commercial photographer, event florist, technology consultants, sustainable flooring company and silk-screen apparel company.

Common Wealth Development Green Loan Fund

Fund Description

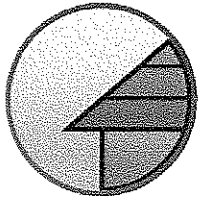
The Common Wealth Development Green Loan fund has \$101,050 in one-time funding available to loan to qualifying green businesses in the Madison Enterprise Center. Loans may be used for the purchase of equipment or salaries.

This loan program allows for a one year grace period from the time of the loan award. The loan interest rate is 3%. Loan terms are negotiable but may not exceed 5 years from the end of the grace period, with fixed monthly payments required.

This funding requires either job creation for low and moderate income individuals. For every \$33,683 in funding, an applicant must create 1 full-time equivalent job in 2010 or 2011 and file job creation and employee certification reports. Each job must last for at least one year.

We require applicants to submit an application and current financial statements. The Common Wealth Business Development Committee will meet with all loan applicants and make all final loan decisions.

The deadline for a completed loan application is (30 days after grant is awarded) and loans will be awarded no later than (30 days after the Green Loan Fund loan committee reviews loan applications). If after this initial application period funds still remain, this Green Loan Fund will be marketed to other small businesses in the Marquette-Williamson neighborhood. Following the award of all available initial funds this loan fund will become part of the Neighborhood Loan Fund.



FULL SPECTRUM S O L A R

100 S. Baldwin St., Suite 101
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Tel/Fax (608) 284-9495
info@fullspectrumssolar.com
www.fullspectrumssolar.com

Installation & Repair – Residential & Commercial – New Construction & Retrofit – Solar Electric & Solar Thermal

April 15, 2010

Commonwealth Development
Attn: Sarah Hole
1501 Williamson St
Madison, WI 53703

Dear Ms. Hole;

We would like to express interest in participating in the job creation program you described to us. We are a solar energy contractor located in the Madison Enterprise Center that installs solar thermal systems and photovoltaic (solar-electric) systems. We plan to use the loan to help purchase a new building on the near east side of Madison. With this loan, we intend to create one permanent full-time position for at least 1 year.

Please let me know if you have any questions. We look forward to working with you on this project.

Sincerely,

Burke O'Neal
Director
Full Spectrum Solar



Seventh Generation Energy Systems is a non-profit organization working with communities, grassroots groups, Native American tribes and individuals nationwide to plan, fund, develop and maintain sustainable energy systems powered by the wind and sun.

100 S Baldwin #308 Madison, WI 53703 www.seventhgeneration.org Phone: 877.229.9201 Fax: 866.762.7496

April 14, 2010

Sarah Hole
Common Wealth Development
1501 Williamson St.
Madison, WI 53703

Dear Sarah,

This letter is to request green job Community Development Block Grant Funds (CDBG) for Seventh Generation Energy Systems Inc.

Seventh Generation Energy Systems was created in response to a need for mid-sized distributed energy generation using local wind and solar resources. Founded in 2002, SGES also provides wind resource monitoring services to wind development companies throughout the Mid-West. We are a non-profit engineering firm dedicated to guiding agricultural and rural businesses, communities, tribes, and schools toward energy independence.

Currently we have the opportunity to purchase and install a new meteorological tower under a lease arrangement to provide wind resource monitoring for a new wind development company in Minnesota. A low interest loan will allow us to move forward with this project and create a new profit center that will create new jobs now and into the future. This project will generate enough revenue to hire two new full time permanent positions.

The average age of our workforce (which numbers 14 full time and 4 part-time workers) is 25 years old. The likely candidates for employment will be low to moderate income individuals with some trade or technical training preferred. As this new model matures within our business and industry, our need for more crew will grow leading to more employment opportunities.

With loan funding from the green jobs program, we will invest in equipment and create new job positions in wind resource monitoring and analysis. We respectfully request your consideration for participation in the green jobs CDBG and will be happy to answer any questions to facilitate our application for this loan.

Best Regards,

A handwritten signature in black ink, appearing to read "James F. Yockey".

James F. Yockey, Executive Director

**Common Wealth Development
Green Loan Fund Application
2010**

Business Information

Business Name:

Primary Contact:

Address:

Telephone:

E-mail:

FEIN Number:

Year Established:

Business Structure (ie: corporation):

Type of Business (products, services, etc.)

Loan Amount Requested:

What will the loan be used for and how will it benefit your business?

How many jobs will you create in 2010 and 2011 as a result of receiving this loan?

Current Business Indebtedness:

<u>Creditor</u>	<u>Payment Amount</u>	<u>Original Balance</u>	<u>Present Balance</u>	<u>Collateral</u>

Please Answer All Questions:

- 1) Have you or any officers of your company ever been involved in bankruptcy or insolvency proceedings? Yes No
(If yes, please provide a detailed explanation as to circumstances surrounding bankruptcy.)
- 2) Are you or your business involved in any pending lawsuits or have outstanding judgments? Yes No
- 3) Does your business or its owners own or have a controlling interest in another business? Yes No
- 4) Is the business or its owners, an endorser or co-maker for obligations not listed on its/their financial statements? Yes No
- 5) Are your taxes current? Yes No If no, how much is delinquent and to whom is it owed?

Applicant Agreement

Applicant certifies that no principal who owns at least 50% of the business is delinquent under the terms of any administrative order that requires payment of child support. Further, the applicant(s) certify(ies) that all the statements in this Business Loan Application and on each of the documents submitted with the application are true and complete. The undersigned authorizes Commonwealth Development to make the necessary and reasonable inquiries regarding the information provided. The undersigned further agrees to notify Commonwealth Development of any material changes in the information provided.

Name:

Title:

Date:

Green Loan Fund Application Application

Checklist

The following documentation must be submitted with this loan application.

- Balance sheet and profit and loss statements for the last three years
- Aging of accounts receivable and payable

If you have any questions about this application, please contact Sarah Hole at sarah@cwd.org or 256-6565.

**Common Wealth Development
JOB CREATION REPORT
20XX**

Please answer all questions. This information will remain strictly confidential and is to be used for grant reporting and statistical purposes only.

Name (Please Print) _____ Date _____

Signature _____

Company _____ Federal Employee ID# _____

1. How many new positions did your company create in 20XX? _____
(One full time equivalent position = 40 hours per week. For example, if you employ two people who work 20 hours per week and one person who works 40 hours per week, your company has two full time equivalent positions.)

3. Please list created position information.

Position	Employee Name	Date of Hire	Hours/Wk	Wage

Thank you!

**Common Wealth Development
EMPLOYEE INCOME CERTIFICATION FORM
20XX**

Your employer has received a loan that requires documentation of job retention. Your cooperation in collecting this data is greatly appreciated. Thank you!

Please answer all questions. This information will remain strictly confidential and is to be used for grant reporting and statistical purposes only.

1. Are you a city of Madison resident? _____ Yes _____ No

2. What company do you work for? _____

3. Approximately how many hours per week do you work? _____

4. Are you? _____ Female _____ Male

If you are female, are you the head of household? Yes ___ No ___

5. Are you under 18 years of age? _____ Yes _____ No
Are you over 55 years of age? _____ Yes _____ No

6. Are you handicapped? _____ Yes _____ No

7. Please check the ethnicity that applies:

_____ Alaskan	_____ Hispanic
_____ Asian	_____ Native American
_____ African-American	_____ Other:
_____ Caucasian	

8. How many people are in your household? (A household is a family unit that is economically interdependent. If you are single and share housing with others but are not economically interdependent, count only yourself.)

_____ Adults
+ _____ Children < 18 years
= _____ **Total household member(s)**

**Common Wealth Development
EMPLOYEE INCOME CERTIFICATION FORM**

9. I certify that for the 12 months **preceding** my employment with the above named company, my household's (combined income of all family members) annual income was (circle one):

Household Size	Annual Income	Annual Income
1	less than or equal to \$44,800	more than \$44,800
2	less than or equal to \$51,200	more than \$51,200
3	less than or equal to \$57,600	more than \$57,600
4	less than or equal to \$64,000	more than \$64,000
5	less than or equal to \$69,100	more than \$69,100
6	less than or equal to \$74,250	more than \$74,250
7	less than or equal to \$79,350	more than \$79,350
8	less than or equal to \$84,500	more than \$84,500

Name (Please Print) _____ Date _____

Signature _____

Thank you!



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Best Regards,

A handwritten signature in black ink, appearing to read "James F. Yockey". The signature is written in a cursive, flowing style.

James F. Yockey, Executive Director



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**Sarah Hole
Common Wealth Development
1501 Williamson St.
Madison, WI 53703**

Dear Sarah,

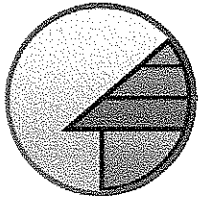
This letter is to clarify our earlier letter with respect to job creation. Seventh Generation has met towers throughout the Midwest that we install and do data acquisition and reporting for, however, all our crew reside in and are dispatched from Madison. Furthermore the wages for these particular positions are around \$13 to \$15 dollars per hour depending on experience.

I hope this clarifies our earlier letter and will be happy to answer any other questions to move this along.

Best Regards,

A handwritten signature in black ink that reads "James F. Yockey". The signature is written in a cursive style with a long, sweeping underline.

James F. Yockey, Executive Director



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Burke O'Neal
Director
Full Spectrum Solar