



Whitewater CDA –Agenda
Thursday, April 25, 2013
4:30 PM – CDA Board of Directors
Room 105
Innovation Center
1221 Innovation Drive
Whitewater, WI 53190

1. Call to order and roll call.
2. **HEARING OF CITIZEN COMMENTS.** *No formal CDA Action will be taken during this meeting although issues raised may become a part of a future agenda. Items on the agenda may not be discussed at this time.*
3. **Approval of the Minutes.**
 - a. April 11, 2013
4. **Consideration and discussion of the establishment of a fund to assist with outdoor seating at restaurants.**
5. **Consideration of a request to donate funds to the Discover Whitewater Series ½ marathon.**
6. **Consideration and discussion of the City Fiber Optic project.**
7. **Consideration and discussion of an Option to Purchase land by the CDA regarding the Business Park and Technology Park.**
8. **Consideration and discussion of a marketing program for the CDA.**
9. **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**
 - i. **Software Consulting firm**
 - ii. **Organic Farm**
 - b. **Request to subordinate a Home Rehabilitation Loan**
 - c. **Request to lease property for agricultural purposes in Business Park**
10. **Return to open session for possible action on closed session items.**
11. **Future agenda referrals.**
12. **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.

Amended 4-23-2013 to add item 9.c.

Whitewater Community Development Authority
Meeting Minutes
April 11, 2013

1. Call to order and roll call

The meeting was called to order by Chair Jeffery Knight at 4:35 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 (4:38)

Absent: Meyer

Also: Cameron Clapper, Patrick Cannon, Wally McDonell, Doug Saubert, Mallory Amann, Dr. Richard Telfer, Brad Viegut (R. W. Baird)

2. Hearing of Citizen Comments

None

3. Approval of the Following Minutes

a. March 14, 2013

The minutes were approved as presented.

Allen (1); Winship (2)

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

Nay: None

4. CDA March 2013 Financials

The Financial Statements were presented by Finance Director Doug Saubert. He noted that we had some problems with loan collections from one loan. Staff had contacted them and they have made several payments.

The Financial Statements were accepted as presented.

Allen (1); Kachel (2)

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

Nay: None

5. Innovation Center Financial Statements

Mr. Saubert discussed these statements also. The Board continued to express a concern that current projected revenues will not create enough revenues to allow the CDA to pay its annual PILOT to the City. The annual amount is \$92,500 and current revenues only allow for half of the required payment.

Mr. Saubert also indicated that a new tenant had signed a one year lease in the Innovation Center and that all Tenants are current on their lease payments.

The Financial Statements were accepted as presented.

Allen (1); Winship (2)

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

Nay: None

6. Consideration and discussion of the status of the City's TIF districts (R. W. Bair to attend).

Bradley Viegut of R. W. Baird was present to make a presentation to the Board regarding the status of the currently active TIF districts. He indicated that TIF 7 is in a distressed status and the City can only retire the TIF in order to change the status. He did indicate that other TIFs can donate to TIF 7 if desired.

Mr. Viegut also clarified how a TIF overlay would work. The overlay district would receive the new increment rather than the original TIF. A previous concern was that all new increment would need to go to the underlying TIF district.

Overall, the City needs to add new increment to all its TIF in order to accelerate their success.

No further action was taken.

7. Consideration and discussion the Technology Park and Innovation Center (Chancellor Telfer to attend)

Chancellor Telfer and City Manager Clapper gave a brief summary of the activities in the park over the past year. Dr. Telfer highlighted the current programs being run by the University and how they have been very successful in meeting their mission. He would like to expand these programs and indicated that the Tech Park Board is looking for assistance in making this happen.

Dr. Telfer also indicated that Robert Young is no longer assigned as the Executive Director of the facility. Those duties are being filled by both University staff and CDA staff. He felt that this would work in the short term, but a long term solution needs to be finalized.

He and the Board members all agreed that additional publicity about the Innovation Center would help to boost the occupancy of the building.

No formal action was taken.

8. Consideration and discussion of the establishment of a fund to assist with outdoor seating at restaurants.

At the previous CDA meeting Board Member Singer requested that this item be placed on the agenda for consideration. He indicated that he had some concerns over the quality of outdoor seating equipment and would like to assist restaurants in obtaining higher quality furniture and other items needed for outdoor seating.

The Board asked that staff draft up a proposed manual that would establish a fund of \$10,000 that could be used to purchase commercial grade furniture and other equipment for outdoor seating.

The Board indicated that they would like to see a match of the funds at a 2:1 ratio and that the loans be forgivable after three years. The loans would be limited to \$2,500.00 per business.

Staff is to present this at the next CDA meeting.

9. Consideration and discussion of the City Fiber Optic Project.

The Chair noted that the City has before them a proposal to allow for a carrier to install dark fiber within the City Right of Way. In exchange for this action, the City would receive fiber cable (not installed) to allow for a hook up of City Hall. The chair indicated that this action seems to assist the schools but does not help the City in its effort to install cable through out the City.

The Board asked that the City Council go into closed session to discuss this proposed contract and how it will affect the City.

10. Consideration and discussion the RLF manual update

Staff gave an incorrect update on this project. A motion and vote were taken based upon incorrect data and the Committee reviewed that matter later in the meeting.

Original Motion to approve:

Singer (1); Kachel (2)

Aye: All via voice vote

Nay: None

Mr. Winship left the meeting at 6:45 pm

11. Consideration and discussion of proposed changes to the Seed Fund manual

Staff noted that the Wisconsin Economic Development Council (WEDC) had made a few minor changes to the manual previously approved by the CDA. Staff asked that after careful review that the Board approve the adjustments so that the documents are consistent. A motion was made to approve the changes recommended by the WEDC.

Allen (1); Kachel (2)

Aye: All via voice vote

Nay: None

In moving back to Item #10 on the agenda, Staff indicated that the WEDC had made available a model manual for communities to use regarding their RLF programs. Staff and the CDA chair had reviewed the manual and made recommendation to change the currently approved manual.

Most notable, was the increase in the funding limits for certain areas.

After careful review, the Board moved to approved the recommended changes

Kachel (1); Allen (2)

Aye: All via voice vote

Nay: None

12. Consideration and discussion of a marketing program for the CDA

Staff noted that the current marketing materials raised a concern by the Milwaukee 7 group as a potential threat to relocate businesses from their areas to Whitewater. While that was not the intent of the program, the marketing plan was adjusted to only be used in the northern Illinois area.

After a brief discussion of the marketing materials, the Board asked that this item be continued on to next month's agenda for further consideration.

No action was taken.

13. Consideration and discussion of site certification status for the Business Park.

Staff noted that the initial application had been completed and submitted to the State for their review.

14. Consideration and discussion of an Option to Purchase land by the CDA regarding the Business Park and Technology Park.

Staff noted that no options to purchase any lands in the parks currently exist. The previous option had expired. After careful discussion, the Board felt that a proposal should be drafted to the City requesting that all the vacant lands be sold to the CDA for \$1.00. By including adequate checks and balances within this proposal, this would continue to protect the City and assist in expediting the sale process.

Staff was directed to draft a proposal for the April meeting.

- 15. 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**
 - 1. Software Consulting Firm**
 - 2. Organic Farm**
 - b. Request to subordinate a Home Rehabilitation Loan**

Motion to go into closed session as per state statutes and to allow one of the applicants to remain in the closed session portion of the meeting.

Knight (1); Allen (2)

Aye: Allen, Henry, Kachel, Knight, Singer

Nay: None

16. Return to open session for possible action

A motion was made to return to open session.

Singer (1); Henry (2)

Aye: Allen, Henry, Kachel, Knight, Singer

Nay: None

No action was taken in open session.

17. Future agenda referrals

Staff recommended that the Board consider a donation to help assist with the upcoming ½ marathon. The item will appear on the CDA agenda for April.

18. Adjournment

A motion was made at 8:00 p.m. to adjourn the meeting

Allen (1); Henry (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

City of Whitewater



Commercial **Outdoor Seating** Program

Manual & Application

Whitewater Community Development Authority
312 West Whitewater Street, P.O. Box 178, Whitewater, WI 53190
Ph. (262) 473-0148 Fax (262) 473-0509
www.cityofwhitewater.com

April 17, 2013

Forward

The Community Development Authority of the City of Whitewater charged with assisting with economic development within the City and surrounding areas. One area that this body felt needed assistance was with the establishment of high quality outdoor furniture and related equipment. Primarily used in restaurant establishments, the CDA felt the creation of a forgivable loan program would help to enhance these businesses. Therefore, the CDA has decided to commit \$10,000 of its own funds to a program to assist with the purchase of commercial grade outdoor seating and related equipment.

The overall purpose of improving this program is to increase retail traffic and thus to preserve and enhance the economic viability of Whitewater's restaurants who have the proper permits for outdoor seating. But an equally important goal is to help create a community environment which is attractive new customers to enjoy the outdoor seating. This program will enhance Whitewater's success in improving the appearance of restaurants and attracting new customers to the city.

This manual contains the policies which have been adopted to govern the use of the Commercial Façade Loan Program.

Section 1. Administration

1. Administration

1.1. Program Roles

- 1.1.1. CDA. The CDA will provide financing for technical assistance, advertising, forms and accounting necessary to ensure the proper functioning of this program.
- 1.1.2. CDA Staff. CDA Staff will interview all applicants to prepare application forms and the information necessary to qualify for and receive the business loan. The CDA Executive Director will be responsible for the evaluation and disbursement of the funds.

1.2. Records.

The CDA office shall maintain records of Outdoor Seating Program activities. Including minutes of the CDA Board of Directors, loan applications and related documents, and other business matters. All individual project files will, to the extent possible, be maintained as confidential records.

Each project file will contain some or all of the following appropriate documents:

- completed application with drawings and signed consent to release information;
- contractor bids (if applicable);
- truth in lending disclosure;
- loan amortization schedule;
- declaration of business purpose;
- continuing guarantee;
- authorization to loan terms and conditions;
- Other documents as deemed necessary by the Façade Loan Committee.

Section 2. Eligibility Considerations

2. Eligibility

2.1. Eligible Area.

In order to be eligible for Outdoor Seating Program, the commercial building must be located within one of Whitewater's commercially-zoned districts (i.e., B-1, B-2 or B-3 zones). A Sidewalk Café permit is also required to be eligible for a loan.

2.2. Eligible Applicants.

Applicants may be either owners or tenants of commercial buildings in the areas noted above.

2.3. Eligible Activities.

The general purpose of the Outdoor Seating Program relates only to the approved outdoor seating areas permitted in the City of Whitewater's commercial districts.

2.4. Allowable equipment.

The CDA will compile and furnish a list of quality and durability requirements for items to be purchased. All color schemes must be consistent with the current building façade.

Outdoor fencing must meet city standards and have an allowable permit if required.

2.5. Examples of eligible activities include:

- Commercial grade outdoor seats & tables
- Umbrellas
- Required fencing
- Heater systems
- exterior lighting;

Section 3. Loan Terms and Conditions

3. Loan Terms and Conditions.

3.1. Loan Terms

The maximum term for any Façade Loan will be three (3) years. Loan terms will be negotiated by the CDA Director.

3.2. Loan Match Requirement

Each loan will require a matching contribution by the applicant in an amount equal to twice the amount of the loan. (Ratio 2:1).

3.3. Loan Amount.

The maximum amount of any outdoor Seating Program loan will be two thousand five hundred dollars (\$2,500.00) *per eligible building*, and the loan must be applied to the building for which it is approved. Loans are subject to the availability of funds in the Outdoor Seating Program.

3.4. Loan Forgiveness

If a loan recipient remains in operation and continues to utilize the outdoor seating provided under the terms of their loan for a period of 36 consecutive months, the principal original loan will be forgiven. If the seating is removed due to weather related circumstances, those months will be counted towards the consecutive month obligation.

3.5. Loan Payments – Balloon Payment

Monthly loan payments are NOT required. The entire amount of principal and interest is due on the first day of the 37th month of the loan, unless the applicant meets the loan forgiveness criteria set forth in Section 3.4 of this document.

3.6. Interest Rate.

The rate of interest on all Outdoor Seating Program Loans will be four percent (4.00%).

3.7. Prepayment.

There is no penalty for pre-payment of an Outdoor Seating Program Loan.

3.8. Loan Security

The CDA will not require any collateral to be pledged against the outstanding amount of the loan.

3.9. Non-Discrimination.

No Outdoor Seating Program Loan recipient may discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or handicap.

3.10. Default.

In the event that a Outdoor Seating Program loan applicants fails to fails to remain in business and open to the public for a period of thirty six (36) consecutive months, the loan will be declared as being in default and the outstanding principal and interest is due.

3.11. Amendment.

Any amendment to the Outdoor Seating Program Loan agreement requires the written agreement of both the CDA and the loan recipient recipient.

3.12. Downtown Design Guidelines Requirement.

Any project funded in part by an Outdoor Seating Program Loan must comply, this Outdoor Seating Program Loan Manual. The project must also comply with all applicable City of Whitewater zoning ordinances and other criteria in force at the time of approval.

Section 4. Application Procedures

4. Application Procedures.

4.1. Discussion of Requirements.

Prior to submitting an application, the applicant shall discuss the program with the CDA Director to determine eligibility and the availability of funds. The CDA Director shall assist the applicant, as is reasonable necessary, in completing the application. All financial information shall be kept in a secure location with limited access only by authorized personnel.

4.2. Timing.

Applications will be accepted continuously provided funds are available.

4.3. Loan Application

All applicants must complete a standard application form and submit all required attachments. A copy of the application form and a list of attachments is included in this manual as Appendix A.

4.4. Review Process.

Staff Review. The CDA Director or a designee will review the application and supporting material. Any missing information will be supplied and all responses will be verified prior to forwarding the application to the CDA Attorney.

4.5 Notice of Approval or Disapproval.

The CDA Director or designee will contact the applicant following a review of the application to provide notification of the decision to approve or disapprove the loan.

Section 5. Distribution of Funds.

5. Distribution of Funds.

5.1. Loan Closing.

On the date of the loan closing, the CDA Director or designee will meet with the applicant to review and sign all documents related to the closing of the loan, explain the repayment requirements, and obtain any required documentation. A list of required documentation is included in Section 1.2 of this Outdoor Seating Program Manual.

5.2. Loan Disbursement.

The loan funds will be provided in a single check provided to the loan recipient at the time of closing. The loan recipient will be responsible for paying all parties contracted to provide either equipment or services associated with the project. Proof of payments must also be submitted to the CDA as verification of the disbursements.

Section 6. Discontinuation and Amendment.

6. Discontinuation and Amendment

6.1. Discontinuation of the Façade Loan Program.

If the Outdoor Seating Program is discontinued, all program funds will revert to the Whitewater CDA to be used for economic development purposes.

6.2. Amendment of the Façade Loan Program Manual.

The CDA may, at any time, amend the Outdoor Seating Program Manual in order to provide for changes in the operation of the program. Amendments to the manual must be approved by a majority of the members present at any regularly scheduled meeting of the CDA Board of Directors.

Application

Applicant Information		Project Information	
Contact Name		Project Address	
Business Name		Tax Key Number(s)	
Street Address		Project Zoning	
City, State, Zip Code		Downtown (yes/no)	
Phone		Year Constructed	
Fax		Most Recent Use	
E-mail		Proposed Use	
Project Description			

Identify the major activities to occur in the renovation project. Provide copies of required permits allowing for Sidewalk cafes. Describe the materials to be used.

Provide a detailed description.

Memorandum

To: Community Development Authority Board

From: Patrick Cannon
Executive Director

RE: Discover Whitewater Series ½ Marathon

Date: April 18, 2013

As you are aware, a ½ marathon is scheduled to be held in Whitewater this year. Currently, the race sponsors are looking to solicit donations to help sponsor the race.

I would like to recommend that the CDA contribute \$2,500 towards this event. The funding would come from our marketing funds included in the 2013 budget.

While this event is being coordinated and run by a private organization, the event highlights the entire community. One of our goals is to help in the areas of residential and business growth. Helping to sponsor this event not only serves to fulfill this charge but it also promotes the entire community. Our donation will be returned to the community in many ways because of the people coming here, spending their money at our local stores, eating at our restaurants and seeing the city. Also, we will receive lots of positive publicity for the event.

This item is scheduled for discussion on the agenda for our April 25th meeting. Two of the Board members will be prohibited for taking part in this discussion due to a conflict of interest.

If you have any questions, please let me know.

Whitewater
Community Development Authority
Whitewater Seed Accelerator Fund
Policy Manual

April 18, 2013

Purpose

Purpose

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

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 those that will locate within, the City of Whitewater or those businesses having a direct effect upon the local economic well being of the City. Industry sectors of focus will include, but are not limited to: Advanced Manufacturing, Agriculture/Food Processing, Information Systems/Software, Medical Device, and Renewable/Green Energy. The fund will not work with businesses whose primary market is direct consumer purchased retail, restaurant or hospitality industry sectors.

Program Objectives

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

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

Amendments

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

Award of funds does not guarantee plan approvals

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

2. General Provisions

Seed Capital Fund Administration

Finance and Investment Committee

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

Seed Capital Screening Committee

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

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

Seed Capital Fund Administrator

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

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

The Fund Administrator will periodically review all financial statements and loan amortization schedules as well as review and approve documentation of business expenditures financed with the Seed Capital Funds. The Administrator will also maintain the Seed Capital Program accounting records, which must be segregated from other CDA and City accounts, and report periodically to the Wisconsin Economic Development Council regarding the use of Seed Capital Fund.

The Fund Administrator will maintain all records for the Seed Capital Fund.

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

Meetings

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

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

Records

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

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

1. Application File. All application, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting information submitted to the CDA, including all applicable correspondence, will be placed in this file.
2. Recommendation File. This file will contain a summary of the analysis, recommended actions for the application, and a copy of the minutes of the Seed Capital Fund Committee and the Finance and Investment Committee meetings and CDA Board meeting summarizing the action taken on the applicant's request.
3. Closing File. This file contains copies of all closing documents. This file contains the legal documents from the closing, including security instruments, the note, and other applicable correspondence. Originals of security instruments must be kept in the CDA's safety deposit box. The CDA's attorney should be involved in helping create and complete this file to ensure complete loan documentation. Copies of the closing documents and an amortization schedule will be provided to the applicant along with an invoice, if appropriate, for closing and servicing fees. Monitoring File System. A monitoring file system should be established and maintained to ensure that repayments, financial information, the applicant's agreement, UCC updates, and other time-sensitive documentation is tracked and obtained or updated as required. The system should include the following:
 - a. Expiration dates for property, casualty, and life insurance policies;
 - b. Due dates for all financial statements;
 - c. Expiration dates for UCC financial statements (reminder 45 days in advance);
 - d. Dates for site visits;
 - e. Dates of any scheduled changes in the loan amortization, and notification dates.
4. Financial Statement File. This file will contain the business' periodic financial statements as required by covenants, with a statement indicating that the Fund Administrator has reviewed the data.
5. Progress Report File. Recipients may be required to submit periodic progress reports during the outstanding term of the loan. The Fund Administrator should make periodic site visits to verify information in the progress report and financial statements. These site visits shall be documented for the file.
6. 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 applicant's progress.

7. 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.
8. Review File. All projects are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the CDA. The review should follow receipt of any required financial statements, the progress reports, and site visits. A report on the review will be placed in the file and may address the following:
 - a. Timeliness of payments (if applicable);
 - b. Condition of collateral securing the loan (if applicable) ;
 - c. Status of security documents;
 - d. Overall financial condition of the business;
 - e. Presence of material liens or lawsuits; and
 - f. Violations of covenants and suggested corrective actions.
9. If the business is experiencing problems with any of the above criteria, the Fund Administrator is to work with the recipient to identify actions needed to correct the deficiencies, including possible restructuring of the agreement to protect the CDA's interest and meet the needs of the business. If appropriate, the Administrator will arrange for business assistance through available public or private resources. In the event that the findings of the review suggest serious problems, particularly if the project is in risk of default, the account should be turned over to the CDA's attorney for legal action. Again, corrective actions may be achieved through restructuring or if necessary, foreclosure actions.

Administration

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

Eligible Area

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

First priority will be given to applicants located in the City of Whitewater. Second priority will be for a business located outside the city of Whitewater but has business interests in the city. Third priority will be given to applicants who can demonstrate an economic benefit to the City of Whitewater despite being physically located outside the city.

Eligible Applicants

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

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

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

Eligible Activities

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

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

Ineligible Activities

Program funding may not be used for the following activities:

1. Refinancing or consolidating of existing debt;
2. Reimbursement for expenditures made prior to application approval, unless previously negotiated;
3. Specialized equipment that is not essential to the business operation;
4. Residential construction or reconstruction unless such reconstruction is intended to convert the use of the residential building to a business or industrial operation.
5. Routine maintenance;
6. Establishment of a business that is inconsistent with the plans adopted by the City of Whitewater.

7. Other activities that the Finance and Investment Committee may identify during the administration of the program.

Ineligible Businesses

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

1. Real estate investment companies (except for facilities from which the business operates);
2. Lending institutions;
3. Gambling operations;
4. Recreational facilities which do not allow access to the general public;
5. Business that have over 90% of their income in direct consumer retail, restaurant or hospitality industry sectors;
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 unless a Payment in Lieu of Taxes (PILOT) is included in the agreement.

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

Funding

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

1. A grant of \$150,000 from the Wisconsin Economic Development Corporation.
2. A matching funding of \$150,000 from the Whitewater Community Development Authority.

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

Types of Awards

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

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

Initial Sources of Funds

The initial uses of the funds will be as follows:

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

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

3. Terms and Conditions

Terms and Conditions

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

1. Grant Amount. Grants will be limited to \$10,000 per entity. These grants do not have a repayment component.
2. Loan Amount/ Equity Investment. Loan amounts and equity investments are subject to the availability of funds and the following:
 - a. The maximum amount under the Seed Capital Fund will be \$100,000.
 - b. A larger amount may be recommended by the Finance and Investment Committee where circumstances (for example, very high wages or potential economic impact) warrant it.
3. Interest Rate. The Finance and Investment Committee will determine an interest rate subject to the following consideration:
 - a. The interest rate on Seed Capital Fund loans may be set from a minimum of 3.00% to a rate equal to 2.00% above prime (defined as the prime rate of interest as published in the Midwest edition of the Wall Street Journal plus 2.00%).
 - b. The interest rate may be negotiated as part of the overall agreement.
4. Terms. All terms and conditions of the agreement will be negotiated on a case by case basis. Loan terms will be determined by the Finance and Investment Committee subject to the following guidance:
 - a. The loan term for any loan made may not exceed 10 years, Unless, the CDA agrees to take an equity position in the business as part of the repayment agreement. Most equipment loans will not exceed 5 years, in order to simplify UCC monitoring requirements.
 - b. Loans for machinery, equipment, and fixtures will have a maximum term of five years.
 - c. Real estate loans will have a maximum term of ten years which can be amortized up to a twenty-year basis.
 - d. Loan terms will be set so that there is an approximate parity between the amortized balance of the loan and the remaining value of the collateral. Loans secured by rapidly-depreciated equipment should have a shorter amortization than loans secured by real estate.

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

4. Application Procedures

Discussion of Program Requirements

Prior to submitting an application, the applicant must discuss the program with the 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 funds requests exceed available funds, the following criteria will be used to determine which business(es) will be awarded funding:

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

Application

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

1. Business Description: A written description of the business including:
 - a. A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, market and products;
 - b. Potential markets and customers
 - 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, if available, of the business including balance sheets, profit/loss statements, cash flow statements, and accountant notes for the previous three years. For a start up business, personal income tax statements for the past three years could be required.
2. Fund Sources: A detailed description of the sources and uses of the funds needed for the project, including Seed Capital funds, private sector funds, equity, etc.

3. Projected Expenditures: A detailed summary of any and all uses of the total sources of funding, including a budget and capital expenditures. In addition, copies of lease agreements should also be submitted.
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 award from the Whitewater CDA.
5. Additional Information. Additional information may be requested by the Finance and Investment Committee or the Seed Fund Administrator.

Review Process

Specific steps in the review process include the following:

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

5. Distribution of Funds

Loan/Equity Investment Procedures

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

1. Notice of Award. The Community Development Authority must have reviewed and approved a complete application for an eligible applicant.
2. Loan/Equity Investment Agreement. The CDA will prepare the documents to be executed by the CDA Director, CDA Board Chairperson or Co-Chair, and authorized representative(s) of the business.
3. Promissory Note. If required a promissory note will be prepared by the CDA and signed by the authorized representative of the business at the time of the closing. The note must be dated, it must reference the agreement between the CDA and the business, and it must specify the amount and terms of the loan funds delivered.
4. Security. As based upon the project mortgage and/or lien instruments and/or personal guarantees provided as security for all loans will be prepared by the CDA and executed at the time of the closing. The CDA must record the instrument and place a copy in the project file to include the following as warranted:
 - a. Guarantee agreement;
 - b. Personal guarantees; and
 - c. Other documentation as may be appropriate.
5. Repayment Schedule. A loan repayment or amortization schedule will be prepared by the Fund Administrator at the time funds are disbursed. The repayment schedule will be attached to both parties' copies of the agreement.
6. Evidence of Eligibility for Permits, etc. Documentation must be provided that the applicant is eligible for all necessary permits, licenses, and other registrations. The Finance and Investment Committee may allow for distribution of funds to assist the applicant in obtaining these documents.
7. Evidence of Program Expenditures. Documentation must be provided by the business to evidence the program expenditures. Documentation may include bills and invoices or receipts for materials, final bills of sale or cancelled checks. All documentation will be approved by the Fund Administrator.

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

With the above documentation in place, the Fund Administrator will schedule a closing. Mortgages and UCC statements must be recorded with the Register of Deeds and the Secretary of State.

Grant Procedures

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

1. Notice of Award. The Community Development Authority must have reviewed and approved a complete application for an eligible applicant.
2. Grant Agreement. The CDA will prepare the grant agreement to be executed by the CDA Director, CDA Board Chairperson or Co-Chair, and authorized representative(s) of the business.
3. Evidence of Eligibility for Permits, etc. Documentation must be provided that the applicant is eligible for all necessary permits, licenses, and other registrations. The Finance and Investment Committee may allow for distribution of funds to assist the applicant in obtaining these documents.
4. Evidence of Program Expenditures. Documentation must be provided by the business to evidence the program expenditures. Documentation may include bills and invoices or receipts for materials, final bills of sale or cancelled checks. All documentation will be approved by the Fund Administrator.
5. Other Documentation. As appropriate or necessary, the Grantee may be asked to provide the following:
 - a. A Certificate of Status from the Department of Financial Institutions;

- b. Articles of Incorporation and Bylaws;
- c. A resolution of agreement to borrow funds;
- d. Current financial statements;
- e. Evidence of having secured other funds necessary for the project; and
- f. An environmental assessment for real estate.

With the above documentation in place, the Fund Administrator will schedule a Grant closing. All documents will be executed before funds are disbursed.

6. Post-Approval Requirements

Obligation of the Applicant

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

1. 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.
2. Use of Funds. To use the proceeds only to pay the cost of services or materials necessary to complete the project or activity for which the funds were awarded.
3. Inspections / Audit by the CDA. To permit inspections by persons authorized by the CDA of all projects and properties assisted with the funds. Related project materials will also be open to inspections which include, but may not be limited to contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection / audits must be compiled with by the applicant.
4. Records. To maintain records on the project as may be requested by the CDA. These files must be maintained as long as the loan/grant is active or for at least three years after completion of the work for which the loan/grant has been obtained, whichever is longer.
5. Progress Reports. To submit periodic progress reports to the Fund Administrator in accordance with the schedule in the agreement.
6. Compliance with Federal Law. As required 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.

7. Performance Monitoring

Private Leverage Commitments

The Fund Administrator may be required to 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.

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 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.

8. Use and Reporting of Payments

Use of Payments

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

Reporting Requirements

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

Discontinued Economic Development Loan Program

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

9. Loan Program Servicing

Program Monitoring

The Fund Administrator will monitor each loan/grant to ensure compliance with the terms and conditions and to monitor the financial health of the business to ensure continued payment of the loan. The monitoring will also ensure that all record keeping requirements are met

The Fund Administrator will monitor the overall Seed Capital Fund Program including all records of individual loans/grants, funds deposited to bank accounts, and other program funds. A schedule of outlining the equity of the Seed Fund in various projects is also required. The Fund Administrator will monitor the effectiveness of the Seed Capital Fund Program, market the program, and recommend policy and procedures to the Board of Directors of the Whitewater CDA.

Reporting to the CDA Board

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

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

Reporting to the City of Whitewater

The various programs offered through the Whitewater CDA are included in the financial information reported by the CDA to the City of Whitewater on an annual basis. Accounting for

these programs occurs within the financial reporting system used by the city. The CDA will report the balances of all Seed Capital Fund accounts, outstanding loan balances, and all transactions that occurred during the reporting period. These program accounts are subject to the city's requirement for an annual audit.

Program Records

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

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

Program Monitoring Schedule

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

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

4. Dates by which 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 UCC Filings are scheduled to be renewed; and
8. Dates upon which annual recipient reviews are to be conducted

Individual Loan Records

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

1. Application File. This file contains all of the documentation relating to application
2. Recommendation File. This file will contain a record of deliberations in considering the request for a loan/grant under the Seed Capital Fund Program
3. Closing File. This file includes all documentation relating to the closing of the loan/grant. Some original documents may be kept in the CDA's safety deposit box for added security. Copies of these will be placed in the file along with a note indicating that the original is in the safety deposit box
4. "Tickler File" System. The "tickler file" is a listing of time-sensitive monitoring requirements, intended to alert the Fund Administrator to actions which may need to be taken to adequately secure the CDA's interests
5. Financial Statement File. This file contains the business's financial statements submitted to the CDA.
6. Site Visit File. This file will contain a record of site visits made by the Fund Administrator to the project location or award 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.
9. Annual File Review. This file will contain the Annual File Review report prepared by the Fund Administrator.

Record Security

All files related to the various programs and to loans/grants/equity positions 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 applicant's files maintained at the CDA's office.

Payment Register

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

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

Late Payment

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

1. Payment less than ten (10) days past due. The date on which payment is received will be noted on the loan repayment log. No further action will be taken.
2. Payment ten (10) days past due. The loan recipient will be contacted by telephone to notify them of the past due payment and to discuss when payment will be received. If applicable, a late fee may be assessed. A record of the telephone conversation will be placed in the loan file.
3. Payment fifteen (15) days past due. If payment is not received within fifteen (15) days of the due date, written notice will be sent to the loan recipient notifying them that

payment is past due and requesting immediate payment of the scheduled amount plus any applicable penalties. A copy will be placed in the loan payment file.

4. Payment thirty (30) days past due. A written notice will be sent to the loan recipient via certified mail, reminding them that payment is past due and notifying them of a potential default. The letter will include any actions that must be taken to avoid default, and the date by which action must be taken (not more than sixty (60) days from the date of the notice on which payment must be received). Notice will be given to the CDA Board at its next regularly scheduled meeting and the Board will determine if any additional steps are warranted.
5. Payment sixty (60) days past due. An additional written notice will be sent to the loan recipient via certified mail. This notice will contain the information included in the original notice and a reminder that the loan will be considered in default if payment is late by ninety (90) days or more.
6. The CDA Board will be updated on the status of the loan at its next regularly scheduled meeting. The Board will determine if any additional steps are warranted.
7. Payment ninety (90) days past due. In the event that payment is not received within ninety (90) days of its due date, the loan may be considered in default. All sums due or owing to the CDA may, at its option, become due and payable and may be subject to a default rate of interest, if provided for in the loan agreement. The CDA Board may turn the matter over to its attorney for legal action in order to recover loan proceeds through the liquidation of collateral and/or the exercising of personal guarantees.

Troubled Accounts

When monitoring indicates that the 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. This includes but not limited to: additional visits, refinancing options, work with their Financial Advisor and Legal Counsel in the development of a financial plan.

The Fund Administrator will notify the Finance and Investment Committee of any troubled loans and the steps being taken to rectify the problems.

Accounts

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

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

Appendix
Application
Copy of agreement with WEDC

Memorandum

To: Whitewater City Council

From: Whitewater Community Development Authority

Re: Purchase of lands in Business Park

Date: April 17, 2013

The marketing and sale of property within the Business Park is a major responsibility of the Community Development Authority. In completing the sale of the property to Trostel, LLC, it was discovered that the entire Business Park is owned by the City of Whitewater. Previously the property was under an option agreement to the CDA.

Prior Option

In 1987, the City and the CDA entered into an agreement that optioned the vacant property in the Business Park to the CDA. This agreement was for a term of twenty years ending in 2007. While the earlier agreement was amended to allow for the same option to cover any additional properties purchased by the City in the Business Park, no further action was taken to allow for the extension of the agreement.

It was believed that the 1987 agreement was still in effect at this time. However, no agreement is valid. CDA staff has completed an exhaustive review of their files to determine if any option agreement was in existence.

Under the terms of the prior agreement, the CDA could purchase lands from the City at a cost of \$2,500 per acre. The CDA could also assign their purchase rights to another party who had a valid contract to purchase certain lands.

Trostel LLC Purchase

In completing the sale of the property to Trostel, LLC earlier this year, the CDA completed the negotiations for the sale and was under the impression that the sale proceeds would be placed into the CDA funds. At this time, these funds remain in the City accounts, since no option is in place for the CDA.

The closing process also brought to light the cumbersome process to authorize the sale of the site. Fortunately, the City Council was scheduled to meet and could authorize the sale. If this was not the case, the entire sale would have been delayed and the project would not have started on time.

Future Sales

At this time, the CDA would like to propose that all the vacant lands be “sold” to the CDA for one dollar. The sale would allow the CDA to authorize the property sales and to expedite the transactions.

Council Concerns

The CDA has looked at this from the perspective of the City Council to determine if this proposal would make sense. Based upon our discussion, we would like to offer the following:

1. If the CDA owns the property and can authorize its sale, what oversight would remain with the City Council?

The City Council would still have several levels of review and authority over a sale. Aside from appointing the members of the CDA, the Council would still need to review the site plans and authorize any building elevations.

2. Who would get the sale proceeds?

Under the prior sales agreement, the CDA would retain the sale proceeds above its purchase price of \$2,500.00 per acre. In addition, if a sale was for less than \$2,500 per acre, the CDA would not receive any proceeds.

Our proposal to address this area would be as follows:

All sales proceeds would be awarded to the CDA.

In turn, the CDA would allocate the funds as follows:

- A. 20% of net sale proceeds would be used for debt service
- B. 30% of net sale proceeds would be used to fund the annual CDA operating budget.
- C. 40% of net sale proceeds would be used to create reserve funds for the operation of the park including establishing funding for future land purchase.
- D. 10% of net sale proceeds would be used to assist with projects throughout the City of Whitewater. For example; funds could be awarded to the Arts Council to assist with a beautification project(s).

3. How would the City Council be aware of any pending land sales?

As required, two members of the CDA are appointed by the City Council. These members would be able to explain to the full Council any pending sale. In addition, the CDA would need to brief the City Manager on a regular basis on any pending sale.

4. Who would be responsible for and pay for the property and liability insurance coverage?

Fortunately, both the CDA and City are currently under the same policies. These policies would remain in force and the premium allocation would then become a CDA expenses for the property coverage. The CDA is charged already for the liability coverage.

We trust that the City Council will look favorably upon this request. We would like to meet with City council to discuss this proposal.

If you have any questions in the interim, please feel free to contact either Jeff Knight or Pat Cannon.

DRAFT