

# Whitewater Community Development Authority Board of Directors Meeting Agenda

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**Date:** Thursday, January 28, 2021

**Time:** 5:30 P.M.

**Location:** Virtual. Due to Coronavirus concerns, this meeting will be virtual (not in person).

Citizens are welcome, and encouraged to join us via computer, smart-phone or telephone.

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**Members Present:**

**Members Excused:**

**Staff Present:**

**Guest(s) Present:**

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## Agenda:

### **1. Administrative Items**

- a. Call to Order:
- b. Welcome Statement: Welcome to the Whitewater CDA monthly meeting. Before we begin the meeting this evening, each Commissioner is asked to adjust their camera and microphone, be attentive, actively listen and participate, speak in turn, only speak to items on the Agenda, and not surmise the opinions or ideas of private citizens.
- c. Declaration of Conflict of Interest: Would any member(s) of the Board wish to declare any known conflict of interest with the items presented on today's CDA Board Agenda?
- d. 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.
- e. Presentation: Blue Line Battery, Inc. (Dustin Herte) Business Update.
- f. Presentation: Ehlers Financial Advisors (Greg Johnson) TID #4 Extension.
- g. Approval of Agenda
- h. Approval of Minutes for December 17, 2020 Meeting.

- i. Review checking account “CDA Operating” at First Citizens State Bank recently added to CDA Listing of Accounts.

## **2. Action Items**

- a. Accept the Baker Tilly Internal Controls Assessment.
- b. Review year-end Residual Fund balance as of November 2020 in Fund 900.
- c. Review and take action on/acknowledge September 2020 \$23,000 transfer to Fund #200.
- d. Review and take action on Memorandum of Understanding Between the Community Development Authority and the Whitewater Municipal Water Utility Concerning Use and Repayment of Community Development Block Grant Closeout Program Dollars for the construction of a new water tower facility.
- e. Extension of Tax Incremental Finance District #4.
- f. CDA Board Goals.

## **3. Updates & Discussion**

- a. Commissioner committee appointment updates:
  - i. Jim Allen & Patrick Singer – Finance
  - ii. Al Stanek – Innovation Center
  - iii. Bruce Parker – Planning
  - iv. Jim Allen & Patrick Singer – Council
- b. Grocery Update.
- c. Estimated Bank Balances After Purchase of 206 Cravath Street and CDBG Closeout.
  - I. UDAG Checking Account \$227,822.00
  - II. Façade Checking Account \$98,130.42
  - III. CDBG Housing Checking Account \$11,928.00
- d. Setting up final closing date for sale of Lot 4B in the Industrial Park to Thermobuilt.
- e. Revision of CDA description in the 2021 City Budget Document.
- f. Establish a reno group for 206 E. Cravath St. (Jason Gleason and Greg Meyer)

## **5. Future Agenda Referrals:**

- 1. Roles & Responsibilities of the CDA.
- 2. Schedule board members for WEDA 2021 ED 101 Training for Board Members and Elected Officials.
- 3. Discuss a marketing strategy for the CDA.
- 4. ~~Fix the CDA description in the 2021 City Budget Document.~~ (Completed January 2021)
- 5. ~~Establish a reno group for 206 E. Cravath.~~ (Completed January 2021)
- 6. Discuss an agreement between City & CDA for CDA’s percentage of US Bank P-Card rebates.

7. Create policy between the CDA and City regarding transfers of residual equity from the CDA to the City.
8. Create policy between the CDA and City regarding procurement.
9. ~~Create policy between the CDA and City regarding repayment of 2021 CDBG Closeout Program funds from the City.~~ (Completed January 2021)
10. Land Sale Policy (Finance director Steve Hatton) – Discussion of Policies and Procedures for Land Sale Transactions by the CDA on behalf of the City.
11. Improvement of physical condition of Lot 9B in the Business Park.
12. Discuss a detention area on Lot 6B with National Guard.
13. Update Capital Catalyst Program Manual & Application Materials.
14. CDA Alternative Revenue Streams.
15. Continue TIF extension & redraw decisions.
16. Director to visit (virtual/in person) with Whitewater’s employers.
17. Add Tax Increment.
18. Recruitment of a grocery merchant.
19. New Housing.

**7. Adjournment**

- a. Motion to Adjourn.



# **TIF Closures, Affordable Housing Extension, & Creations**

Greg Johnson, Senior Municipal Advisor

January 28, 2021

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# Whitewater TID Objectives

1. Close TID #5, #6, #7, #8, and #9 in 2021.
    - ✓ Common Council must adopt a termination resolution prior to April 15, 2021. Resolution provided to Department of Revenue.
    - ✓ Within 6 months of passing resolution property tax lister is notified of TID closure; final audit is completed; and remaining funds are distributed to all taxing jurisdictions.
  2. Implement affordable housing extension for TID #4.
    - ✓ Common Council must adopt resolution prior to April 15, 2021 to use increment collected in 2022 for the housing extension.
  3. Close TID #4
    - ✓ Termination resolution can be adopted as soon as May 2021.
    - ✓ Allows City to create new TID's immediately.
-



# Affordable Housing Extension

- TID extended one year; additional year of tax increment can be used as follows:
  - ✓ At least 75% of the funds must be used for affordable housing, meaning housing that costs a household no more than 30 percent of the household's gross monthly income.
  - ✓ Remaining portion must be used to improve housing stock.
- Funds can be used anywhere in the community and funds do not have to be spent within one year.



# Housing Extension Approval

- Approval by Joint Review Board not required but should advise them it's occurring.
- Resolution adopted by Governing Body must include:
  - ✓ How the funds are going to be spent in compliance with statutory requirements.
  - ✓ State the year the final tax increment was or will be received.
  - ✓ State the length of the extension, not to exceed 12 months.



# Requirements for TID creation

- Combination of increment value of existing TID(s) and proposed base value of new district(s) CANNOT exceed 12% of total Equalized Value.
- Boundary consists of whole, contiguous parcels.
- At least 50% of land area in proposed TID is either:
  - ✓ Blighted
  - ✓ In need of conservation/rehabilitation
  - ✓ In need of environmental remediation
  - ✓ Suitable for any combination of industrial, residential, or commercial development.



## Blighted means any of the following:

- An area, including a slum area, in which the structures, buildings or improvements, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.
- An area which is predominantly open and which consists primarily of an abandoned highway corridor, as defined in s. 66.1333 (2m) (a), or that consists of land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community.

**"Blighted area" does not include predominantly open land area that has been developed only for agricultural purposes.**

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# Rehabilitation or Conservation means any of the following:

- Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements.
- Acquisition of real property and demolition, removal or rehabilitation of buildings and improvements on the property where necessary to eliminate unhealthful, unsanitary or unsafe conditions, lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.
- Installation, construction or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project.
- The disposition, for uses in accordance with the objectives of the urban renewal project, of any property acquired in the area of the project.



# Mixed Use & Industrial

- Mixed Use
  - ✓ Must have two of 3 land uses: commercial, industrial, or residential.
  - ✓ Residential area limited to 35% of the total area of the TID.
  - ✓ Project Costs may only be incurred for newly platted residential development that has an average density of at least three units per acre, is located within a conservation subdivision, or is located within a traditional neighborhood design.
- Industrial
  - ✓ Must be suitable and zoned for industrial development.
  - ✓ if industrial zoning is not yet in place for at least 50% of the TID area, the zoning change must occur prior to governing body approval of the resolution creating the TID.



# District types summary

Type	Max Life	At Least 50% Of Proposed District Area Must Be	Newly Platted Residential
Mixed Use	20 Years	Suitable for a combination of industrial, commercial and residential uses	Max 35% (Plus Density Requirement)
Industrial	20 Years	Zoned and suitable for industrial development	Not Allowed
Blighted Area	27 Years	Blighted	Not Allowed
Conservation or Rehabilitation	27 Years	In need of conservation or rehabilitation	Not Allowed
Environmental Remediation	27 Years	Most of the territory consists of areas that contain significant environmental pollution	Not Allowed

# Whitewater Community Development Authority Board of Directors Meeting Minutes

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**Date:** Thursday, December 17, 2020

**Time:** 5:30 P.M.

**Location:** Virtual. Due to Coronavirus concerns, this meeting was held virtually (not in person).

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**Members Present:** Jim Allen, Al Stanek, Jon Kachel, Bruce Parker, Jason Gleason, Greg Meyer, Patrick Singer.

**Members Excused:** None.

**Staff Present:** Cathy Anderson, Executive Director; Bonnie Miller, Administrative Assistant; Cameron Clapper, City Manager.

**Guest(s) Presenter:** None.

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## **Minutes:**

### **1. Administrative Items**

- a. Welcome Statement (Singer): Welcome to the Whitewater CDA meeting of December 17, 2020. Before we begin the meeting this evening, each Commissioner is asked to adjust their camera and microphone, be attentive, actively listen and participate, speak in turn, only speak to items on the Agenda, and not surmise the opinions or ideas of private citizens.
- b. Call to Order: Meeting called to order at 5:30 p.m. by Chair Patrick Singer.
- c. Declaration of Conflict of Interest: None.
- d. Approval of Agenda: Moved to approve Agenda by Allen and seconded by Gleason. AYES: All by voice vote (7); NOES: None. ABSENT: None.
- e. Approval of Minutes of November 19, 2020 Meeting: Singer requested an amendment of Item 4 to add "B. Sale of Lot 4 in the Industrial Park" directly following Item 4.A. Moved by Allen and seconded by Meyer to approve the Minutes of the November 19, 2020 meeting as amended. AYES: All by voice Vote (7); NOES: None; ABSENT: None.
- f. Acceptance of Financial Statements. Director Anderson provided a detailed overview of the financial statements for period ending November 30, 2020, including introduction of a new report entitled "Fund 900 Bank Account Revenues with Comparison as to Budget" and an expansion of the Bank Account Reconciliation Sheet to include monthly account balance detail for each respective account. Director Anderson provided detail as to marketing dollars allocated in year-end 2020 on a shared basis with the Innovation Center that are not yet reflected in the financial reports for 2020. Moved by Kachel and seconded by Gleason to accept the Financial Statements for period ending November 30, 2020 as presented. AYES: All by voice vote (7); NOES: None; ABSENT: None.

## 2. Action Items

- a. Reconcile USDA 1990 Façade Program dollars and retain USDA funds in the sum of \$90,321.50 in the Façade Checking Account (First Citizens State Bank Account No. xxx-442). Transfer remaining funds to the Action Bus Dev (UDAG Checking Account (First Citizens State Bank Account No. xxx-127). Director Anderson provided a summary of the status of the USDA Façade Program Fund. Pursuant to an independent Internal Controls Assessment conducted by Baker Tilly US, LLP, it was confirmed that the USDA Program dollars have been overstated by approximately \$50,000 for several years. City Finance Department, in cooperation with Baker Tilly, shall determined the estimated balance of the USDA 1990 Façade Program. The remaining funds held in the USDA 1990 Façade Program rightfully belong in and shall be transferred to the Action Business Development Fund (UDAG Checking Account). Moved by Stanek and seconded by Allen to approve the foregoing recommended accounting adjustments. AYES: All by voice vote (7); NOES: None; ABSENT: None.
  - b. Kaliber Imaging: Anderson request to write-off Capital Catalyst Loan in the sum of \$102,500 as of 12/31/2020. CDA legal counsel conducted required due diligence to confirm this loan as uncollectable and requested copies of tax returns and appropriate documents from Judith Reinhold of Kaliber Imaging. Contingent upon receipt of all of the documents requested no later than 12/31/2020, legal counsel recommends-off of this loan. Moved to approve by Stanek and seconded by Gleason to approve write-off contingent upon receipt of the required documentation. AYES: All by voice vote (7); NOES: None; ABSENT: None.
3. Updates & Discussion. Director Anderson advised the Board that those Board Members that have been assigned to participate on a specific sub-committee or board will be tasked with providing a report of such committee's activities as part of the "Updates and Discussions" portion of future Agendas for regular monthly CDA Board Meetings beginning in January 2021.
- a. **Innovation Center Update:** Director Anderson reported that the Innovation Center is leased out at 98% occupancy. The buildout for the Pauquette Center for Psychological Services is nearing completion and is expected to be occupied by Pauquette for operation beginning in January of 2021 under a lease for a term of seven (7) years. Anderson encouraged Board Members to visit the Innovation Center to tour the new Pauquette Center prior to opening. Anderson further reported that the CDA, in partnership with the Innovation Center, has purchased marketing advertising in two regional publications (Walworth County Visitors Directory and Lake Geneva Lakes Visitors Directory). Al Stanek reported last year the Innovation Center operated under a deficit, and this year operated as under budget as to expenses and over budget as to revenues. Stanek went on to report that Blue Line Battery, another current business operating out of the Innovation Center, was recently recognized in Forbes Magazine as one of their 2021 "30 Under 30" Outstanding Young Business Leaders.

- b. **Grocery Update:** Director Anderson continues to work with grocery merchants, including discussions with Golden Harvest that operates out of Rhineland and Merrill. Anderson has had very preliminary discussions with the Whitewater Gro Co and Golden Harvest regarding the potential to partner to operate a grocery in Whitewater.
  - c. **Course Outline for Economic Development 101 offered by Wisconsin Economic Development Association (WEDA):** Director Anderson presented the course outline for the course provide by WEDA for local leaders and professionals and encouraged all Board Members to sign up for these classes as soon as WEDA has the ability post-COVID to provide in-person classes in Madison.
  - d. **Community Engagement Vehicle:** Director Anderson provided information regarding a community outreach program utilizing a “civic engagement” vehicle to increase awareness and encourage citizen increased civic engagement in the community. As an example, Anderson used a “Polaris GEM”, an all-electric vehicle which would be sponsored by donations from various civic partners that would then be advertised on the vehicle. This vehicle would be used to get CDA and City staff into neighborhoods to teach, influence and inspire our citizens to be involved in positive change within the community. City Manager Cameron Clapper stated that maintenance and insurance on the vehicle would be a minimal addition to the cost of operating the City fleet.
  - e. Loan Recipient Presentations:
    - i. January 21 – Blueline Battery, Dustin Herte.
    - ii. February 25 – Scanalytics, Joe Scanlin.
    - iii. March 25 - Ideawake/Inventilator, Coby Skonord.
    - iv. April 22 – iButtonLink, Rob Olson (tentative)
    - v. May 27 – Slipstream, Choton Basu.
    - vi. June 24 – Meeper, Liz Eversoll; Recruit chute, Chris Roche.
    - vii. August 26 – Bicyclewise, Liz Sotherland.
  - f. Memo: Close CDA Safe Deposit Box at First Citizens State Bank (Completed).
  - g. Memo: Write-off Uncollectable CDBG Loans YE 2020 (Completed).
  - h. Memo: Write-off Uncollectable Capital Catalyst Loans YE 2020 (Completed).
4. **Agenda Referrals:**
- a. Improvement of physical condition of Lot 9B in the Business Park.
  - b. Discuss a detention area on Lot 6B with National Guard.
  - c. ~~ED 101 Training for Board Members and Elected Officials.~~ (Completed 12/2020)
  - d. Roles & Responsibilities of the CDA.
  - e. Update Capital Catalyst Program Manual & Application Materials.
  - f. CDA Alternative Revenue Streams.
  - g. Continue discussions of TIF extension.
  - h. Director to visit (virtual/in person) with Whitewater’s employers.
  - i. Reorganize TIDs.
  - j. Add Tax Increment.
  - k. Recruitment of a grocery store.

- l. Land Sale Policy (Finance director Steve Hatton) – Discussion of Policies and Procedures for Land Sale Transactions by the CDA on Behalf of the City.
- m. New Housing.
- n. ~~Use CDBG Closeout funds to purchase homes to create an alternate CDA Revenue source.~~ (Completed 12/20)
- o. ~~Recommendation to write off uncollectable loan receivables.~~ (Completed 12/2020)
- p. ~~Identify the funding sources(s) of the Façade checking account.~~ (Completed 12/2020)
- q. ~~Research HUD qualifications for housing.~~ (Completed 11/2020).
- r. ~~Transfer Moraine View Checking Account balance to Parks and Recreation Department.~~ (Completed 12/2020)
- s. ~~Listing Contract for Lot 1, CSM 3442.~~ (Completed 11/2020)
- t. Strategic Marketing Approach.
- u. Project Manager for 206 Cravath Street Project.
- v. Correct CDA Goals/Mission as stated in 2021 City Budget Document

5. **Adjournment**

Moved by Kachel and seconded by Parker to adjourn. AYES: All by voice vote (7); NOES: None; ABSENT: None. Meeting adjourned at 6:47 p.m.

Respectfully submitted,  
Bonnie Miller, Recorder

Minutes approved January \_\_\_\_\_, 2021.

Internal Controls Assessment

# Whitewater Community Development Authority

A Component Unit of the City of Whitewater, Wisconsin

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October through December 2020

**Prepared by:**  
Baker Tilly US, LLP

Andrea Jansen, Partner, CPA, CFE

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

TABLE OF CONTENTS

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Project Scope and Methodology	1
Analysis of Selected Transactions and Information	1 – 4
Assessment of Internal Controls	5 – 8
Summary of Recommendations	8
Closing	9
Appendix	
Estimated USDA Loan Program Balance	10

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY****INTERNAL CONTROLS ASSESSMENT**

October through December 2020

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**PROJECT SCOPE AND METHODOLOGY**

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In 2020, the Community Development Authority of the City of Whitewater, Wisconsin (the "CDA", "Whitewater CDA" or "you") hired Baker Tilly US, LLP ("we", "our", or "Baker Tilly") to conduct an assessment of internal controls and processes of the CDA in response to an extended vacancy of the Economic Development Director ("Director") position.

As part of this assessment, we completed the following procedures during our remote fieldwork in October and November 2020:

- > Performed inquiries of CDA and City of Whitewater, Wisconsin ("City") personnel
- > Obtained a download of transactional data for all funds from the City for the years 2017 through 2019 and 2020 transactional data through the date of fieldwork.
- > Obtained and assessed existing documentation of internal controls and policies
- > Performed on-screen walkthroughs of the MiViewPoint reporting tool
- > Analyzed bank statements and other supporting documentation related to CDA loan programs and specific transactional data
- > Read minutes of CDA Board meetings for 2020 and other selected dates
- > Compared Whitewater CDA oversight responsibilities and procedures to other community development authorities in Wisconsin
- > Referenced CDA audit information from 2001 through 2004 within Baker Tilly internal records.

The following sections of our report detail the analysis completed, results, including identified risks, as well as, our recommendations for action steps for the CDA and/or City to consider implementing on a go forward basis. Note that we have used the general ledger account numbers in lieu of any bank account information within this report intentionally to protect potentially sensitive information. Also note that the CDA's Innovation Center fund was not an area of focus of this study. Certain recommendations may be applied to the Innovation Center fund to the extent that the control environment is similar, however, additional relationships and complexities may exist for the Innovation Center that were not considered.

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**ANALYSIS OF SELECTED TRANSACTIONS AND INFORMATION**

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Because of the extended vacancy of the Director position, there was not an opportunity for the transition of information or roles and responsibilities from the former Director to the current. The day-to-day transaction processing continued through the City's Finance Department during the vacancy, however, not all information related to this transaction processing was retained within the CDA, which has resulted in information gaps and a variety of questions. Through the procedures noted above, we were able to gather and corroborate the necessary information and provide insight to the Director. This section describes our analysis and results in this area.

**CLOSEOUT OF CDA BANK AND INVESTMENT ACCOUNTS**

On a regular basis, typically monthly, the City's Finance Director provides the CDA Board with financial information. Included in these information packets is a summary of CDA-specific bank and investment accounts and month-end balances. The Director's review of this information over time indicated that there were four CDA bank and investment accounts that were closed between 2018 and 2019, however, there was limited information to support where the funds in those accounts at the time of closure were transferred. The general ledger (GL) accounts associated with these closed bank and investment accounts and results of procedures are detailed in the chart on the following page.

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

INTERNAL CONTROLS ASSESSMENT

October through December 2020

**ANALYSIS OF SELECTED TRANSACTIONS AND INFORMATION (cont.)**

**CLOSEOUT OF CDA BANK AND INVESTMENT ACCOUNTS (cont.)**

<b>GL account</b>	<b>Description</b>	<b>Closed</b>	<b>Result</b>
<b>910-11700</b>	Façade checking	July 2018	\$145,905.96 transferred to GL account 910-11702.
<b>910-11701</b>	Façade CD	July 2018	\$25,434.28 transferred to GL account 910-11702.
<b>900-11300</b>	Operating Fund Inv.	Sept. 2019	\$218.10 transferred to GL account 900-11100.
<b>900-11200</b>	General	Dec. 2019	\$19,240.14 transferred to GL account 900-11100.

The account closures above all appear to be the result of a consolidation effort. While the monies shifted accounts both at the institution level and in the GL, the dollars remained within the same fund of the CDA after the transaction occurred. The consolidation of bank and investment accounts is a common practice. It can minimize banking fees, staff time for reconciling bank statements to the general ledger on a monthly basis, and at times, can also minimize risk by reducing the number of bank accounts from which checks can be processed. The bank account summary sheet provided to the CDA Board by the City's Finance Director may benefit from the following enhancements:

**1. Incorporating the CDA's share of commingled cash and investment accounts into the spreadsheet.**

To clarify, commingled cash is an allocated portion of a bank account or combination of several bank accounts. This allows the City to maintain a central checking account that can be used to pay invoices for all funds of the City. The accounting system automatically adjusts the allocated portion of the cash balance in each fund based on the activities occurring during the period. The benefit of this addition to the spreadsheet, would be to allow Board members to have a more complete picture of the cash and investments of the CDA funds. This commingled cash information is currently shown on the balance sheet report from the system that is provided within the packet, however, Board members would need to have a full understanding of the reports provided and how the information ties together. This may not be intuitive for Board members without a financial background.

**2. Adding a comparison to the previous month's balance for each account to the summary.**

This comparison would allow Board members to quickly identify any unexpected variances or activity within the CDA accounts. The monthly income statement activity is currently provided within the system reports that show the comparison to budget. However, this is provided for each CDA fund as a whole, so again, this requires a more in-depth understanding of how the various pieces of information relate to one another.

We recognize that the enhancements listed above, would require additional effort to prepare each month as this is outside of the existing system reports. The estimated additional time would be no more than 30 minutes per month after the initial enhancements to the report have been made. An alternative solution may be to provide additional education to Board members to help explain the connections between the various reports keeping in mind that this education should be repeated or available any time that new Board members are added.

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY****INTERNAL CONTROLS ASSESSMENT**

October through December 2020

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**ANALYSIS OF SELECTED TRANSACTIONS AND INFORMATION (cont.)**

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**GL ACCOUNT 900-11300 – OPERATING FUND SPENDDOWN**

The general ledger account 900-11300 was closed in September 2019 as noted on the previous page. From the records at the CDA, the current Director could see that this account, at one time, had a balance of over \$500,000, but was unsure based on the information available what the history of this account was and whether the significant spenddown was appropriate.

Based on a review of audit records of the CDA from 2001 through 2004 that are internal to Baker Tilly, we were able to provide the Director with the following background information related to this account.

The initial balance in this account resulted from a transfer from the City funds (likely TIF District (TID) No. 4) in the year 2000. The investment account was titled "TID #4 Fund CD" and it consistent of an annual CD that renewed in December each year. A portion of the fund was pulled out of the CD investment and converted to cash each year before renewal and was used for operations of fund 900. The fund's operating costs were approximately \$150,000 each year, with roughly \$65,000 to \$75,000 of support coming in annually from the City along with minimal other revenue sources, including investment income.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

During the initial discussions and scoping of this project, the outstanding loan balances and, in particular, uncollectible loan balances for the CDBG program were identified as an area of priority due to the anticipated purchase of loans through the State of Wisconsin's CDBG RLF-ED Closeout Program.

During our review of the CDA Board minutes, we noted that a listing of delinquent loans had been generated and provided to the CDA's legal counsel. Because of the progress that had been made in determining these uncollectible balances since our initial discussions, we determined and confirmed with the Director that no further work would be done in regards to this program as part of this assessment to avoid duplication of efforts.

**FAÇADE LOAN PROGRAM**

The CDA received a \$54,500 grant to fund a façade loan program beginning in 1991. This program is currently being monitored by the United States Department of Agriculture (USDA), which requires periodic reporting of the existing balance associated with this program along with providing information for any new or existing loans. Due to the vacancy of the Director position, the CDA is delinquent in its reporting to the USDA. The last reported balance to the USDA was approximately \$171,000. The USDA has questioned the accuracy of this balance as it is significantly higher than the initial grant. If the CDA is not able to provide a more accurate estimate, the USDA will assume that the entire reported balance is restricted for use in the façade program going forward.

Based on our analysis of bank statements, memorandums from previous CDA Directors, loan information provided by the current Director and the USDA, and historic interest rates, we believe that there were two separate programs that were merged into the currently designated façade GL accounts, which is causing the reported balance of the façade program to be overstated. In order to satisfy the USDA reporting requirement, we were able to reconstruct an estimated façade loan program balance. The details of this estimated balance and assumptions are provided in the Appendix.

We recommend that the CDA adjust the façade account to the revised balance that it is being reported to the USDA to avoid confusion about the restricted balance going forward. If there are additional funds that the CDA intends to designate for façade improvements, those should be moved to a separate account and tracked separately within fund 910.

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

## INTERNAL CONTROLS ASSESSMENT

October through December 2020

**ANALYSIS OF SELECTED TRANSACTIONS AND INFORMATION (cont.)****TRANSFERS OF RESIDUAL EQUITY – FUND 900**

In 2018, there were two journal entries recorded in Fund 900 to transfer residual net position back to the general fund. The City's Finance Director noted that this was agreed upon due to a buildup of equity over a number of years. Because the general fund was providing a secondary support to the operations of the fund beyond the transfers from TID No. 4 and No. 6 in the years leading up to 2018, this transfer out would generally be allowable. The targeted residual equity for Fund 900 at the time of these transfers was \$25,000. There was also a transfer out in 2019, however, this did not follow the same rationale as 2018, with the intent to show no more than \$25,000 as a contingency reserve. The residual equity amount has since been revised according to the 2020 budget document to eliminate the separate contingency for the CDA altogether. We would recommend creating a policy surrounding the surplus transfer that considers these factors:

1. Fund 900 reports capital assets and, depending on the year, a restricted net pension asset related to its participation in the Wisconsin Retirement System (WRS). These items should result in categories of net position including: investment in capital assets and restricted for pensions. The policy related to transfers of residual equity, should address how these categories of equity would factor into the calculation.
2. According to the 2020 budget document, the general fund is not intending to provide support for Fund 900, except through the use of residual equity that was not transferred out of Fund 900 in 2019. If there was a scenario where the operations of Fund 900 were less than the \$100,000 combined contributions from TID No. 4 and No. 6, there would be residual equity that would be restricted for use according to the TID No. 4 and No. 6 project plans. It would not be appropriate to transfer this balance back to the general fund for general purposes.
3. If there are other scenarios when the residual transfers would not occur, or if there is any position that has the authority to make discretionary adjustments to the stipulations of the policy in a given year, this should be explicit in the policy.

Having a policy in place to address residual equity transfers will promote more consistent reporting year over year, and can also reduce friction between the CDA and City in negotiating the amount and terms of the transfer with each budget year.

**CDA FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)**

The CDA currently has its own FEIN. The documentation at the CDA shows that this was used for the Capital Catalyst program application with the Wisconsin Economic Development Corporation (WEDC). It is unclear if this separate FEIN has been used in any other circumstances or whether it should be used going forward. There may be an advantage to using a separate FEIN for CDA bank accounts to gain additional FDIC coverage over deposits. The FDIC coverage is limited to \$250,000 for time and savings deposit accounts and \$250,000 for demand deposit accounts at each institution for the municipality and other political subdivisions. Additional details related to government accounts and FDIC coverage can be found at the following link: <https://www.fdic.gov/deposit/diguidebankers/government.html>.

While it is not uncommon, based on our experience, for multiple FEINs to exist within a larger local government entity, we would recommend having a policy in place to guide the use of any separate FEINs and to ensure that all FEINs are reported to the City's Finance Department. The City's Finance Department should be aware of all FEINs and DUNS numbers as these are required to be reported on the Federal Audit Clearinghouse website in any year that a single audit is required for the City. We also recommend consulting with the City and/or CDA's legal counsel to determine if there are any legal ramifications or requirements that should be considered prior to the creation of a policy.

## WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY

### INTERNAL CONTROLS ASSESSMENT

October through December 2020

#### **ASSESSMENT OF INTERNAL CONTROLS**

Community development authorities are governed by Wis. State Statute 66.1335 (<https://docs.legis.wisconsin.gov/document/statutes/66.1335>), which define the entity as “a separate body politic for the purpose of carrying out blight elimination, slum clearance, urban renew programs and projects and housing projects”. When we look across these types of entities and their relationship with the municipality that they support across Wisconsin, there is a lot of variety in practice. Some CDAs have very limited involvement, if any, in the day-to-day operations and are charged with oversight of major changes, such as, approval of financing arrangements or the approval of new programs. In contrast, certain community development authorities have more segregated control environments where they may be processing their own checks separate from the municipality or managing economic development programs, such as loan programs. In this scenario, there is a need for a more granular level of oversight from the board of directors as it is not provided through the municipality. It seems that the current Whitewater CDA processes and controls fall somewhere in between the scenarios above, which is also a viable option. It is important for a functioning control environment that roles and responsibilities are clearly defined and understood by those involved. We will explore the current state of key control activities in the section below as well as potential enhancements that could be considered.

#### **PROCUREMENT**

The City of Whitewater has an existing procurement policy, which outlines the procedures for the following major categories:

- |                           |   |
|---------------------------|---|
| > Goods (tangible items)  | > Professional Services                             |
| > Utility Inventory Items | > Construction of Public Buildings and Improvements |
| > General Services        |   |

The City also utilizes a purchasing card program as an alternate approach to procurement and has an existing policy to address procedures and other general information necessary for this program.

There are currently no carve outs or specific steps within the City’s policies above that address CDA transactions. The CDA Director would fall within the Department Head roles and responsibilities similar to any other department of the City.

#### **Potential enhancements:**

1. During our walkthrough of transactions with members of the City’s finance department, we noted that transactions within certain cost centers, such as software, are approved in a more centralized manner. In the example of software, the invoice approval is completed by the Information Technology (IT) Director regardless of the fund being charged. Once approved, these costs are then allocated and charged to the various funds according to usage. This process was implemented in order to enhance the review of the goods and services. In this specific example, the IT Director would be the most knowledgeable about the goods and services being provided, as well as, how the goods and services are being utilized across the City departments.

While the centralized review and allocation of certain cost centers does provide the benefits noted above, it is not specifically addressed in the City’s procurement policy. The purchasing policy currently states that Department Heads have the responsibility for procurement in their individual departments. Enhancing the language in the procurement policies surrounding these types of purchases could minimize the ambiguity that currently exists surrounding the ownership of these costs. The policies could provide a listing of cost centers that are reviewed centrally as well as the assigned reviewer. Alternatively, this listing of assigned reviewers could be accomplished outside of the policy documents, however, the policy documents should refer to the external source and provide information about who has the authority to create the assignments.

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

## INTERNAL CONTROLS ASSESSMENT

October through December 2020

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**ASSESSMENT OF INTERNAL CONTROLS (cont.)**

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**PROCUREMENT (cont.)**

2. As a best practice recommendation, the City may want to consider including the purchase of gift cards as an unauthorized use in its purchasing card program policy. In general, gift card purchases increase the opportunity for fraud and misuse as well as errors in financial reporting.
3. It is unclear if the City's current policies apply to the CDA's separate program accounts in Fund 910. If the program accounts are not governed by this policy, it may be helpful to explicitly state this exclusion and refer to a separate policy document. At the time of our report, we are aware of a separate CDA policy document that is being drafted by the CDA Director. It will be important to ensure that, when complete, the City and CDA policy documents are cohesive in order to streamline transaction processing, avoid duplication, and provide clear guidance for both employees and oversight bodies.
4. Within the City's accounts payable procedural document, there is reference to a "Payment Approval Report – Council". Similar to the point above, it is unclear if CDA invoices are included within this report. If so, it may be beneficial to periodically ensure that the CDA Board is aware of this review control either through policy documentation or as a point of emphasis during the CDA Board meetings at least annually. Alternatively, the City could look to create a separate "Payment Approval Report" for CDA transactions to be approved by the CDA Board. Before splitting the review process apart, there should be consideration given to the timing and frequency of CDA Board meetings as compared to the current check processing schedule. As with any control, the benefits should be weighed against the costs to implement, including staff time.

**CASH AND INVESTMENTS**

Cash and investment balances are currently reconciled by the City's finance department within the same control environment as the City's accounts on a monthly basis. The ending balances for CDA accounts are provided by the City's Finance Director to the CDA Board on a regular basis as noted in the transactional analysis portion of this report. In addition to the recommendations provided in the CDA Bank and Investment Account section above, there should also be consideration given to the CDA Director's access to CDA-specific accounts and information.

Through discussions with both the City's Finance Director and the CDA Director, the CDA Director has historically been one of the signors on these CDA-specific accounts. This access has not been provided for the current CDA Director to-date. Given the CDA Director's involvement with and responsibility for the CDA-specific accounts, providing this access does have a business case. Each account should continue to require dual signatures so that no one person is able to initiate transactions from the accounts without involvement from another authorized individual.

Perhaps as important as being included as a signor on the CDA-specific bank and investment accounts, the CDA Director should also have direct access to view activity in the CDA-specific accounts to enhance oversight control. This can be achieved either through online access or having statements provided directly to the CDA Director from the banking and investment institutions. With the monthly reconciliation controls being owned by the City's Finance Department, the CDA Director is not currently able to verify the information provided. To illustrate a potential risk in this area, the current processes and controls surrounding cash and investments could create an opportunity for the City to understate investment performance in the CDA accounts and redirect those funds to the City because no one within the CDA currently has access to verify the amounts being earned.

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY****INTERNAL CONTROLS ASSESSMENT**

October through December 2020

**ASSESSMENT OF INTERNAL CONTROLS (cont.)****LOAN PROGRAMS**

The CDA has various loan programs that are currently being tracked in detail in the Fund 910 accounts as well as on an excel spreadsheet by the City's Finance Director. A snapshot of the loan summary excel spreadsheet is provided to the CDA Board on a regular basis for review. These are good foundational controls in terms of tracking the loan activity, however, there does not appear to be a policy in place to govern all of the current loan programs and related controls.

We received an Economic Development Loan Program (EDLP) Policy Manual from the City's Finance Director that was approved by the CDA on February 25, 2016, however, it is out of date in terms of the programs that it covers. The CDA Director currently has a policy document in process that has a section for the CDA Programs. We recommend reviewing the EDLP policy to determine if any of its contents will be covered in the new CDA policy document. The EDLP policy covers a number of critical processes and controls including:

- > Administration and record keeping
- > Eligibility requirements, application procedures, and other terms and conditions
- > Distribution of funds
- > Reporting requirements
- > Program monitoring, including troubled loans

If the new CDA policy document is not addressing the topics above, the existing EDLP policy manual should be updated to cover the current CDA programs. Similar to the procurement policy recommendations above, responsibilities should be clearly distinguished between the City and CDA personnel and governing bodies. In addition, the policy document should emphasize the creation of streamlined processes that provide information to responsible parties while minimizing duplication of efforts, including record retention.

Providing the CDA Director with visibility to bank and investment statements, as noted in the previous section of this report, is also important for loan program oversight. During our analysis of selected transactions and historical information, there were indications that, at times in past years, program funds and transactions have been recorded against the incorrect program within Fund 910. It seems that the current general ledger structure and detailed accounts are helping to guard against this in recent years, however, being able to see the activity on the bank and investment statements, will provide the CDA Director with an opportunity to verify the completeness of the loan records by program against the restricted balances in the bank and investment accounts.

**FINANCIAL REPORTING AND PERIOD CLOSE**

There are certain balances within the CDA funds that are evaluated and adjusted on a periodic basis for financial reporting purposes. Examples include:

1. Valuation of loans receivable and the adequacy of an allowance for doubtful accounts
2. Pension accounting in Fund 900
3. Capital asset records including accumulated depreciation
4. Transfers – including budgeted and surplus transfers

The responsibility for the initiation and review of these transactions should be delineated between the CDA and City. Supporting documentation for all journal entries impacting CDA accounts should be retained and made available to the CDA Director and CDA Board, if requested.

WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY

INTERNAL CONTROLS ASSESSMENT

October through December 2020

ASSESSMENT OF INTERNAL CONTROLS (cont.)

ENTITY-WIDE CONTROLS

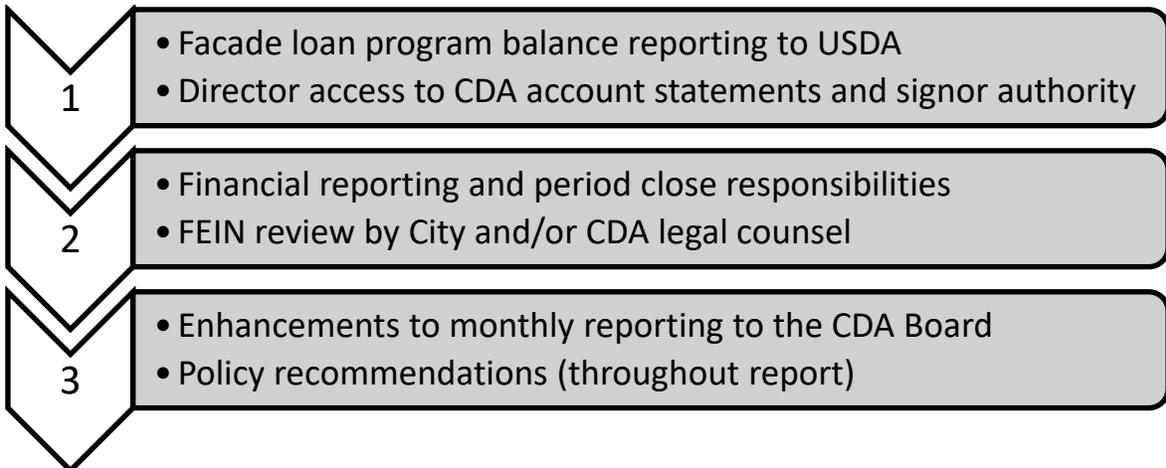
The CDA was created as a separate legal entity within the Wisconsin state statutes in order to promote housing and community development programs to benefit the City of Whitewater. Because the CDA is a separate legal entity, this allows for the flexibility to create separate policies when necessary. Because the CDA has chosen to rely on the City's Finance Department to maintain its financial records, the entity benefits from certain aspects of the City's existing control environment.

Ofentimes confusion and a lack of trust can exist when there is not a full understanding of the process or environment. For example, the City's Finance Department has a full picture of the City's financial controls and policies including oversight, and may feel very comfortable with the flow of information and controls in place. In contrast, both the CDA Director and CDA Board may have pieces of information along with a limited view of policy and process documentation and City Council oversight, which can cause concern and perceived gaps in control.

As mentioned throughout this report, the development of policies that clearly define roles and responsibilities are key to maintaining an effective control environment, maximizing resources, and achieving the intended results. This does not suggest that the CDA ought to create its own policies separate from the City in all areas. It may, however, be beneficial to create a document that outlines all critical processes of the CDA, and for each process indicate if the CDA relies on the existing City policy, relies on the City policy with documented changes, or has a completely separate policy with an explanation of what that policy is. This documentation would allow for a complete picture of the CDA's control environment, minimizing any actual or perceived gaps in information and control. It is critical that any supplementary policies of the CDA have buy in from the City's Finance Department given the level of involvement with the CDA transaction processing.

SUMMARY OF RECOMMENDATIONS

The recommendations proposed within this report are intended to be achievable without significant additional costs to the CDA or the City. As mentioned previously, the benefit to enhanced internal controls should not be outweighed by the costs to implement. This section is intended to provide a high-level summary of the recommendations and prioritization plan that considers the impact of the recommendation as well as the time needed to implement.



**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

INTERNAL CONTROLS ASSESSMENT

October through December 2020

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**CLOSING**

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We appreciate the time and assistance provided by the staff of the Whitewater CDA and City of Whitewater Finance Department and welcome any follow up discussion on our findings and report. Thank you for allowing us to serve you.

The nature of our engagement was intended to perform specific procedures outlined in our engagement letter as noted above. We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This communication is intended solely for the information and use of Whitewater CDA and City of Whitewater management and the related governing bodies and is not intended to be, and should not be, used by anyone other than these specified parties.

Madison, Wisconsin  
January \_\_, 2021

**WHITEWATER COMMUNITY DEVELOPMENT AUTHORITY**

INTERNAL CONTROLS ASSESSMENT

October through December 2020

**APPENDIX**

**ESTIMATED USDA LOAN PROGRAM BALANCE**

The following schedule details the loans and terms under the USDA façade loan program of the CDA. Information was obtained from a combination of CDA and USDA historical records. All loans have been repaid in full and were assumed to have principal payments due annually during the term of the loan.

<b>Borrower</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Term (months)</b>	<b>Closing date</b>
206 S. Second St.	\$12,240	4.00%	48	unknown
204 W. Main St.	\$18,800	4.00%	48	8/4/1992
158 & 162 W. Whitewater St.	\$6,120	2.56%	48	11/11/1992
143 W. Main St.	\$5,100	4.00%	48	8/1/1992
121 W. Whitewater St.	\$12,240	4.00%	48	unknown
Hamilton House	\$15,000	4.00%	84	5/22/2001
RR Walton	\$15,000	4.00%	60	1/1/2005
Toppers Inc.	\$15,000	4.00%	60	11/1/2006
Warhawk Country	\$45,000	4.00%	60	11/9/2007

In order to reconstruct the current restricted balance in this program stemming from the original loan balance of \$54,500, we developed repayment schedules and calculated investment earnings consistent with a 1-year Libor rate for the years 1993 through 2020. The investment earnings rates were then adjusted to 54% of actual 1-year Libor rates based on an analysis of the actual investment earnings in the CDA during this time period. At times, program funds were held in demand deposit-type accounts, which earn lower interest than the Libor rate or no interest at all. The reconstructed loan balance as of December 31, 2020 is estimated to be \$98,130. The breakdown of the estimated balance is detailed below:

<b>Description</b>	<b>Amount</b>
Initial balance provided for the program	\$ 54,500
Interest earned through the loan program	14,476
Investment income earned on balances held by the CDA	<u>29,154</u>
<b>Total estimated program balance through 2020</b>	<b>\$ 98,130</b>

CITY OF WHITEWATER  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 11 MONTHS ENDING NOVEMBER 30, 2020

ECONOMIC DEVELOPMENT FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>MISCELLANEOUS REVENUE</u>					
900-48100-56 INTEREST INCOME	.00	.00	400.00	400.00	.0
TOTAL MISCELLANEOUS REVENUE	.00	.00	400.00	400.00	.0
<u>OTHER FINANCING SOURCES</u>					
900-49262-56 TRANSFER-TID #4-ADMINISTRATION	.00	75,000.00	75,000.00	.00	100.0
900-49263-56 TRANSFER-TID #6-ADMINISTRATION	.00	25,000.00	25,000.00	.00	100.0
900-49300-56 FUND BALANCE APPLIED	.00	.00	93,259.29	93,259.29	.0
TOTAL OTHER FINANCING SOURCES	.00	100,000.00	193,259.29	93,259.29	51.7
TOTAL FUND REVENUE	.00	100,000.00	193,659.29	93,659.29	51.6



Department of Finance and  
Administrative Services  
312 W. Whitewater Street  
P.O. Box 178  
Whitewater, Wisconsin 53190

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[www.whitewater-wi.gov](http://www.whitewater-wi.gov)  
Telephone: (262) 473-0101  
Fax: (262) 473-0509

## MEMORANDUM

**DATE:** December 21, 2020

**TO:** Cathy Anderson, Whitewater Community Development Authority Executive Director

**FROM:** Steve Hatton, Director of Finance and Administrative Services

**RE:** 2020 Transfer from Fund 900 to Fund 200

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The Adopted 2020 Budget included a \$23,000 transfer from Fund 900 (CDA Operating Fund) to Fund 200 (Media Services). This memo is being drafted in response to your request to document the rationale behind this budgeted transfer.

One of the initiatives in the 2020 Budget was to coordinate marketing efforts through Media Services. Contributing factors supporting this initiative include:

- Media Services (Fund 200) coordinates marketing (text copy, graphic design) and public relations, and media channel needs of the City. Requests for marketing and public relations services for CDA goals would also be coordinated through Media Services.
- Fund 900 had budgeted more than what was required to operate in 8 of the 9 budget periods 2011-2019 generating a cumulative unutilized budget of \$267,155. This effectively diverted limited General Fund resources from all other funding needs across the City. Appropriated and unutilized operating funds were budgeted to return to the General Fund or other specified uses beginning in 2018:
  - \$112,760 was returned to the General Fund;
  - An additional \$73,140 was transferred to support the Action Fund in Fund 910;
  - The remaining accumulated surplus was budgeted to remain in Fund 900 to reduce or offset the need for a General Fund transfer into Fund 900 beginning in 2020.
- Fund 900 includes a budgeted a line-item for marketing within their chart of accounts with varied levels of utilization and unclear return on the marketing investment. \$108,417 of the \$204,800 budgeted for marketing from 2011-2019 was utilized. The \$96,383 unutilized represents 36% of the total accumulated unutilized budget in Fund 900 during this period.

The transfer was included in the proposed 2020 Budget, reviewed in detail by the Finance Committee, the CDA, Public Hearing and subsequent adoption by the Common Council.

End - SH

**MEMORANDUM OF UNDERSTANDING BETWEEN THE COMMUNITY DEVELOPMENT  
AUTHORITY OF THE CITY OF WHITEWATER, WISCONSIN AND THE WHITEWATER MUNICIPAL  
WATER UTILITY OF THE CITY OF WHITEWATER CONCERNING USE AND REPAYMENT OF  
COMMUNITY DEVELOPMENT BLOCK GRANT CLOSEOUT PROGRAM DOLLARS**

This Memorandum of Understanding (the "Agreement") executed by and between the Community Development Authority of the City of Whitewater, Wisconsin (the "CDA") and the Whitewater Municipal Water Utility of the City of Whitewater, Wisconsin (the "Water Utility") for purposes of confirming the mutual understanding of the CDA and the Water Utility with respect to the matter addressed below.

The CDA has an opportunity to complete an eligible Community Development Block Grant ("CDBG") Project as provided under by the CDBG Closeout Program defined by the State of Wisconsin Department of Administration (the "DOA"). The CDA Board of Directors has unanimously agreed to utilize the Water Tower Project as the CDBG project. As the Water Utility would otherwise have to borrow an equal amount of funding from public debt markets absent the CDA direction of this grant funding, the Water Utility agrees to reimburse the CDA for the value of the CDBG grant funding dedicated to the Water Utility. The reimbursement will be recorded as a loan advance to the Water Utility by the CDA. The amount of the reimbursement will match the value of the CDBG grant estimated to be \$892,000.00.

**Article 1 – Term.**

**1.01 Initial Term.** The initial term of this Agreement shall be for eight (8) years beginning June 15, 2022, unless sooner repaid in full pursuant to the terms of this Agreement.

**1.02 Extension of Repayment.** This Agreement shall automatically renew on a yearly basis until the balance owed the CDA is paid in full.

**Article 2 – Commitments.**

**2.01 CDA Board Commitments.** The CDA Board hereby unanimously grants to the Water Utility the exclusive use of CDBG Closeout Program funds equal to \$892,000.00, to be used for the construction of a new water tower. The Water Utility shall adhere to all DOA CDBG Closeout regulations, rules, policies and meet all deadlines as required by the DOA.

**2.02 Water Utility Commitments.** The Water Utility hereby agrees to repay the CDBG Closeout program dollars to the CDA as follows: Semi-annual payments of principal beginning on December 15, 2022 per attached schedule (Exhibit A). The loan by the CDA to the Water utility is to be interest-free.

**Article 3 – Termination.** This Agreement may only be terminated upon repayment in full by the Water Utility to the CDA. The repayment of project dollars will be made by January 1, 2030.

**Article 4 – Governing Law.** The laws of the State of Wisconsin shall govern the interpretation and enforcement of this Agreement.

**Article 5 - Successors and Assigns.** Except as expressly granted herein, no party shall assign its rights or obligations under the Agreement to any other party without a mutually-written addendum executed by all parties to this Agreement.

**Article 6 – Amendment.** This Agreement shall not be amended, changed, modified or altered without the written consent of all parties hereto, and no modification, alteration or amendment to this Agreement shall be binding until such modification, alteration, or amendment is reduced to writing and executed by all parties to this Agreement. Any proposed amendment to this Agreement shall be provided in writing, along with a memorandum in support of the amendment, to all parties to this agreement fifteen (15) days prior to final action on the amendment by any party.

**Article 7 – Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were on the same instrument.

**Article 8 – Severability.** If any specific term or provision herein is adjudicated to be unenforceable against either party, such decision shall not automatically render this entire Agreement null or void. Rather, the unenforceability of one or more terms, clauses or paragraphs in this Agreement shall not affect the enforceability of the remaining terms herein.

**Article 9 -Third Party Beneficiaries. Third Party Beneficiaries.** This Agreement is entered into for the sole and exclusive benefit of the parties hereto. No third party shall have, obtain, or derive from this Agreement any rights or other benefits or interests under any laws or otherwise, except as specifically stated herein.

**Article 10 - Exculpatory Provision.** The parties to this Agreement expressly acknowledge and agree that, anything herein to the contrary notwithstanding, no officer, director, employee, agent, or officials (elected or appointed) of any party hereto shall have any personal liability or obligation arising out of this Agreement, and no party hereto shall make any claims to the contrary.

**Article 11 - Rules of Construct/Conduct.** The parties to this Agreement acknowledge and agree that the terms herein were negotiated in good faith and represent the intent of the parties. In the course of negotiations, each party has been represented by a practicing attorney, and that accordingly rules of interpretation that signify that an agreement shall be construed against the drafter shall not apply. In addition, the parties acknowledge and agree that they shall endeavor to resolve any and all issues that may arise under this Agreement in the spirit of cooperation consistent with the intent of this Agreement with the aim of benefiting the entire Whitewater area community and the University of Wisconsin-Whitewater.

By signing below, the parties hereto represent that they have full authority to execute this Agreement and thereby bind their respective entities to the terms of this Agreement. Upon execution, this Agreement shall be in full force and effect as stated herein.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2021

Dated this \_\_\_\_ day of \_\_\_\_\_, 2021

**COMMUNITY DEVELOPMENT AUTHORITY OF  
THE CITY OF WHITEWATER, WISCONSIN**

**WHITEWATER MUNICIPAL WATER UTILITY,  
WHITEWATER, WISCONSIN**

By: \_\_\_\_\_  
Patrick Singer, Chairman

By: \_\_\_\_\_  
Cameron Clapper, City Manager

Attest: \_\_\_\_\_  
Cathy Anderson, Executive Director

DRAFT



# Finance Committee Agenda Item

Meeting Date:	January 26, 2021
Agenda Item:	TID Planning
Staff Contact (name, email, phone):	Steve Hatton, <a href="mailto:shatton@whitewater-wi.gov">shatton@whitewater-wi.gov</a> , 262-473-1380

## BACKGROUND

(Enter the who, what when, where, why)

The Tax Increment Districts (TIDs) in Whitewater are nearing the end of their lives. Anticipated tax increment revenues will allow all outstanding TID debt to be paid off and each of the TIDs to be closed in 2021.

State Statute permits TIDs to be extended by one year and the increment revenue collected during this period to be used for Affordable Housing. A one-year extension of TID 4 would provide approximately \$2.2 million of funds for affordable housing in Whitewater. This is only available at the end of a Tax Increment District's lifespan, or once in a 20-year period.

The Wisconsin Dept. of Revenue provides FAQ that you may find helpful at <https://www.revenue.wi.gov/Pages/FAQS/slf-tif-extensions.aspx#tifext9>.

The CDA Director is leading a public input process to invite community input to the decision to extend TID #4 and considerations for the design of new Tax Increment Districts.

## PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

- 12/10/2020: Finance Committee: Overview of TID Extension implications
- 12/17/2020: Community Development Authority: Update of TID Extension evaluation
- 1/7/2021: Community information meeting, local bankers, realtors, community organizations

## FINANCIAL IMPACT

(If none, state N/A)

### Option 1: 2021 Extension of TID 4 and Closure of TIDs 5, 6, 7, 8, 9.

Levy Year	2020	2021	2022
Calendar/Budget Year	2021	2022	2023
Actual / Projected Levy	\$4,079,386	\$4,311,369	\$4,571,443
<i>YOY Chg</i>	<i>\$93,400</i>	<i>\$231,983</i>	<i>\$260,074</i>
<i>YOY Chg - Levy</i>	<i>\$39,487</i>	<i>\$41,783</i>	<i>\$262,125</i>
<i>YOY Chg - Debt</i>	<i>\$53,913</i>	<i>\$190,200</i>	<i>\$(2,051)</i>
Return of TID Balance(s)*	\$28,921	\$174,736	\$0
Housing Extension Increment		~\$2,200,000	

### Option 2: 2021 Closure of TID 4, 5, 6, 7, 8, 9.

Levy Year	2020	2021	2022
Calendar/Budget Year	2021	2022	2023
Actual / Projected Levy	\$4,079,386	\$4,538,434	\$4,570,716
<i>YOY Chg</i>	<i>\$93,400</i>	<i>\$459,048</i>	<i>\$32,282</i>
<i>YOY Chg - Levy</i>	<i>\$39,487</i>	<i>\$268,848</i>	<i>\$34,333</i>
<i>YOY Chg - Debt</i>	<i>\$53,913</i>	<i>\$190,200</i>	<i>(2,051)</i>
Return of TID Balance(s)	\$203,657	\$0	\$0

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STAFF RECOMMENDATION

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Staff recommends approval of extension.

Move that the Finance Committee recommend to the Common Council to approve the extension of TID 4 for one year to benefit Affordable Housing in Whitewater.

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ATTACHMENT(S) INCLUDED

(If none, state N/A)

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- Draft TID Timeline
-

Continue discussions of TIF extension.

ED 101 Training for Board Members and Elected Officials. (Completed 12/2020)

Reorganize TIDs.

- Artist in Residency Program
- Board tour of all loans
- Business Retention & Expansion plan – economic development strategy for proactively connecting with existing business to understand and respond to their needs.
- Civic Engagement Vehicle
- Continue fostering an inclusive community of choice and opportunity throughout Whitewater.
- Continue to seek grocery merchant opportunities.
- Continue working with civic partners.
- Create new economic development incentive policy for future TID projects.
- Deliver sustainable developments.
- Discuss TID timeline
- Discuss use of customer relations management software (CRM)
- Diversity inclusion and equity
- Enhance civic engagement.
- Enhance public spaces downtown such as the First Street park and Main Shoppes Courtyard.
- Establish a cooperative marketing plan with the Whitewater Chamber of Commerce.
- Facilitate the one-year Tax Increment Finance Extension for the purpose of housing.
- Facilitate transparent and informed decision-making.
- Grocery merchant
- Increase occupancy in industrial park
- Meet all loans
- Outreach to community groups and organizations
- Promote development in the industrial park.
- Rebuild bridges within the community.
- Research WEDC COVID funds program
- Review data retention policy and clean up old files
- Single-family residences
- Support housing efforts throughout the community.
- Support tax increment districts through planning and development.
- Update Tourism Ordinance – reflect State changes
- Update website
- Utilize the WEDC Community Development Investment program.
- What is Whitewater missing

Add Tax Increment.

CDA Alternative Revenue Streams.

Director to visit (virtual/in person) with Whitewater's employers.

Discuss a detention area on Lot 6B with National Guard.

Identify the funding source(s) of the Façade checking account. (Completed 12/2020)

Improvement of physical condition of Lot 9B in the Business Park.

Land Sale Policy (Finance director Steve Hatton) – Discussion of Policies and Procedures for Land Sale Transactions by the CDA on Behalf of the City.

New Housing.

Recommendation to write off uncollectable loan receivables. (Completed 12/2020)

Recruitment of a grocery store.

Research HUD qualifications for housing. (Completed 11/2020).

Roles & Responsibilities of the CDA.

Transfer Moriane View Checking Account balance to Parks and Recreation Department. (Completed 12/2020)

Update Capital Catalyst Program Manual & Application Materials.

Use CDBG Closeout funds to purchase homes to create an alternate CDA Revenue source. (Completed 12/20)

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IF THIS PRINTS ONTO ARTWORK PAGE THE FILE HAS BEEN SIZED TO FIT PAPER AND WILL NOT BE TO SCALE



**TO BE REMOVED**

CONCEPTUAL RENDERING (\*MAY NOT BE TO EXACT SCALE)

**GRANT**  
**SIGNS**  
DP INDUSTRIES, LLC

608.  
838.7794

**JOB DESCRIPTION**

F/S APPLIED VINYL & DIG. PRINTS

REMOVE & DISPOSE PANEL ON BASE OF SIGN

APPLY VINYL & DIG. PRINTS ON BOTTOM SECTION OF SIGN FACE AS SHOWN

**OFFICIAL VECTOR ART REQUIRED PRIOR TO PRODUCTION**

R1: 12.04.20 • CS • ADDED VECTOR ARTWORK FOR "PAUQUETTE.."

FILE NAME: 58553-02-1 DATE: 11.18.20 SCALE: NTS

FILE TYPE:  OUT  PROD  OTHER

JOB NAME: WHITEWATER TECHNOLOGY PARK

LOCATION: WHITEWATER, WI

DRAWN BY: CS SALESMAN: DOM DACY

DESIGN APPROVED BY:  
AUTHORIZED SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_



ALL SIZES, SHAPES AND COLORS DEPICTED ARE REPRESENTATIONAL AND MAY VARY FROM FINAL PRODUCT.

WWW.GRANTSIGNS.NET 2810 SYENE RD - MADISON, WI 53713

## Bonnie Miller

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**From:** Cathy Anderson  
**Sent:** Friday, January 22, 2021 10:26 AM  
**To:** Bonnie Miller  
**Subject:** FW: CDA Goals content of the Budget Document  
**Attachments:** Budget Page 12\_CDA Board.pdf

Kindest regards,  
Cathy

**Cathy Anderson, Economic Development Director**  
**“Let’s Grow Whitewater Together”**

Whitewater Community Development Authority  
312 W. Whitewater St.  
Whitewater, WI 53190  
Cell: (262) 443-4458  
Office: (262) 473-0148

*“We cannot solve our problems with the same thinking we used when we created them.” ~ Albert Einstein~*

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**From:** Cathy Anderson  
**Sent:** Monday, January 18, 2021 11:44 AM  
**To:** Steve Hatton <SHatton@whitewater-wi.gov>  
**Subject:** FW: CDA Goals content of the Budget Document

Steve,

**Please change** from “Community Development Authority- protect and promote the health, safety and morals of city residents.”

**To**

**Community Development Authority – is a separate legal entity within Wisconsin state statutes lead by a Board of Directors in order to promote housing and community development programs, sustainable development, economic opportunity, and empowerment of its residents to benefit the entire City of Whitewater**

Kindest regards,  
Cathy

**Cathy Anderson, Economic Development Director**  
**“Let’s Grow Whitewater Together”**

Whitewater Community Development Authority  
312 W. Whitewater St.  
Whitewater, WI 53190  
Cell: (262) 443-4458

**Neighborhood Services Director**

- Oversees planning and zoning enforcement
- Plans, manages, and updates projects.
- Works with GIS data for improvements within city
- Responds to inquiries and complaints from public about private property issues.
- Works with NSOs

**Economic Development Director**

- Identify, plan and implement economic development programs related to business and neighborhood improvement and downtown revitalization
- Maintains current data and works with CDA board

**Library Director**

- Administers library services and operations.
- Develop and maintain library collections and programs
- Work with library board, administer budget, work as liaison to the public for items related to the library

**City Attorney**

- Works with City Manager and Council for legal actions and advice

**Municipal Court**

- Legal Principals and procedures to execute the operation of Municipal Court including citations, scheduling conferences and plea hearings

**Boards & Commissions**

- **Alcohol Licensing Committee**- review of alcohol license applicants.
- **Birge Fountain Committee**- preservation of the Birge Fountain and Park.
- **Board of Zoning Appeals**- hearing appeals and applications, and granting variances and exceptions to the provisions of this title.
- **Community Involvement and Cable TV Commission**- advising City on coordinated community outreach and engagement activities.
- **Common Council**- the passage of laws, ordinances and policies and official management of the City's financial affairs.
- **Community Development Authority**- protect and promote the health, safety and morals of city residents.
- **Disability Rights Committee**- hear grievances of any person with a disability, concerning city actions or inaction.
- **Ethics Committee**- Meet to hear and make recommendation regarding local government ethics complaints.
- **Finance Committee**- Review and advise on all aspects of the city's financial condition including accounting, budgeting, risk management, and financial planning.
- **Landmarks Commission**- the protection, enhancement, perpetuation and use of sites, formations and historical structures.
- **Library Board**- shall consist of members chosen for their fitness for public library trusteeship.
- **Parks and Recreation Board**- improving, developing and operating public parks, recreation facilities, equipment and activities.
- **Plan and Architectural Review Commission**- promoting development, aesthetics, preservation and stability of property values.
- **Police and Fire Commission**- provide basic protection and security in employment, promotion, and disciplinary practices.
- **Public Works**-Review and advise on all aspects of the city's public infrastructure and the development of streets, sidewalks, lighting, building maintenance and other capital projects.
- **Urban Forestry Committee**- Make recommendations concerning the care of all trees and shrubs planted in the city.