

City of Racine

Seed Capital Fund

Policy Manual

November 2015

1. Purpose

Purpose

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

The Fund will make grants, loans and equity investments in startup and early stage businesses. Funds will be invested into innovation based businesses located in, or those that will locate within, the City of Racine. Industry sectors of focus will include, but are not limited to:

- Advanced Manufacturing
- Agriculture or Food Processing
- Information Systems or Software
- Medical Devices
- Biosciences and Renewable/Green Energy

The fund will not work with businesses whose primary market is direct consumer purchased retail, restaurant or hospitality industry sectors.

Program Overview

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

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

Amendments

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

2. General Provisions

Seed Capital Fund Administration

Fund Administrator

The Racine County Economic Development Corporation has been designated as the Fund Administrator.

The Fund Administrator responsibilities include:

- Explains the program to prospective applicants
- Provides written information on the program
- Assists applicants in completing applications
- Processes requests for financing

The Fund Administrator, when necessary and appropriate, will counsel or guide applicants to other more appropriate technical or financial resources when the applicant has needs beyond those which may be met through this program.

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

The Fund Administrator will maintain all records for the Seed Capital Fund. The RCEDC will prepare all documents including, but not limited to: Equity Agreements, Performance Contracts, Grant Agreements, loan agreements, review promissory notes and mortgage or lien instruments. The RCEDC may retain an attorney to prepare these documents and counsel the RCEDC on all appropriate matters.

Loan Committee

The RCEDC Loan Committee will review and recommend applications to the RCEDC Executive Committee for final loan approval. This Committee is comprised of professionals skilled in making credit decisions and may include an attorney, commercial lenders, an accountant, and others as deemed appropriate. The RCEDC will seek to include a member with experience in working with this target group of entrepreneurs.

Meetings

All meetings for both the RCEDC Loan Committee and RCEDC Executive Committee will be held weekly on an as needed basis. A majority of the Committee in attendance at a meeting will

constitute a quorum. Official actions must have the support of a simple majority of the Committees. Meetings and voting policies are further defined in the RCEDC Bylaws.

Records

Written records (electronic or paper records) of all program activities, including program meetings, loan applications, and related documents, shall be maintained in appropriate files. All files shall be maintained in a secure place, with limited access by authorized personnel. The City of Racine's legal counsel shall be consulted in regard to compliance with state and municipal open records laws.

The following files shall be established (electronic or paper files) and maintained for each loan recipient, as appropriate:

- (1) Application and Recommendation File: This file contains all application, business financial statements, personal financial statements, credit reports, business plan documents, a summary of the credit analysis, recommended actions for the application, and other supporting loan information submitted to the Fund Administrator, including all applicable correspondence, shall be placed in a permanent file. The minutes of the RCEDC Loan Committee and Executive Committee summarizing the action taken on the loan request shall be maintained separately in the RCEDC archives.
- (2) Closing File: This file contains copies of all closing documents. All original documents from the closing, including security instruments, the note and other applicable documents shall be placed in a locked, fireproof filing cabinet and located at RCEDC's offices. The RCEDC's legal counsel may be involved in helping create and complete this file to ensure complete closing documentation. Copies of the closing documents and an amortization schedule, if applicable, will be provided to the loan recipient, along with an invoice, if applicable, for closing costs.
- (3) Servicing File: Contains all records of subsequent activity related to the supervision and monitoring of the transaction and appropriate agreements. This file will include:
 - 1) List of applicable covenants to the Agreement;
 - 2) Records and summary of site visits conducted as deemed appropriate to each Seed Capital Fund recipient;
 - 3) Certificates of insurance for collateral, as applicable;
 - 4) Evidence of payment of real estate taxes, if applicable;
 - 5) Borrower financial statements as required by the closing document covenants and grading documentation based upon review by Fund Administrator;
 - 6) Documentation for job creation and retention, if applicable, and employee wages;
 - 7) Reporting on additional capital investments, as appropriate;
 - 8) All written correspondence;

- 9) Record of important telephone conversations; and
 - 10) Any other documents received that are deemed important in servicing the loan.
- (4) "Tickler" System: A tickler file system shall be established and maintained to ensure that repayments and other terms of the closing agreement are being met for the Seed Capital Fund. This includes but may not be limited to providing the required financial statements, UCC filings are current, reporting requirements are being met and other time sensitive documentation requirements are tracked and obtained as required.
- (5) Repayment Monitoring File: This file includes the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems shall be reported to the RCEDC Loan Committee and notations shall be placed in the tickler file to remind the Fund Administrator of the need to provide continued monitoring. Payments will be tracked via computer program.

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

- (6) Loan Review File: All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the Fund Administrator. The review shall follow receipt of the fiscal year-end financial statements, the year-end progress reports, and site visits, if appropriate. A report on the loan review shall be in the file and address the following: timeliness of monthly payments; condition of collateral securing the loan and status of security documents (i.e. mortgages, UCC filings); overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants and suggested corrective actions.

If the business is experiencing problems with any of the above criteria, the Fund Administrator is to work with the business recipient to identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan or investment to protect the RCEDC's interest and meet the needs of the business. If appropriate, the Fund Administrator will arrange for business assistance, including services available through the Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE), and other entities having an interest in serving the needs of businesses.

In the event the findings of the loan review suggest serious problems, particularly if the

loan is at risk for default, RCEDC will work with the RCEDC attorney in order to initiate steps necessary to protect the loan and to ensure the maximum repayment of the balance due. Again, corrective actions may be achieved through restructuring or if necessary, foreclosure actions.

Administration Fees

No administrative funds may be withdrawn from the original fund awards of \$200,000 to cover personnel costs and other administrative expenses.

Reasonable administrative fees may be paid from interest earned from repayments to the fund to cover personnel costs and other administrative expenses.

The RCEDC may also require the following fees:

- (a) Loan Processing Fee: An amount equal to 1.5% of the loan amount.
- (b) Out-of Pocket Fees: All out-of-pocket expenses related to the transaction will be the responsibility of the business receiving the loan or equity investment. This may include but not be limited to determining the value of collateral and perfecting security interest of the RCEDC and other fees to cover charges directly related to either processing an application or servicing a loan, including but not limited to, appraisals, title reports, lien searches, credit reports, UCC filing fees and Register of Deeds fees.

Eligible Area

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

Eligible Applicants

Eligible businesses are high-growth and emerging growth companies that are located in or will locate in the City of Racine.

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

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

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

Eligible Activities

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

1. Examples of target sectors of industry:
 - a. Advanced Manufacturing
 - b. Agriculture or Food Processing
 - c. Information Systems or Software
 - d. Medical Devices
 - e. Biosciences and Renewable/Green Energy
2. Land and building purchases, construction and renovation;
3. Site preparation, demolition and remediation;
4. Leasehold improvements;
5. Equipment;
6. Furniture and fixtures;
7. Professional fees such as feasibility studies, consulting fees and legal fees associated; with project development;
8. Working capital; and
9. Other purposes as deemed eligible by the RCEDC Loan Committee and Executive Committee.

Ineligible Activities

Program funding may not be used for the following activities:

1. Refinancing or consolidating of existing debt;
2. Reimbursement for expenditures made prior to application approval, unless previously negotiated;
3. Specialized equipment that is not essential to the business operation;
4. Residential construction or reconstruction unless such reconstruction is intended to convert the use of the residential building to a business or industrial operation.
5. Routine maintenance;
6. Establish a business that is inconsistent with the plans adopted by the City of Racine; and
7. Other activities that the RCEDC Loan or Executive Committee may identify during the administration of the program.

Ineligible Businesses

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

1. Real estate investment companies (except for facilities from which the business operates);
2. Lending institutions;
3. Gambling operations;

4. Recreational facilities which do not allow access to the general public;
5. Business that have over 90% of their income in direct consumer retail, restaurant or
6. hospitality industry sectors;
7. Other businesses not serving the interests of the City of Racine;
8. Any government body or governmental entity (including the City of Racine); and
9. Not-for-profit businesses or organizations unless a Payment in Lieu of Taxes (PILOT) is included in the agreement.

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

Funding

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

1. A grant of \$100,000 from the Wisconsin Economic Development Corporation.
2. A matching funding of \$100,000 from the City of Racine.

Loan repayments of principal will be returned to the Seed Capital Fund for additional awards.

Types of Awards

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

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

Initial Sources of Funds

The Fund will be established with the original \$200,000 to be allocated as follows:

Uses	WEDC	City	Total
Grants	\$34,000		
Any Structure (Grants, Loans, Equity)	\$66,000	\$100,000	
Total	\$100,000	\$100,000	\$200,000

It is a requirement of the grant from WEDC that \$34,000 of their grant funds is allocated as direct grants of up to \$10,000 to applicants. These grants would not require a repayment of the funds.

3. Terms and Conditions

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

1. Grant Amount. Grants will be limited to \$10,000 per entity. These grants do not have a repayment component.
2. Loan Amount/ Equity Investment. Loan amounts and equity investments are subject to the availability of funds and the following:
 - a. The maximum amount under the Seed Capital Fund will be \$100,000.
 - b. A larger amount may be recommended by RCEDC Loan or Executive Committee where circumstances (for example, very high wages or potential economic impact) warrant it.
3. Interest Rate. The RCEDC Loan and Executive Committee will determine an interest rate subject to the following consideration:
 - a. The interest rate on Seed Capital Fund loans are negotiable but are generally set from a minimum of 2.00% to a rate equal to 2.00% above prime (defined as the prime rate of interest as published in the Midwest edition of the Wall Street Journal plus 2.00%).
 - b. The interest rate may be negotiated as part of the overall agreement.
4. Terms. All terms and conditions of the agreement will be negotiated on a case by case basis. Loan terms will be determined by the RCEDC Loan and Executive Committees subject to the following guidance:
 - a. The loan term for any loan made, may not exceed 10 years, unless, the RCEDC agrees to take an equity position in the business as part of the repayment agreement.
 - b. Most loans for machinery, equipment, and fixtures will have terms of five years.
 - c. Real estate loans will have a maximum term of ten years which can be amortized up to a twenty-year basis.
 - d. Loan terms will be set so that there is an approximate parity between the amortized balance of the loan and the remaining value of the collateral. Loans secured by rapidly-depreciated equipment should have a shorter amortization than loans secured by real estate.
 - e. Loans may be amortized with balloon payments.
 - f. Loans will be written to require regular systematic payments as determined at the time of the award.
5. Deferral of Principal and Interest. The RCEDC Loan and Executive Committee may approve a deferral of principal and/or interest payments on loans. Interest will accrue during the deferral period and may be paid in one lump sum at the end of the deferral period or added to the principal of the loan and amortized over the remaining term of the loan. Loan payments may be deferred for a as deemed appropriate by the RCEDC Loan and Executive Committee.

6. Prepayment. There are no penalties for prepayment of a loan.
7. Collateral. The RCEDC will seek the best possible collateral position to ensure that Seed Capital Fund loans are adequately secured.

4. Application Procedures

Discussion of Program Requirements

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

Timing of Applications

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

Priority of Consideration

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

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

Application

Applicants must submit an application using the form available for the appropriate application form and that includes the following as deemed appropriate by the Fund Administrator:

1. Business Description: A written description of the business including:
 - a. A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, market and products;
 - b. Potential markets and customers;

- c. Resumes of each principal associated with the business including number of years' experience in the business, educational background, and role in the business; and
 - d. A financial history, if available, of the business including balance sheets, profit/loss statements, cash flow statements, and accountant notes for the previous three years. For a start-up business, personal income tax statements for the past three years could be required.
2. Fund Sources: A detailed description of the sources and uses of the funds needed for the project, including Seed Capital funds, private sector funds, equity, etc.
 3. Projected Expenditures: A detailed summary of any and all uses of the total sources of funding, including a budget and capital expenditures. In addition, copies of lease agreements should also be submitted.
 4. Projections. Provide pro formas (a balance sheet, income statement and cash flow statement) covering a three year period based on the assumption that the business will obtain the requested award from the Fund.
 5. Additional Information. Additional information may be requested by the RCEDC Loan or Executive Committee or the Fund Administrator.

Review Process

Specific steps in the review process include the following:

1. Preliminary Review. The Fund Administrator will review the application for completeness and verify that the proposed project meets the minimum requirements. If the application is not complete, the Administrator will inform the applicant of the deficiencies and work with them to correct the areas of concern.
2. RCEDC Loan Committee. This committee will review the recommendations of the Fund Administrator. This committee will complete the due diligence phase of the application to verify that the intent of the application is consistent with the original terms set forth by the Wisconsin Economic Development Corporation. The Loan Committee will forward their recommendation to the RCEDC Executive Committee for final approval.
3. Negotiation of Terms. Upon approval by the RCEDC Executive Committee, the Administrator will contact the business in writing to explain the terms of the loan or equity investment being offered.
4. Notice of Award. If approved, a closing will be scheduled to execute the necessary documents.
5. Rejection of Award. If the applicant is not approved, the Fund Administrator will send a letter to the applicant stating the reasons for the rejection and offering to meet with the applicant to explore ways to strengthen the request or to identify potential alternative sources of financing.

6. Distribution of Funds

Loan/Equity Investment Procedures

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

1. Notice of Award. The RCEDC must have reviewed and approved a complete application for an eligible applicant.
2. Loan/Equity Investment Agreement. The RCEDC will prepare the documents to be executed for closing to be executed by authorized representative(s) of the business.
3. Promissory Note. If required a promissory note will be prepared by the RCEDC and signed by the authorized representative of the business at the time of the closing. The note must be dated, it must reference the agreement between the RCEDC and the business, and it must specify the amount and terms of the loan funds delivered.
4. Security. Mortgage or lien instruments or personal guarantees provided as security for all loans shall be prepared by the RCEDC and executed at the time of the loan closing. The RCEDC shall record the instrument and place a copy in the project file to include:
 - a. Guarantee agreement;
 - b. Personal guarantees; and
 - c. Other documentation as may be appropriate.

5. Repayment Schedule. A loan repayment or amortization schedule will be prepared by the Fund Administrator at the time funds are disbursed. The repayment schedule will be attached to both parties' copies of the agreement.
6. Evidence of Eligibility for Permits, etc. Documentation must be provided that the applicant is eligible for all necessary permits, licenses, and other registrations. The RCEDC may allow for distribution of funds to assist the applicant in obtaining these documents.
7. Evidence of Program Expenditures. Documentation must be provided by the business to evidence the program expenditures. Documentation may include bills and invoices or receipts for materials, final bills of sale or cancelled checks. All documentation will be approved by the Fund Administrator.
8. Fixed Equipment. Fixed equipment financed with program funds must have been purchased, delivered and installed prior to final disbursement of loan proceeds; therefore, loan proceeds may be disbursed in installments based upon the vendors requirements with the final installment paid upon installation. The Fund Administrator will verify the installation of fixed equipment.
9. Other Documentation. As appropriate or necessary, the borrower may be asked to provide the following:
 - a. A Certificate of Status from the Department of Financial Institutions;
 - b. Articles of Incorporation and Bylaws;
 - c. A resolution of agreement to borrow funds;
 - d. Current financial statements;
 - e. Evidence of having secured other funds necessary for the project; and
 - f. An environmental assessment for real estate.
10. With the above documentation in place, the RCEDC will schedule a closing.
11. Mortgages and UCC statements must be recorded with the Register of Deeds and the Secretary of State.

Grant Procedures

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

1. Notice of Award. The RCEDC must have reviewed and approved a complete application for an eligible applicant.
2. Grant Agreement. The RCEDC will prepare the grant agreement to be executed by the Executive Director or other authorized RCEDC representative and an authorized representative(s) of the business.
3. Evidence of Eligibility for Permits, etc. Documentation must be provided that the applicant is eligible for all necessary permits, licenses, and other registrations. The RCEDC may allow for distribution of funds to assist the applicant in obtaining these documents.
4. Evidence of Program Expenditures. Documentation must be provided by the business to evidence the program expenditures. Documentation may include bills and invoices or

receipts for materials, final bills of sale or cancelled checks. All documentation will be approved by the RCEDC.

5. Other Documentation. As appropriate or necessary, the Grantee may be asked to provide the following:
 - a. A Certificate of Status from the Department of Financial Institutions;
 - b. Articles of Incorporation and Bylaws;
 - c. A resolution of agreement to borrow funds;
 - e. Current financial statements;
 - f. Evidence of having secured other funds necessary for the project; and
 - g. An environmental assessment for real estate.
6. With the above documentation in place, the Fund Administrator will schedule a Grant closing.
7. All documents will be executed before funds are disbursed.

7. Post-Approval Requirements

Obligation of the Applicant

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

1. Non-Discrimination. Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in s. 51.05(5), sexual orientation or national origin in an employment or construction activity related to the use of the business loan funds or equity investments.
2. Use of Funds. To use the proceeds only to pay the cost of services or materials necessary to complete the project or activity for which the funds were awarded.
3. Inspections / Audit by the RCEDC. To permit inspections by persons authorized by the RCEDC of all projects and properties assisted with the funds. Related project materials will also be open to inspections which include, but may not be limited to contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection / audits must be compiled with by the applicant.
4. Records. To maintain records on the project as may be requested by the RCEDC. These files must be maintained as long as the loan/grant is active or for at least three years after completion of the work for which the loan/grant has been obtained, whichever is longer.
5. Progress Reports. To submit periodic progress reports to the Fund Administrator in accordance with the schedule in the agreement.
6. Compliance with Federal Laws. As required to abide by all federal laws, when applicable. These include, but may not be limited to the Civil Rights Act of 1964, the Age

Discrimination Act of 1975, the Contract Work Hours and Safety Standards Act, the Copeland “Anti-Kickback” Act, and all regulations pursuant to these acts.

7. Performance Monitoring

Private Leverage Commitments

RCEDC may be required to monitor the use of funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sales, and cancelled checks.

Default

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

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

8. Use and Reporting of Payments

Use of Payments

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

Reporting Requirements

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

Discontinued Economic Development Loan Program

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

9. Loan Program Servicing

Program Monitoring

The Fund Administrator will monitor each loan/grant to ensure compliance with the terms and conditions and to monitor the financial health of the business to ensure continued payment of the loan. The monitoring will also ensure that all record keeping requirements are met. The Fund Administrator will monitor the overall Seed Capital Fund Program including all records of individual loans/grants, funds deposited to bank accounts, and other program funds.

A schedule of outlining the equity of the Seed Fund in various projects is also required. The Fund Administrator will monitor the effectiveness of the Seed Capital Fund Program, market the program, and recommend policy and procedures to the RCEDC Executive Committee and City of Racine.

Reporting to the RCEDC Executive Committee and City of Racine

The Fund Administrator will prepare a semi-annual summary report of the Seed Capital Fund Program and provide this to the RCEDC Loan Committee. The intent of the report is to offer a snapshot of the status of existing loans/grants, equity positions and balances in the program accounts.

Reporting to the City of Racine

Reporting the results of the Seed Fund Program will be done annually to the City of Racine.

Program Records

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

1. Applications to the Wisconsin Economic Development Corporation for grant funds used to establish or fund the Seed Capital Fund Program;
2. Contracts with the Wisconsin Economic Development Corporation for grant funds awarded;
3. Policy and procedures manuals or other guidance issued by the Wisconsin Economic Development Corporation relating to administration of the Seed Capital Fund Program.
4. Policy and procedures manuals and other guidance adopted by the City of Racine relating to the administration of the Seed Capital Fund Program;
5. Documentation of any actions taken by the RCEDC Executive Committee or City of Racine relating to the Seed Capital Fund Program;

6. General documentation and correspondence relating to the Seed Capital Fund Program;
7. Bank statements, checkbook registers, deposit records, check copies, certificates, and all other documentation relating to Seed Capital funds deposited at area financial institutions;
8. Records of administrative expenses paid through the use of program funds;
9. Records of activity taken to market the Seed Capital Fund Program;
10. Status Reports provided to the RCEDC Executive Committee; and
11. Semi-annual reports filed with the Wisconsin Economic Development Corporation.

Program Monitoring Schedule

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

1. Due dates of certificates of deposit in which program funds are invested;
2. Reporting dates to the Wisconsin Economic Development Corporation;
3. Date upon which the terms of outstanding loans are due to be modified according to the loan agreement;
4. Dates by which recipients are scheduled to provide financial statements or progress reports;
5. Expiration dates of required insurance;
6. Dates upon which loans are due to be paid off, or balloon payments are due;
7. Dates by which UCC Filings are scheduled to be renewed; and
8. Dates upon which annual recipient reviews are to be conducted.

Changes to Loan and Equity Investment Agreements

Any requests made by the business on a transaction for changes to the original loan or equity investment terms will be evaluated by RCEDC staff with a recommendation to the RCEDC Loan Committee for approval. The RCEDC Loan Committee will have authority to approve or decline these requests.