



Whitewater CDA –Agenda
Thursday, September 27, 2012
4:30 PM – CDA Board of Directors
1st Floor Community Room
312 W Whitewater Street
Whitewater, WI 53190

1. **Call to order and roll call**
2. **HEARING OF CITIZEN COMMENTS.** *No formal CDA Action will be taken during this meeting although issues raised may become a part of a future agenda. Items on the agenda may not be discussed at this time.*
3. **NAI MLG Commercial Activity Update and Discussion**
4. **CDA August 2012 Financials**
5. **Innovation Center August 2012 Financials**
6. **Discussion and Possible Action on 2013 Budget**
7. **Consideration of a request for a liquor license grant for 210 W. Whitewater St. The Black Sheep Restaurant**
8. **Consideration of an agreement with the Wisconsin Economic Development Corporation regarding the establishment of a seed fund.**
9. **Consideration of a policy manual for the implementation of the Seed Capital Policy Fund.**
10. **Adjourn to closed session per Wisconsin State Statutes 19.85(1)(c) “considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility”**
 - a. **Discussion of candidates for the Research Support Specialist.**
11. **Remain in closed session per Wisconsin State Statutes 19.85(1)(e) “Deliberating or negotiating the purchase of public property, the investing of public funds, or conducting other specified public business , whenever competitive or bargaining reasons require a closed session”**
 - a. **Consideration of a development agreement with DP Electronic Recycling**
 - b. **Consideration of a development agreement with Green Holding Company**
 - c. **Consideration of a development agreement with Trostel**
 - d. **Consideration of confidential information regarding potential projects**
12. **Return to open session for possible action**
13. **Adjourn**

It is possible that a quorum of Common Council and Technology Park Board members may attend this meeting. Even if a quorum is present, no Common Council and/or Technology Park Board business will be conducted at this meeting. Anyone requiring special arrangements is asked to call the office of the City Manager/ City Clerk at least 24 hours prior to the meeting.

**CITY OF WHITEWATER
COMMUNITY DEVELOPMENT AUTHORITY
INVESTMENT SCHEDULE**

FUND	BANK	ORIG DATE	DUE DATE	TERM	AMOUNT	INT RATE	NUMBER	NOTES
Façade Loan	First Citizens	07/26/2011	01/24/2012	182 days	\$0.00	0.75%	3306791	Replaces 3306277
Façade Loan	First Citizens	01/24/2012	07/24/2012	182 days	\$0.00	0.60%	3307054	Replaces 3306791
Façade Loan	First Citizens	07/24/2012	01/22/2013	182 days	\$25,000.00	0.45%	3307054	Replaces 3306791

TOTAL \$25,000.00

TIF Development					\$0.00			
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TOTAL \$0.00

Business Development	Commercial	06/21/2012	12/20/2012	182 days	\$175,000.00	0.50%	209584	replaces 209584
Business Development	Commercial	12/22/2011	06/21/2012	182 days	\$0.00	0.59%	209584	replaces 209167
Business Development	Commercial	05/03/2011	02/02/2012	275 days	\$0.00	0.92%	208938	NEW
Business Development	Commercial	02/02/2012	08/02/2012	180 days	\$0.00	0.50%	209646	replaces 208938
Business Development	Commercial	08/02/2012	01/31/2013	182 days	\$100,000.00	46.00%	209993	replaces 209646
Business Development	Commercial	02/02/2012	02/05/2013	369 days	\$100,000.00	0.70%	209645	replaces 208938
Business Development	First Citizens	08/25/2011	02/23/2012	182	\$0.00	0.65%	3306829	replaces 209167
Business Development	First Citizens	02/23/2012	08/23/2012	182 days	\$0.00	0.55%	3307068	replaces 3306829
Business Development	First Citizens	08/23/2012	02/21/2013	182 days	\$200,000.00	0.45%	3307354	replaces 3307068

TOTAL \$575,000.00

Economic Development Loan	First Citizens	08/10/2011	02/08/2012	182 days	\$0.00	0.60%	3306783	replaces 208651
Economic Development Loan	First Citizens	02/08/2012	11/06/2012	272 days	\$50,000.00	0.60%	3307057	replaces 3306783
Economic Development Loan	First Citizens	05/25/2011	05/25/2012	12 months	\$0.00	1.00%	3305666	RENEWED
Economic Development Loan	First Citizens	05/25/2012	05/25/2013	12 months	\$152,100.00	0.60%	3307168	RENEWED
Economic Development Loan	Commercial	03/30/2011	03/29/2012	365 days	\$0.00	1.08%	208862	replaces 207723
Economic Development Loan	Commercial	03/29/2012	03/28/2013	364 days	\$81,910.05	0.65%	209758	replaces 208862
Economic Development Loan	First Citizens	06/23/2011	06/19/2012	362 days	\$0.00	1.05%	3306522	replaces 3305671
Economic Development Loan	First Citizens	06/19/2012	06/19/2013	365 days	\$60,000.00	0.60%	3306522	replaces 3306522
Economic Development Loan	Commercial	05/03/2011	02/02/2012	275 days	\$0.00	0.96%	208937	NEW
Economic Development Loan	Commercial	02/02/2012	08/02/2012	180 days	\$100,000.00	0.50%	209644	replaces 208937
Economic Development Loan	Commercial	08/02/2012	01/31/2013	182 days	\$100,000.00	46.00%	209994	replaces 209644
Economic Development Loan	Commercial	02/02/2012	02/05/2013	369 days	\$100,000.00	0.70%	209643	replaces 208937
Economic Development Loan	First Citizens	10/12/2011	10/09/2012	12 months	\$75,000.00	0.85%	3306838	replaces 3306112

TOTAL \$719,010.05

TOTALS BY FUND

**FUND 900 \$0.00
FUND 910 \$1,319,010.05
Total: \$1,319,010.05**

Business Development

CLIENT	Original Loan	July 31,2012			August 31,2012		Current	
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE		
DR Plastics-2/24/12	\$153,235.00	\$143,943.56	\$2,342.25	\$479.81	\$2,822.06	\$141,601.31		July payment received 8/28/12-no August payment as of 8/23
Toppers	\$115,659.00	\$13,810.27	\$1,534.87	\$46.05	\$1,580.92	\$12,275.40	Y	
Toppers	\$33,960.00	\$4,504.75	\$449.17	\$15.02	\$464.19	\$4,055.58	Y	
Walenton/Learning Depot	\$101,925.00	\$81,771.30	\$531.74	\$544.26	\$1,076.00	\$81,239.56		Paid up thru March-2013
Walton Rental-Hotel	\$15,000.00	10,334.67	\$241.01	\$35.23	\$276.24	\$10,093.66	Y	
960 East Milwaukee	\$204,611.00	\$151,522.62	\$1,034.19	\$378.82	\$1,413.01	\$150,488.43	Y	
Black Sheep-1/20/2012	\$21,114.00	\$19,793.72	\$222.62	\$65.98	\$288.60	\$19,571.10	Y	
TOTALS	\$645,504.00	\$281,737.33	\$4,013.60	\$1,085.36	\$5,098.96	\$277,723.73		

Façade

CLIENT	Original Loan	July 31,2012			August 31,2012		Current
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE	
Warhawk Country	\$45,000.00	\$37,460.05	\$147.82	\$124.87	\$272.69	\$37,312.23	Y
Walton Distributing	\$30,000.00	\$10,198.06	\$376.07	\$33.99	\$410.06	\$9,821.99	Y
Toppers (Nov 1 Annual)	\$15,000.00	\$4,713.62	\$0.00	\$0.00	\$0.00	\$4,713.62	Y
TOTALS	\$90,000.00	\$52,371.73	\$523.89	\$158.86	\$682.75	\$51,847.84	

Housing

CLIENT	Original Loan	July 31,2012			August 31,2012		Current	Loan Type
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE		
A8416	\$10,203.84	\$10,203.84			\$0.00	\$10,203.84		0-deferred
B935	\$18,420.02	\$18,420.02			\$0.00	\$18,420.02		0-deferred
B0803-0901	\$34,448.00	\$34,448.00			\$0.00	\$34,448.00		0-deferred
C021	\$15,517.48	\$15,517.48			\$0.00	\$15,517.48		0-deferred
C932	\$8,062.00	\$8,062.00			\$0.00	\$8,062.00		0-deferred
G0107	\$8,000.00	\$2,400.00	\$100.00	\$0.00	\$100.00	\$2,300.00	Y	0%-Monthly
HO #1	\$0.00	\$12,630.00			\$0.00	\$12,630.00		IN PROCESS
HO #2	\$0.00	\$90.00			\$0.00	\$90.00		IN PROCESS
HO #3	\$0.00	\$7,595.00			\$0.00	\$7,595.00		IN PROCESS
HO #4	\$0.00	\$38,095.00			\$0.00	\$38,095.00		IN PROCESS
HO #7	\$0.00	\$60.00			\$0.00	\$60.00		IN PROCESS
HO #8	\$0.00	\$60.00			\$0.00	\$60.00		IN PROCESS
HO #9	\$0.00	\$60.00			\$0.00	\$60.00		IN PROCESS
J8802	\$10,818.00	\$10,818.00			\$0.00	\$10,818.00		0-deferred
M8501	\$10,621.42	\$11,000.90			\$0.00	\$11,000.90		0-deferred
M0301	\$8,220.00	\$8,220.00			\$0.00	\$8,220.00		0-deferred
M0801	\$18,422.00	\$18,422.00			\$0.00	\$18,422.00		0-deferred
P954	\$11,000.00	\$11,000.00			\$0.00	\$11,000.00		0-deferred
R943	\$2,412.00	\$2,412.00			\$0.00	\$2,412.00		0-deferred
V902	\$12,504.15	\$12,504.15			\$0.00	\$12,504.15		0-deferred
TOTALS	\$168,648.91	\$222,018.39	\$100.00	\$0.00	\$100.00	\$221,918.39		

**CITY OF WHITEWATER
BALANCE SHEET
AUGUST 31, 2012**

CDA FUND

	BEGINNING BALANCE		ACTUAL THIS MONTH		ACTUAL THIS YEAR		ENDING BALANCE
<u>ASSETS</u>							
900-11100 CASH	37,034.06	(7,068.92)	(42,880.43)	(5,846.37)
900-11200 GENERAL CHECKING ACCOUNT	20,598.38		2.80		19.71		20,618.09
900-15100 DUE FROM GENERAL FUND	129.25		.00	(129.25)		.00
900-15206 DUE FROM SICK LEAVE SEV-FD260	.00		4,714.44		4,714.44		4,714.44
900-18400 OFFICE EQUIPMENT	12,629.44		.00		.00		12,629.44
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TOTAL ASSETS	70,391.13	(2,351.68)	(38,275.53)		32,115.60
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<u>LIABILITIES AND EQUITY</u>							
<u>LIABILITIES</u>							
900-21100 VOUCHERS PAYABLE	.56		.00	(.56)		.00
900-22000 ACCUM DEPR - EQUIPMENT	11,344.84		.00		.00		11,344.84
900-25100 DUE TO GENERAL FUND	375.77		.00	(365.17)		10.60
900-25101 DUE TO 910	15,711.04		.00		.00		15,711.04
900-25920 DUE TO INNOVATION CTR-FD 920	75.00		.00	(75.00)		.00
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TOTAL LIABILITIES	27,507.21		.00	(440.73)		27,066.48
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<u>FUND EQUITY</u>							
900-34300 PROPRIETARY CAPITAL	42,883.92		.00		.00		42,883.92
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UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD	.00	(2,351.68)	(37,834.80)	(37,834.80)
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BALANCE - CURRENT DATE	.00	(2,351.68)	(37,834.80)	(37,834.80)
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TOTAL FUND EQUITY	42,883.92	(2,351.68)	(37,834.80)		5,049.12
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TOTAL LIABILITIES AND EQUITY	70,391.13	(2,351.68)	(38,275.53)		32,115.60
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MEMORANDUM

To: Community Development Authority
Board Members

From: Patrick Cannon
Interim Executive Director

Re: Black Sheep Restaurant

Date: September 18, 2012

At their September 4, 2012 meeting, the Whitewater City Council took action to grant a "Class B" beer and liquor license to Black Sheep Restaurant. The restaurant is located at 210 W. Whitewater St. They have been in operations for approximately six months.

In order to obtain the licenses, the restaurant must pay a \$10,000.00 license fee. Tyler Sailsbery, the owner has requested that the CDA award a grant in the amount of \$10,000.00 to help offset the cost of the fee. In the past, the CDA has awarded similar grants. A copy of his letter requesting the grant is attached.

The item will be included on the next CDA agenda for consideration.

If you have any questions, please let me know.

Patrick Cannon
Community Development Authority
Whitewater, WI 53190
pcannon@whitewater.org

Tyler Sailsbery
Owner & Head Chef
The Black Sheep
210 W. Whitewater St
Whitewater, WI 53190

September 7, 2012

Dear Patrick Cannon and Community Development Authority,

The community of Whitewater, the Common Council, the University of Whitewater and even local businesses have been extremely welcoming to our new restaurant, The Black Sheep, as we begin to try and grow our business.

Through our desire to continue to expand as a business, we feel that the addition of a full liquor license will enable us to better serve our guests, who include local Whitewater residents, university faculty, local businesses from the industrial park, as well as 30% coming from areas outside Whitewater. This liquor license was recently granted to us by the City of Whitewater.


As we are still a very new establishment (approaching 6 months in business), our funds are quite limited. We kindly ask that you would consider The Black Sheep for a grant for the amount, as the CDA has done in the past with various other local businesses such as Cozumel, The Sweet Spot and others in Whitewater. The fee for the license is \$10,000, which goes to the City of Whitewater.

We ask that you consider the wider positive effects of assisting The Black Sheep in our attempt to possess this liquor license. It really is an economic development issue in the area of Whitewater, which can lead to increased business opportunities, increased business revenue, jobs and increased tourism. It would be fantastic to be able to give The Black Sheep and other small businesses in our situation, a chance to make it in the market today against the adversity we already face in the state of the current economic climate. The CDA's support would provide us with the freedom to increase our staff, plan additional events and community gatherings as well as continue to build the city of Whitewater.

In summary, we see the positive impact of bringing money from outside Whitewater back in to Whitewater and hope that you may be able to as well, as the type of dining we provide is currently only offered outside the Whitewater community.

Thank you for your consideration in this matter. I look forward to hearing from you in regards to the issue.

Sincerely,


Tyler Sailsbery
Owner & Head Chef
The Black Sheep

GRANT AGREEMENT
BETWEEN
THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
AND
WHITEWATER AREA SEED ACCELERATOR FUND

This Agreement is entered into pursuant to Wisconsin Statutes chapter 238 between the Wisconsin Economic Development Corporation (WEDC) and the Whitewater **Community Development Authority** Area Seed Accelerator Fund (The Fund).

Agreement

- 1. Investment Criteria.** The Fund will make grants, debt and equity investments in startup and early stage businesses. Funds will be invested into innovation based businesses located in or that will locate in Wisconsin. Industry sectors of focus will include but are not limited to: Advanced manufacturing, Agriculture/Food Processing, Information Systems/Software, Medical Device, Renewable/Green Energy. The fund will not work with **businesses whose primary market is direct consumer purchased** retail, restaurant or hospitality industry sectors. This paragraph will herein be referred to as the "Investment Strategy."
- 2. Contract for Funds and Services.** In consideration for the promises and covenants in this Agreement and subject to the terms and conditions set forth in this Agreement, and in Wisconsin law, WEDC and The Fund agree to the following:
 - (a) The Fund agrees to:
 - (i) Raise 1:1 matching funds to capitalize an investment seed fund. Total fund, including WEDC's grant of up to \$150,000, will be at least \$300,000 and shall be awarded in accordance with the Investment Strategy. No portion of these funds may be allocated to administration or operational costs.
 - (ii) Award at least one-third of funds allocated by WEDC (\$50,000) as direct grants not to exceed \$10,000 per business.
 - (iii) Award the remaining two-thirds of the funds awarded by WEDC and the match (total of at least \$250,000) to Wisconsin start-up businesses in accordance with the WEDC approved Investment Strategy.
 - (iv) The total funds (\$300,000) must be distributed to Wisconsin start-up businesses by **December 31, 2013**. The Fund will not be eligible to apply for any future WEDC funding until the total fund has been distributed.
 - (v) Create an investment committee, criteria for awarding grants, an application, and an application process to carry out the Investment Strategy. These are subject to WEDC approval, which will not be unreasonably withheld or delayed.
 - (vi) Demonstrate, to WEDC's satisfaction, that The Fund has the necessary organizational structure, facilities, mentoring programs, and history of entrepreneurial support. Evidence of this must be submitted to WEDC and will be attached as **Exhibit A**.

(vii) Provide occasional assistance and counsel, at WEDC's request, to communities receiving similar WEDC funding in order to help drive a statewide initiative of entrepreneurial support.

(b) WEDC will provide the following in exchange for The Fund's completion of services under this Agreement:

(i) A grant of up to \$150,000 to be used in accordance with the Investment Strategy and the terms of this Agreement.

5. Duration. The deliverables specified in this Agreement will be completed no later than February 15, 2017, unless mutually agreed upon by both parties in writing.

6. Allocation of Assistance. The Fund agrees to use the assistance described in this Agreement in the following ways:

ASSISTANCE TYPE	USES	WEDC	MATCH	TOTAL
Grant Only	Direct Grant Funding	\$50,000		\$50,000
Any	General Seed Fund	\$100,000	\$150,000	\$250,000
Total		\$150,000	\$150,000	\$300,000

7. Disbursement of Funds. WEDC will disburse \$150,000 of funds to The Fund in compliance with any specific disbursement guidelines under this Agreement.

(a) Prior to disbursement:

(i) The Fund will submit to WEDC documentation showing evidence that they have complied, to WEDC's satisfaction, with the requirements set forth herein at Section 2(a)(vi).

(ii) The Fund will raise \$150,000 in match funds and submit to WEDC documentation evidencing the match.

(b) To request funds, The Fund will submit a Request for Disbursement form attached as Exhibit B. All WEDC funds must be drawn on by June 30, 2013.

8. Reporting Requirements. The Fund will provide to WEDC reports based on the reporting dates and requirements attached as Exhibit C.

9. Event of Default. Consistent with Wis. Stat. § 238.03(3)(b), any of the following events constitutes an Event of Default for the purposes of this Agreement:

(a) The Fund's submission to WEDC false or misleading information.

(b) The Fund's failure to comply with or perform, in any material respect, any of its obligations under this Agreement.

10. Remedies in Event of Default. Upon the occurrence of an Event of Default, WEDC will send a written notice of default to The Fund, setting forth with reasonable specificity the nature of the default. If The Fund fails to cure the Event of Default to the reasonable satisfaction of WEDC within 30 calendar days, or if the breach is not capable of being cured

within a 30 day period, The Fund fails to undertake, in good faith, commercially reasonable efforts to cure the breach and fails to continue until the breach is cured to the reasonable satisfaction of WEDC, WEDC may, without further written notice to The Fund, declare The Fund in default. The period to cure may not be extended beyond 90 days.

- (a) In the Event of Default, WEDC may, consistent with Wis. Stat. § 238.03(3)(b), terminate the Agreement and recover from The Fund:
 - (i) The funds disbursed to The Fund under this Agreement;
 - (ii) All court costs and reasonable attorney's fees incurred by WEDC to recover the amounts owed by The Fund under this provision; and
 - (iii) A financial penalty of up to 1% of the total amount of funds to which The Fund was eligible to receive.
- (b) The amount under (a) above will be paid to WEDC within 30 calendar days of demand by WEDC. If The Fund fails to pay these amounts to WEDC, The Fund will be liable for the full unpaid balance plus interest at the annual rate of 12% from the date of the notice of Event of Default.

11. The Fund's Warranties and Representations. In addition to the other provisions of this Agreement, The Fund represents to the best of its knowledge that as of the date of this Agreement:

- (a) The Fund is duly organized and validly existing under the laws of the state of its incorporation and is authorized to engage in business in the State of Wisconsin.
- (b) The Fund is qualified to engage in business in every jurisdiction where the nature of its business makes such qualification necessary, except where the failure to be so authorized would not have a material and adverse effect on The Fund's ability to perform its obligations under this Agreement.
- (c) The Fund is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it, the violation of which would have a material, adverse effect on The Fund's ability to perform its obligations under this Agreement.
- (d) The financial statements and other information provided by The Fund to WEDC are complete and accurate in accordance with Generally Accepted Accounting Principles where applicable.
- (e) The undersigned officer of The Fund is fully authorized to execute this Agreement on behalf of The Fund.

12. Wisconsin Public Records Law and Confidential Documents. The Fund understands this Agreement and other materials submitted to WEDC may constitute public records subject to disclosure under Wisconsin's Public Records Law, § 19.31 et seq. The Fund will mark documents "confidential" where appropriate for financial and other sensitive materials that should be, to the extent possible, be kept in confidence. WEDC will notify The Fund if it receives a public records request for materials marked confidential.

13. Relocation. Consistent with Wis. Stat. § 238.12(2), if within five years from the date of this Agreement The Fund relocates out of Wisconsin the economic development activity covered in or related to this Agreement, The Fund will be responsible for the repayment of funds disbursed to The Fund under this Agreement.

- 14. Verified Statement.** The Fund must comply with Wis. Stat. § 238.03(3)(a) by submitting to WEDC a verified statement describing The Fund's expenditure of funds under this Agreement. This statement must be signed by both an independent certified public accountant and the director or principal officer of The Fund to attest to the accuracy of the verified statement. The Fund must make available for inspection by WEDC the documents supporting the verified statement.
- 15. Inspection.** The Fund will produce for WEDC's inspection, examination, auditing and copying, any and all records which relate to this Agreement, so long as WEDC provides at least 48 hours notice.
- 16. Nondiscrimination in Employment.** Consistent with Wis. Stat. § 16.765: In connection with the performance of work under this contract, the recipient agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in § 51.01(5), sexual orientation or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the recipient further agrees to take affirmative action to ensure equal employment opportunities. The recipient agrees to post in conspicuous places, available for employees and applicants for employment, notices to be provided by the recipient officer setting forth the provisions of the nondiscrimination clause.
- 17. Public Announcement.** The Fund agrees give WEDC priority to prepare and publish a public announcement of this Agreement. The Fund also agrees to notify WEDC prior to publicly announcing awarding a direct grant to a business.
- 18. Choice of Law.** **THIS AGREEMENT AND ALL MATTERS RELATING TO IT OR ARISING FROM IT – WHETHER SOUNDING IN CONTRACT LAW OR OTHERWISE – SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED PURSUANT TO, THE LAWS OF THE STATE OF WISCONSIN.**
- 19. Venue, Jurisdiction.** Any judicial action relating to the construction, interpretation, or enforcement of this Agreement, or the recovery of any principal, accrued interest, court costs, attorney's fees and other amounts owed hereunder, shall be brought and venued in the U.S. District Court for the Western District of Wisconsin or the Dane County Circuit Court in Madison, Wisconsin. **EACH PARTY HEREBY CONSENTS AND AGREES TO JURISDICTION IN THOSE WISCONSIN COURTS, AND WAIVES ANY DEFENSES OR OBJECTIONS THAT IT MAY HAVE ON PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS.**
- 20. Waiver of Right to Jury Trial.** **EACH PARTY WAIVES ITS RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY JUDICIAL ACTION OR PROCEEDING THAT MAY ARISE BY AND BETWEEN WEDC AND The Fund CONCERNING OR RELATING TO THE CONSTRUCTION, INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT, OR THE RECOVERY OF ANY PRINCIPAL, ACCRUED INTEREST, COURT COSTS, ATTORNEY'S FEES AND OTHER AMOUNTS THAT MAY BE OWED BY The Fund HEREUNDER.**
- 21. Severability.** The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions, which will remain in full force and effect to govern the parties' relationship.

22. Relationship Between Parties. WEDC and The Fund will not, under any circumstances, be considered or represented to be a joint venture, a beneficiary of the other, nor will any employees of WEDC or The Fund be considered an employee of the other.

23. Documents. All documents required to be delivered contemporaneously with the execution and delivery of this Agreement is expressly made a part of this Agreement, and all references to this Agreement will be deemed to refer to and include all such documents.

24. Captions. The captions in this Agreement are for convenience of reference only and will not define or limit any of the terms and conditions set forth herein.

25. No Waiver. No failure or delay on the part of WEDC in exercising any power or right under this Agreement will operate as a waiver, nor will any single or partial exercise of any such power or right preclude any other exercise of any other power or right.

26. Entire Agreement. This Agreement embodies the entire agreement of the parties concerning WEDC's and The Fund's obligations related to the subject of this Agreement. This Agreement may not be amended, modified or altered except in writing signed by The Fund and WEDC. This Agreement supersedes all prior agreements and understandings between the parties related to the subject matter of this Agreement.

IN WITNESS WHEREOF, WEDC and The Fund have executed and delivered this Agreement effective the date set forth next to WEDC's signature below.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

By: _____
Paul F. Jadin
Secretary and CEO
Date _____

Whitewater Community Development Authority

By: _____
Jeffery P. Knight
Chairman
Date _____

Notices to The Fund will be effective upon mailing by first class mail, postage prepaid, and addressed to the following person and address or such other person and address as may designate in writing:

Notices to WEDC hereunder will be effective upon mailing by first class mail, postage prepaid, and addressed as follows:

Whitewater Community Development Authority
312 W. Whitewater St.
Whitewater, WI 53190

Wisconsin Economic Development Corporation
Entrepreneurship & Innovation
201 West Washington Avenue
P.O. Box 1687
Madison, WI 53701-1687
Attn: Partnership Agreement # FY12 -

EXHIBIT A



THE WHITEWATER AREA SEED ACCELERATOR FUND SEPTEMBER 18, 2012

EXECUTIVE SUMMARY

The Whitewater Community is ideally suited to manage a seed accelerator fund to support the growth of small businesses, emerging companies, and entrepreneurs. The City of Whitewater, the Whitewater Community Development Authority, and the University of Wisconsin-Whitewater have developed a unique partnership grounded in shared goals related to service, community development, and economic development. The partners have extensive experience provide support and services to grow jobs in the region as outlined below in the “partner capacity” descriptions.

Funds are requested to support the development and implementation of a Whitewater Area Seed Accelerator Fund. The Whitewater Community Development Authority has pledged \$150,000 as match to the Fund. The partners have also pledged and the time and effort of the following key staff/leaders to facilitate fund recipients’ access to facilities, training, and regional business development resources.

- City of Whitewater
 - Cameron Clapper, Interim City Manager
- University of Wisconsin-Whitewater
 - William Dougan, Irvin L. Young Professor of Entrepreneurship;
 - Denise Ehlen, Director of Research and Sponsored Programs and the Whitewater Incubation Program; and
 - Ronald “Bud” Gayhart, Director of the Small Business Development Center and the Wisconsin Innovation Service Center
- Whitewater Community Development Authority
 - Patrick Cannon, Community Development Authority Interim Executive Director
- Whitewater University Technology Park Board
 - John Chenoweth, Member
 - Robert Young, Executive Director

These partners will provide vital mentoring and support to small businesses and entrepreneurs to minimize risk and increase the likelihood of launch.

APPLICANT / CONTACT INFORMATION

The Whitewater Community Development Authority will serve as the proposal applicant. Contact information for all Whitewater Area Seed Accelerator Fund partners is included below.

Organization	Key Point of Contact (Name/Title)	Street Address	Email and Phone Number
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City of Whitewater	Cameron Clapper Interim City Manager	312 W Whitewater St Whitewater, WI 53190	cclapper@whitewater-wi.gov 262.473.0500, ext. 200
University of Wisconsin-Whitewater	Richard Telfer Chancellor	800 W Main St Whitewater, WI 53190	telferr@uww.edu 262.472.1918
Whitewater Community Development Authority [applicant]	Jeffery Knight Chair	312 W Whitewater St Whitewater, WI 53190	jpk@knightpublicaffairs.com 262.473.3992

1) PARTNER CAPACITY

Community: Whitewater, Wisconsin is the “Center of Opportunity” for businesses seeking an ideal location. With a combination of geographic advantages, university partnerships, economic resources, and quality of life, Whitewater provides exciting new opportunities for business. Whitewater is located in the heart of the Madison-Milwaukee-Chicago corridor with easy access to each major market. This central location is highly appealing to employers and employees. In their extensive 2008 study of 141 metropolitan areas, *Bizjournals* selected Whitewater as the 22nd best “Dream Town” in the United States, the highest ranking of any city in southern Wisconsin or Illinois. Among *Bizjournals* criteria were quality of life; commute time, access to management and professional jobs, and number of adults (25 or older) with bachelor’s degrees. See <http://www.whitewater-wi.gov/> to learn more about the City of Whitewater.

Community Development Authority: The Whitewater Community Development Authority (CDA) has operated since 1981 and has a strong track record in leading the City’s economic and housing development efforts. The Whitewater CDA is responsible for the marketing of the Whitewater Business Park (21 firms are currently located within the Park). There are approximately 130 acres of shovel ready land available for business development in the Business Park.

The CDA administers the Whitewater Economic and Business Development Loan programs that are currently capitalized at a little over \$1.7 million with an existing loan portfolio of \$1.2 million. The CDA also administers the Whitewater Housing Rehabilitation Loan Program.

The CDA works extensively with Whitewater city government in the development and administration of the City’s six tax incremental financing districts. These TIF districts have been strategically placed around the City to capitalize on potential commercial and industrial growth areas.

The CDA maintains a very active business retention program with an annual goal to visit all Business Park firms as well as all other industrial firms operating in the City. These retention visits are coordinated with the Walworth County Economic Development Alliance (WCEDA) and the UW-Whitewater Business Development Center. This team approach to community business retention efforts has led to an extremely strong rapport with the Whitewater business community and in 2012 has already directly assisted with four business expansions in the Whitewater Business Park. Additional information regarding the Whitewater CDA may be accessed online at http://www.whitewater-wi.gov/index.php?option=com_content&view=category&layout=blog&id=12&Itemid=39.

Downtown Whitewater Inc.: Established in 2006 as part of the Wisconsin Main Street Program, administered by the Wisconsin Economic Development Corporation, Downtown Whitewater Inc. is a non-profit, community based-organization devoted to preserving, improving and promoting Whitewater’s quality of life by strengthening its historic downtown as the heartbeat of the community.

Over the last six years, Downtown Whitewater has been the catalyst for over \$9 million in private investment in the downtown district with a rate of return on investment of 15:1. Over 100 new jobs have been created during this time with 17 new businesses established. The physical environment of Downtown Whitewater has been transformed through 25 façade grants and loans as well as over \$1.1

million in public infrastructure improvements. To learn more about Downtown Whitewater, visit <http://www.downtownwhitewater.com/>.

Whitewater University Technology Park and Innovation Center: The Whitewater University Technology Park is a unique partnership between the City, CDA and the University of Wisconsin-Whitewater. The Technology Park and its signature first building, The Whitewater Innovation Center, were established over a remarkable three year period (2008-2011) with a mission to create and foster durable jobs through a close alignment of UW-Whitewater's research and educational competencies and the resources of the City. The City issued \$5.3 million in bonds to finance the Technology Park infrastructure, the construction of the Innovation Center and the extension of Starin Road to better connect the Park with UW-Whitewater. The City shares in corporate governance of the Tech Park Board (a 501(c)(3) nonprofit created to operate the Park and Innovation Center) as well as in on-going costs of operating and maintaining these facilities.

The Innovation Center is rapidly becoming a leading hub of innovation, entrepreneurship, and business growth in Wisconsin. The Innovation Center is a partnership of the University of Wisconsin-Whitewater, home of the state's largest business school; the City of Whitewater and the Whitewater Community Development Authority. We've created this powerhouse of expertise and resources to help businesses reach unparalleled levels of success. To complement the state-of-the-art facility, the University of Wisconsin-Whitewater has assembled the human and technological infrastructure to meet the needs of entrepreneurs and their companies. To learn more about the Whitewater-University Technology Park and Innovation Center, please visit www.whitewatertechpark.org.

Tax Incremental Finance Districts: As mentioned previously, the City has six active Tax Incremental Finance Districts (#4-#9.) Whitewater TID #4 encompasses the Whitewater Business Park, the Whitewater Technology Park and downtown Whitewater. A portion of the City that includes Whitewater TID's #5 and #6 is located within a Federal New Markets Tax Credits designated area. This is the only New Markets designated area in Walworth County.

Wisconsin Energy Independent Community: Whitewater became a pilot Wisconsin Energy Independent Community in 2010 and has adopted a wide-ranging Energy Plan aimed at reducing community energy consumption as well as its reliance on traditional fossil fuels. The leadership that it has demonstrated in promoting energy efficiency has sparked considerable interest from businesses in the emerging green energy industry. The City is currently in negotiations with three such firms to establish their corporate headquarters and related operations in Whitewater.

Walworth County Economic Development Alliance (WCEDA): Whitewater was a founding member of WCEDA in 2005 and both the City Manager and UW-Whitewater Chancellor serve on its Board. WCEDA operates a revolving loan program that is available to Whitewater businesses and WCEDA also provides a variety of economic development services to the City. Visit <http://www.walworthbusiness.com/> to learn more about WCEDA.

University of Wisconsin-Whitewater: The University of Wisconsin-Whitewater is one of 13 four-year campuses in the University of Wisconsin System. UW-Whitewater is consistently ranked one of the top Midwestern public universities in *U.S. News and World Report*. UW-Whitewater offers more than 60 undergraduate majors, programs, emphases and certificates offered in colleges of Arts and Communication, Education and Professional Studies, Business and Economics, and Letters and Sciences. A limited number of master's degrees are offered in business, education, and other applied areas. The University of Wisconsin-Whitewater is the only university and only state agency honored as a Top 100 Workplace in rankings compiled by the Milwaukee Journal Sentinel. The 2011 list featured a mix of public, private, non-profit and government organizations in southeast Wisconsin. See www.uww.edu to learn more about the University of Wisconsin-Whitewater.

University of Wisconsin-Whitewater College of Business & Economics: The College of Business and Economics [CoBE] is Wisconsin's premier business school. Employers characterize CoBE graduates as "technically superior with an outstanding work ethic." CoBE faculty are a combination of academically and professionally qualified professionals who are committed to classroom teaching and to current research in their fields. Specific business school accreditation is a testament to our high

quality. Only 30% of collegiate business schools are accredited by the Association to Advance Collegiate Schools of Business, and UW-Whitewater is one of them.

With 13 different undergraduate majors, students may choose many different career paths. For out-of-classroom activities, students may join over 20 different business-related student organizations that offer leadership and community service experiences while at the same time providing opportunities to network with business professionals. UW-Whitewater's online MBA program has earned recognition and awards regionally, nationally, and internationally from sources such as the European CEO, the Princeton Review, GetEducated.com, Corporate Report Wisconsin, and GI Jobs. The newly-launched General Business completion program provides junior-level students the opportunity to finish their BBA degrees entirely online or in a mix of online and face-to-face classes. For additional information on the College of Business and Economics, see <http://www.uww.edu/cobe/>

The University's Small Business and Entrepreneurship Programs and Initiatives: UW-Whitewater supports a number of initiatives related to small businesses and entrepreneurship. These centers, programs, and services demonstrate our commitment to fostering business development. Key programmatic and outreach activities are identified below.

Small Business Development Center: The Small Business Development Center (SBDC), as part of a nationwide network, provides high-impact, results-based consulting and education services to business owners and entrepreneurs with up to 500 employees. The SBDC partners with new, existing, growing, and forward-thinking businesses as they navigate the waters of change. Through targeted training, clients learn how to launch businesses, stabilize established ventures and take their companies to the next level. Most services are delivered at no cost, others at low cost. For more information, visit the SBDC web site at <http://sbdc.uww.edu>.

Wisconsin Innovation Service Center: The Wisconsin Innovation Service Center (WISC) at UW-Whitewater provides market research that enables clients to achieve a competitive advantage. WISC specializes in assessing new product and invention feasibility as well as market expansion opportunities for innovative manufacturers, technology businesses, B2B companies, and independent inventors. Since 1980, WISC has completed more than 8,000 projects. Technical experts and researchers use an extensive array of resources to analyze information on technical feasibility, existing patents, market size, competitive intensity, demand trends, and other areas. WISC's research products cover product feasibility, competitive intelligence, diversification opportunities, distributor assessments, customer satisfaction, and licensing partnerships. For more details, visit the WISC website at <http://wisc.uww.edu>.

State of Ingenuity and SourceLink: The State of Ingenuity is a regional collaboration that provides a seamless network of entrepreneurial support at every stage of business development through the sharing of resources, facilities, curriculum, training, and collective expertise. The State of Ingenuity represents a collaboration of organizations from the six-county region of southeastern Wisconsin and northern Illinois including Boone, Kenosha, Racine, Rock, Walworth, and Winnebago counties. The project was initiated in response to a regional economy that was significantly impacted by floods, auto plant closures, and major job layoffs.

The collaboration, funded by a start-up grant of \$5.9 million from the Economic Development Administration in 2010, consists of educational institutions, economic development organizations, proto-typing service providers, and business incubators and works to foster economic recovery and entrepreneurial activities. The State of Ingenuity collaboration strives to accomplish the following goals:

- Develop new industry, grow and strengthen businesses, create jobs and increase private investment in the region.
- Build a robust entrepreneurial system to encourage a diverse regional economy.
- Lead efforts to transition the region's economy from an industrial base to a knowledge base.
- Build a sustainable model for economic development strategies and approaches.

Through the State of Ingenuity project, the UW-Whitewater Office of Research and Sponsored Programs (ORSP) partnered with US SourceLink—an integrated economic development system designed to connect entrepreneurs and business owners to a large network of business-building resource organizations—to develop State of Ingenuity SourceLink (www.uww.edu/soi). State of Ingenuity SourceLink provides a clearinghouse of information to connect emerging entrepreneurs and small business owners with resources tailored to fit their organization's growth needs. Visit www.uwworsp.org to learn more about Office of Research and Sponsored Programs.

Southeastern Wisconsin Center for Economic Development: The Southeastern Wisconsin Center for Economic Development [SWCED] is an initiative funded under the Economic Development Administration University Center Program. SWCED partner universities include Marquette University, Milwaukee School of Engineering, University of Wisconsin-Milwaukee (prime/lead applicant), University of Wisconsin-Parkside, and UW-Whitewater. Each SWCED partner has individual capabilities and assets that, collectively, are leveraged to support and advance technology commercialization. These five institutions have previously collaborated on regional initiatives, especially to support the water and energy cluster industries. SWCED will enhance and support economic development through leveraging university assets within southeastern Wisconsin.

SWCED will partner with the Milwaukee7, Wisconsin Energy Research Consortium, BizStarts, and other regional economic development stakeholders to facilitate and guide commercialization efforts, ultimately leading to enhanced economic development in the region. In alignment with existing regional economic development strategies and the strength of the region's industries, SWCED will primarily focus on commercialization efforts in the industry clusters of water technology; health/biosciences (including medical devices); and energy, power, and controls.

Whitewater Incubation Program (WhIP): The Whitewater Incubation Program consists of the Innovation Hub and Launch Pad programs designed to provide coaching, mentoring, support, and service to new business ventures linked to the University and the Whitewater University Technology Park Innovation Center. WhIP offers cutting-edge programs and services to entrepreneurs and start-ups.

The Innovation HUB (or iHUB) is both a collaborative space located in the Innovation Center and a series of programs and services designed to accelerate the successful development of entrepreneurial companies (particularly start-ups) through an array of business support resource and services. Through the iMentor program, the University provides funding to faculty and staff to provide technical assistance on entrepreneurship; research; marketing and branding; law; accounting; public relations; grant seeking, sponsorship, and funding; and entrepreneurship and small business strategy.

iFellows receive funding to develop and/or implement a suitable plan to establish a start-up company or to conduct applied research leading to the development of intellectual property that could be commercialized. There is also support available for faculty/staff conducting market analysis of a business/technology concept.

Additional information regarding innovation programs/services (to faculty, staff, and students, as well as small businesses and entrepreneurs) and economic development initiatives supported by the Office of Research and Sponsored Programs can be accessed online at <http://uwworsp.org/Innovation.aspx>.

The Launch Pad is the WhIP student incubator. Students are invited to apply to become a participant of the program and work closely with the Launch Pad administrator, Denise Ehlen and co-directors, Dr. William Dougan and Dr. Jeff Vanevenhoven, and iMentors to develop their business plans and launch their businesses.

Technology Transfer Initiatives: Faculty/staff research output, skills, technologies, and methods are integral to economic development when made available to a wider range of users. UW-Whitewater ORSP supports the development of faculty research into new products, processes, applications, materials, or services. Resources are available for faculty/staff through the WiSys

Technology Foundation, Inc. (WiSys), Whitewater University Technology Park, Whitewater Innovation Center, and Whitewater Incubation Program. Additional information regarding ORSP's services and expertise related to technology transfer can be accessed online at <http://uwworsp.org/Innovation/For-Faculty-Staff.aspx>.

Fiscal and Economic Research Center (FERC): The mission of the FERC is to tap into faculty/staff expertise to provide outreach services. FERC provides research services for area businesses, not-for-profits organizations, and government entities including, but not limited to, the following areas: economic analysis, land-use planning, market research, marketing strategy and planning, statistical analysis, simulation analysis, and business development. Additional information regarding FERC's services, including reports from completed projects, can be accessed online at <http://www.uww.edu/ferc/>.

Geographic Information Services (GIS) Center: The GIS Center provides web-based mapping and spatial analysis services for businesses and other clients. Currently, the Center's work is focused on providing these tools as part of a grant from the U.S. Economic Development Agency to the University (the State of Ingenuity initiative). The Center is developing a suite of business-support tools for Rock, Walworth, Kenosha, Racine, Boone, and Winnebago counties. Visit <http://www.uww.edu/giscenter/> to learn more about the Center's priorities and to view representative maps.

Global Business Resource Center (GBRC): The GBRC specializes in providing international market entry strategies for businesses. Services include data gathering, business analysis, market identification, feasibility studies, and market intelligence. Several combinations of methodologies including primary data collection, interviews, vendor and partner search, focus groups are employed to provide a comprehensive report for decision-makers.

Wisconsin Center for Information Technology Services (Wi-CITS): Housed in the College of Business and Economics at the University of Wisconsin Whitewater, the Wi-CITS focuses on providing IT services to regional non-profits and small businesses, while giving students real-world experience. The center also works on student organization and other campus related projects as well. Targeted work includes website design and development, software design and development and IT consulting (e.g. gaining value from web presence, search engine optimization, security, and database). The center utilizes the outstanding students and faculty from the IT and business programs. Wi-CITS provides access to samples of their work, information regarding online courses and certifications, their services, and mission online at <http://wicits.uww.edu/>.

2) FUND MANAGER

A successful local entrepreneur will be identified to serve as the fund manager and program 'champion.' The fund manager will serve as 'entrepreneur in residence' at the Innovation Center. The fund manager will be appointed by the Whitewater Community Development Authority or is this the CDA director?

3) ADMINISTRATIVE STRUCTURE

Finance and Investment Committee: The Whitewater Community Development Authority (CDA) will establish a three member Finance and Investment Committee to make final decisions regarding Whitewater Area Seed Accelerator Fund allocations and equity/grant terms and conditions (on a case-by-case basis). The 'entrepreneur in residence' (fund manager) will serve on the Finance Committee. The Director of the Whitewater CDA will serve as the Committee's ex officio non-voting Secretary. The Secretary shall maintain all records of the Fund (including, but not limited to, applications, recommendation reports, due diligence reports), shall prepare minutes of all meetings of the Finance and Investment Committee, and assume responsibility for quarterly and semi-annual reporting to stakeholders (including the WEDC).

Investment Committee:—The Investment Committee will be responsible for due diligence actions utilizing community resources and consultants (i.e., City Attorney; University faculty, staff, and students; and other experts). Findings and recommendations. The Whitewater Community Development Authority, the City

of Whitewater, and the University of Wisconsin-Whitewater will each appoint one member to serve on the three member Committee. The Investment Committee will forward the University / Community Screen Committees' recommendations, along with due diligence reports, to the Finance Committee for review. .

University Screening Committee: ~~The University Screening Committee will complete preliminary screening of Fund applications from University faculty, staff, students, and alumni. The Committee will forward the most competitive proposals to the Investment Committee for review. The Screening Committee will be comprised of three (3) members and will be appointed by the University of Wisconsin-Whitewater Chancellor representing the campus' entrepreneurship program, the Whitewater Incubation Program, and the Small Business Development Center. The University Screening Committee will forward recommendations to the Investment Committee for due diligence.~~

Loan Screening Committee: This committee will be comprised of 5 members who are residents and or business owners in the City of Whitewater. The committee will be charged with the responsibility of due diligence in reviewing applications from both private business applicants and University related applicants. University related is defined as University staff, students and alumni.

Two members will be appointed by the Chancellor of the University of Wisconsin- Whitewater. Three members will be appointed by the Chairperson of the Whitewater Community Development Authority. All terms will be for a three year period. The initial appointments will be staggered in years as agreed upon by the appointing authorities. The Committee Members will serve at the pleasure of their respective appointing authority.

Community Screening Committee: ~~The Community Loan Screening Committee will complete preliminary screening of all other Fund applications and forward the most competitive proposals to the Investment Committee for review. The Community Screening Committee will be comprised of three (3) members one each appointed by the City Manager, the Director of the Whitewater Community Development Authority, and the University of Wisconsin-Whitewater Chancellor. The Community Screening Committee will forward recommendations to the Investment Committee for due diligence.~~

Funding Strategy and Selection Criteria: The Fund will consist of a diversified portfolio of micro investments (including six to eight grants of up to \$10,000) structured to minimize risk/failure and maximize the potential to increase the number of entrepreneurs/start-ups and support of emerging growth companies. The Whitewater Community Development Authority will match WEDC funding on a 1:1 basis. The Fund will generally take equity positions in the startups in order to establish a mechanism for replenishing seed funds. Funded start-ups may be required to participate in the Whitewater Incubation Program in order to improve company performance and minimize risks. Funded applicants will also have access to facilities, training, and mentoring.

Funding will be competitive; not all worthy firms will be funded. Among equally meritorious applications, businesses likely to lead to the creation of living wage jobs and/or exit (sale/merger/acquisition) within five years will be given preference. Specific selection criteria will be developed by the Investment Committee in consultation with the Finance and Screening Committees.

Application: A complete application for seed funds will include, at a minimum, a Business Plan, evidence of progress toward business launch/product development, financial data, and evidence of a qualified management team. The Investment Committee, in consultation with the Finance and Screening Committees, will develop the application procedure.

4) ACCOUNTING AND ALLOCATION STRUCTURE/PROCESS

WEDC funds will be deposited into a segregated City of Whitewater account established to support the Whitewater Area Seed Accelerator Fund only. The City Finance Director will provide administrative support for account management. The Whitewater CDA will provide match funding. These funds will also be deposited into a segregated account and managed by the Chair of the Finance committee.

5) FUNDING MATCH AND AWARD/INVESTMENT TYPES

The Whitewater CDA will provide a 1:1 match to WEDC funds. The Whitewater CDA has allocated \$150,000 of immediately available funds to support the Fund match. This money may be used for equity. All returns will be reinvested into the evergreen Fund to ensure continued support of startups. Investments will include seed grants of up to \$10,000). Equity assignment to the Fund will be a condition of all awards.

6) STATE NETWORK SUPPORT

Seed Fund partners will participate in the state network to assist and support other organizations.

7) REPORTING

Quarterly, the Fund's portfolio, investment strategy, and resulting performance will be reviewed with alterations made to strategy and funding stipulations to help the Fund sustain its ability to offer assistance. These data will be included in semi-annual reports to the WEDC. Additional information to be included in semi-annual reports will include the Fund's investment strategy, edibility requirements, application process, and selection criteria. Investment data will include amounts, date made, companies started, support of emerging growth companies, beginning jobs, jobs created/retained, funds leveraged, and startup baseline data (including company information—name, industry, location, and description of business). Reporting will be the responsibility of the Whitewater Community Development Director and City Finance Director.

**EXHIBIT B
REQUEST FOR DISBURSEMENT**

Contract Number: «ProgramAbrev» FY«Contract_number»	Rep: «REP_Initials»	Company: «Beneficiary»
Wismart #:	FEIN #	Request Number:
Disbursement Period Covered by this Request From: «Project_Start_Date» To: «Project_End_Date»		

PROJECT EXPENSES INCURRED DURING THIS PERIOD

Budget Code	Description	Total Expenses This Period	=	Company Match Expenses	+	WEDC Reimbursable Expenses
TOTAL:						

Requests for Disbursement must include supporting documentation in order to be approved by WEDC. Please identify the documentation included with this request: WEDC may withhold Grant disbursements if it determines that the Recipient has not provided adequate documentation of Eligible Project Costs, has failed to make adequate progress in the project, has failed to file required reports hereunder, or is otherwise in default under the terms of the Agreement.

- Itemized invoices for all Eligible Project Costs included in the Request for Disbursement Form that were paid to outside vendors.
- A report detailing the dollar amount and purpose of the Eligible Project Costs incurred this period included in the Request for Disbursement Form. This report should clearly describe how the Recipient derived the amounts included on the form.

I hereby certify that the expenses reported on this form are in accordance with the terms of the agreement and that complete and accurate records are being kept to substantiate such expenses.	
<hr/> Authorized Company Signature	<hr/> Date

This section is to be completed by WEDC

WEDC Underwriter	Date
WEDC Controller's Office	Date

Retain a copy of the completed form for your records and mail the original to:
Wisconsin Economic Development Corporation, P.O. Box 1687, Madison, Wisconsin 53701

**EXHIBIT C
REPORTING REQUIREMENT**

PERIOD COVERED	DOCUMENTATION	DUE DATE
	Verified Statement in accordance with Section 14	Within 90 days after final disbursement
July 1, 2012 – September 30, 2012	Quarterly Report	October 15, 2012
October 1, 2012 – December 31, 2012	Quarterly Report	January 15, 2013
June 1, 2012 – December 31, 2012	Annual Report	February 1, 2013
January 1, 2013 – March 31, 2013	Quarterly Report	April 15, 2013
April 1, 2013 – June 30, 2013	Quarterly Report	July 15, 2013
July 1, 2013 – September 30, 2013	Quarterly Report	October 15, 2013
October 1, 2013 – December 31, 2013	Quarterly Report	January 15, 2014
January 1, 2013 – December 31, 2013	Annual Report	February 15, 2014
January 1, 2014 – December 31, 2014	Annual Report	February 15, 2015
January 1, 2015 – December 31, 2015	Annual Report	February 15, 2016
January 1, 2016 – December 31, 2016	Annual Report	February 15, 2017

The Quarterly Report will include:

1. An account statement for the account holding WEDC funds and The Fund's match.
2. A statement showing the expenditure of the one-third (\$50,000) set aside for grants under \$10,001.
3. For any awards given with WEDC funds or The Fund's match during the period covered, the following information must be included:
 - (a) Company Name and Address;
 - (b) Owner(s), CEO and other significant management;
 - (c) The industry sector and a description of the business;
 - (d) The age of the business:
 - (i) 0-6 Months
 - (ii) 6 Months – 2 Years
 - (iii) 2+ Years
 - (e) The Grant or Award Amount and Date;
 - (f) Any application materials completed by the business;
 - (g) Jobs data, including, current employees, number of jobs retained and expected job creation;
 - (h) A statement showing funding that was leveraged by the business, including, WEDC investment, private investment, and other public investment.

The Annual Report will include:

1. The current criteria used by The Fund investment board to evaluate potential investments.
2. A summary of The Fund grants or investments not made with WEDC funds or The Fund's match.
3. An annual jobs update from distributions with WEDC funds and The Fund's match that will include statistics for each business on the number of jobs created or lost in the last year. This statement will include a statement showing any additional funding that was leveraged by the business.

Whitewater Community Development Authority

Whitewater Seed Accelerator Fund

Policy Manual

September ~~10~~¹⁸, 2012

General Provisions

Purpose

The purpose of the policies and procedures contained in this manual are outline the nature and scope of the funds and how they maybe used as seed funds. The policy manual will be collectively referred to as the Seed Capital Fund Program.

The Fund will make grants, debt and equity investments in startup and early stage businesses. Funds will be invested into innovation based businesses located in or that will locate in Wisconsin. Industry sectors of focus will include but are not limited to: Advanced Manufacturing, Agriculture/Food Processing, Information Systems/Software, Medical Device, and Renewable/Green Energy. The fund will not work with **businesses whose primary market is direct consumer purchased** retail, restaurant or hospitality industry sectors.

Program Objectives

Seed Capital Fund loans made available through this program are intended to meet the following objectives:

1. To assist with the creation of innovation based investments companies who are in the early stages of development or the start up phase.
2. To encourage the creation and retention of permanent jobs which provide a wage appropriate to the skills and experience of the local workforce.
3. To encourage the leveraging of private investment into the City of Whitewater and the State of Wisconsin in the form of mixed asset investment particularly in the area of innovation technology.
4. To encourage the development and use of modern technology and create a safe work environment.

Amendments

The Whitewater CDA may from time to time amend the policies and procedures contained in this document. Any such changes are subject to the written approval by the Wisconsin Economic Development Council (WEDC).

Award of funds does not guarantee plan approvals

The award of a Seed Capital Fund loan does not warrant or guarantee approval of the project by the City of Whitewater City Council or staff or the Whitewater Plan Commission. The approval is only for the Seed Capital Fund loan program.

~~What I don't want is someone to come back at us and say you gave me the loan, so you must now approve my development or building plans.~~

2. General Provisions

Seed Capital Fund Administration

Finance and Investment Committee

Three members of the Board of Directors for the Whitewater CDA will be appointed to serve as the Finance and Investment Committee. These members will be appointed by the Chair of the CDA. This committee will review and recommend applications to the full Board of Directors of the Whitewater CDA for final approval.

Loan Screening Committee

This committee will be comprised of 5 members who are residents and or business owners in the City of Whitewater. The committee will be charged with the responsibility of due diligence in reviewing applications from both private business applicants and University related applicants. University related is defined as University staff, students and alumni.

Two members will be appointed by the Chancellor of the University of Wisconsin- Whitewater. Three members will be appointed by the Chairperson of the Whitewater Community Development Authority. All terms will be for a three year period. The initial appointments will be staggered in years as agreed upon by the appointing authorities. The Committee Members will serve at the pleasure of their respective appointing authority.

Seed Capital Fund Administrator

The Board of Directors of the Whitewater CDA has designated the CDA Executive Director to serve as the Fund Administrator.

The Fund Administrator explains the program to prospective applicants, provides written information, assists applicants in completing applications, and processes requests for financing. The Administrator, when necessary and appropriate, will counsel or guide applicants to other more appropriate technical or financial resources when the loan applicant has needs beyond those which may be met through this program.

The Fund Administrator will periodically review all financial statements and loan amortization schedules of loan recipients, review and approve documentation of business expenditures financed with the Seed Capital Funds. The Administrator will also maintain the Seed Capital

Loan Program accounting records, **which must be segregated from other CDA and City accounts**, and report annually to the Wisconsin Economic Development Council regarding the use of Economic Development Loan Program funds. (~~Is this a requirement?~~)

The Fund Administrator will maintain all records for the Seed Capital Loan Program, particularly those related to the expenditure of funds for administrative purposes.

The CDA's attorney will serve as legal counsel and will prepare all documents **including but not limited to: Equity Agreements, Performance Contracts, Grant Agreements**, loan agreements, review promissory notes and mortgage or lien instruments, and counsel the CDA on all matters.

Meetings

All meetings for both the Finance and Investment Committee and the Loan Screening Committee will be held on an as needed basis. Pursuant to section 19.84, Wisconsin Statutes, all members will be given prior notice of each meeting. A majority of the Committee in attendance at a meeting will constitute a quorum which is required for official action. A member may attend the meeting electronically with full voting privileges but their presence will not be counted towards quorum. Official actions must have the support of a simple majority of the full membership of the Board.

As permitted in section 19.84, Wisconsin Statutes, the Board may adjourn into closed session to discuss matters. This must be fully noted on the meeting agenda.

Records

Written records of all program activities, including minutes of the Finance and Investment Committee, the Public Screening Committee meetings, meetings of the CDA Board at which action is taken with regard to the Seed Capital Fund Program, applications, and all related documents, will be maintained in appropriate files. Files are to be maintained in a secure place with limited access only by authorized personnel. The CDA's legal counsel will be consulted in regard to compliance with state and municipal open records laws.

A master file must be established for each application. These files are to be maintained in a locked, fireproof file cabinet. The master file must include the following sub-files and contents (as appropriate):

1. Application File. All application, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting loan information submitted to the CDA, including all applicable correspondence, will be placed in this file.
2. Recommendation File. This file will contain a summary of the analysis, recommended actions for the application, and a copy of the minutes of the Seed Capital Fund Board meeting and CDA Board meeting summarizing the action taken on the loan request.
3. Closing File. This file contains copies of all loan closing documents. This file contains the legal documents from the loan closing, including security instruments, the note, and other applicable correspondence. Originals of security instruments must be kept in the CDA's safety deposit box. The CDA's attorney should be involved in helping create and complete this file to ensure complete loan documentation. Copies of the loan closing documents and an amortization schedule will be provided to the loan recipient along with an invoice, if appropriate, for loan closing and servicing fees.
4. ~~"Tickler File"~~ **Monitoring File** System. A ~~tickler~~ **monitoring** file system should be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other time-sensitive documentation is tracked and obtained or updated as required. The system should include the following:
 - a. expiration dates for property, casualty, and life insurance policies;
 - b. due dates for all financial statements;
 - c. expiration dates for UCC financial statements (reminder 45 days in advance);
 - ~~d. scheduled dates of annual loan performance and covenant reviews;~~
 - e. dates for site visits;
 - ~~f. Due dates for property tax payments and confirmation of payment;~~
 - ~~g. Review dates for job monitoring; and~~
 - h. Dates of any scheduled changes in the loan amortization, and notification dates.

NOTE: #4 is a HUD requirement for their programs. Do we want to maintain the same format?

5. Financial Statement File. This file will contain the business' periodic financial statements as required by loan covenants, with a statement indicating that the Fund Administrator has reviewed the data.
6. Progress Report File. Loan recipients may be required to submit periodic progress reports during the outstanding term of the loan. The Fund Administrator should make periodic site visits to verify information in the progress report and financial statements. These site visits shall be documented for the file.

7. Site Visit File. Site visits should be conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project. A summary of the site visits should be placed in the file, particularly highlighting any information that can help in rating the overall condition/risk of the loan.
8. Repayment Monitoring File. This file should include the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems should be reported to the CDA Board of Directors and notations should be placed in the Tickler File to remind the Administrator of the need to provide continued monitoring.
9. Loan Review File. All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the CDA. The review should follow receipt of any required financial statements, the progress reports, and site visits. A report on the loan review will be placed in the file and may address the following:
 - a. Timeliness of payments;
 - b. Condition of collateral securing the loan;
 - c. Status of security documents;
 - d. Overall financial condition of the business;
 - e. Presence of material liens or lawsuits; and
 - f. Violations of loan covenants and suggested corrective actions.
10. If the business is experiencing problems with any of the above criteria, the Fund Administrator is to work with the loan recipient to identify actions needed to correct the deficiencies, including possible restructuring of the loan to protect the CDA's interest and meet the needs of the business. If appropriate, the Administrator will arrange for business assistance through available public or private resources. In the event that the findings of the loan review suggest serious problems, particularly if the loan is in risk of default, the account should be turned over to the CDA's attorney for legal action to protect the loan and to ensure the maximum repayment of the balance due. Again, corrective actions may be achieved through restructuring or if necessary, foreclosure actions.

Administration

No administrative funds may be withdrawn from the Seed Capital Fund Program to cover personnel costs and other administrative expenses.

Eligible Area

Projects must be located within the State of Wisconsin preferably the City of Whitewater in order to be eligible for loans made through the Seed Capital Fund Program.

Question: Would we consider a seed fund loan to a company if the money was used outside of the city BUT they could show us that it has a positive effect on Whitewater. For example, company has a plant (plant #1) in our Business Park that makes parts for a larger plant (plant #2) to use. By using our seed money to assist them at plant #2, they will now have a greater demand for parts from plant #1 which now causes this plant (plant #1) to expand and add employees? I made up the scenario but in my mind it does raise a good question.

In an indirect way they do have a location in Whitewater but the funds would be used outside of the city.

Eligible Applicants

No member of the CDA Board of Directors, the Public Screening Committee, or any other official, employee, or agent who exercises decision-making functions or responsibilities in connection with the implementation of the this program is eligible for financial assistance under this program.

No program loans will be made in conflict with Section 946.13 Wisconsin Statutes (Private Interest in Public Contract Prohibited).

Applicants may not be disqualified based on age, race, religion, color, handicap, sex, physical condition, or development disability as defined in s. 51.01 (5), sexual orientation or national origin.

Eligible Activities

Funding is available to applicants under the Seed Capital Fund for the following activities:

1. **Examples of** target sectors of industry:
 - a. **Advanced Manufacturing**
 - b. Agriculture/Food Processing
 - c. Information Systems/Software
 - d. Medical Devices and research
 - e. Renewable and Green Energy
2. Acquisition of land, buildings and fixed equipment;
3. Feasibility studies, consulting fees; legal fees associated with project development.
4. Site preparation and construction or reconstruction of buildings (including leasehold improvements), provided that they are in keeping with any covenants or design guidelines (such as the Whitewater Business Park Covenants) imposed by the City of Whitewater or Whitewater CDA, and are consistent with plans approved by the City of Whitewater Plan & Architectural Review Commission;
5. Installation of fixed equipment;
6. ~~Clearance, demolition, or removal of structures or rehabilitation of buildings (including leasehold improvements) and other such improvements, provided they are in keeping with any covenants or design guidelines (such as the Whitewater Business Park Covenants) imposed by the City of Whitewater or Whitewater CDA, and are consistent with plans approved by the City of Whitewater Plan & Architectural Review Commission;~~
7. ~~Payment of assessments to a business for sanitary sewers, water mains, public streets, and other improvements, if the provision of the improvements will directly create or retain jobs.~~
8. Seed Capital Funds may also be used to provide working capital for inventory and direct labor costs.

Ineligible Activities

Program loans may not be used for the following activities:

1. Refinancing or consolidating of existing debt;
2. Reimbursement for expenditures made prior to ~~loan~~ **application** approval, unless previously negotiated;
3. Specialized equipment that is not essential to the business operation;

4. Residential construction or reconstruction unless such reconstruction is intended to convert the use of the residential building to a business or industrial operation.
5. Routine maintenance;
6. Establishment of a business entity that is in consistent with the plans adopted by the City of Whitewater. (My goal is to not allow funding for a legal entity that would lead to a political night mirror such as an abortion clinic)
7. Other activities that the Finance and Investment Committee may identify during the administration of the program.

Ineligible Businesses

Program funds may not be made available to the following entities:

1. ~~Speculative investment companies;~~
2. Real estate investment companies (except for facilities from which the business operates);
3. Lending institutions;
4. Gambling operations;
5. Recreational facilities which do not allow access to the general public;
6. Business that have over 90% of their income in direct consumer retail, restaurant or hospitality industry sectors;
7. Other businesses not serving the interests of the City of Whitewater;
8. Any government body or governmental entity (including the City of Whitewater or Whitewater CDA); and
9. Not-for-profit businesses or organizations unless a Payment in Lieu of Taxes (PILOT) is included in the agreement.

~~Additionally, businesses are allowed only one outstanding loan in addition to one grant under the Seed Capital Fund. In order to apply and be considered for a subsequent loan under the program, the outstanding balance (principle and interest) of the existing loan must be paid in full.~~

Businesses may apply for and be granted more than one application. The number of additional applications will be considered as part of the award criteria.

Funding

The initial funds for the program will be from the following sources:

1. A grant of \$150,000 from the Wisconsin Economic Development Corporation.

2. A matching funding of \$150,000 from the Whitewater Community Development Authority.

Loan repayments of both principal and interest will be returned to the Seed Fund for additional awards.

Types of Awards

The Finance and Investment Committee will recommend that funds be awarded to an applicant in one or more of three ways. They are:

1. Direct grant of funds, with no required repayment.
2. An investment of funds ~~loan of funds~~ where the CDA takes an equity position within the company as a form of repayment of the loan. The equity position may be no more than 25% of the total equity.
3. A loan that contains an amortization schedule with required payments of both principal and interest. A balloon payment maybe negotiated as part of the initial loan agreement.

Initial Allocation of Funds

The initial uses of the funds will be as follows:

ASSISTANCE TYPE	USES	WEDC	MATCH	TOTAL
Grant Only	Direct Grant Funding	\$50,000		\$50,000
Any	General Seed Fund	\$100,000	\$150,000	\$250,000
Total		\$150,000	\$150,000	\$300,000

In addition, it is a requirement of the grant from the Wisconsin Economic Development Corporation that \$50,000 of their grant funds be allocated as direct grants of \$10,000 or less to applicants. These grants would not require a repayment of the funds.

4 Terms and Conditions

Terms and Conditions

Grant and loan terms and conditions will be structured based upon need and ability to repay. Minimum standards include the following:

1. Grant Amount. Grants will be limited to \$10,000 per entity. These grants do not have a repayment component.
2. Loan Amount/ **Equity Investment**. Loan amounts **and equity investments** are subject to the availability of funds and the following:
 - a. The maximum ~~loan~~ amount under the Seed Capital Fund will be **\$150,000** **\$250,000**.
 - b. A larger loan amount may be recommended by the Finance and Investment Committee where circumstances (for example, very high wages or potential economic impact) warrant it.
3. Interest Rate. The Finance and Investment Committee will determine an interest rate subject to the following consideration:
 - a. The interest rate on Seed Capital Fund loans may be set from a minimum of 3.00% to a rate equal to 2.00% above prime (defined as the prime rate of interest as published in the Midwest edition of the Wall Street Journal plus 2.00%).
4. Loan Terms. Loan terms will be determined by the Finance and Investment Committee subject to the following guidance:
 - a. The loan term for any loan made may not exceed ~~7~~ **10** years, **which is the maximum allowed by the Department of Commerce**. Unless, the CDA agrees to take an equity position in the business as part of the repayment agreement. Most equipment loans will not exceed 5 years, in order to simplify UCC monitoring requirements.
 - b. Loans for machinery, equipment, and fixtures will have a maximum term of five years.
 - c. Real estate loans will have a maximum term of ten years which can be amortized up to a twenty-year basis.
 - d. Loan terms will be set so that there is an approximate parity between the amortized balance of the loan and the remaining value of the collateral. Loans

secured by rapidly-depreciated equipment should have a shorter amortization than loans secured by real estate.

- e. Loans may be amortized with balloon payments.
 - f. The term of any loan made under the Seed Capital Fund may not exceed the term of private financing used to meet the matching funding requirements of the project
 - g. All loans will be written to require regular monthly payments.
5. Deferment of Principal and Interest. The Loan Review Board may recommend deferring principal and/or interest payments on ~~Industrial Development and Commercial Enterprise~~ loans, **on based upon a** demonstration of need by the recipient. Interest will accrue during the deferral period and may be paid in one lump sum at the end of the deferral period or added to the principal of the loan and amortized over the remaining term of the loan. Loan payments may be deferred for a maximum of twelve monthly payments (or one full year from the date the loan is originated).
 6. Prepayment. There are no penalties for prepayment of a ~~Program~~ loan.
 7. Collateral. The CDA will seek the best possible collateral position to ensure that Seed Capital Fund loans are adequately secured.

XXXXXX

Application procedures

Discussion of Program Requirements

Prior to submitting an application, the applicant must discuss the program with the Loan Fund Administrator. The Administrator will assist the applicant, as is reasonably necessary, in completing the application. All financial information will be kept in a secure place with limited access by authorized personnel only.

Timing of Applications

There is no proscribed funding cycle for this program. Applications may be submitted at any time.

Priority of Consideration

Applications are reviewed in the order received and based on readiness for the proposed project to proceed. In the event that the loan funds requested exceed available funds, the following criteria will be used to determine which business(es) will be awarded the loan(s):

1. Eligibility of the applicant.
2. Eligibility of the project to be undertaken.
3. Ability of the project to secure funding from other sources.
4. Extent to which other public funds are used to support the project.
5. The extent to which private funds are leveraged.
6. The extent to which jobs are created, type of jobs, wages and benefits.
7. The extent to which the loan will be secured.
8. Evidence of ability to repay the loan.
9. Other grants, loans or equity investments with the CDA.
10. Size of the loan requested.
11. Timing of the proposed expenditures.
12. Completeness of the application.
13. Other factors as deemed appropriate by the Finance and Investment Committee.

Loan Application

Applicants must submit an application using the form available for the appropriate application form and that includes the following:

1. Business Description. A written description of the business including:
 - a. A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, market and products;
 - b. Key customers and clients;
 - c. Resumes of each principal associated with the business including number of years experience in the business, educational background, and role in the business; and
 - d. A financial history of the business including balance sheets, profit/loss statements, cash flow statements, and accountant notes for the previous three years. For a start up business, personal income tax statements for the past three years would be required.
 - e. In the case of a start up business, the items listed in paragraph d and financial projections would also be required.
2. Project Description. A detailed description of the sources and uses of the funds needed for the project, including Seed Capital funds, private sector funds, equity, etc.
3. Commitments from Other Lenders. Letters of commitment are required from all other public and private sector entities providing financing for the project. Lender commitments should include a description of the type of financing being offered, the term, interest rate, security, availability, repayment schedule and amounts, and any conditions placed on the financing. These commitments may be obtained concurrently with the negotiation of the terms and conditions of the Seed Capital Fund Loan Program loan.
4. Projections. Provide pro formas (a balance sheet, income statement and cash flow statement) covering a three year period based on the assumption that the business will obtain the requested loan from the Whitewater CDA.
5. Additional Information. Additional information may be requested by the Finance and Investment Committee or the Loan Fund Administrator.

Review Process

Specific steps in the review process include the following:

1. Preliminary Review. The Loan Fund Administrator will review the application for completeness and verify that the proposed project meets the minimum requirements. If

the application is not complete, the Administrator will inform the applicant of the deficiencies.

2. Loan Screening Committee. This committee will meet to review an application prior to the next regularly scheduled meeting of the Finance and Investment Committee. Once the review is completed, the Loan Screening Committee will forward a recommendation to the Finance and Investment Committee to either approve or deny the application, along with any recommended terms or conditions.
3. Finance and Investment Committee. This committee will review the recommendations of the Loan Screening Committee. This committee will complete the due diligence phase of the application to verify that the intent of the application is consistent with the original terms set forth by the Wisconsin Economic Development Corporation. This agreement is attached. The Finance and Investment Committee will forward their recommendation to the CDA for final approval.
4. Negotiation of Terms. Upon tentative acceptance by the CDA Board of Directors, the Administrator will contact the business in writing to explain the terms of the loan offer being extended.
5. Notice of Award. If the application is approved, a closing will be scheduled to execute the necessary documents.
6. Rejection of Award. If the applicant is not approved, the Administrator will send a letter to the applicant stating the reasons for the rejection and offering to meet with the applicant to explore ways to strengthen the request or to identify potential alternative sources of financing.

6 Distribution of Funds

Loan / Equity Investment Procedures

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan.

1. Notice of Award. The Community Development Authority must have reviewed and approved a complete application for an eligible applicant.
2. Loan /Equity Investment Agreement. The CDA's attorney will prepare ~~a loan~~ **the agreement documents** to be executed by the CDA Director, CDA Board Chairperson or Co-Chair, and authorized representative(s) of the business.
3. Promissory Note. **If required a** A promissory note will be prepared by the CDA's attorney and signed by the authorized representative of the business at the time of the loan closing. The note must be dated, it must reference the agreement between the CDA and the business, and it must specify the amount and terms of the loan funds delivered.
4. Security. Mortgage and/or lien instruments and/or personal guarantees provided as security for all loans will be prepared by the CDA's attorney and executed at the time of the loan closing. The CDA's attorney, or the Fund Administrator, must record the instrument and place a copy in the project file to include:
 - a. Mortgage and/or security agreement;
 - b. UCC searches and filing;
 - c. Guarantee agreement;
 - d. Title insurance or abstract;
 - e. Assignment of life insurance;
 - f. Casualty insurance binder;
 - g. Personal guarantees; and
 - h. Other documentation as may be appropriate.
5. Repayment Schedule. A loan repayment or amortization schedule will be prepared by the Loan Fund Administrator at the time funds are disbursed. The repayment schedule will be attached to both parties' copies of the agreement.
6. Evidence of Permits, etc. Documentation must be provided by the applicant that all necessary permits, licenses, and other registrations required have been obtained by the applicant prior to the release of program funds. **The Finance and Investment Committee may allow for distribution of funds to assist the applicant in obtaining these documents.**

7. Evidence of Program Expenditures. Documentation must be provided by the business to evidence the program expenditures. Documentation may include bills and invoices or receipts for materials, final bills of sale or cancelled checks. All documentation will be approved by the Fund Administrator.
8. Fixed Equipment. Fixed equipment financed with program funds must have been purchased, delivered and installed. The Fund Administrator will verify the installation of fixed equipment.
9. Other Documentation. As appropriate or necessary, the borrower may be asked to provide the following:
 - a. A Certificate of Status from the Department of Financial Institutions;
 - b. Articles of Incorporation and Bylaws;
 - c. A resolution of agreement to borrow funds;
 - d. Current financial statements;
 - e. Evidence of having secured other funds necessary for the project; and
 - f. An environmental assessment for real estate.

With the above documentation in place, the Fund Administrator will schedule a ~~loan~~ closing. ~~All documents will be executed before funds are disbursed, and m-~~Mortgages and UCC statements must be recorded with the Register of Deeds and the Secretary of State.

Grant Procedures

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time regarding the grant.

1. Notice of Award. The Community Development Authority must have reviewed and approved a complete application for an eligible applicant.
2. ~~Loan~~ Grant Agreement. The CDA's attorney will prepare the grant agreement to be executed by the CDA Director, CDA Board Chairperson or Co-Chair, and authorized representative(s) of the business.
3. Evidence of Permits, etc. Documentation must be provided by the applicant that all necessary permits, licenses, and other registrations required have been obtained by the applicant prior to the release of program funds. **The Finance and Investment Committee may allow for distribution of funds to assist the applicant in obtaining these documents.**
4. Evidence of Program Expenditures. Documentation must be provided by the business to evidence the program expenditures. Documentation may include bills and invoices or receipts for materials, final bills of sale or cancelled checks. All documentation will be approved by the Fund Administrator.

5. ~~Fixed Equipment. Fixed equipment financed with program funds must have been purchased, delivered and installed. The Fund Administrator will verify the installation of fixed equipment.~~
6. Other Documentation. As appropriate or necessary, the borrower may be asked to provide the following:
 - a. A Certificate of Status from the Department of Financial Institutions;
 - b. Articles of Incorporation and Bylaws;
 - c. A resolution of agreement to borrow funds;
 - d. Current financial statements;
 - e. Evidence of having secured other funds necessary for the project; and
 - f. An environmental assessment for real estate.

With the above documentation in place, the Fund Administrator will schedule a ~~loan~~ **Grant** closing. All documents will be executed before funds are disbursed, and mortgages and UCC statements must be recorded with the Register of Deeds and the Secretary of State.

Post-Approval Requirements

Obligation of the Loan Recipient

In addition to the terms and conditions of the loan/grants, all applicants must agree to comply with the following conditions. These conditions must be written into the terms of the agreement prepared by the CDA's attorney.

1. ~~Job Creation. The creation or retention of the agreed upon number of jobs within 24 months of the date of execution of the loan agreement with the CDA, and requirement to maintain those jobs for a minimum of 24 months. The way this is worded means that we can not have jobs as a requirement~~
2. Non-Discrimination. Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.05(5), sexual orientation or national origin in an employment or construction activity related to the use of the business loan funds.
3. Use of Funds. To use the loan money only to pay the cost of services or materials necessary to complete the project or activity for which the loan funds were awarded.
4. Inspections / **Audit** by the CDA. To permit inspections by persons authorized by the CDA of all projects and properties assisted with the loan funds. Related project materials

will also be open to inspections which include, but may not be limited to contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection / audits must be compiled with by the borrower.

5. Records. To maintain records on the project as may be requested by the CDA. These files must be maintained as long as the loan/grant is active or for at least three years after completion of the work for which the loan has been obtained, whichever is longer.
6. Progress Reports. To submit periodic progress reports to the Fund Administrator in accordance with the schedule in the loan agreement. These reports should report on project progress including the number of jobs created or retained during the loan/grant agreement.
7. Insurance. To maintain fire and extended coverage insurance on the project property required during the term of the loan. The CDA must be listed as the Loss Payee, Mortgagee, or “additional” insured on the policy. Term life insurance may be required of the applicant in an amount equal to the loan balance through the life of the loan.
8. Compliance with Federal Law. To abide by all federal laws, when applicable. These include, but may not be limited to the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Davis-Bacon Act as amended, the Contract Work Hours and Safety Standards Act, the Copeland “Anti-Kickback” Act, and all regulations pursuant to these acts.

8 Performance Monitoring

Private Leverage Commitments

The Loan Fund Administrator will monitor the use of funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sales, and cancelled checks.

Hiring of New Employees

~~The Fund Administrator will monitor the borrower's progress in meeting job creation or retention goals. Job creation may be documented using payroll records. Before project and after project records must be provided by the borrower to document job creation.~~

~~If Low/moderate income (LMI) jobs were required as part of the agreement, the failure of the business to provide the targeted number of LMI jobs may be a condition of default unless the business can show it made a good faith effort to create the targeted number of LMI jobs but did not succeed due to reasons beyond its control.~~

Relocation from the City of Whitewater

Seed Capital Fund Loans are made only to businesses located within the State of Wisconsin. It is the preference that these businesses also be located within the corporate limits of the City of Whitewater. Loans made to businesses which subsequently move jobs or facilities from the State of Wisconsin are subject to the following actions: **Is this what we want?**

1. The business is subject to a penalty equal to the difference in interest paid at the rate established for the loan versus the interest which would have been paid if the loan had been written at the prime rate of interest on the date of closing (defined as the prime rate of interest as published in the Midwest Edition of the Wall Street Journal) plus two percent.
2. ~~Economic Development Loan Program~~ **All** loans become due and payable immediately.

Default

In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties, will, at the CDA's option, become immediately due and payable. Loans found to be in default may be subject to a default rate of the prime rate on interest on the date of closing (defined as the prime rate of interest as published in the Midwest Edition of the Wall Street Journal) plus two percent. To exercise this option, the CDA's attorney will prepare a written notice to the business. The notice must specify the following:

1. The default;
2. The action required to cure the default;
3. The date, not less than thirty days from the date of notice, by which the default may be cured to avoid foreclosure or other collective action; and
4. Any penalties incurred as a result of the default, ~~jobs, etc.~~

9 Use and Reporting of Payments

Use of Loan Payments

Repaid loans must be deposited into the ~~Economic Development Loan~~ **Seed Capital Fund** Program account(s) and used in a manner consistent with the policies and procedures manual. A separate accounting record must be kept for each ~~loan~~ application to account for all funds ~~loaned~~ **disbursed**.

Reporting Requirements

The Seed Capital Fund Loan Program account(s) must be audited on an annual basis and the Fund Administrator must report semi-annually, June 30 and December 31, to the Wisconsin Economic Development Corporation regarding the use of program income. Reports must be submitted on forms proscribed by the Wisconsin Economic Development Corporation.

Discontinued Economic Development Loan Program

In the event the Seed Capital Fund Loan Program is discontinued or fails to meet the requirements set forth by the Wisconsin Economic Development Corporation, all program funds must be repaid to the Wisconsin Economic Development Corporation as provided in the applicable contracts.

10 Loan Program Servicing

Program Monitoring

The Fund Administrator will monitor each loan/grant to ensure compliance with the terms and conditions and to monitor the financial health of the business to ensure continued payment of the loan. The monitoring will also ensure that all record keeping requirements are met, particularly in regard to job creation and expenditures of matching funds.

The Fund Administrator will monitor the overall Seed Capital Fund Program including all records of individual loans/grants, funds deposited to bank accounts, and other program funds. The Fund Administrator will monitor the effectiveness of the Seed Capital Fund Loan Program, market the program, and recommend policy and procedures to the Board of Directors of the Whitewater CDA.

Monthly Reporting to the CDA Board

The Fund Administrator will prepare a monthly summary report of the Seed Capital Fund Program and provide this to the CDA Board of Directors. The intent of the report is to offer a snapshot of the status of existing loans/grants and balances in the program accounts. The report will include the following information:

1. Summary information for each outstanding loan, including the starting balance, payments received during the month, current balance, and status of payments;
2. Summary of information for each grant provided and the status of the business.
3. Summary information on Seed Capital Fund accounts, including starting balance, debits and credits to the accounts, and ending balances;
4. Funds available to lend and funds committed; and
5. A written summary of any collection activity or other non-routine activity relating to the program.

Monthly Reporting to the City of Whitewater

The various loan programs offered through the Whitewater CDA are included in the financial information reported by the CDA to the City of Whitewater on a monthly basis. Accounting for these programs occurs within the financial reporting system used by the city. The CDA will report the balances of all Seed Capital Fund accounts, outstanding loan balances, and all

~~transactions that occurred during the month. Loan program accounts are subject to the city's requirement for an annual audit.~~

Program Records

The Fund Administrator will maintain records associated with the general administration of the Seed Capital Fund, including:

1. Applications to the Wisconsin Economic Development Corporation for grant funds used to establish or fund the Seed Capital Fund Program;
2. Contracts with the Wisconsin Economic Development Corporation for grant funds awarded;
3. Policy and procedures manuals or other guidance issued by the Wisconsin Economic Development Corporation relating to administration of the Seed Capital Fund Program.
4. Policy and procedures manuals and other guidance adopted by the Whitewater CDA or City of Whitewater relating to the administration of the Seed Capital Fund Program;
5. Documentation of any actions taken by the Whitewater CDA or City of Whitewater relating to the Seed Capital Fund Program;
6. General documentation and correspondence relating to the Seed Capital Fund Program;
7. Bank statements, checkbook registers, deposit records, check copies, certificates, and all other documentation relating to Seed Capital funds deposited at area financial institutions;
8. Records of administrative expenses paid through the use of program funds;
9. Records of activity taken to market the Seed Capital Fund Program;
- ~~10. Monthly Loan Status Reports provided to the Whitewater CDA Board of Directors; and~~
- ~~11. Semi-annual reports filed with the Wisconsin Economic Development Corporation.~~

Program Monitoring Schedule

The Fund Administrator will establish a monitoring schedule to provide a reminder of the dates on which actions need to be taken to service the Seed Capital Fund Program. The monitoring file should record the following dates:

1. Due dates of certificates of deposit in which program funds are invested;
2. Reporting dates to the Wisconsin Economic Development Corporation;
3. Date upon which the terms of outstanding loans are due to be modified according to the loan agreement;

4. Dates by which loan recipients are scheduled to provide financial statements or progress reports;
5. Expiration dates of required insurance;
6. Dates upon which loans are due to be paid off, or balloon payments are due;
7. ~~Dates by which loan recipients are required to meet job creation requirements (both to create the jobs and to maintain them for a period of at least 24 months);~~
8. Dates by which UCC Filings are scheduled to be renewed; and
9. Dates upon which annual loan recipient reviews are to be conducted

Individual Loan Records

A Master File will be established for each loan made through the Seed Capital Fund Program. ~~The Master File will include several sub-files, with the contents arranged as follows:~~

1. ~~Application File. This file contains all of the documentation relating to application for the loan. The following items will be placed in this file:~~
 - a. ~~Application and related documentation;~~
 - b. ~~Business financial statements;~~
 - c. ~~Personal financial statements;~~
 - d. ~~Credit reports;~~
 - e. ~~Business plan documents;~~
 - f. ~~Supporting loan information; and~~
 - g. ~~Correspondence.~~
2. ~~Recommendation File. This file will contain a record of deliberations in considering the request for a loan under the Seed Capital Fund Program. It may include the following:~~
 - a. ~~Loan application analysis;~~
 - b. ~~Recommended actions;~~
 - c. ~~Record of recommendations by the Loan Screening and Finance and Investment Committees;~~
 - d. ~~Minutes of the CDA Board of Directors; and~~
 - e. ~~Notice of Approval or Notice of Rejection.~~
3. ~~Closing File. This file includes all documentation relating to the closing of the loan/grant. Some original documents may be kept in the CDA's safety deposit box for added security. Copies of these will be placed in the file along with a note indicating that the original is in the safety deposit box. This file may contain:~~

- a. All Closing documents;
 - b. Security instruments;
 - c. Mortgage or Promissory Note;
 - d. Other legal documents;
 - e. Correspondence related to the closing;
 - f. Amortization schedule; and
 - g. Invoices for fees.
4. ~~“Tickler File” System. The “tickler file” is a listing of time sensitive monitoring requirements, intended to alert the Fund Administrator to actions which may need to be taken to adequately secure the CDA’s interests in the loan. It should include any of the following which may be applicable to the loan:~~
- a. ~~Expiration dates of insurance (life or property) required in the loan agreement;~~
 - b. ~~Expiration dates of any UCC filings;~~
 - c. ~~Dates by which the business is scheduled to submit any financial statements required in the loan agreement;~~
 - d. ~~Dates on which the loan is to receive its annual review;~~
 - e. ~~Dates on which property taxes are due for which the loan recipient may be liable;~~
 - f. ~~Job monitoring dates (both the date by which jobs must be created, and the close of the 24 month period for which the jobs must be retained); and~~
 - g. ~~Any scheduled changes to the amortization schedule.~~
5. ~~Financial Statement File. This file contains the business’s financial statements submitted to the CDA.~~
- a. ~~Periodic financial statements required to be submitted by the Applicant; and~~
 - b. ~~Confirmation of review by the Fund Administrator.~~
6. ~~Site Visit File. This file will contain a record of site visits made by the Fund Administrator to the project location or loan recipient.~~
7. ~~Progress Report File. This file will contain progress reports submitted by the business.~~
8. ~~Repayment Monitoring File. This file contains all records relating to the loan payment history of the loan recipient. It will include the following:~~
- a. ~~Business financial statements (if required);~~
 - b. ~~Personal financial statements (if required);~~
 - c. ~~Loan Payment Register (showing payment history to present, and the status of the loan);~~

- d. ~~Copies of checks received in payment on loans;~~
 - e. ~~Correspondence related to loan repayment;~~
 - f. ~~Records of any collection activities taken by the CDA; and~~
 - g. ~~Records of any default or legal action taken by the CDA regarding collection of the loan.~~
9. ~~Annual File Review. This file will contain the Annual File Review report prepared by the Fund Administrator.~~

Record Security

All files related to the various loan programs and to loans made under those programs will be maintained in a locked, fireproof file cabinet with access only by authorized personnel.

Original copies of mortgages and other recorded documents will be kept in the CDA's safety deposit box. Copies will be included in loan files maintained at the CDA's office.

Payment Register

A Payment Register will be established for each loan. The Payment Register will include the following:

1. Dates on which payments are due;
2. Starting balance;
3. Amount paid;
4. Allocation of principle and interest;
5. Ending balance;
6. Check number (or notation if cash or electronic fund transfer); and
7. Date payment was received;

Late Payment

All loan payments must be made in a timely manner. Payments made within ten (10) days of the due date will be considered on time. If payment is not received on the due date, the actual account balance will be compared to the scheduled balance shown on the amortization schedule. In the event that past payments have been larger than required, if the current balance

is less than the scheduled balance, the payment will not be considered past due. The following procedure will apply to all past due loan payments:

1. Payment less than ten (10) days past due. The date on which payment is received will be noted on the loan repayment log. No further action will be taken.
2. Payment ten (10) days past due. The loan recipient will be contacted by telephone to notify them of the past due payment and to discuss when payment will be received. If applicable, a late fee may be assessed. A record of the telephone conversation will be placed in the loan file.
3. Payment fifteen (15) days past due. If payment is not received within fifteen (15) days of the due date, written notice will be sent to the loan recipient notifying them that payment is past due and requesting immediate payment of the scheduled amount plus any applicable penalties. A copy will be placed in the loan payment file.
4. Payment thirty (30) days past due. A written notice will be sent to the loan recipient via certified mail, reminding them that payment is past due and notifying them of a potential default. The letter will include any actions that must be taken to avoid default, and the date by which action must be taken (not more than sixty (60) days from the date of the notice on which payment must be received). Notice will be given to the CDA Board at its next regularly scheduled meeting and the Board will determine if any additional steps are warranted.
5. Payment sixty (60) days past due. An additional written notice will be sent to the loan recipient via certified mail. This notice will contain the information included in the original notice and a reminder that the loan will be considered in default if payment is late by ninety (90) days or more.
6. The CDA Board will be updated on the status of the loan at its next regularly scheduled meeting. The Board will determine if any additional steps are warranted.
7. Payment ninety (90) days past due. In the event that payment is not received within ninety (90) days of its due date, the loan may be considered in default. All sums due or owing to the CDA may, at its option, become due and payable and may be subject to a default rate of interest, if provided for in the loan agreement. The CDA Board may turn the matter over to its attorney for legal action in order to recover loan proceeds through the liquidation of collateral and/or the exercising of personal guarantees.

Troubled Loans

When loan monitoring indicates that the loan recipient may be experiencing financial or potential problems that could threaten the viability of the loan or the business, the CDA will make appropriate attempts to assist the recipient.

Accounts

Funds that are not loaned to businesses will be deposited in bank accounts. These funds should be divided among a checking account and certificates of deposit, maximizing both access to the funds to write new loans, and interest earnings. The following guidelines apply:

1. Checking account – The checking account should target a balance of approximately \$250,000. This is approximately enough to complete two new loans during any quarter.
2. Certificate(s) of Deposit – Remaining funds over the \$250,000 balance in the checking account will be placed into certificates of deposit, coming due every 91 days at the end of each quarter (i.e., March 31, June 30, September 30, and December 31).

Appendix

Application

Copy of agreement with WEDC

