



Whitewater CDA –Agenda  
Thursday, December 27, 2012  
4:30 PM – CDA Board of Directors  
Room 105  
Innovation Center  
1221 Innovation Drive  
Whitewater, WI 53190

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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. **Approval of the Minutes.**
    - a. **November 29, 2012**
  4. **CDA November 2012 Financials.**
  5. **Innovation Center November 2012 Financials.**
  6. **Presentation by Netwurx regarding fiber optics within the city.**
  7. **Consideration and discussion of the Seed Fund Manual and Agreement.**
  8. **Consideration and discussion the RLF manual updates.**
  9. **Consideration and discussion of creating a marketing program for the CDA**
  10. **Consideration and discussion of seeking “shovel ready” status for the Business Park**
  11. **Adjourn into 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. **Confidential discussion regarding potential business developments**
    - b. **Consideration and discussion of a Development Agreement with DP Electronics Recycling, Inc.**
    - c. **Consideration of a grant request for:**
      - i. **Data Pro – Andrew Hoeft**
      - ii. **Got Apps Inc. – Joe Neuman**
  12. **Return to open session for possible action on closed session items.**
  13. **Future agenda referrals.**
  14. **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.*

Whitewater Community Development Authority  
Meeting Minutes  
November 29, 2012

**1. Call to order and roll call**

The meeting was called to order by Chair Jeffery Knight at 4:30 p.m. The meeting was held at the Innovation Center, Room 105, 1221 Innovation Drive, Whitewater, WI 53190

Present: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship

Absent: none

Also: Cameron Clapper, Patrick Cannon, Mallory Amann, Robert Young, Alan Lockett

**2. Hearing of Citizen Comments**

None

**3. Approval of the Following Minutes**

- a. **October 25, 2012 (Trostel tour)**
- b. **October 25, 2012 (regular meeting)**
- c. **November 14, 2012 (special meeting)**

The minutes were approved as presented.

Allen (1); Kachel (2)

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship

Nay: None

**4. CDA October 2012 Financials**

The Financial Statement were presented and discussed. Staff gave a brief update on the loans and receivables.

Motion to accept the September 2012 Financial Statements

Allen (1); Singer (2)

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship

Nay: None

**5. Innovation Center August 2012 Financials**

The statements were presented and reviewed by the committee. It was noted that the CDA will take legal action to recover the outstanding payments from Green Energy Holdings LLC.

No action was taken

**6. Consideration and discussion of a request from Pangea Studios for CDA participation in the Digital Whitewater project.**

Staff noted that a request from Pangea Studios had been received. They are working on a project that completes a digital map of the city. The advantage to the CDA would be that we could include information about potential land sales as part of the project.

Pangea is asking several community groups for a donation of \$1,000 to help fund the project. The city has already pledged a similar amount

A motion was made to authorize up to \$1,00 for funding of the project

Singer (1); Winship

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship

Nay: None

**7. Consideration and discussion of the zoning re-write project being completed by the City.**

Staff noted that the City had begun a process to re-write the existing zoning ordinance. However, the process became focused on student housing rather than its original intention of looking at the zoning ordinances regarding business and industry sites.

Council President/CDA Member Singer indicated that at the last City Council meeting, the Council re-directed the focus of the project to solely be that business and industry. They felt that the ordinance was very completed and it needed to be streamlined as much as possible.

The CDA members felt that process needs to be easy for a business to follow and that is a key component in business attraction.

Staff was directed to participate in the re-write process.

**8. Consideration and discussion of a Dark Fiber project throughout the City.**

CDA Chair Knight gave an overview of the project. The city would like to create a looped system throughout the city to install conduit for fiber optics. The project would allow the City, Schools, University and business to have high speed access. The project will require all these entities to work together on the project.

Several vendors have approached the city and CDA will concept plans. Over the next few months the decision will be made as to how to address this need.

No formal action was taken

**9. Consideration and discussion of the cost of filming meetings at the Innovation Center**

The CDA Board would like to evaluate the costs and the benefits to being able to broadcast live from the Innovation Center. They felt that it would be a great way to showcase their meetings as well as making it available to businesses to use the service also.

Alan Lockett has estimated the cost for the equipment to be approximately \$24,000 to complete the project. Mr. Lockett outlined the necessary equipment and how the system would work.

The Board noted that they would like to see the funding being shared by the City, CDA, University and the Innovations Center.

The Board would like to continue to research this project with no official action being taken.

**10. Adjourn to closed session per Wisconsin State Statute 19.85(1)( e) “Deliberating or negotiating the purchase of public property, the investing of public funds, or conducting other specified public business, wherever competitive or bargaining reasons require a closed session”**

- a. **Confidential discussion regarding potential business developments**
- b. **Consideration of a development agreement with DP Electronic recycling**
- c. **Consideration of a request to extend the terms of a loan for Walton Rentals 133-139 Main Street**

Motion to go into closed session as per state statutes

Knight (1); Allen (2)

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship

Nay: None

**11. Return to open session for possible action**

Motion to return to open session to take action

Allen (1); Singer (2)

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship

Nay: None

Motion: To extend the term of the loan agreement with Walton Rentals to ten years. It was also acknowledged that this is a deviation from the policy manual and it will not be considered a precedent setting action.

Winship (1) ; Henry(2)

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship  
Nay: None

**12. Future Agenda Items**

1. RLF policy with changes from WEDC
2. Downtown economic restructure committee
3. Collaborative marketing

**14. Adjournment**

A motion was made at 6:40 p.m. to adjourn the meeting

Singer (1); Allen (2)

Aye: All via voice vote

Nay: None

The minutes were reviewed and approved by the CDA at its meeting on:

Jeffery Knight  
Chairperson

Patrick Cannon  
Recorder

**GRANT AGREEMENT  
BETWEEN  
THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION  
AND  
WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

This Agreement is entered into pursuant to Wisconsin Statutes chapter 238 between the Wisconsin Economic Development Corporation (WEDC) and the Whitewater Community Development Authority (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: \_\_\_\_\_ Date \_\_\_\_\_  
Reed Hall  
Interim Secretary and CEO

**Whitewater Community Development Authority**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Jeffery P. Knight  
Chairman

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:

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

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

Wisconsin Economic Development Corporation  
Entrepreneurship & Innovation  
201 West Washington Avenue  
P.O. Box 1687  
Madison, WI 53701-1687  
Attn: Grant Agreement # FY13-21588

## 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 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 City Manager	312 W Whitewater St Whitewater, WI 53190	<a href="mailto:cclapper@whitewater-wi.gov">cclapper@whitewater-wi.gov</a> 262.473.0500, ext. 200
University of Wisconsin-Whitewater	Richard Telfer Chancellor	800 W Main St Whitewater, WI 53190	<a href="mailto:telferr@uww.edu">telferr@uww.edu</a> 262.472.1918
Whitewater Community Development Authority [applicant]	Jeffery Knight Chair	312 W Whitewater St Whitewater, WI 53190	<a href="mailto:jpk@knightpublicaffairs.com">jpk@knightpublicaffairs.com</a> 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 22<sup>nd</sup> 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](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](http://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](http://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](http://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](http://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

The Executive Director of the Whitewater CDA will be appointed by the Whitewater Community Development Authority as the Fund Manager.

## 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).

**Seed Capital 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.

The Seed Capital Screening Committee will complete preliminary screening of all other Fund applications and forward the most competitive proposals to the Investment Committee for review.

**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 Fund Manager, in consultation with the Seed Capital Screening along with the Finance and Investment 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: FY13-21588	Rep: djv	Company: Whitewater Community Development Authority
Wismart #:	FEIN #	Request Number:
Disbursement Period Covered by this Request From: _____ To: _____		

**PROJECT EXPENSES INCURRED DURING THIS PERIOD**

Budget Code	Description	Total Expenses This Period	=	Company Match Expenses	+	WEDC Reimbursable Expenses
<b>TOTAL:</b>						

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/> <b>Authorized Company Signature</b>	<hr/> <b>Date</b>

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
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.

# City of Whitewater Economic Development Loan Program Policy Manual



Below-market rate financing to City of Whitewater business for real estate, machinery, and equipment

**Industrial Development Loan Program**

**Commercial Enterprise Loan Program**

**Micro-Loan Program**



## Whitewater Community Development Authority

402 West Main Street, Whitewater, WI 53190

262-473-0525

[www.cityofwhitewater.com](http://www.cityofwhitewater.com)

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*Revised as of ~~June 2004~~ December 2012*

*Whitewater CDA Approval – 7 June 2004*

*Wisconsin Department of Commerce Approval – June 2004*

# Forward

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The Community Development Block Grant (CDBG) funds are received from the US Department of Housing and Urban Development. —Economic Development Program, administered by the Wisconsin Department of Commerce, provides local governments with funding for economic development. The Department of Administration (DOA) is the recipient and contracts with the Wisconsin Economic Development Corporation to manage activities associated with economic development. These economic development funds are used to provide grants to local units of government that use funds to loan to a business. More specifically, this program assists business start-up and expansion. Funds provided by the US Department of Housing and Urban Development (HUD) are used to provide grants to local communities, which in turn loan the money to businesses. The business, in return for the use of public funds, provides private investment in the assisted activity, and more most importantly, creates job opportunities, principally for the benefit of low and moderate-income persons.

When a business repays the loan to the community (both principal and interest), these funds are used to capitalize a local revolving loan fund, from which the community can make additional loans to businesses.

When a business repays the City of Whitewater the loan (principal and interest payments), these funds are classified as program income and used to capitalize the Whitewater Revolving Loan Fund (RLF). With the RLF the Whitewater Community Development Authority can make additional loans to businesses wishing to expand or locate in the City of Whitewater. When successfully administered, the Whitewater revolving loan fund can expand in its RLF to an amount in excess of the original amount it was able to obtain. This happens when the Whitewater CDA exercises due diligence by performing a thorough credit analysis to determine business viability and adequately securing and servicing the loan. In administering a RLF, the Whitewater CDA becomes a “bank” and accepts all of the responsibilities of a commercial lender when it makes a CDBG or RLF loan to a business.

The City of Whitewater has been the recipient of three grants (in 1984, 1985 and 1990), which have provided the initial capital for its Economic Development Loan Program. During this time the Whitewater Community Development Authority (CDA) has made several loans which have contributed to substantial business growth and job creation. Loans are currently offered under three programs:

- 1) the Industrial Development Loan Program;
- 2) the Commercial Enterprise Loan Program; and
- 3) the Micro-Loan Program.

This manual contains the policies, which have been adopted to govern the use of the City of Whitewater's ~~Economic Development~~ **RLF** Loan Program.

# 1 *General Provisions*

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## *Purpose*

The purpose of the policies and procedures contained in this manual, hereafter referred to as the Economic Development Loan Program Manual, is to present the criteria governing activities assisted through the City of Whitewater's ~~Economic Development~~ **Revolving Loan Fund (RLF)** Program.

## *Objectives*

Economic development activities assisted with funds made available through the ~~Economic Development Loan~~ **RLF** Program are intended to meet the following objectives:

1. To encourage the creation and retention of permanent jobs which provide a wage appropriate to the skills and experience of the local work force **and that is competitive. The recipient of the funds must agree that a** A minimum of fifty-one percent (51%) of jobs created will be made available to persons with low to moderate incomes.
2. To encourage the leveraging of private investment into Whitewater in the form of fixed asset investment, particularly in land and buildings.
3. To perpetuate a positive and proactive business climate this encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.
4. **To implement the Whitewater Economic Development Plan goals and objectives.**
5. To maintain and promote a diverse mix of employment opportunities and to minimize seasonal or cyclical employment fluctuations.
6. To encourage the development and use of modern technology and create safe work environments.
7. **To encourage dairy producers to undertake capital improvement projects that will result in a significant increase in milk production.**

## *Loan Programs*

The Whitewater CDA has created three different programs under which it may distribute Economic Development Loan Program funds. Each program has been designed to meet the needs of different types of businesses. These programs are:

1. Industrial Development Loan Program. This program is targeted to manufacturing, distribution, and related businesses which have greater capital needs and generally provide

larger numbers of jobs. Loans made under this program will not exceed \$150,000 \$300,000, unless exceptional circumstances merit a greater sum.

2. Commercial Enterprise Loan Program. This program is designed to appeal to mid-sized to larger commercial and retail businesses. Loans will generally not exceed \$50,000 \$100,000 unless exceptional circumstances merit a larger sum.
3. Micro-Loan Program. The intent of this program is to encourage new business formation and expansion of small businesses, particularly those located in the downtown business district. Loans under this program may not exceed \$15,000 \$60,000.

Note: the RLF program is \$20,000 per job created. Can we place limitations on areas/business districts? Also, do we want to do separate manuals for each of these programs?

## *Amendments*

~~The Whitewater CDA may from time to time amend the policies and procedures contained in the Economic Development Loan Program Manual. Any such changes are subject to written approval by the Wisconsin Department of Commerce.~~

The Whitewater CDA may from time to time amend the policies and procedures contained within the RLF manual and such amendments are subject to prior written approval by the Wisconsin Economic Development Corporation, administrator of the Wisconsin Community Development Block Grant Program (CDBG) that provides the funds used to capitalize the RLF.

## 2 Administration

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### *Loan Review Board*

Three members of the Board of Directors of the Whitewater CDA will be appointed to serve as a Loan Review Board. **These members shall represent a broad interest in the community and shall have expertise and knowledge of commercial lending and economic development processes. Expertise on the Board optimally shall include representation from the City Council, the Whitewater Planning Commission, a local development corporation, the Chamber of Commerce, a business attorney, an accountant and the RLF administrator appointed by the Board.** The Loan Review Board will review and recommend loan applications to the full Board of Directors of the Whitewater CDA for final approval. The Loan Review Board will make recommendations for the administration of the Economic Development Loan Program. **The Board shall also have the authority to make policy recommendations for the administration of the program. Periodic activity reports prepared by the RLF Administrator shall be provided to members of the Whitewater City Council.**

### *Loan Fund Administrator*

The Board of Directors of the Whitewater CDA has designated the CDA Director to serve as the Loan Program Administrator.

The Loan Program 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 the ~~Economic Development~~ RLF Loan Program.

The Loan Program Administrator will periodically review all financial statements and loan amortization schedules of loan recipients, review and approve documentation of business expenditures financed with ~~Economic Development~~ RLF Loan Program proceeds, record ~~Economic Development~~ RLF Loan Program security instruments, maintain the ~~Economic Development~~ RLF Loan Program accounting records, **which must be segregated from other CDA and City accounts**, and report **semi-annually** to the Wisconsin ~~Department of Commerce~~ **Economic Development Corporation** regarding the use of ~~Economic Development~~ RLF Loan Program funds.

The Loan Program Administrator will maintain all records for the ~~Economic Development~~ RLF Loan Program, particularly those related to the expenditure of ~~Economic Development~~ RLF Loan Program funds for administrative purposes.

The CDA's attorney will prepare loan agreements, review promissory notes and mortgage or lien instruments, and counsel the CDA on default matters.

## Meetings

Loan Review Board meetings will be held on an as needed basis. Pursuant to section 19.84, Wisconsin Statutes, all Loan Review Board members **and the general public** will be given prior notice of each meeting. A majority of the Loan Review Board in attendance at a meeting will constitute a quorum which is required for official action. Official actions must have the support of a simple majority of the full membership of the Loan Review Board. **Vacant position on the Board shall be counted in determining the total number of Board members.**

## Records

Written records of all program activities, including minutes of Loan Review Board meetings, meetings of the CDA Board at which action is taken with regard to the ~~Economic Development~~ **RLF** Loan Program, loan 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 loan recipient. 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. Loan 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. Loan Recommendation File. This file will contain a summary of the analysis, recommended actions for the application, and a copy of the minutes of the Loan Review Board meeting and CDA Board meeting summarizing the action taken on the loan request.
3. Loan 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 **shall be placed in a locked fire proof safe.** Originals of security instruments must be kept in the CDA's safety deposit box. The CDA's attorney ~~should~~ **shall** 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" System. A tickler 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~~ **shall** include the following **monthly coded index files:**

- 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~~), **the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand;**
  - 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.
5. Financial Statement File. This file will contain the business' periodic financial statements as required by loan covenants, with a statement indicating that the Loan 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 Loan 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. **If payments are made directly to either the Finance office or to the City Clerk, a copy of the receipt will be placed in this file. These offices must notify the Loan Fund Administrator of the payment.**

**The CDA will notify the loan recipient in writing of any deficiency and the action to be taken should the payment not be made. Should there be a late payment; the CDA will contact the loan recipient to determine the reason for the delayed payment. Contact may need to be made with other participating lender(s) to determine if their loans are current and to alert the lender of a potential problem. All payments shall be first applied to late payment penalties, then to interest accrued and then to principal.**

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 **year-end** financial statements, the **year-end** 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 Loan 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, **including the University of Wisconsin-Extension, Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE) and other entities having an interest serving the needs of the business.**

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*

Reasonable administrative funds may be withdrawn from the ~~Economic Development~~ RLF Loan Program to cover personnel costs and other administrative expenses. **Local funds may be used in situations when loan repayments are insufficient to cover administrative costs.** Administrative expenses ~~may not exceed~~ **up to** 15% of program income (defined as loan payments received during the year, plus interest on bank balances, and other income to the program) **may be used for direct loan administration costs.** In addition to paying costs for a Loan Fund Administrator, these funds may be used for the following purposes:

1. Legal costs;
2. Consulting fees for credit analysis, business plan reviews and technical assistance;
3. Costs associated with the advertising and promotion of the loan program;  
*Note: This was not listed in the manual from WEDC*
4. Office supplies, copying, mailing and related expenses; and
5. Training costs for personnel involved in administering the program.

## *Application and Closing Fees*

**To generate additional revenue to cover administrative costs, if necessary, the CDA may also establish loan origination fees, servicing fees and other fees to cover charges directly related to either processing an application or servicing the loan. All fees collected go to the RLF program. The accounting of the fee revenue placed in the RLF shall include separate line items to track administrative expenses recovered.**

~~To defray administrative costs related to closing loans, the CDA may assess fees for processing an application or servicing a loan. All fees collected must be deposited into the Economic Development Loan Program accounts. The following fees will be assessed:~~

1. Industrial Development Loan Program. At the time of closing, loan recipients will be assessed a 1% fee for administrative expenses, along with the actual legal fees related to loan origination.
2. Commercial Enterprise Loan Program. At the time of closing, loan recipients will be assessed a 1% fee for administrative expenses, along with the actual legal fees related to loan origination.
3. Micro-Loan Program. At the time of closing, loan recipients will be assessed a \$150 fee.

# 3 Eligibility Considerations

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## *Eligible Area*

~~Projects must be located within the corporate limits of the City of Whitewater in order to be eligible for loans made through the Economic Development Loan Program.~~ The area served by the RLF shall generally be within the corporate limits of the City of Whitewater.

## *Eligible Applicants*

Applications may be submitted by any **authorized representative of a** business wishing to establish a new operation or expand an existing operation located within the City of Whitewater.

No member of the CDA Board of Directors, Loan Review Board, or any other official, employee, or agent of the City of Whitewater who exercises decision-making functions or responsibilities in connection with the implementation of the ~~Economic Development~~ RLF Loan 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*

Program loans are available to applicants ~~under the Industrial Development Loan Program, Commercial Enterprise Loan Program, and Micro Loan Program~~ for the following activities:

1. Acquisition of land, buildings and fixed equipment;
2. 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;
3. Installation of fixed equipment; **Note: not listed in state model but assume that it needs to be installed if allowed to purchase it**
4. 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;

5. 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. The use of ~~Economic Development~~ RLF Loan Program funds in this manner must be in the form of a loan to a business which is assessed for these costs. ~~Economic Development~~ RLF Loan Program funds may not be used to finance public improvements paid for by the City.
- ~~6. In addition to the above, the Micro Loan Program may also be used to provide working capital for inventory and direct labor costs only. (The Industrial Development Loan Program and Commercial Enterprise Loan Program may not provide funds for these purposes.)~~
7. Purchase of dairy cows resulting in significant long-term increases in capacity to produce milk. (part of the State Manual)

## *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 approval **unless prior approval is obtained**;
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. Program funds may be applied to the exterior or other necessary improvements to mixed-use (commercial/residential) buildings where such improvements are directly attributable to the commercial enterprise operating within the building. ~~Economic Development~~ RLF Loan Program funds may not be applied to conversion or rehabilitation of residential units.
5. Routine maintenance;
6. Professional services such as feasibility and marketing studies, accounting, management services, and similar activities. The cost of legal services incurred in closing the ~~Economic Development~~ RLF Loan Program loan are eligible;
- ~~7. Façade improvements are not eligible under the Micro Loan Program. These should be financed under the CDA's Façade Loan Program; and~~
8. Other activities that the Loan Review Board 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. Other businesses not serving the interests of the City of Whitewater;
7. Any government body or governmental entity (including the City of Whitewater or Whitewater CDA); and
8. Not-for-profit businesses or organizations.

Additionally, businesses are allowed only one outstanding loan under the Economic Development Loan Program. 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.

## *Minimum Requirements*

To be eligible for funding, a project must meet all of the following minimum requirements:

1. Private Funds Leveraged. The applicant must leverage a minimum of one dollar of private funds for every one dollar of loan funds requested. Higher leverage may be required at the discretion of the Loan Review Board.
2. Cost Per Job Created. At least one full-time permanent position must be created for every \$20,000 of program funds requested. ~~No part-time jobs will be counted toward meeting this requirement.~~ The CDA may require job creation at a rate greater than one job per \$20,000 loaned, upon taking into consideration the type of jobs, hourly wage, benefits, etc.
3. Financial Feasibility and Business Viability. The applicant must demonstrate that the proposed project is viable and the business will have the economic ability to repay the funds.
4. Low and Moderate Income (LMI) Benefits. ~~The project will provide increased permanent employment or will retain existing jobs which would have been lost locally. Of the jobs created or retained by the project, at least 51 percent must be made available to low or moderate income persons as defined by the U.S. Department of Housing and Urban De-~~

~~velopment.~~ Each project must demonstrate that it meets the CDBG-ED national objectives of benefiting low to moderate income persons as defined by CDBG **regulations**.

The project shall create jobs, at least 51% of the jobs will be held by or Made Available to LMI Persons.

“LMI Persons” means persons with household income less than eighty (80) percent of the median household income by family size in either Jefferson or Walworth counties. Depending on where the business is located.

“Made Available to LMI Persons” means the Borrowers must document that at least 51% LMI Persons were hired or Received First Consideration by interviewing at least 51% LMI Persons for created positions that do not require special skills or education beyond high school.

“Received First Consideration” means the Borrower must document and use a hiring practice that results in at least 51% LMI Persons interviewed for created positions and demonstrate that under usual circumstances this hiring practice will result in at least 51% LMI persons being hired. Part of the Borrower’s hiring practice must include posting of available positions with the local Job Service Office or Workforce Development Boards.

The following documentation evidencing compliance must be collected: A listing of all job titles which were planned to be held by or made available to low to moderate income persons, a commitment to hiring at least 51% of jobs available to low to moderate income persons, a written plan for how such persons were given first consideration for jobs including what hiring practice was used, a list of the low to moderate income persons interviewed for particular positions, including the size and annual income of the person’s family prior to interviewing for the position.

5. Compliance with Applicable Laws. Applicants will comply with all applicable local, state, and federal laws and codes.
6. Project Completion. Project shall be completed within 24 months from the date of the loan approval. Applicants must provide the CDA with a project implementation time schedule not exceeding 24 months. All required jobs must be created within 24 months of the date of loan closing, and these jobs must be retained by the business for a minimum of 24 months.
7. Owner Equity. Applicants for the Micro-Loan Program must have minimum ten percent equity in the business to qualify for a loan.
8. Federal Anti-Piracy. The borrower must certify that it does not have immediate plans to relocate jobs in violation of CDBG Anti-Piracy regulations. The following language will be included in all agreements with the borrower. “The Borrower certifies it is and will maintain compliance with CDBG Anti-Piracy regulations as stated in CFR 570.482(h). Violation of this regulation will constitute an Event of Default.”

## *Job Retention*

It is the intent of the Whitewater CDA to utilize its Economic Development Loan Program to foster development of new jobs in the community. Under exceptional circumstances, the Whitewater CDA may consider loans to businesses for job retention. In order for retained jobs to be considered, the following conditions must be met:

1. The jobs to be retained must offer wages at or above the average wage within the Capital Ideas Technology Zone (which includes Dane, Jefferson, and Rock Counties and the City of Whitewater, and was \$15.45 as of January 1, 2003);
2. The jobs must provide benefits consistent with those provided by a majority of area businesses; and
3. The business must provide convincing proof that the jobs would be eliminated or transferred outside of the City of Whitewater if the loan were not made available.

Note: Not included in state manual

# 4 Terms and Conditions

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## Terms and Conditions

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

1. Loan Amount. Loan amounts are **based upon the jobs being created and/or retained and are** subject to the availability of ~~Economic Development~~ **RLF** Loan Program funds and the following:
  - a. The maximum loan amount under the Micro-Loan Program will be ~~\$15,000~~ **\$60,000**.
  - b. Loans under the Commercial Enterprise Loan Program will generally not exceed \$100,000. A larger loan amount may be recommended by the Loan Review Board where circumstances (for example, very high wages or potential economic impact) warrant it.
  - c. Loans under the Industrial Development Loan Program will generally not exceed ~~\$150,000~~ **\$300,000**. A larger loan amount may be recommended by the Loan Review Board where circumstances (for example, very high wages or potential economic impact) warrant it.
2. Interest Rate. The Loan Review Board will recommend an interest rate subject to the following considerations:
  - a. The interest rate on all Micro-Loan Program loans will be set at 4.00%.
  - b. The interest rate on Industrial Development and Commercial Enterprise 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%).
3. Loan Terms. Loan terms will be determined by the Loan Review Board subject to the following guidance:
  - ~~a. The loan term for any loan made under the Micro Loan Program may not exceed 7 years, which is the maximum allowed by the Department of Commerce. Most equipment loans will not exceed 5 years, in order to simplify UCC monitoring requirements.~~
  - b. Working capital loans shall have a maximum term of ten years.**
  - c. Loans for machinery, equipment, and fixtures will have a maximum term of ~~five~~ **ten** years.

- d. Real estate loans will have a maximum term of ~~ten~~ twelve years which can be amortized up to a twenty-year basis with the option of refinancing for an additional eight years.
  - e. 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.
  - f. Loans may be amortized with balloon payments.
  - g. The term of any loan made under the ~~Economic Development~~ RLF Loan Program may not exceed the term of private financing used to meet the matching funding requirements of the project
  - h. All loans will be written to require regular monthly payments.
4. Deferral of Principal and Interest. The Loan Review Board may recommend deferring principal and/or interest payments ~~on Industrial Development and Commercial Enterprise loans~~, on 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).
5. Prepayment. There are no penalties for prepayment of an ~~Economic Development~~ RLF Loan Program loan.
6. Collateral. The CDA will seek the best possible collateral position to ensure that ~~Economic Development~~ RLF Loan Program loans are adequately secured.

# 5 *Application Procedures*

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## *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. Size of the loan requested.
10. Timing of the proposed expenditures.
11. Completeness of the application.
12. Other factors as deemed appropriate by the Loan Review Board.

## *Loan Application*

Applicants must submit an application using the form available for the appropriate Economic Development Loan Program 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.
2. Project Description. A detailed description of the sources and uses of the funds needed for the project, including Economic Development Loan Program 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 amount**, 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 ~~Economic Development~~ **RLF** 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. **Note: not a State manual requirement**
5. Additional Information. Additional information may be requested by the Loan Review Board 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 **as outlined in this manual**. If the application is not complete, the Administrator will inform the applicant of the deficiencies.
2. Formal Review. The Loan Review Board will meet to review an application prior to the next regularly scheduled meeting of the CDA Board of Directors. Once the review is

completed, the Loan Review Board will forward a recommendation to the CDA Board of Directors to either approve or deny the loan, along with any recommended terms or conditions.

3. 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.
4. Notice of Award. If the application is approved, a closing will be scheduled to execute the necessary loan documents.
5. 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 loan request or to identify potential alternative sources of financing.

# 6 *Distribution of Funds*

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## *Loan 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 Loan Review Board must have reviewed and approved a complete application for an eligible applicant.
2. Loan Agreement. The CDA's attorney will prepare a loan agreement to be executed by the CDA **Executive** Director, CDA Board Chairperson or Co-Chair, and authorized representative(s) of the business.
3. Promissory Note. 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. **Note: State calls for CEO to sign**
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 Loan 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 schedules shall be dated and signed by both the CEO and the Chief Executive Officer of the business.** 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.

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 Loan Fund Administrator.
8. Fixed Equipment. Fixed equipment financed with program funds must have been purchased, delivered and installed. The Loan 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 **Board** resolution of agreement to borrow funds **and Secretary's certificate**;
  - d. Current financial statements;
  - e. Evidence of having secured other funds necessary for the project; and
  - f. An Environmental Assessment for real estate loans **which may either is a Phase I, II or III analysis, depending on the condition of the site.**

With the above documentation in place, the Loan Fund Administrator will schedule a loan 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.

# 7 *Post-Approval Requirements*

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## *Obligation of the Loan Recipient*

In addition to the terms and conditions of the loan, all borrowers 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.
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 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 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 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 Loan 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 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.

9. To collect the attached self-certification forms from every applicant for each job created by CDBG funds.

## 8 *Performance Monitoring*

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### *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 Loan 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. 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. **In addition, to ensure compliance with the LMI requirements, employers must collect the self-certification form from every applicant for each job created by the CDBG funds.**

### *Relocation from the City of Whitewater*

~~Economic Development~~ **RLF** Loan Program loans are made only to businesses located within the corporate limits of the City of Whitewater. Loans made to businesses which subsequently move jobs or facilities from the City of Whitewater are subject to the following actions:

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~~ **RLF** Loan Program loans become due and payable immediately.

Note: not part of state manual

### *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*

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### *Use of Loan Payments*

Repaid loans must be deposited into the ~~Economic Development~~ RLF Loan 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 to account for all funds loaned.

### *Reporting Requirements*

The ~~Economic Development~~ RLF Loan Program account(s) must be audited on an annual basis and the Loan Fund Administrator ~~must report semi-annually, June 30 and December 31, to the Wisconsin Department of Commerce (Commerce) regarding the use of program income. Reports must be submitted on forms proscribed by Commerce~~ shall provide reports at times and on forms as required by the state of Wisconsin.

### *~~Discontinued Economic Development Loan Program~~*

~~In the event the Economic Development Loan Program is discontinued, all program funds must be repaid to the Wisconsin Department of Commerce as provided in the applicable contracts.~~

Note: Was not included in the state model manual

# 10 *Loan Program Servicing*

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## *Program Monitoring*

The Loan Program Administrator will monitor each loan to ensure compliance with the loan 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.

A loan servicing file shall be established and maintained for each loan recipient that includes all written correspondence; a record of important telephone calls, a list of applicable loan covenants: certification of insurance for builder's risk, property-casualty and life insurance, as applicable and documentation for job creation and retention including low and moderate income certification forms.

The Loan Program Administrator will monitor the overall ~~Economic Development~~ RLF Loan Program including all records of individual loans, funds deposited to bank accounts, use of administrative funds, and other program funds. The Loan Program Administrator will monitor the effectiveness of the ~~Economic Development~~ RLF Loan Program, market the program, and recommend policy and procedures to the Board of Directors of the Whitewater CDA.

~~The duties of the Loan Program Administrator may be delegated to be routinely carried out by the CDA's Administrative Assistant, under the supervision of the Loan Program Administrator.~~

## *Monthly Reporting to the CDA Board*

The Loan Program Administer will ~~provide~~ **prepare** a monthly summary report of the ~~Economic Development~~ RLF Loan 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 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 information on ~~Economic Development~~ RLF Loan Program accounts, including starting balance, debits and credits to the accounts, and ending balances;
3. Funds available to lend and funds committed; and
4. 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 ~~Economic Development~~ RLF Loan Program 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.

Note: State Manual does not require the balance of the Whitewater manual

## *Program Records*

The Loan Program Administrator will maintain records associated with the general administration of the ~~Economic Development~~ RLF Loan Program, including:

1. Applications to the Wisconsin Department of Commerce for grant funds used to establish or fund the ~~Economic Development~~ RLF Loan Program;
2. Contracts with the Wisconsin Department of Commerce and/or the Wisconsin Economic Development Corporation for grant funds awarded;
3. Policy and procedures manuals or other guidance issued by the Wisconsin Department of Commerce and/or the Wisconsin Economic Development Corporation relating to administration of the ~~Economic Development~~ RLF Loan Program;
4. Policy and procedures manuals and other guidance adopted by the Whitewater CDA or City of Whitewater relating to the administration of the ~~Economic Development~~ RLF Loan Program;
5. Documentation of any actions taken by the Whitewater CDA or City of Whitewater relating to the ~~Economic Development~~ RLF Loan Program;
6. General documentation and correspondence relating to the ~~Economic Development~~ RLF Loan Program;
7. Bank statements, checkbook registers, deposit records, check copies, certificates, and all other documentation relating to ~~Economic Development~~ RLF Loan Program 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 ~~Economic Development~~ RLF Loan Program;
10. Monthly Loan Status Reports provided to the Whitewater CDA Board of Directors; and
11. Semi-annual reports filed with the Wisconsin Department of Commerce and /or the Wisconsin Economic Development Corporation.

## *Program Monitoring Schedule*

The Loan Program Administrator will establish a monitoring schedule to provide a reminder of the dates on which actions need to be taken to service the ~~Economic Development~~ RLF Loan 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 ~~Department of Commerce~~ 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 ~~Economic Development~~ RLF Loan Program. The Master File will include several sub-files, with the contents arranged as follows:

1. Loan 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. Loan Recommendation File. This file will contain a record of deliberations in considering the request for a loan under the ~~Economic Development~~ RLF Loan Program. It may include the following:
  - a. Loan application analysis;

- b. Recommended actions;
  - c. Record of recommendations by the Loan Review Board;
  - d. Minutes of the CDA Board of Directors; and
  - e. Notice of Approval or Notice of Rejection.
3. Loan Closing File. This file includes all documentation relating to the closing of the loan. 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. Loan 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 Loan Program 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 loan recipient; and
  - b. Confirmation of review by the Loan Program Administrator.
6. Site Visit File. This file will contain a record of site visits made by the Loan Program 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. Loan Review File. This file will contain the Annual Loan Review report prepared by the Loan Program 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.

## *Loan Payment Register*

A Loan Payment Register will be established for each loan. The Loan 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 A*

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### *Loan Application*

*Application - City of Whitewater Economic Development RLF Loan Program*

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*Part I - General Information*

Business Name			
Business Address			
Contact Name			
Contact Address			
Contact Phone		Contact Fax	
Contact E-Mail		Company Web Site	

*Part II - Business History*

Provide a brief history of the existing or proposed business, including the following items:

- year started
- significant markets
- primary products
- legal structure
- significant events in the company's history
- key clients
- any additional information that may help to describe the business and the products or services it provides.

*Part III - Project Description*

Provide a summary of the proposed project including information about:

- start and completion dates
- real estate acquisition
- construction activity, including estimated value of improvements
- machinery and equipment purchases
- product or market information
- total project cost
- job creation

*Part IV - Sources and Uses of Funds*

Provide information about how the project will be funded. What are the proposed sources of funding for major project components such as real estate, construction, machinery, etc.?

Proposed Use of Funds	Source and Amount of Funds				Total
	Owner Equity	ED Loan			
Total					

*Part V - Job Creation*

Provide information about the new jobs that will be created as a result of this project. Only include information about full-time, permanent (year-round) jobs.

Job Title	Average Hourly Wage	Benefits Provided?	Number of New Full-Time Jobs Created			
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Total
		Select One				
		Select One				
		Select One				
		Select One				
		Select One				
		Select One				
		Select One				
		Select One				
Total Jobs Created						
Current Number of Jobs in the City of Whitewater						
Provide information on the types of benefits provided to employees. For health, life, and dental insurance, provide information on the percentage of costs paid by the employer and employee.						
Provide information on new part-time or seasonal jobs that will result from the proposed project.						

*Part VI - Collateral*

Provide information about collateral available to secure the CDA's loan to the business. This may include real estate, machinery and equipment, inventory, etc.

Available Collateral	Current Value	Appraisal Available?	Equity Available	CDA in subordinate position?
				Select One
Total				
<p>Provide a brief description of the collateral available to secure the CDA's loan. Include relevant information on its current value, equity available, and other lenders secured by the same collateral.</p>				

*Part VII - Attachments*

The following information must be attached to the application in order for it to be considered complete.

- Resumes of each principal associated with the business, including experience, educational background, role in the business, and other relevant information.
- A financial history of the business including balance sheets, profit/loss statements, cash flow statements, and accountant notes for the past three years.
- Projections including balance sheets, profit/loss statements, and cash flow statements for three years from the date of application.
- Letter(s) of commitment from other lenders on the project (if any) describing the type of financing being offered, amount, interest rates, security, availability, and repayment schedule.
- A copy of the company's business plan, or those segments of the business plan relating to the proposed project.
- Any other documentation that reinforces the viability of the proposed project, or that helps to describe the company and its products.

*Part VIII - Trade Secrets / Confidentiality*

- Please review the application and indicate whether any of the information provided is considered a trade secret or considered confidential by the business. Wisconsin State Statutes require that certain information received by the CDA and used to consider the loan application be considered public information. Generally, certain financial, product, and market information may be considered a trade secret and may not be subject to release by the CDA.

*Part IX - Certification*

I hereby certify that the information provided above and in the attached supporting documentation is to the best of my knowledge true and accurate. I also authorize the Whitewater Community Development Authority to perform both business and personal checks as a part of this application process.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

*Appendix B*

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*Annual Loan Review*

# Economic Development Loan Program

## ANNUAL LOAN REVIEW

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**Loan Review Report Conducted {month, year}**

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COMPANY NAME

DATE OF LOAN

PRINCIPAL AMOUNT

TERM

AMORTIZATION

MO. PAYMENT

BALLOON

---

COMMENTS

## PART ONE – REVIEW OF LOAN FILE

---

Date on which loan files were reviewed

Loan file review conducted by

- Loan file if complete and all dated material is current
- Loan file is not complete and/or dated material is not current

Explanation:

Actions taken and follow-up required:

Date on which loan files were completed

---

Comments

### **Loan Application File**

---

*The Loan Application File will be reviewed to ensure that it contains the required documents.*

- Application
- Business Financial Statements
- Personal Financial Statements
- Credit Reports
- Business Plan Documents
- Supporting Loan Information
- Correspondence

Comments

## Loan Recommendation File

---

*The Loan Recommendation File will be reviewed to ensure that it contains the required documents.*

- Loan Application Analysis
- Recommended Actions
- Loan Review Committee Minutes
- Notice of Approval or Rejection

Comments

## Loan Closing File

---

*The Loan Closing File will be reviewed to ensure that it contains the required documents. Some of these items may require the original to be stored in the safety deposit box. A copy should be placed in the file and the location of the original noted.*

- Loan Closing Documents
- Security Instruments
  - Original in safety deposit box
- Mortgage or Promissory Note
  - Original in safety deposit box
- Correspondence
- Other Legal Documents
- Amortization Schedule
- Invoices for Fees

Comments

## "Tickler File" System

---

*The "Tickler" File will be reviewed to ensure that it contains the required documents, that all documentation is current, and that suspense dates are noted.*

Insurance Documents

Expiration Date:

Financial Statements

UCC Financing Statements

Expiration Date:

Loan Performance Review

Annual Review Date:

Site Visits

Property Taxes

Job Monitoring

New Jobs Required:

Current Employment

Full-time:

Part-time:

Changes to Amortization Schedule

Comments

## Financial Statement File

---

*The Financial Statement File will be reviewed to ensure that it contains the required documents.*

Periodic Financial Statements

Confirmation of Review by RLF Administrator

Comments

## Site Visit File

---

*The Site Visit File will be reviewed to ensure that it contains the required documents.*

Annual Site Visit Reports

Comments

## **Progress Report File**

---

*The Progress Report File will be reviewed to ensure that it contains the required documents.*

Annual Progress Reports

Comments

## **Repayment Monitoring File**

---

*The Financial Statement File will be reviewed to ensure that it contains the required documents.*

Business Financial Statements

Personal Financial Statements

Loan Payment Register

Correspondence Related to Repayment

Comments

## **Loan Review File**

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*The Loan Review File will be reviewed to ensure that it contains the required documents.*

Annual Loan Review Reports

Comments

## PART TWO – SITE VISIT REPORT

---

*To be completed by CDA Director / RLF Administrator*

Date on which site visit was conducted

Site Visit Conducted by

SITE VISIT REPORT

## PART THREE – PROGRESS REPORT

To be completed by CDA Director / RLF Administrator

Date Prepared

Completed by

### FILE REVIEW

- File contains all required documents
- File is missing required documents

Comments

### REPAYMENT HISTORY

- Payments have been made in a timely manner
- Payments have not been made in a timely manner

Comments

### JOB CREATION

- Job creation requirements have been met
- Job creation requirements have not been met

Comments

### OBSERVATIONS