



Whitewater CDA - Board of Directors
Wednesday May 28, 2014
5:00 PM
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 Agenda
 4. Approval of Minutes
 - a. April 23, 2014
 5. Acceptance of Financial Statements
 - a. April, 2014
 6. Adjourn to closed session per Wisconsin State Statutes 19.85(1)(e) "Deliberating or negotiating the purchase of public property, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session".
 - A. Consideration and discussion of Capital Catalyst Fund request based upon the recommendation of the Capital Catalyst Screening Committee
 - a. Personal and Property safety Software development company
 - b. Medical storage device company
 - c. Financial management software company
 - d. 3D technology development company
 - B. Consideration and discussion of establish a commission rate for land sales in the Business Park and Technology Park
 - C. Update on negotiations with potential retail, manufacturing and other businesses that are considering locating in the City of Whitewater and are requesting City of Whitewater related financial assistance or concessions.
 7. Reconvene into open session to take action on closed session items as needed.
 8. Consideration and discussion of the establishment of a for profit corporation for assisting with Capital Catalyst Fund investments.
 9. Update on the Capital Catalyst Reception to be held on June 6, 2014
 10. Update on the fiber optics project for the city including the Business Park and Technology Parks.
 11. Update on long term marketing and community branding project.
 12. Future agenda referrals and setting future meeting dates/times.
 13. Adjourn

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

"This institution is an equal opportunity provider and employer."

Future Meeting Dates:

May 28, 2014

5:00 PM

Innovation Center

Whitewater Community Development Authority
Board of Directors
April 23rd, 2014
Meeting Minutes

1. Call to Order and Roll Call.

The meeting was called to order by Chairman Jeff Knight at 5:05pm.

Present: Jim Allen, Donna Henry, Larry Kachel, Jeff Knight, Greg Meyer, Patrick Singer, Jim Winship (5:08pm)

Absent: None

Also: Patrick Cannon, Anna Schwarz

2. Hearing of Citizen Comments

None

3. Approval of Agenda

Move to Approve the Agenda as presented.

Singer (1); Meyer (2)

Aye: All via Acclamation (6)

Nay: None

4. Approval of Minutes

a. March 26, 2014

Move to Approve the March 26, 2014 minutes as presented.

Singer (1); Meyer (2)

Aye: All via Acclamation (6)

Nay: None

5. Acceptance of Financial Statements

a. March, 2014

Move to Approve the March, 2014 Financial Statements as presented.

Singer (1); Kachel (2)

Aye: All via Acclamation (6)

Nay: None

6. Adjourn to closed session per Wisconsin State Statutes 19.85 (1)(e) "Deliberating or negotiating the purchase of public property, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session".

a. Consideration and discussion of Capital Catalyst Fund request based upon the recommendation of the Capital Catalyst Screening Committee

Winship (1); Singer (2)

Aye: Allen, Henry, Kachel, Knight, Meyer, Singer, Winship (7)

Nay: None

9. Consideration and discussion of an action required to not participate in the Non-Regional CDBG Housing Program.

A motion was made to direct staff to request that the Whitewater community be placed entirely into Walworth County for the purposes of the Non-Regional CDBG Housing Program before the board takes further action to join this program.

Singer (1); Winship (2)

Aye: All via Acclamation (7)

Nay: None

10. Update on the fiber optics projects for the city including the Business Park and Technology Parks.

Staff indicated that they had met with Ms. Anita Gallucci, an Attorney with the Boardman Clark law firm. Ms. Gallucci works with the telecommunications issues that many municipalities must answer when they address this issue.

It was reported that the City could create a system that would be owned and operated by the City. State Statutes define the process. With this in mind, various options will need to be analyzed.

It was recommended that a joint meeting be held with the City, CDA and Technology Park Board to discuss the options with Ms. Gallucci.

No formal action was taken at this time.

11. Update on long term marketing and community branding project.

Staff held a meeting with various community-wide stakeholders to identify and craft a vision for the marketing and community branding for the City of Whitewater. The meeting went very well and we will be moving forward with the creation of a marketing brochure to be used throughout the community highlighting Whitewater.

The long term vision for community branding will most likely need to be addressed with the assistance of a professional.

The board directed staff to identify various professional community branding services and the corresponding prices and bring that information to the next meeting.

12. Future agenda referrals and setting future meeting dates/times.

No future agenda referrals.

The board discussed future meeting dates/ times and the meetings will remain on the fourth Wednesday of the month at 5pm, except for July when the meeting will be on the fifth Wednesday of the month at 5pm.

13. Adjourn

A motion was made to adjourn the meeting.

Singer (1); Allen (2)

Aye: All via Acclamation

Nay: None

The meeting was adjourned at 7:30pm.

**CITY OF WHITEWATER
BALANCE SHEET
APRIL 30, 2014**

CDA FUND

	BEGINNING BALANCE	ACTUAL THIS MONTH	ACTUAL THIS YEAR	ENDING BALANCE
<u>ASSETS</u>				
900-11100 CASH	49,296.70	(8,599.36)	(39,937.18)	9,359.52
900-11200 GENERAL CHECKING-1ST-100-722	20,759.94	1.02	4.10	20,764.04
900-11300 INVESTMENTS	25,096.58	.00	8.70	25,105.28
900-18400 OFFICE EQUIPMENT	12,629.44	.00	.00	12,629.44
TOTAL ASSETS	107,782.66	(8,598.34)	(39,924.38)	67,858.28
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
900-21100 VOUCHERS PAYABLE	7,281.12	.00	(7,281.12)	.00
900-22000 ACCUM DEPR - EQUIPMENT	11,457.43	.00	.00	11,457.43
900-25101 DUE TO 910	15,711.04	.00	.00	15,711.04
TOTAL LIABILITIES	34,449.59	.00	(7,281.12)	27,168.47
<u>FUND EQUITY</u>				
900-34300 PROPRIETARY CAPITAL	73,333.07	.00	.00	73,333.07
UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD	.00	(8,598.34)	(32,643.26)	(32,643.26)
BALANCE - CURRENT DATE	.00	(8,598.34)	(32,643.26)	(32,643.26)
TOTAL FUND EQUITY	73,333.07	(8,598.34)	(32,643.26)	40,689.81
TOTAL LIABILITIES AND EQUITY	107,782.66	(8,598.34)	(39,924.38)	67,858.28

CITY OF WHITEWATER
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2014

CDA FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>MISCELLANEOUS REVENUE</u>					
900-48100-56 INTEREST INCOME	1.02	12.80	150.00	137.20	8.5
900-48600-56 MISC INCOME	.00	.00	247.00	247.00	.0
900-48630-56 GRANT/LOAN ADMIN/REIMB-REV	.00	1,544.00	.00	(1,544.00)	.0
TOTAL MISCELLANEOUS REVENUE	1.02	1,556.80	397.00	(1,159.80)	392.1
<u>OTHER FINANCING SOURCES</u>					
900-49263-56 TRANSFER-TID #6-ADMINISTRATION	.00	.00	12,500.00	12,500.00	.0
900-49264-56 TRANSFER-FD 910-CDA PROGRAMS	.00	.00	45,000.00	45,000.00	.0
900-49290-56 CITY TRANSFER INCOME	.00	.00	72,803.00	72,803.00	.0
900-49300-56 FUND BALANCE APPLIED	.00	.00	14,000.00	14,000.00	.0
TOTAL OTHER FINANCING SOURCES	.00	.00	144,303.00	144,303.00	.0
TOTAL FUND REVENUE	1.02	1,556.80	144,700.00	143,143.20	1.1

CITY OF WHITEWATER
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2014

CDA FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET AMOUNT</u>	<u>VARIANCE</u>	<u>% OF BUDGET</u>
<u>CDA</u>					
900-56500-115-000	.00	680.00	12,480.00	11,800.00	5.5
900-56500-151-000	.00	53.74	986.00	932.26	5.5
900-56500-210-000	.00	.00	100.00	100.00	.0
900-56500-211-000	8,167.50	23,575.30	88,000.00	64,424.70	26.8
900-56500-212-000	.00	690.00	4,500.00	3,810.00	15.3
900-56500-219-000	.00	.00	600.00	600.00	.0
900-56500-223-000	42.35	2,542.35	30,000.00	27,457.65	8.5
900-56500-224-000	.00	6,137.00	6,250.00	113.00	98.2
900-56500-310-000	89.52	221.68	200.00	(21.68)	110.8
900-56500-311-000	.00	.00	200.00	200.00	.0
900-56500-320-000	.00	.00	300.00	300.00	.0
900-56500-321-000	.00	.00	200.00	200.00	.0
900-56500-330-000	.00	.00	484.00	484.00	.0
900-56500-341-000	299.99	299.99	400.00	100.01	75.0
	<u>8,599.36</u>	<u>34,200.06</u>	<u>144,700.00</u>	<u>110,499.94</u>	<u>23.6</u>
TOTAL CDA					
	<u>8,599.36</u>	<u>34,200.06</u>	<u>144,700.00</u>	<u>110,499.94</u>	<u>23.6</u>
TOTAL FUND EXPENDITURES					
	<u>(8,598.34)</u>	<u>(32,643.26)</u>	<u>.00</u>	<u>32,643.26</u>	<u>.0</u>
NET REVENUE OVER EXPENDITURES					

**CITY OF WHITEWATER
BALANCE SHEET
APRIL 30, 2014**

CDA PROGRAMS FUND

	BEGINNING BALANCE	ACTUAL THIS MONTH	ACTUAL THIS YEAR	ENDING BALANCE
<u>ASSETS</u>				
910-11101	142,527.15	11.75	1,397.04	143,924.19
910-11102	180,712.68	(87,639.47)	(67,173.46)	113,539.22
910-11103	68,401.02	17,780.03	(32,148.90)	36,252.12
910-11104	14,833.85	.73	2.93	14,836.78
910-11105	29,741.52	102.46	408.25	30,149.77
910-11106	2,701.54	.13	.53	2,702.07
910-11110	283.86	250,043.61	490,074.49	490,358.35
910-11303	619,010.05	.00	.00	619,010.05
910-11305	25,000.00	.00	.00	25,000.00
910-11310	575,000.00	.00	(200,000.00)	375,000.00
910-14302	.00	6,000.00	6,000.00	6,000.00
910-14303	.00	102,567.50	102,567.50	102,567.50
910-14310	79,076.84	.00	(549.74)	78,527.10
910-14331	41,360.00	.00	.00	41,360.00
910-14332	102,500.00	.00	.00	102,500.00
910-14333	51,500.00	.00	.00	51,500.00
910-14334	100,000.00	.00	.00	100,000.00
910-14335	102,544.00	.00	.00	102,544.00
910-14337	5,871.28	(258.46)	(1,028.69)	4,842.59
910-14342	4,028.21	(2,834.35)	(4,028.21)	.00
910-14345	133,585.41	(1,087.14)	(4,332.33)	129,253.08
910-14346	15,906.54	(237.94)	(947.03)	14,959.51
910-14347	105,515.96	(7,510.36)	(14,946.11)	90,569.85
910-14348	57,844.92	(446.88)	(2,219.61)	55,625.31
910-14349	34,600.00	.00	.00	34,600.00
910-14350	8,220.00	.00	.00	8,220.00
910-14351	10,203.84	.00	.00	10,203.84
910-14353	18,420.02	.00	.00	18,420.02
910-14356	8,062.00	.00	.00	8,062.00
910-14359	10,818.00	.00	.00	10,818.00
910-14361	11,000.90	.00	.00	11,000.90
910-14363	11,000.00	.00	.00	11,000.00
910-14366	12,504.15	.00	.00	12,504.15
910-14368	15,517.48	.00	.00	15,517.48
910-14371	700.00	(100.00)	(400.00)	300.00
910-14375	18,422.00	.00	.00	18,422.00
910-14378	34,448.00	.00	.00	34,448.00
910-14379	12,630.00	.00	.00	12,630.00
910-14381	7,205.00	.00	.00	7,205.00
910-14384	37,795.00	.00	.00	37,795.00
910-14385	863.08	.00	.00	863.08
910-14387	25,515.00	.00	.00	25,515.00
910-14391	180.00	.00	.00	180.00
910-14554	750,000.00	.00	.00	750,000.00
910-15208	15,711.04	.00	.00	15,711.04
910-15521	275,171.53	.00	.00	275,171.53
910-15531	6,087,994.00	.00	.00	6,087,994.00
TOTAL ASSETS	9,864,925.87	276,391.61	272,676.66	10,137,602.53

LIABILITIES AND EQUITY

**CITY OF WHITEWATER
BALANCE SHEET
APRIL 30, 2014**

CDA PROGRAMS FUND

	BEGINNING BALANCE	ACTUAL THIS MONTH	ACTUAL THIS YEAR	ENDING BALANCE
<u>LIABILITIES</u>				
910-22000 ACCUM DEPREC-BUILDING	243,628.06	.00	.00	243,628.06
TOTAL LIABILITIES	243,628.06	.00	.00	243,628.06
<u>FUND EQUITY</u>				
910-30110 CONTRIBUTED CAPITAL	456,815.37	.00	.00	456,815.37
910-34300 PROPRIETARY CAPITAL	8,527,517.51	.00	.00	8,527,517.51
910-35000 HOUSING LOANS RESERVE	174,316.71	.00	.00	174,316.71
910-35100 ECONOMIC DEV LOANS RESERVE	433,615.17	.00	.00	433,615.17
910-35160 FACADE LOANS RESERVE	29,033.05	.00	.00	29,033.05
UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD	.00	276,391.61	272,676.66	272,676.66
BALANCE - CURRENT DATE	.00	276,391.61	272,676.66	272,676.66
TOTAL FUND EQUITY	9,621,297.81	276,391.61	272,676.66	9,893,974.47
TOTAL LIABILITIES AND EQUITY	9,864,925.87	276,391.61	272,676.66	10,137,602.53

CITY OF WHITEWATER
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2014

CDA PROGRAMS FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>INTERGOVERNMENTAL REVENUE</u>					
910-43530-00 WEDA GRANT-CAP, CAT-SEED FUND	250,000.00	250,000.00	.00	(250,000.00)	.0
TOTAL INTERGOVERNMENTAL REVENUE	250,000.00	250,000.00	.00	(250,000.00)	.0
<u>MISCELLANEOUS REVENUE</u>					
910-48101-00 INTEREST INCOME-BUSINESS DEV	1.03	1,931.60	.00	(1,931.60)	.0
910-48102-00 INTEREST INCOME-ECONOMIC DEV	9.03	1,464.13	.00	(1,464.13)	.0
910-48103-00 INTEREST INCOME-FACADE	11.75	166.86	.00	(166.86)	.0
910-48104-00 INTEREST INCOME-HOUSING	2.46	8.75	.00	(8.75)	.0
910-48105-00 INTEREST INCOME-ED DEV	.73	2.93	.00	(2.93)	.0
910-48106-00 INTEREST INCOME-MORAINES VIEW	.13	.53	.00	(.53)	.0
910-48108-00 INTEREST INCOME-SEED FUND	43.61	89.49	.00	(89.49)	.0
910-48430-00 INSURANCE-SETTLEMENT-PROPERTY	25,000.00	25,000.00	.00	(25,000.00)	.0
910-48605-00 RENTAL INCOME-CROP LEASES	.00	14,790.00	.00	(14,790.00)	.0
910-48645-00 LOAN INTEREST-LEARNING DEPOT	.00	526.26	.00	(526.26)	.0
910-48651-00 FACADE-INT-WALTON DIST-30K	6.82	43.14	.00	(43.14)	.0
910-48653-00 LOAN INT-RR WALTON-15K-HOTEL	17.79	76.30	.00	(76.30)	.0
910-48658-00 LOAN INT-.960 E. MILWAUKEE LLC	325.87	1,319.71	.00	(1,319.71)	.0
910-48663-00 LOAN INT-BLACK SHEEP-1/20/12	50.66	207.37	.00	(207.37)	.0
910-48664-00 LOAN INT-DR PLASTICS-2/27/12	955.82	1,986.25	.00	(1,986.25)	.0
910-48665-00 LOAN INT-BIKEWISE-\$62,600-4%	186.91	949.34	.00	(949.34)	.0
910-48680-00 ADMINISTRATION FEE-LOANS	2,567.50	3,567.50	.00	(3,567.50)	.0
TOTAL MISCELLANEOUS REVENUE	29,180.11	52,130.16	.00	(52,130.16)	.0
<u>OTHER FINANCING SOURCES</u>					
910-49100-00 TRANSFER-TO EST SEED FUND	.00	250,000.00	.00	(250,000.00)	.0
TOTAL OTHER FINANCING SOURCES	.00	250,000.00	.00	(250,000.00)	.0
TOTAL FUND REVENUE	279,180.11	552,130.16	.00	(552,130.16)	.0

CITY OF WHITEWATER
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2014

CDA PROGRAMS FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET AMOUNT</u>	<u>VARIANCE</u>	<u>% OF BUDGET</u>
<u>CDA PROGRAMS</u>					
910-56500-212-000 LEGAL/PROFESSIONAL/MARKETING	.00	7,021.50	.00	(7,021.50)	.0
910-56500-295-000 ADMINISTRATIVE EXPENSE	1,567.50	5,856.46	.00	(5,856.46)	.0
910-56500-402-000 SPARKS EXPENSES	1,221.00	5,721.00	.00	(5,721.00)	.0
910-56500-408-000 RENTAL EXPENSES	.00	854.54	.00	(854.54)	.0
910-56500-450-000 CAPITAL CATALYST-SEED FD GRNTS	.00	10,000.00	.00	(10,000.00)	.0
910-56500-550-000 TRANS-CAP,CAT-SEED FD-ASSOC BK	.00	250,000.00	.00	(250,000.00)	.0
TOTAL CDA PROGRAMS	2,788.50	279,453.50	.00	(279,453.50)	.0
TOTAL FUND EXPENDITURES	2,788.50	279,453.50	.00	(279,453.50)	.0
NET REVENUE OVER EXPENDITURES	276,391.61	272,676.66	.00	(272,676.66)	.0

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

FUND	BANK	ORIG DATE	DUE DATE	TERM	AMOUNT	INT RATE	NUMBER	NOTES
Façade Loan	First Citizens	01/22/2014	07/22/2015	18 months	\$25,000.00	0.60%	3308484	Replaces 3308087
TOTAL					\$25,000.00			

General-Investments-Fund 900	Associated			Daily rate	\$25,105.28	0.15%		
SEED FUND-910-UDAG	Associated			Daily rate	\$490,358.35	0.20%		
TOTAL					\$515,463.63			

Business Development	Commercial	12/13/2013	12/17/2014	363 days	\$175,000.00	0.45%	210871	replaces 210312
Business Development	Commercial	02/05/2014	02/05/2015	365 days	\$100,000.00	0.45%	210918	replaces 210376
Business Development	Commercial	01/31/2014	07/30/2014	180 days	\$100,000.00	0.30%	210913	replaces 210373
TOTAL					\$375,000.00			

Economic Development Loan	First Citizens	11/06/2012	05/06/2015	18 months	\$50,000.00	0.55%	3308401	replaces 3308022
Economic Development Loan	First Citizens	05/25/2013	05/25/2014	12 months	\$152,100.00	0.50%	3308214	RENEWED
Economic Development Loan	Commercial	03/27/2014	09/27/2015	18 months	\$81,910.05	0.50%	210963	replaces 210466
Economic Development Loan	First Citizens	06/19/2013	06/19/2014	365 days	\$60,000.00	0.45%	3308253	replaces 3306522
Economic Development Loan	Commercial	02/05/2014	02/05/2015	365 days	\$100,000.00	0.45%	210917	replaces 210377
Economic Development Loan	First Citizens	10/09/2013	04/09/2015	18 months	\$75,000.00	0.55%	3308371	replaces 3307408
Economic Development Loan	Commercial	01/31/2014	07/30/2014	180 days	\$100,000.00	0.30%	210914	replaces 210372
TOTAL					\$619,010.05			

TOTALS BY FUND

FUND 900 \$25,105.28
FUND 910 \$1,509,368.40
Total: \$1,534,473.68

ECONOMIC DEVELOPMENT CLIENT	Original Loan	March 31, 2014				April 30, 2014		Current
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE		
DR Plastics-2/24/12	\$153,235.00	\$98,080.21	\$7,510.36	\$955.82	\$8,466.18	\$90,569.85	current	
Walenton/Learning Depot	\$101,925.00	\$78,527.10	\$0.00	\$0.00	\$0.00	\$78,527.10	current	
Walton Rental-Hotel	\$15,000.00	5,101.04	\$258.46	\$17.79	\$276.25	\$4,842.58	current	
960 East Milwaukee	\$204,611.00	\$130,340.22	\$1,087.14	\$325.87	\$1,413.01	\$129,253.08	current	
Black Sheep-1/20/2012	\$21,114.00	\$15,197.45	\$237.94	\$50.66	\$288.60	\$14,959.51	current	
Bikewise-12/27/2012	\$62,600.00	\$56,072.19	\$446.88	\$186.91	\$633.79	\$55,625.31	current	
Sweetspot-7-29-13-NEW	\$41,360.00	\$41,360.00	\$0.00	\$0.00	\$0.00	\$41,360.00	first payment due-8/2014	
IButton-12/4/2013-new	\$102,544.00	\$102,544.00	\$0.00	\$0.00	\$0.00	\$102,544.00	first payment due-8/2014	
Thermodata-New-April 22, 2014	\$102,567.50	\$102,567.50	\$0.00	\$0.00	\$0.00	\$102,567.50	first payment-8/22/14-Int only	
TOTALS	\$804,956.50	\$629,789.71	\$9,540.78	\$1,537.05	\$11,077.83	\$620,248.93		

UDAG-BUSINESS DEV CLIENT	Original Loan	March 31, 2014				April 30, 2014		Current
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE		
DP Electronic Recycling-3/27/13	\$34,600.00	\$34,600.00	\$0.00	\$0.00	\$0.00	\$34,600.00	Y	
Slipstream-LOC-32K	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$0.00	\$6,000.00	Y-1ST DRAW-April-2014	
Slipstream-8/29/13	\$102,500.00	\$102,500.00	\$0.00	\$0.00	\$0.00	\$102,500.00	Y	
DP Electronic Recycling-12/4/13-royalty	\$51,500.00	\$51,500.00	\$0.00	\$0.00	\$0.00	\$51,500.00	Y	
Bombard-12/4/13-royalty invest	\$100,000.00	\$100,000.00	\$0.00	\$0.00	\$0.00	\$100,000.00	Y	
TOTALS	\$294,600.00	\$294,600.00	\$0.00	\$0.00	\$0.00	\$294,600.00		

FAÇADE CLIENT	Original Loan	March 31, 2014				April 30, 2014		Current
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE		
Walton Distributing	\$30,000.00	\$2,834.35	\$2,834.35	\$6.82	\$2,841.17	\$0.00	Final-loan paid off	
TOTALS	\$30,000.00	\$2,834.35	\$2,834.35	\$6.82	\$2,841.17	\$0.00		

HOUSING CLIENT	Original Loan	March 31, 2014				April 30, 2014		Current	Loan Type
	AMOUNT	BALANCE	PRINCIPAL	INTEREST	TOTAL	BALANCE			
A8416	\$10,203.84	\$10,203.84			\$0.00	\$10,203.84		0-deferred	
B935	\$18,420.02	\$18,420.02			\$0.00	\$18,420.02		0-deferred	
B0803-0901	\$34,448.00	\$34,448.00			\$0.00	\$34,448.00		0-deferred	
C021	\$15,517.48	\$15,517.48			\$0.00	\$15,517.48		0-deferred	
C932	\$8,062.00	\$8,062.00			\$0.00	\$8,062.00		0-deferred	
G0107	\$8,000.00	\$400.00	\$100.00	\$0.00	\$100.00	\$300.00	Y	0%-Monthly	
HO #1	\$0.00	\$12,630.00			\$0.00	\$12,630.00	IN PROCESS		
HO #3	\$0.00	\$7,205.00			\$0.00	\$7,205.00		0-deferred	
HO #4	\$0.00	\$37,795.00			\$0.00	\$37,795.00		0-deferred	
HO #5	\$0.00	\$863.08			\$0.00	\$863.08	IN PROCESS		
HO #7	\$0.00	\$25,515.00			\$0.00	\$25,515.00	IN PROCESS		
HO #11	\$180.00	\$0.00			\$0.00	\$180.00	New-Dec 2013		
J8802	\$10,818.00	\$10,818.00			\$0.00	\$10,818.00		0-deferred	
M8501	\$10,621.42	\$11,000.90			\$0.00	\$11,000.90		0-deferred	
M0301	\$8,220.00	\$8,220.00			\$0.00	\$8,220.00		0-deferred	
M0801	\$18,422.00	\$18,422.00			\$0.00	\$18,422.00		0-deferred	
P954	\$11,000.00	\$11,000.00			\$0.00	\$11,000.00		0-deferred	
V902	\$12,504.15	\$12,504.15			\$0.00	\$12,504.15		0-deferred	
TOTALS	\$166,416.91	\$243,024.47	\$100.00	\$0.00	\$100.00	\$243,104.47			

MEMORANDUM

To: Whitewater Community Development Authority

From: Patrick Cannon
Executive Director

Re: For Profit Corporation
Growing Whitewater's Economy LLC

Date: May 21, 2014

As you are aware, we have been working with Mark Olm to establish the required documents for the corporation. We believe that we have a set of documents that meet our needs. They are attached as follows:

1. Operating Agreement

This document is the agreement between the City, University and CDA as the initial members of the Growing Whitewater's Economy Company.

2. Agreement between the Community Development Authority of the City of Whitewater, Wisconsin and Growing Whitewater's Economy, LLC

This document establishes the agreement between the CDA and the GWE to serve as the party who will be responsible for the equity investments.

3. Promissory Note

The document is a note agreement that is not convertible into an equity position

4. Convertible Promissory Note

This note would be used for an investment that is converted into an equity position.

At this time, if the CDA approves of the documents, we should be able to continue with the process. I would also point out that WEDC is not opposed to this arrangement provided that the initial guidelines for an award are maintained by GWE.

Please let me know if you have any questions.

OPERATING AGREEMENT

This Operating Agreement is entered into this _____ day of March, 2014 between the CITY OF WHITEWATER, UNIVERSITY OF WISCONSIN-WHITEWATER, and WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY, Initial Members, "Members", of GROWING WHITEWATER'S ECONOMY, LLC, a Wisconsin limited liability company.

WHEREAS, the Members have caused the formation of the State of Wisconsin Articles of Organization, a copy of which is attached hereto as Exhibit A and the terms of which are incorporated by this reference, as provided in the Wisconsin Limited Liability Company Law, "WLLCL"; and

WHEREAS, the Members are hereby affirming their Memberships in the Company, acknowledging the contributions made by each of them, and are assenting to the operation of the Company under the WLLCL without amendment by an operating agreement.

THEREFORE, in consideration of the promises herein, the Members agree as follows:

FINANCIAL CONTRIBUTIONS

1. Contributions. The equity of the Company will be divided into percentage interests, in units, based on the contributions, in cash or in kind, made by the Members. Initially, there will be 100,000 units issuable, with initial issued units as set forth below:

CITY OF WHITEWATER	\$--	-- units
UNIVERSITY OF WISCONSIN-WHITEWATER	\$--	-- units
WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY	\$--	-- units

2. Additional Contributions. The Members have not agreed to make any additional contributions to the Company, but may do so if they choose.

MEMBERS

3.1 Membership. Membership is open to all interested and concerned businesses and residents of the community who want to invest in the future of Whitewater and its surrounding area. The Company will maintain a membership roll, which includes the name, address, and e-mail address of each Member.

The right or interest of a Member will not terminate

except upon the happening of any of the following events: death, resignation, or expulsion of a Member, or transfer of all of a Member's units, or dissolution or liquidation of the Company.

3.2 Annual Meeting. The annual meeting of the Members will be held on the second Wednesday in November of each year at 7:00 o'clock p.m., beginning with the year 2014, or at such other date and time within 30 days before or after this date as may be fixed by or under the authority of the Board of Directors, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in Wisconsin, the meeting will be held on the next succeeding business day.

3.3 Special Meetings. Special meetings of the Members may be called (1) by the President, (2) by the Board of Directors or such other officer(s) as the Board of Directors may authorize from time to time, or (3) by the President or Secretary upon the written request of the holders of record of at least 10% of all the votes entitled to be cast upon the matter(s) set forth as the purpose of the meeting in the written request. Upon delivery to the President or Secretary of a written request pursuant to (3) stating the purpose(s) of the requested meeting, dated and signed by the person(s) entitled to request such a meeting, it will be the duty of the officer to whom the request is delivered to give notice of the meeting to Members, within 30 days of such delivery. Notice of any special meetings will be given in the manner provided in Section 3.5 of these Operating Agreement. Only business within the purpose described in the special meeting notice will be conducted at a special Members' meeting.

3.4 Place of Meeting. The Board of Directors may designate any place, either within or outside the state of Wisconsin, as the place of meeting for any annual or special Members' meeting or any adjourned meeting. If no designation is made by the Board of Directors, the place of meeting will be the Company's principal office.

3.5 Notice of Meetings. The Company will notify each Member who is entitled to vote at the meeting, and any other Member entitled to notice under Chapter 183, of the date, time, and place of each annual or special Members' meeting. In the case of special meetings, the notice will also state the meeting's purpose. Unless otherwise required by Chapter 183, the meeting notice will be given not less than 10 days nor more than 60 days before the meeting date. Notice may be given orally or communicated in person or by telephone, by fax, e-mail or other form of electronic transmission, by private carrier, or in any other manner provided by Chapter 183.

Written notice, if mailed, is effective when mailed; and such notice may be addressed to the Member's address shown in the Company's current record of Members. Written notice provided in any other manner is effective when received. Oral notice is effective when communicated.

3.6 Waiver of Notice. A Member may waive notice of any Members' meeting at any time. The waiver must be in writing, signed by the Member, and delivered to the Company for inclusion in the Company records. A Member's attendance at a meeting, in person or by proxy, waives objection to lack of notice or defective notice, unless the Member at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting.

3.7 Quorum and Voting Requirements. Except as otherwise provided by the Articles of Organization, these Operating Agreement, or any provision of Chapter 183, 40% of the units will constitute a quorum. If a quorum exists, action on any given matter may be approved by a majority of the votes cast, unless otherwise provided by the Operating Agreement or Chapter 183. At an adjourned meeting at which a quorum is represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

3.8 Proxies. At all Members' meetings, a Member entitled to vote may vote in person or by proxy appointed in writing by the Member or by his/her/its/their duly authorized attorney-in-fact. A proxy appointment will become effective when received by the Secretary or other officer or agent of the Company. Unless otherwise provided in the appointment form, a proxy appointment may be revoked at any time before it is voted, either by written notice filed with the Secretary or other officer or agent of the Company, or by oral notice given by the Member during the meeting. The presence of a Member who has filed his/her/its/their proxy appointment will not of itself constitute a revocation. A proxy appointment will be valid for 11 months from the date of its execution, unless otherwise provided in the appointment form. The Board of Directors will have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxy appointments.

3.9 Voting of Units. Each outstanding unit will be entitled to one vote upon each matter submitted to a vote at a Members' meeting, except as otherwise required by Chapter 183.

3.10 Action Without a Meeting. Any action required or permitted by the Operating Agreement or any provision of Chapter

183 to be taken at a Members' meeting may be taken without a meeting by the consent of those Members who would have the voting power to cast at a meeting not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all units entitled to vote were present and voted. The consent of the Members will be effective when one or more written consents describing the action taken, signed by the number of Members sufficient to take the action, are delivered to the Company for inclusion in the company records, unless some other effective date is specified in the consent. Within 10 days after action taken by the consent of Members pursuant to this Operating Agreement becomes effective, the Company will give notice of the action to Members who would have been entitled to vote on the action if a meeting were held but whose units were not represented on the written consent or consents. If the action to be taken requires that notice be given to nonvoting Members, the Company will give the nonvoting Members written notice of the proposed action at least 10 days before the action is taken, which notice will comply with the provisions of Chapter 183 and will contain or be accompanied by the same material that would have been required to be sent to nonvoting Members in a notice of meeting at which the proposed action would have been submitted to the Members.

3.11 Member Compensation. The Members are not entitled to receive any compensation based upon their ownership of units, and Member are not entitled to receive dividends or other income based upon their ownership of units. All money received by the Company must be used for economic development purposes within the City of Whitewater. Members may receive payments as outlined in separate contractual agreements between the Company and the Member, but subject to restrictions in the Company's agreement with the Whitewater Community Development Authority.

BOARD OF DIRECTORS

4.1 General Powers. The Company's powers will be exercised by or under the authority of, and its business and affairs will be managed under the direction of, its Board of Directors.

4.2 Initial Members - Board of Directors. As Initial Members, each respective organization will be entitled to hold the following seats of the Board of Directors. City of Whitewater, 1 seat, 1 appointment of a Board Member; University of Wisconsin-Whitewater, 1 seat, 1 appointment of a Board Member; Community Development Authority, 3 seats.

4.3 Number, Tenure, and Qualifications. The initial

number of Directors of the Company will be seven (7). Each Director will hold office until the next annual Members' meeting and until his or her successor has been elected by the Members or until his or her death, resignation, or removal. A Director may be removed from office by a vote of the Members taken at any Members' meeting called for that purpose, provided that a quorum is present. A Director may resign at any time by delivering his or her written resignation that complies with the provisions of Chapter 183 to the Board of Directors or the Company. Directors need not be residents of the State of Wisconsin or Members of the Company.

4.4 Regular Meetings. A regular meeting of the Board of Directors will be held without other notice than as provided herein after the annual Members' meeting. The place of the regular Board of Directors' meetings will be determined by the Board from time to time, but will always be within 50 miles of the City of Whitewater.

4.5 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairperson of the Board, if any, or by the President, Secretary, or any two Directors. The person or persons authorized to call special Board of Directors' meetings may fix any place, within City of Whitewater as the place for holding any special board meeting called by them, and if no other place is fixed, the meeting place will be the Company's principal office in the City of Whitewater, but any meeting may be adjourned to reconvene at any place designated by a vote of a majority of the Directors in attendance at the meeting.

4.6 Meetings by Electronic Means of Communication. To the extent provided in this Operating Agreement, the Board of Directors, and any committee of the Board, may, in addition to conducting meetings in which each Director participates in person, conduct any regular or special meeting by the use of any electronic means of communication, provided that (1) all participating Directors may simultaneously hear each other during the meeting or (2) all communication during the meeting is immediately transmitted to each participating Director, and that each participating Director is able to immediately send messages to all other participating Directors. Before the commencement of any business at a meeting at which any Directors do not participate in person, all participating Directors will be informed that a meeting is taking place at which official business may be transacted.

4.7 Notice of Meetings. Notice of each Board of Directors' meeting, except meetings pursuant to Section 4.4 of this Operating Agreement, will be delivered to each Director at his or her business address or at such other address as the Director will have designated in writing and filed with the secretary. Notice may

be given orally or communicated in person or by telephone, by fax, e-mail or other form of electronic transmission, by private carrier, or in any other manner provided by chapter 183. Notice will be given not less than 48 hours before the meeting being noticed, or 72 hours before the meeting being noticed if the notice is given by mail or private carrier. Written notice is effective at the earlier of the time it is received or five days after it is deposited with postage prepaid in the United States mail. Oral notice is effective when communicated.

4.8 Waiver of Notice. A Director may waive notice at any time, whether before or after the time of the meeting. The waiver must be in writing, signed by the Director, and retained in the Company's records. The Director's attendance at or participation in a meeting will constitute a waiver of notice of the meeting, unless the Director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at nor the purpose of any regular or special Board of Directors' meeting need be specified in the notice or waiver of notice of the meeting.

4.9 Quorum Requirement. Except as otherwise provided by Chapter 183 or this Operating Agreement, a majority of the number of Directors will constitute a quorum for the transaction of business at any Board of Directors' meeting. These provisions will not, however, apply to the determination of a quorum for actions taken in regard to contracts between related persons and the Company and/or in regard to possible conflicts of interest as provided in this Operating Agreement or actions taken under emergency Operating Agreement or any other provisions of these Operating Agreement that fix different quorum requirements.

4.10 Voting Requirement. The affirmative vote of the majority of the Directors present at a meeting at which a quorum is present will be the act of the Board of Directors. This provision will not apply, however, wherever a greater number is required by this Operating Agreement or by Chapter 183.

4.11 Conduct of Meetings. The Chairperson of the Board of Directors, and in his or her absence, the President, and in the absence of both of them, a Vice President, and in their absence, any Director chosen by the Directors present, will call Board of Directors' meetings to order and will act as chairperson of the meeting. The Company's Secretary will act as Secretary of all Board of Directors' meetings, but in the Secretary's absence, the presiding officer may appoint any assistant secretary, Director, or other person present to act as secretary of the meeting.

4.12 Vacancies. Any vacancy occurring on the Board of Directors, including a vacancy created by an increase in the number of Directors, may be filled by the Members. During such time as the Members fail or are unable to fill such vacancies, then until the Members may act, the vacancy may be filled (1) by the Board of Directors, or (2) if the Directors remaining in office constitute fewer than a quorum of the Board, by the affirmative vote of a majority of all Directors remaining in office.

4.13 Compensation and Expenses. The Board of Directors may provide for reimbursement of reasonable expenses incurred in the performance of the Directors' duties. No Director will be compensated for acting as a Director.

4.14 Committees. The Board of Directors may create and appoint members to one or more committees, by a resolution approved by a majority of the Directors in office when the action is taken. Each committee will consist of at least one Director and will, unless otherwise provided by the Board of Directors, serve at the pleasure of the Board of Directors. Each committee will fix its own rules governing the conduct of its activities and will report its activities to the Board of Directors regularly.

4.15 Action Without a Meeting. Any action by the Board of Directors may be taken without a meeting if one or more written consents, setting forth the action so taken, is signed by all of the Directors entitled to vote on the subject matter of the action and retained in the Company's records. Action taken pursuant to written consent will be effective when the last Director signs the consent or upon such other effective date as is specified in the consent.

OFFICERS

5.1 Officers. The principal officers of the Company will be a President, one or Vice-Presidents, a Secretary, and a Treasurer, each of whom will be elected by the Board of Directors. Any two or more offices may be held by the same person.

(a) President. The President will be the chief operating officer of the Company. The President will preside at all meetings of the Board of Directors and will perform all duties incident to the office of President.

(b) Vice-President. In the absence of the President, or if the President dies or is unable to act, the Vice-President will perform the President's duties. The Vice-President will perform such other duties and have such other powers as the Board of

Directors or President may from time to time prescribe.

(c) Secretary. The Secretary will (1) keep the minutes of the Board of Directors meetings in the Company's records; (2) see that all notices are duly given in accordance with the provisions of this Operating Agreement or as required by law; (3) be custodian of the Company's records; (4) keep a register of the post office and e-mail addresses of each Member and Director; and (5) in general, perform all duties incident to the office of Secretary.

(d) Treasurer. The Treasurer will (1) have charge and custody of, and be responsible for, all funds, securities, and investments of the Company; (2) receive moneys for the Company, and deposit all such moneys in the Company's name in banks, trust companies, or other depositories; (3) provide financial information to the Company's accountants for preparation of income tax returns; and (4) in general, perform all of the duties incident to the office of Treasurer.

5.2 Election and Term of Office. The officers of the Company will be elected annually by the Board of Directors. Each officer will hold office until a successor has been elected and qualified or until the officer's death, resignation, or removal.

5.3 Removal. The Board of Directors may remove any officer when, in its judgment, removal is in the Company's best interests.

5.4 Vacancies. The Board of Directors will fill by majority vote any vacancy for the unexpired term of a vacant office.

5.5 Compensation and Expenses. The Board of Directors may provide for reimbursement of reasonable expenses incurred in the performance of the Officers' duties. No Officer will be compensated for acting as an Officer.

5.6 Borrowing. The LLC will have the right to borrow such sums from time to time upon such terms and conditions as the Directors deem appropriate for the benefit of the Company, or to assume loans if for its benefit. This will include, but is not limited to, notes, loan agreements, letters of credit, and other borrowing documents, which may be unsecured or secured by mortgages, security agreements, collateral pledge agreements, and other security agreements in the Company's real estate and/or personal property, both tangible and intangible. The signatures of two Officers are necessary to bind the LLC in regard to any of these matters.

5.6 Lending and Investing. The LLC will have the right to lend or invest such sums from time to time upon such terms and conditions as the Directors deem appropriate for the benefit of the Company. This will include, but is not limited to, investment in shares, units, or general or limited partnership interests, including but not limited to common stock, preferred stock, voting units, or non-voting units; the making of loans and convertible loans such as bonds, debentures, convertible notes, and option rights, and requiring collateral if appropriate; and investing in licenses, patents, and royalty agreements. The signatures of two Officers are necessary to bind the LLC in regard to any of these matters.

VOTING SECURITIES OWNED BY COMPANY

6.1 Authority to Vote Securities. Any shares or other securities issued by any corporation and owned or controlled by the Company may be voted by the President, or in his or her absence by a Vice President.

6.2 Proxy Authorization. Whenever it is desirable, the Board of Directors may authorize a proxy appointment to vote securities owned by the Company.

CONTRACTS & CONFLICTS OF INTEREST

7. Contracts & Conflicts. The Members have adopted a Conflict of Interest policy which will apply to the Company and its Members, Directors, and Officers, including a policy regarding contracts between the Company and related parties. A copy of this policy is attached.

INDEMNIFICATION

8. Indemnification of Officers and Directors.

(a) Liability of Directors and Officers. No person will be liable to the Company for any loss or damage suffered by the Company on account of any action taken or omitted to be taken by the person as a Director or Officer of the Company that the person in good faith believed to be in the Company's best interests. In addition, no Director or Officer of the Company will be liable to the Company for any loss or damage suffered by the Company on account of any action taken or omitted to be taken in reliance upon advice of counsel for the Company or upon statements made or information furnished by Officers (or employees, if any) of the Company that the person had reasonable grounds to believe to be true.

(b) Reasonable Defense. The Company will indemnify and reimburse a Director or Officer for all related litigation expenses, including reasonable attorney's fees, incurred in connection with the defense of the claim, action, dispute, or issue, if the person was a party due to the person's role as a Director or Officer and if the person was acting in good faith in the judgment of the Board of Directors.

(c) Insurance. The Company may purchase and maintain insurance on behalf of any person who is a Director or Officer against any liability asserted against or incurred by the person in their official capacity, regardless of whether the Company is required or authorized to indemnify or allow expenses to a Director or Officer pursuant to this article.

TAX ELECTION

9. Tax Election. The Members agree that the accounting and state, federal, and local tax returns for the Company will be as a corporation.

DISSOLUTION

10 Events Causing Dissolution. The Company will be dissolved upon the happening of any Dissolution Event, unless within ninety (90) days of the date on which the Company and the Members receive notice of a Dissolution Event, the Members and/or the Board of Directors vote to continue the Company.

(a) "Dissolution Event" means (i) the sale or other disposition of all, or substantially all, the assets of the Company; (ii) the election by the Members and/or the Board of Directors to dissolve the Company; or (iii) the happening of any other event causing the dissolution of the Company under the WLLCL, including a judicial dissolution.

(b) Abstaining Members. Any Member who is engaged in the Dissolution Event and their transferees, if any, will abstain from voting, unless all Members are engaged in the event.

(c) Termination and Liquidation. Dissolution of the Company will be effective on the date on which the Dissolution Event occurs, but the Company will not terminate until Articles of Dissolution have been duly filed as provided in Section 183.0906 under the WLLCL, the affairs of the Company have been wound up, and the assets of the Company have been distributed as provided herein.

Notwithstanding the dissolution of the Company, prior to the liquidation and termination of the Company, the business of the Company will continue to be governed by this Operating Agreement.

(d) Distribution of Assets. The liquidator will also notify the Company's known claimants as provided in Section 183.0907 of the WLLCL and publish a notice of the Company's dissolution as provided in Section 183.0908 of the WLLCL, except as otherwise determined by the liquidator with the Member's consent. The liquidator will pay the Company's just debts to creditors and the liquidator's wind up fees. Any assets remaining thereafter will be paid as directed by the Members, and in the absence of agreement of the Member to the WHITEWATER COMMUNITY FOUNDATION.

MISCELLANEOUS

11. Amendment to Agreement. No amendment or modification of this Agreement will be valid unless in writing, either authorized by the Board of Directors or the Members by a 2/3 vote.

12. Applicable Law. This Agreement will be governed in accordance with the laws of the State of Wisconsin. The provisions of the WLLCL relating to a limited liability company will apply in full force where no contrary provisions appear herein without amendment to this Agreement.

IN WITNESS WHEREOF, the Members have executed this Agreement on the date set forth above.

CITY OF WHITEWATER

UNIVERSITY OF WISCONSIN-
WHITEWATER

WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY

ACKNOWLEDGEMENT

THE UNDERSIGNED hereby acknowledges that Exhibit A is a true and correct copy of the Articles of Organization and Amendment for GROWING WHITEWATER'S ECONOMY, LLC that I filed with the Wisconsin Department of Financial Institutions to organize the Company.

MARK T. OLM, Organizer

Agreement between
The Community Development Authority of the City of Whitewater, Wisconsin
And Growing Whitewater's Economy, LLC

Whereas, the Whitewater Community Development Authority (CDA) operates under the authority of the City of Whitewater, a municipal Corporation,

Whereas, the CDA has been awarded grants from the Wisconsin Economic Development Corporation (WEDC) under the Capital Catalyst Fund (The Fund),

Whereas, the Fund is to be used by the CDA to help start-up businesses in their early stages,

Whereas, the Fund is designed to be an evergreen fund with the investment proceeds and investment return being utilized to fund additional projects,

Whereas, the Fund as designed by WEDC allows for various types of investments within a start-up company, and specifically permits equity investments,

Whereas, current Wisconsin State Statutes do not expressly permit a municipality to make an equity investment in a start-up company,

Whereas, Growing Whitewater's Economy, LLC (GWE) was created for the purpose of promoting economic development in Whitewater by, among other things, investing in start-up companies in return for equity,

Whereas, GWE is a for profit entity whose Operating Agreement does not permit its members to profit from GWE's investments, but instead calls for reinvestment in start-up businesses or distributions to charities or governmental organizations,

Whereas, the CDA and GWE are working toward similar goals using different legal methods, optimization of which may benefit each of the parties and the City of Whitewater and surrounding area,

Whereas, the CDA has money to lend to GWE for investment in start-up businesses and GWE needs money for investment in start-up companies;

Therefore, based on the foregoing, the CDA and the GWE agree to facilitate the goals of each entity and the growth of Whitewater as follows:

1. Procedure for Identifying Possible Equity Investments

Due to the CDA's unique position in Whitewater, entrepreneurs and young firms with promising business ideas frequently reach out to the CDA for assistance. Some of these entrepreneurs and young firms are referred to the CDA and others are identified by the CDA.

A. As a result of its position and mission, the CDA has in place an evaluation and vetting process for start-up and young businesses (collectively “start-ups”), particularly those with innovative ideas, products, and/or markets, and which have a good business plan and a likelihood of success.

B. After entering into this Agreement, when an application comes to the CDA requesting an equity investment under the Fund, the CDA will follow its process for qualifying the application as outlined in the Whitewater Seed Accelerator Fund Policy Manual. (See Exhibit A). When the CDA determines that a start-up is worthy of an equity investment from the Fund, the CDA will give written notice, by regular mail or by e-mail, to GWE of its determination and of the amount of money that the CDA is willing to loan to GWE for this purpose.

C. Upon receipt of the notice, GWE will determine whether GWE will make an investment in the start-up. If GWE will make an investment, GWE will give the CDA written notice by mail or by e-mail of this decision, at which time the Loan Process will begin.

2. LOAN PROCESS

Although each loan transaction will be independently created, when GWE is prepared to make an investment in a start-up, the CDA will loan GWE funds, which will be documented by a Promissory Note that will be in a form similar to “Exhibit B” attached.

The CDA may request that any loan be collateralized as a condition for the loan.

As part of a loan process, the CDA retains the right to collect on any loan to GWE even if the start-up in which GWE makes an equity investment fails. The parties recognize that a successful start-up could provide GWE with adequate funds to repay more than one loan from GWE. Similarly, GWE retains the right to pay or to prepay any loan from the CDA with income from any equity investment in a start-up.

3. GWE Equity Investment Options

GWE may choose to make investments from any of the following, or any combination thereof:

A. Equity in shares, units, or general or limited partnership interests, including but not limited to common stock, preferred stock, voting units, or non-voting units.

B. Loans and convertible loans such as bonds, debentures, convertible notes, and option rights.

C. Licenses, patents, and royalty agreements.

4. Sale of Equity Investment

GWE retains the sole and exclusive right to decide whether to retain an equity investment or whether to liquidate the investment, and upon what terms and conditions. However, upon the total liquidation of an investment, GWE's loan with the CDA will be immediately due and payable.

The CDA retains the right to permit GWE to partially liquidate an investment without calling its loan with GWE due and payable, but the CDA may require a partial payment or principal reduction.

5. Reporting and Audits

GWE will keep books and records sufficient to verify the accuracy and completeness of GWE's investments, income, return on investments, expenses, and payments to the CDA. GWE will take all reasonable steps so that the CDA may, within thirty (30) days of CDA's written request but no more than twice per calendar year, audit, review and copy GWE's books and records as necessary to verify the accuracy of GWE's financial reports and payments under the Notes. The CDA will pay its own expenses for any inspection and audit; however, if in any audit, the CDA determines that material issues exist that result or resulted in any underpayment to the CDA of five percent (5%) or more, then GWE will reimburse the CDA for its out-of-pocket costs incurred in conducting the audit, in addition to any remedies that the CDA may have for the underpayment.

6. Budget Restrictions

As long as GWE has an outstanding loan with the CDA upon which payments are being deferred because a start-up in which GWE has an equity investment is not creating a return for GWE, GWE may not employ anyone or pay any stipends to GWE members, board members, officers, or committee members without the CDA's written consent.

7. Default

GWE is in default under this Agreement or under any Note with the CDA if GWE does not make a payment when due or upon the occurrence of any of the following events:

- A. GWE fails to do anything required by this Agreement or any Note.
- B. GWE does not preserve, or account to the CDA's satisfaction for, any payments or any of the collateral or its proceeds.
- C. GWE does not disclose, or anyone acting on GWE's behalf does not disclose, any material fact to the CDA.
- D. GWE makes, or anyone acting on GWE's behalf makes, a materially false or misleading representation to the CDA regarding any equity investment, the financial condition of a start-up, returns on GWE's investments, or the condition of any collateral.
- E. GWE fails to pay any taxes when due.
- F. GWE becomes the subject of a proceeding, voluntary or involuntary, under any bankruptcy or insolvency law.
- G. GWE has a receiver or liquidator appointed for its assets.

- H. GWE makes an assignment for the benefit of creditors (other than directly to the CDA).
- I. GWE attempts to reorganize, merge, consolidate, or otherwise changes ownership or business structure without the CDA's prior written consent.
- J. GWE becomes the subject of a civil or criminal action that the CDA believes may materially affect GWE's ability to perform under this Agreement or to pay on any Note.

Upon any default, the CDA has the right to do any of the following, without notice or demand and without giving up any of its rights:

- A. Require immediately payment of all amounts owing under any Note.
- B. Require GWE to marshal all of its assets for review and inspection by the CDA.
- C. Take possession of any collateral.
- D. File a lawsuit.
- E. Sell, lease, assign, or otherwise dispose of any collateral by any method the CDA decides.

The CDA may exercise any of its rights separately or together, as many times and in any order it chooses. The CDA may delay or forgo enforcing any of its rights without giving up any of them.

The CDA may incur expenses to collect amounts due under any Note with GWE, and is entitled to collect all expenses incurred to collect amounts due under any loan.

In addition, the CDA is entitled to collect all of its attorney's fees and costs incurred in enforcing the terms of this Agreement and/or of any Note with GWE.

8. Acknowledgement of Risk

THE PARTIES ACKNOWLEDGE THAT ANY EQUITY INVESTMENT AS CONTEMPLATED HEREIN HAS NO ASSURANCE OF SUCCESS. ANY FORM OF INVESTMENT IN A START-UP IS SPECULATIVE, AND THE RISK OF LOSS INVOLVED IN AN EQUITY INVESTMENT IN ANY FORM IN A START-UP IS HIGH. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY ARE PREPARED TO LOSE THEIR ENTIRE INVESTMENT IN ANY PARTICULAR START-UP AND THE PRINCIPAL OF ANY LOAN INVESTED IN A START-UP.

9. Representations and Warranties

The CDA hereby represents and warrants to GWE and agrees as follows: (a) the CDA operates under the authority of the City of Whitewater, a municipal corporation, and the CDA has the power and other authority to execute, deliver and perform this Agreement; (b) when fully executed and delivered, this Agreement and all documents and agreements required to be delivered under this Agreement, will be legal, valid and binding obligations of the CDA enforceable in accordance with their terms, (c) the execution, delivery and performance of this Agreement by the CDA does not and will not constitute a breach of any contract to which it is a party, and (d) the person signing this Agreement for the CDA has been duly authorized to do so.

GWE hereby represents and warrants to the CDA and agrees as follows: (a) GWE is a Wisconsin limited liability company in good standing created under the laws of the State of Wisconsin, and

GWE has the power and other authority to execute, deliver and perform this Agreement; (b) when fully executed and delivered, this Agreement and all documents and agreements required to be delivered under this Agreement, will be legal, valid and binding obligations of GWE enforceable in accordance with their terms, (c) the execution, delivery and performance of this Agreement by GWE does not and will not constitute a breach of any contract to which it is a party, and (d) the person signing this Agreement for GWE has been duly authorized to do so.

10. Amendment

This Agreement may only be amended by a writing signed by both parties.

11. Entire Agreement

This Agreement sets forth the entire agreement between the parties, and supersedes all prior agreements and understandings.

12. Partial Invalidity

If any part of this Agreement is held to be illegal or unenforceable in any court or arbitration proceeding, the remainder of this Agreement will nonetheless remain in full force and effect.

13. Binding Effect

This Agreement will be binding upon, and will inure to the benefit of, the parties and their respective successors and assigns.

14. Applicable Law and Arbitration

The terms of this Agreement are governed by the laws of the State of Wisconsin. Any and all disputes or controversies arising out of, under, or in connection with this Agreement, will first be submitted to mediation, and if unsuccessful, then to arbitration before an arbitrator in Whitewater under the rules and regulations of the American Arbitration Association.

Dated this ____ day of ----, 2014.

THE COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WHITEWATER

GROWING WHITEWATER'S ECONOMY, LLC

By: _____

By: _____

PROMISSORY NOTE

\$

--, 2014

FOR VALUE RECEIVED, the undersigned, BORROWER, -- of Whitewater, Wisconsin, promises to pay to GROWING WHITEWATER'S ECONOMY, LLC, or assigns, HOLDER, the principal sum of -- and 00/100 (\$--.00) dollars, together with interest on the unpaid principal balance from the date of this Note at the rate of --% (-- percent) per annum until this Note is paid in full.

Payments: Principal and accrued interest shall be paid in consecutive installments of \$-- each, commencing on --, 2014 and on the -- day of each month thereafter until paid in full. All payments shall be made to HOLDER at --, Whitewater, WI 53190, or at such other place as the HOLDER may designate by written notice to BORROWER.

This Note is secured by a General Business Security Agreement, "GBSA", dated --, 2014.

All payments shall be applied first to interest, then to principal and other sums due under this Note. BORROWER may prepay this Note in full or in part at any time without penalty. Partial prepayments shall be applied to principal in the inverse order of maturity and shall not delay the due dates or change the principal portion of the remaining installment payments until this Note is paid in full.

BORROWER agrees to pay, or to reimburse, the HOLDER on demand for actual filing and collection costs, reasonable legal charges, and all other expenses of every kind incurred in the enforcement of this Note.

BORROWER of this Note waives presentment, demand, notice, protest, and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note.

If BORROWER fails to make any payment due under this Note within ten (10) days after it becomes due, or upon any default (other than non-payment) under the GBSA securing this Note which is not cured within ten (10) days following the date of mailing of written notice to BORROWER, HOLDER may accelerate the entire principal balance of this Note and declare the same immediately due and payable without notice or demand. It is understood and agreed that no written notice is required prior to any acceleration to a default in payments.

WITNESS the hand and seal of the BORROWER this ____ day of -
-, 2014.

--, LLC

--, Member

--, Member

CONVERTIBLE PROMISSORY NOTE

(MAKER)

(DATE)

\$ _____

1. **Promise to Pay and Payment Schedule.** The undersigned, "Maker", promises to pay to the order of GROWING WHITEWATER'S ECONOMY, LLC, "Lender", the sum of \$-- plus interest as set forth below, to be paid from Maker's earnings as senior debt or to be paid from capital infusions into Maker from third parties.

All payments will be applied first to unpaid interest and then to principal.

2. **Interest.** Interest will accrue at the rate of --% per annum compounded annually.

3. **Interest Calculation.** Interest will be calculated by applying a daily interest rate for the actual number of days interest is owing, up to 365 days in a full year or 366 days in a full leap year. The daily interest rate will be calculated on the basis of a 365 day year.

4. **Prepayment.** Full or partial prepayment of this Note is permitted at any time without penalty. All prepayments will be applied first to accrued and unpaid interest and then to principal.

5. **Note is Convertible; Issuance of Units.** If the valuation of Maker is at least double \$-- (or at least \$--), and if Maker has passed its - round of funding, then any time prior to repayment of this Note, at Lender's option, Lender may convert this Note, and all or part of the principal and interest due Lender, into Units of Maker.

Upon exercise of this option, the per unit price of the Units will be based on the per unit value of the Company of \$--.

This convertibility feature takes priority over prepayment. Upon conversion of the debt, the amount of debt converted is extinguished.

6. **Default and Enforcement.** Upon the occurrence of any one or more of the following events of default, (a) Maker fails to pay any amount when due under this Note, or (b) Maker fails to timely observe or perform any of the covenants or duties contained in this Note, then the unpaid balance will, at the option of Lender, without notice, mature and become immediately payable. The unpaid balance will automatically mature and become immediately payable in the event Maker becomes the subject of bankruptcy or other insolvency proceedings. Lender's receipt of any payment on this Note after the occurrence of an event of default will not constitute a waiver of the default or the Lender's rights and remedies upon such default. Lender may waive any default without waiving any other subsequent or prior default by Maker. Lender may also fail or delay in exercising any right, power or remedy under this Note without waiving any such right, power or remedy. Lender's single or partial exercise of any right, power or remedy under this Note will not preclude any other or further exercise of any right,

power or remedy. Venue for any legal proceeding relating to collection of this Note will be Walworth County, Wisconsin.

7. Rights of Lender. Without affecting the liability of a Maker, Lender may, without notice, accept partial payments or agree not to sue any party liable on it. Lender may apply prepayments, if permitted, to such future installments as it elects. Lender may from time to time, without notice, renew or extend the time for payment.

8. Obligations and Agreements of Maker. Maker agrees to pay all costs of collection before and after judgment, including reasonable attorneys' fees (including those incurred in incident to any action or proceeding involving Maker brought pursuant to the United States Bankruptcy Code) and waives presentment, protest, demand and notice of dishonor. Maker agrees to indemnify and hold harmless Lender from and against any and all claims, damages, judgments, penalties, and expenses, including reasonable attorneys' fees, arising directly or indirectly from credit extended under this Note or the activities of Maker. This indemnity will survive payment of this Note. Lender acknowledges that Maker has not made any representations or warranties with respect to, and that Maker does not assume any responsibility to Lender for, the collectability or enforceability of this Note or the financial condition of Maker. Maker will not change its legal name or principal place of business without providing at least 30 days prior written notice of the change to Lender.

9. Interpretation. This Note is intended by Maker and Lender as a final expression of this Note and as a complete and exclusive statement of its terms, there being no conditions to the enforceability of this Note. This Note may not be supplemented or modified except in writing. This Note benefits Lender, his heirs, successors and assigns, and binds Maker and Maker's successors and assigns. The validity, construction and enforcement of this Note are governed by the internal laws of Wisconsin except to the extent such laws are preempted by federal law. Invalidity or unenforceability of any provision of this Note will not affect the validity or enforceability of any other provisions of this Note.

--, LLC, Maker

By: _____
--, Member

By: _____
, Member