

**BUSINESS NAME:** Verd's, LLC DBA - Verd's  
**BUSINESS ADDRESS:** 211 10th St., Racine, WI 53403

**QUESTIONNAIRE**

1. Capacity

How many customers do you anticipate on your busiest days?

25-50     50-100     100-200     200-400     More than 400

2. Hours of Operation

Please indicate the intended hours of operation by day. If your establishment will be open past midnight, the indicated closing time will be understood to be the day following the indicated time your establishment will open for business.

The event venue (2nd floor) will be open for morning afternoon, and evening events 7 days a week. Please see attachment.

3. Ratio of Food to Alcohol (exclusive of any cover charge)

75% or more food     Snacks only     Other     50% food/50% alcohol     No food

If other, please describe:

4. Type of Alcohol

Beer  
 Beer and wine     Hard liquor as well as beer and wine

5. Drink Specials

Will drink specials be offered?  yes     no    If yes, what kind of drink specials?

There will be mix drink specials.

6. Type of Entertainment (Check all that apply)

Cocktail lounge only     Dance club     Banquets and private parties  
 Live music     DJ introduced music     Under age 21 events

7. Outdoor Facilities (Check all that apply)

For smokers     Patios in front     Patios in Rear     Patios on side(s)     Roof patio

8. Security

What type of security and age verification will be provided? Please describe: Employees will be trained to check ID(s) for age verification. There will be security cameras, security lighting, and an alarm system.

How will you maintain security both inside and immediately outside the establishment? Please describe:

There will be security cameras and lighting. Also, a security alarm system will be used at all times.

9. Parking access/security

Please describe your parking arrangements. There is only street parking available.

\* NOTE: You may attach additional pages if necessary.

# CITY OF RACINE

## Supplemental Application Form for new Alcohol Establishments

Date 4/1/11

Name of Corporation/LLC/Individual Veros, LLC - Veronica Co. Carver

Address of Licensed Premise 211 6th St., Racine, WI 53403

**PART 1**

1. Have you contacted the alderman and neighborhood business association for the area in which you intend to locate?  YES  NO
2. Are there any special conditions desired by the neighborhood?  YES  NO
3. What type of business do you or will you conduct at this location? (check all that apply)  
(Other licenses/permits may be required to operate your business.)

<input checked="" type="checkbox"/> Full Service Restaurant	<input type="checkbox"/> Grocery Store
<input type="checkbox"/> Bed and Breakfast	<input type="checkbox"/> Convenience Market without Gas
<input type="checkbox"/> Convenience Market with Gas	<input type="checkbox"/> Billiard Center (Billiard Hall License Required)
<input type="checkbox"/> Bowling Center (Bowling alley license req.)	<input type="checkbox"/> Catering (Sales only allowed on the premises issued an alcohol beverage license)
<input type="checkbox"/> Comedy Club	<input type="checkbox"/> Indoor Golf Facility
<input type="checkbox"/> Hotel	<input type="checkbox"/> Gift Shop Museum Center for the Visual and Performing Arts
<input type="checkbox"/> Video Game Center 6 or more games (Amusement Center license req.)	<input type="checkbox"/> Veterans Club
<input checked="" type="checkbox"/> Night Club (Dance Hall License Required)	<input type="checkbox"/> Tavern
<input type="checkbox"/> Brew Pub	<input type="checkbox"/> Volleyball Court (Permanent expansion of premises required)
<input type="checkbox"/> Fraternal Club	<input type="checkbox"/> Wine Tasting Room
<input type="checkbox"/> Theater Performances	<input type="checkbox"/> Liquor Store
<input type="checkbox"/> Private Sports Club	<input type="checkbox"/> <b>OTHER</b> (Please List)
<input type="checkbox"/> Department Store/Drug Store	<input type="checkbox"/>
<input type="checkbox"/> Cafe/Coffee Shop	<input type="checkbox"/>

4. What type of license(s) do you hold at this premise? (check all that apply)

<input type="checkbox"/> Cigarette	<input checked="" type="checkbox"/> Food (Apply at the Health Dept)
<input type="checkbox"/> Gas Station (Apply at Clerk's Office)	<input type="checkbox"/>
<input type="checkbox"/> Other (LIST)	<input type="checkbox"/>

5. If applying for a Class B or C license, what type of food service will you have at this location? (check all that apply)

<input type="checkbox"/> None	<input type="checkbox"/> Prepackaged Foods
<input type="checkbox"/> Snacks/Appetizers	<input checked="" type="checkbox"/> Catered Events
<input checked="" type="checkbox"/> Full Meals -Hours of Food Service. From _____ To _____ (attach additional sheets)	

# CITY OF RACINE

## Supplemental Application Form for new Alcohol Establishments

6. Is this premise under construction?  Yes  No If yes, estimated completion date?
7. Is this a franchise?  Yes  No
8. Is this premise currently licensed?  Yes  No If yes list type of license In the process
9. Is the current licensee operating?  Yes  No If no, list date closed In the process

**LITTER/GARBAGE:** What are your plans to keep the grounds clean? (check all that apply)

<input checked="" type="checkbox"/> Sweep	<input type="checkbox"/> Pressure Wash
<input checked="" type="checkbox"/> Pick up litter	<input type="checkbox"/> Hired Maintenance
<input checked="" type="checkbox"/> Building owner responsibility	<input type="checkbox"/> Garbage Cans Outside
<input type="checkbox"/> Other (List)	<input type="checkbox"/>

**Who is responsible to keep the grounds clean?** (Licensee/Building Owner/hired Maintenance/Other)

The building owner will be responsible for the grounds cleanup.

**How Often?** (Daily, Weekly, Other) Daily or after an event

**NOISE:** How are noise issues addressed? (check all that apply)

<input type="checkbox"/> Security	<input type="checkbox"/> Manager approaches customer(s)
<input type="checkbox"/> Call Police	<input type="checkbox"/> Signs Posted
<input type="checkbox"/> Other (List)	<input checked="" type="checkbox"/> <u>I will stay in compliance with the city noise ordinance.</u>

**SECURITY:** What is your security plan? (check all that apply)

<input type="checkbox"/> None	<input type="checkbox"/> Bouncers
<input type="checkbox"/> Hired Security Officers	<input type="checkbox"/> Off Duty Police Officers
<input type="checkbox"/> Other (List)	<input checked="" type="checkbox"/> <u>There will be security cameras and alarms. For certain events, I will hire security, if needed.</u>

**PART 2: DETAILED BUSINESS SITE PLAN**

**A: ATTACH BUSINESS PLAN** which outlines the type of business you plan to operate if granted a license. This should be typed and include the following:

- Hours of operation
- Alcohol based on a percentage of sales
- Sample Menu (if applicable)
- Security
- Parking
- Staffing
- Plan to deal with non-smoking laws
- Any special events/plans
- Good neighbor practices (i.e. litter control)
- Detailed Budget including estimated costs/profits

# CITY OF RACINE

## Supplemental Application Form for new Alcohol Establishments

**B: ATTACH DETAILED FLOOR PLAN-**You will need to submit a detailed floor plan.

***READ ALL INSTRUCTIONS BEFORE PREPARING THE FLOOR PLAN.***

- Any application submitted without the detailed floor plan (including all required items as listed below) will not be accepted.
- Even if the premise had previously been licensed and a floor plan submitted, a new floor plan must be submitted with this application.
- The floor plan must be filed on 8 1/2" by 11" size paper.
- A separate sheet of paper must be filed for each floor where alcohol will be stored, displayed, sold, given away and/or consumed.
- Even if the basement is being used for alcohol storage only, a floor plan is still required for the basement.
- Hand drawn floor plans are acceptable. Plans do not need to be architectural drawings or need to be to scale.

THE FLOOR PLAN MUST INCLUDE ALL OF THE FOLLOWING ITEMS:

1. Dimensions of the Premises and
2. Total Square Feet of the Premise (length x width=square feet)
3. Label all entrances and exits
4. Label all alcohol storage areas (coolers, etc) and
5. Provide dimensions of all alcohol storage areas (length x width)
6. Label all alcohol display areas (behind the bar, shelves, etc.) and
7. Provide dimensions of all alcohol display areas (length x width)
8. Class B & C Applicants Only: Label all seating areas, bars, and food preparation areas (kitchen)
9. Class B & C Applicants Only: Label all outdoor areas used for the sale of service of alcohol beverages (for example, patios, beer gardens, sidewalk cafes) and
10. Class B & C Applicants Only: Provide dimensions of all outdoor areas used for the sale or service of alcohol beverages (length x width)
11. Label all parking areas on the premises (do not include street parking) (This is required if the parking is shared, for example, a strip mall.) and
12. Provide dimensions of all parking areas available on the premises (length x width). The parking areas(s) should be marked on the floor plan for the first floor showing the relation to the building.
13. Mark the North Point (N) on each page.
14. Write the date on each page.
15. Write the Legal Entity Name (and Agent's Name if a corporation or LLC) on each page
16. Write the Trade (Business) Name on each page.
17. Write the Premise address on each page.

# CITY OF RACINE

## Supplemental Application Form for new Alcohol Establishments

### IF YOU LEASE THE BUILDING, ANSWER THE FOLLOWING QUESTIONS:

Have you signed the lease? Yes No

Date lease begins: \_\_\_\_\_ Expires \_\_\_\_\_

Monthly Rental: \$ \_\_\_\_\_

Do you have an option to renew the lease? Yes No

Does your lease allow for the assignment to another party without consent of the owner? Yes No

For what length of time have you been guaranteed occupancy? (number of years) \_\_\_\_\_

In addition to paying monthly rental, will you have to pay anything additional to the owner of the building to guarantee performance of the lease? Yes No Explain if Yes \_\_\_\_\_

Does the present owner or occupant object to the granting of your license? Yes No

Explain if Yes \_\_\_\_\_

\*\*\*\*\*

The City of Racine requires that you describe the type and general nature of entertainment that you will have under the following licenses:

- **Amusement** - COMPLETE SECTIONS A & B  
Allows entertainment or exhibitions consisting of music, dancing, singing and floorshows performances. Includes Dance, Instrumental Music and Record Spin.
- **Dance License** - COMPLETE SECTION A ONLY  
Allows dancing on the premises by patrons only. Dancing by performers is not allowed. This license also allows the playing of pre-recorded music machines (Record Spin) and instrumental Music by musicians. Singing is permitted if done by the persons actually engaged in the playing of the musical instruments.
- **Instrumental Music** - COMPLETE SECTION A ONLY  
Permits the playing of instrumental music only, with singing on the part of and only by persons actually engaged in the playing of such musical instruments. No dancing allowed.
- **Record Spin** - COMPLETE SECTION A ONLY  
Permits DJ's, karaoke and CD players. No dancing allowed.

# CITY OF RACINE

## Supplemental Application Form for new Alcohol Establishments

**SECTION A: CHECK ALL THE TYPES OF MUSIC THAT APPLY:** ("Variety" is not an acceptable answer.)

<input type="checkbox"/> Blues	<input type="checkbox"/> Latin Pop	<input type="checkbox"/> Hard Rock
<input type="checkbox"/> Reggae	<input type="checkbox"/> Classic Rock	<input type="checkbox"/> Country
<input type="checkbox"/> Easy Listening	<input type="checkbox"/> Contemporary R&B	<input type="checkbox"/> Dance - Pop
<input type="checkbox"/> Irish	<input type="checkbox"/> Tropical	<input checked="" type="checkbox"/> Other(list) <i>various</i>
<input type="checkbox"/> Mexican Top 40	<input type="checkbox"/> New Age	<input type="checkbox"/> <i>if rented music</i>
<input type="checkbox"/> Modern Rock	<input type="checkbox"/> Rap	<input type="checkbox"/> <i>tape maybe</i>
<input type="checkbox"/> Heavy Metal	<input type="checkbox"/> Jazz	<input type="checkbox"/> <i>different per</i>
<input type="checkbox"/> Hip- Hop	<input type="checkbox"/> Classic R&B	<input type="checkbox"/> <i>events.</i>
<input type="checkbox"/> Dance - R&B	<input type="checkbox"/> Techno	<input type="checkbox"/>
<input type="checkbox"/> Polka	<input type="checkbox"/> Folk	<input type="checkbox"/>

**SECTION B: AMUSEMENT/CABARET LICENSE APPLICANTS ONLY** (check all that apply)

<input type="checkbox"/> Battle of the Bands	<input type="checkbox"/> Comedy Acts
<input checked="" type="checkbox"/> Disc Jockey	<input type="checkbox"/> Live Musicians
<input type="checkbox"/> Magic Shows	<input checked="" type="checkbox"/> Poetry Readings
<input type="checkbox"/> Rapping/Rap Contests	<input type="checkbox"/> Solo Singers/Groups
<input type="checkbox"/> Dancing by Performers-Describe	<input type="checkbox"/> Wrestling-Describe
<input type="checkbox"/> Fashion Shows-Describe	<input type="checkbox"/> Patron Contests-Describe
<input type="checkbox"/> Exotic Dancer/Stripper/Adult Entertainment-Describe	<input checked="" type="checkbox"/> Other - Describe <i>The event <sup>venue</sup> may be rented out so there may be different events.</i>

Attach additional pages if necessary

If the type of entertainment is not listed above, please describe the type of entertainment you will have:

IF AFTER THE LICENSE HAS BEEN GRANTED OR ISSUED, YOU WISH TO DEVIATE FROM THE TYPE(S) OF ENTERTAINMENT LISTED. YOU MUST SUBMIT A "REQUEST TO CHANGE THE PLAN OF OPERATION". NO CHANGES IN ENTERTAINMENT SHALL TAKE PLACE UNTIL THE REQUEST HAS BEEN APPROVED BY THE PUBLIC SAFETY LICENSING AND/OR CITY OF RACINE COMMON COUNCIL. VGC (INITIAL)

# CITY OF RACINE

## Supplemental Application Form for new Alcohol Establishments

I (we), the undersigned have a knowledge of the City Ordinances currently regulating these licenses and being duly sworn under oath, depose and say that I am (we are) the person(s) and that all statement made in the foregoing application are true and correct.

SUBSCRIBED AND SWORN TO BEFORE ME ON \_\_\_\_\_, 201\_\_

Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

*Veronica C. Carver*

Address \_\_\_\_\_

*2 Spruce Wood Ct.*

*Racine, WI 53402*

## Vero's Hours of Operation

The restaurant will be open for operation as follows:

Monday's closed for business.

The restaurant will be open for brunch on Sunday's from 10:30 a.m. to 2:30 p.m.

Lunch will be served daily from 11:00 a.m. to 3:00 p.m. (Tuesday's through Sunday's)

Dinner will be served daily from 5:00 p.m. to 10:30 p.m. Tuesday's through Sunday's)

The restaurant will be closed on Christmas, Easter, and the Fourth of July.



Vero's, LLC

# **Vero's BUSINESS PLAN**

**Restaurant & Event Venue**

Veronica G. Carver



**April 1,  
2011**

# Veron's BUSINESS PLAN

## Concept Statement / Executive Summary:

Veron's will provide a fine dining at a reasonable price. Its premium location on 6<sup>th</sup> St in monument square is ripe to attract sophisticated racinians starving for a new dining experience. A soothing environment with international flare is accompanied by a unique and an attentive staff. The upper level is spacious and will host business meetings, banquets, and small receptions with a large picture that has a stunning view overlooking monument square. The upper level garden patio has additional space with an intermit appeal. Veron's with its location atmosphere and menu are guaranteed to be a success.

## COMPANY DESCRIPTION

Veron's, LLC, a Wisconsin based company, a lower unit, small restaurant serving healthy, international style food. The restaurant will be located at 2116<sup>th</sup> Street, in downtown Racine, WI.

## Mission Statement

The company's goal is that of a multi-purpose success. Our first responsibility is to the financial well-being of the restaurant. We will meet this goal while trying to consider; 1) the effect of our products on the health and well being of our customers (and our staff), 2) the impact that our business practices and choices will have on the environment, and 3) the quality of attitude, fairness, understanding, and generosity between management, staff, customers, and vendors. Awareness of all these factors and the responsible actions that result will give our efforts a sense of purpose and meaning beyond our basic financial goals.

## Development & Status

The company was incorporated in March of 2011 and elected as a limited liability company.

The founder is Veronica G. Carver. The company will be solely owned by Veronica G. Carver. A small business loan will be needed to cover the purchase of the building, cost of buying kitchen equipment, tables, and chairs.

A fitting site for the restaurant was found in March of 2010 close to a dense population of the target market.

## Future Plans

In the near future, we would like open a second location.

## **INDUSTRY ANALYSIS**

Although the restaurant industry is very competitive, trends are very important and Vero's is well positioned for the current interest in healthier international foods at reasonable prices.

### The Restaurant Industry Today

The restaurant industry remains one of the nation's largest private-sector employers. According to the National Restaurant Association's 2010 forecast, the restaurant industry is expected to show gradual improvement in 2010. Restaurant industry sales are projected to reach \$580 billion this year, a 2.5 percent increase in current dollars over 2009 sales. The restaurant industry still out performed the national economy. Consumers were forced to cut back on spending due to the economy but this pent-up demand will turn into restaurant traffic as the economic recovery continues. This will provide consumers with the choice and convenience they want.

### Future Trends & Strategic Opportunities

Restaurants will continue to be an essential part of our daily lives. According to the National Restaurant Association, there are keys points to the restaurant recovery:

1. Every dollar spent by consumers in restaurants generates an additional \$2.05 spent in the nation's economy.
2. Health, nutrition, and ethnic cuisines / flavors are the hot trends for the year.
3. Restaurant owners continue to step up their efforts to go green and use "word of mouth" that has moved online.

## **MARKET ANALYSIS**

### Industry

Vero's will be providing service to several markets. We will service the lunch time customer from local businesses, establishments, and city/local government offices. These companies and small businesses are strong, diverse, and a source for lunch business. The dinner crowd will be

maintained by the local families. The city of Racine has a great source of families dining out. The adult crowd who would like a drink or cocktails after work will come from the local businesses and establishments who prefer a nice, quiet, and social atmosphere.

### Competition

There are 12 restaurants in downtown Racine but they all do not all serve our type of customer or food. Some of those restaurants are only open for dinner hours while serving inexpensive meals. Other competitors are open during our set hours but have a limited menu. We believe that our international flare of cuisine, hours of service, price range of healthy entrees, and warm decorum will secure the success of the business.

### Competitor's Profile

The competitor's for the target market are these categories of food providers:

1. Old Madrid / CasaBlanca De Mexico – Spanish food restaurants only open for dinner business
2. Salute – Italian Restaurant open for lunch and dinner with an inexpensive menu
3. Red Onion - Selected client base while catering to events and provides basic dinner and lunch menus
4. Kewpee's – Caters to the general public as the best local inexpensive hamburger provider
5. Whey Chai / Shogun / Sticky Rice / Asiana – Asian cuisine with a wide price range
6. Chartroom / Yardarm Bar & Grill - Menus pertain to all fish entrees

These restaurants are ethnic based or pertain to selected type of food / client. Some of the restaurants are struggling in this economy while others are doing well.

### Competitive Strategy

There are three major ways in which we will create an advantage over our competitors:

1. Type of product, quality, and novelty
2. High employee motivation and good sales attitude
3. Innovative and aggressive service options

Once the customer has experienced the following: the whole experience of dining in a modern and contemporary designed decorum, an environment with a friendly and attentive waiting staff, the selection of international food with a flare, the attention to detail and food presentation, there will a repeated and smooth flow of business.

## Marketing

The entry into this market will be no problem. The restaurant will have great visibility due to its location and foot traffic from businesses, companies, and city/local government offices. Racine's local residents do not have fixed preferences. They are open to new choices.

## Marketing Strategy

Vero's will focus on the combination of healthy cuisine, international theme, modern and contemporary decorum to provide a mixed marketing vehicle to the customer base.

1. Social Media – the word of mouth has moved online with email and blogs
2. Hotel guides – concierge relations
3. Broadcast media – radio announcements on three local stations
4. Print media – ads in local newspapers, brochures in local stores and businesses

The launch of the marketing will be set in three phases:

1. Opening – An advanced notice will be sent out and printed brochures/ads will be placed in key locations.
2. Ongoing – A flexible marketing campaign will be reviewed regularly for its effectiveness.
3. Point of Sale – A well trained staff will increase the sales while broadening the customer's overall experience. Word-of-mouth referral is very critical in building a customer base.

## Future plans and Strategic Opportunities

Catering to local businesses for lunch, small social groups, and weddings may become part of future sales. At that point, a sales consultant will be hired to market our products and services.

## **BUSINESS OPERATION**

The restaurant at 211 6<sup>th</sup> St. is a 2739 square foot space. It was formerly a wine shop. It is well renovated and needs minimal cosmetic modifications. The building licenses and codes are structurally set up for a restaurant to serve drinks. The new equipment, leased equipment, and dining room furnishings will be purchased and installed by the general contractor. Offices of the corporation are presently at Veronica Carver's home but will be moved to the restaurant after opening.

## Hours of Operation

The restaurant will be open for brunch on Sunday's and lunch and dinner 6 days a week. Sunday brunch service will begin at 10:30 a.m. and end at 2:30 p.m. The lunch service will

begin at 11:00 a.m. and end at 3:00 p.m. The dinner service will begin at 5:00 p.m. and at 10:30 p.m. The restaurant will be closed on Christmas, Thanksgiving, Easter, and the Fourth of July. Also, the restaurant will be closed on Mondays.

#### Employee Training & Education

The restaurant will hire 1 sous-chef, 1 prep cook, 5 waiters/waitresses, 1 dishwasher, 1 hostess, 1 general manager/event planner, 2 bartenders, and a janitorial service. They will receive extensive training from the chef and be kept aware of the latest information on healthy eating and quality food.

#### Systems & Controls

A significant point will be made in the search for quality products. They will be constantly reviewed and tested for our high standards of freshness. Food costs and inventory control will be handled by our computer system and checked daily by management.

#### Food & Production

Most of the food will be prepared on the premises. The kitchen will be designed for high standards of sanitation and cleaned daily. Food will be made mostly to order.

#### Delivery

There will be a take-out service in the future. The food will be prepared as it is ordered.

#### Location

The Vero's restaurant is in a convenient downtown location for customers. It is easily accessible to other businesses and residential areas. With the street-level parking and huge windows, it provides great visibility for cars and foot traffic. There is ample metered street parking. It is approximately 15 - 20 minutes west of highway 94.

### **MANAGEMENT & OWNERSHIP**

#### Key Employees

Veronica G. Carver is the owner. Tarplah P. Carver is the head chef. Tarplah brings with him a culinary degree from the Cooking and Hospitality Institute of Chicago. He has 10 years of experience in catering and food preparation while managing a restaurant servicing up to 80 people. He decided to expand the concept into a full service restaurant.

His management style is innovative and in keeping with the corporate style outlined in the mission statement.

### Compensation & Incentives

Vero's will offer competitive wages and salaries to all employees.

### Consultants & Professional Support Resources

At this time, Vero's is working with a restaurant consultant, an interior designer, marketing and public relations firm, and a staffing agency. A staffing agency will handle the hiring of employees.

### Management to be Added

At this point, a job search has been started for a general manager, sous-chef, and prep cook.

### Hiring & Personnel Procedures

A local staffing agency will be in charge of the hiring of employees. A manager will be hired that has experience in opening and managing a restaurant successful track record. The manager will handle all of the personnel procedures. Currently, an employee manual is being developed.

### Management Structure & Style

Veronica G. Carver is the owner. Tarplah P. Carver is the head chef. The general manager / event planner, sous- chef, and prep cook will report to him. All other employees will report to the general manager.

### Insurance & Security

The building and business insurance is being provided by Michael Graham Insurance Company of Racine, WI. There will be security cameras, security lighting, and an alarm system installed.

## **FINANCE / FUNDING**

### Accounting

The accounting records will be maintained by Seliga & DeMatthew Accounting Services of Racine, WI. The accounting duties will be performed on a bi-weekly and monthly basis.

### Start-up Costs

Vero's has costs that will be incurred prior to opening the doors for business. The list of costs will be listed on the operating budget for the first year. Veronica G. Carver purchased the building for \$140,000 in February 2011.

### Investments Required

Based on Vero's operating budget, income statement, and balance sheet, I do not anticipate the need to borrow additional cash to run the business during its first year of business. Should Vero's require additional funds, I will make a contribution to cover the costs that are needed to proceed.

**Operating Budget - Year One – (See Attachment 'A')**

**Income Statement – Year One & Two – (See Attachment 'B')**

**Balance Sheet – Year One & Two - (See Attachment 'C')**

**Copy of Purchase Agreement – (See Attachment 'D')**

### Conclusion

Vero's will be a successful restaurant due to the experience and knowledge of the chef and the consultant's being used on the project. The menu contains African, southern, and American foods. This unique menu stands out in the Racine community. A major goal of Vero's, LLC is to open a second location.

Veronica G. Carver is a local OB/GYN doctor with Wheaton Franciscan Healthcare. She has lived and worked in the Racine and Kenosha areas for over fifteen years. Veronica G. Carver has a strong commitment to seeing Vero's restaurant become a huge success.



# Twelve-Month Operating Budget

Vero's

Attachment A

Fiscal Year Begins: Mar-11

Mar-11

	Pre-Startup EST	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Total Item EST
<b>Total Expenses</b>														
Purchases - POS system	2,000													2,000
Purchases - telephone system	150													150
Purchases - security system	500			50			50						50	700
Purchases - safe	150													150
Purchases - tables & chairs	5,000													5,000
Purchases - tabletop items	150													150
Purchases - menus	200													200
Purchases - manuals/handbooks	300													300
Purchases - guest checks	45													45
Interior design	3,675													3,675
Food facilities design	40,000													40,000
Inventory Purchases - food	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	28,000
Inventory Purchases - liquor	4,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	16,000
Inventory Purchases - beer	1,000	300	300	300	300	300	300	300	300	300	300	300	300	4,600
Inventory Purchases - wine	1,200	450	450	450	450	450	450	450	450	450	450	450	450	6,600
Inventory Purchases - linen	500	40	40	40	40	40	40	40	40	40	40	40	40	980
Inventory Purchases - paper	500	35	35	35	35	35	35	35	35	35	35	35	35	920
Inventory Purchases - chemical & janitorial	150	60	60	60	60	60	60	60	60	60	60	60	60	870
Recipe testing	2,000													2,000
Hiring & training	1,400													1,400
Gross wages (exact withdrawal)		15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	187,200
Payroll expenses (taxes, etc.)		1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600
Outside services	400													400
Supplies (office & oper.)	100						50						50	200

Repairs & maintenance												400						400	1,600	
Advertising, promotion, & Signage	2,000	30	30	30	30	30	30	30	30	30	30							30	2,360	
Car, delivery & travel																			0	
Accounting & legal		300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	900	4,200
Rent	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000	
Lease payments	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	5,200	
Telephone	100	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	940	
Utilities (electricity, gas, water)	400	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	800	7,600	
Insurance	2,800																		2,800	
Taxes (real estate, etc.)																		18,000	18,000	
Interest	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	832	
Plumbing & electrical permits	75																		75	
Beer & wine license	700																		700	
Health Dept Fees	800																		800	
Research, travel, entertainment	200																	50	400	
House bank / bank fees	1,000																		1,000	
Contingency fund	10,000																		10,000	
Miscellaneous																			0	
<b>SUBTOTAL</b>	<b>85,959</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>23,649</b>	<b>24,449</b>	<b>43,099</b>	<b>391,647</b>

**Vero's, LLC**  
**Year-End**  
**Income Statement (Projected)**

Attachment B

	2011	2012	2013
Net Sales (less returns & allowances)	317,035	342,191	365,380
Cost of Goods Sold	-	-	-
<b>Gross Margin</b>	<b>\$ 317,035</b>	<b>\$ 342,191</b>	<b>\$ 365,380</b>
<b>Operating Expenses</b>			
Advertising	2,001	2,001	2,001
Bad Debt Expense	-	-	-
Bank Charges	999	999	999
Depreciation & Amortization	-	-	-
Dues & Subscriptions	24,000	24,000	24,000
Insurance	2,800	2,800	2,800
Licenses & Fees	1,500	1,500	1,500
Marketing & Promotion	21,000	21,000	21,000
Meals & Entertainment	1,620	1,620	1,620
Miscellaneous	-	-	-
Office Expense	-	-	-
Office Supplies	200	200	200
Outside Services	400	400	400
<b>Payroll Expenses</b>			
Salaries & Wages	187,200	187,200	187,200
Payroll Taxes	15,600	15,600	15,600
Benefits	1,600	1,600	1,600
Professional Fees	4,200	4,200	4,200
Property Taxes	18,000	18,000	18,000
Rent	22,800	22,800	22,800
Repairs & Maintenance	4,800	4,800	4,800
Shipping & Delivery	-	-	-
Telephone	840	840	840
Training & Development	-	-	-
Travel	200	200	200
Utilities	7,200	7,200	7,200
Vehicle	-	-	-
Recipe Testing	-	-	-
Contingency Fund	-	-	-
Building Permits	75	75	75
<b>Total Operating Expenses</b>	<b>\$ 317,035</b>	<b>\$ 317,035</b>	<b>\$ 317,035</b>
<b>Operating Income</b>	<b>\$ 0</b>	<b>\$ 25,156</b>	<b>\$ 48,345</b>
Interest Expense	-	-	-
Other Income (for example, interest)	-	-	-
<b>Income Before Taxes</b>	<b>\$ 0</b>	<b>\$ 25,156</b>	<b>\$ 48,345</b>
Income Taxes (if C Corp)	-	-	-
<b>Net Income</b>	<b>\$ 0</b>	<b>\$ 25,156</b>	<b>\$ 48,345</b>

**Vero's, LLC**  
**Year-End**  
**Balance Sheet (Projected)**

Attachment C

	2011	2012	2013
<b>Assets</b>			
Current Assets			
Cash & Equivalents	150,000	167,609	201,451
Accounts Receivable	-	-	-
Inventory	-	-	-
Security Deposits	-	-	-
Other Current Assets	-	-	-
<b>Total Current Assets</b>	<b>\$ 150,000</b>	<b>\$ 167,609</b>	<b>\$ 201,451</b>
Fixed Assets			
Property, Plant & Equipment	-	-	-
Less: Accumulated Depreciation	-	-	-
Net Fixed Assets	-	-	-
Other Non-Current Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 150,000</b>	<b>\$ 167,609</b>	<b>\$ 201,451</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	-	-	-
Line of Credit	-	-	-
Other Current Liabilities	-	-	-
<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Long-term Liabilities			
Loans	-	-	-
Mortgages	-	-	-
Other Non-Current Liabilities	-	-	-
<b>Total Non-Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Equity</b>			
Equity Investments	150,000	150,000	150,000
Retained Earnings	0	25,156	65,955
Less: Owner's & Investor's Draws	(0)	(7,547)	(14,504)
<b>Total Equity</b>	<b>\$ 150,000</b>	<b>\$ 167,609</b>	<b>\$ 201,451</b>
<b>Total Liabilities and Equity</b>	<b>\$ 150,000</b>	<b>\$ 167,609</b>	<b>\$ 201,451</b>

- - - 0

Note: This balance sheet will be updated once contracts have been signed with vendors and contractors. Veronica G. Carver will invest any additional funds that need to cover costs.



\*0070\*



### BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$140,000.00	02-22-2011	02-22-2014	105131434	658	TBO	309	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** VERONICA G. CARVER  
2 SPRUCEWOOD COURT  
RACINE, WI 53402

**Lender:** SOUTHPORT BANK  
Main Office  
7027 Green Bay Road  
Kenosha, WI 53142

**THIS BUSINESS LOAN AGREEMENT** dated February 22, 2011, is made and executed between VERONICA G. CARVER ("Borrower") and SOUTHPORT BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of February 22, 2011, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

**Business Activities.** Borrower maintains an office at 2 SPRUCEWOOD COURT, RACINE, WI 53402. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's principal office address or any change in Borrower's name. Borrower shall do all things necessary to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release

or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Lien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

**Binding Effect.** This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notices of Claims and Litigation.** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

**Financial Records.** Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower.

**Tax Returns.** As soon as available, but in no event later than one-hundred-twenty (120) days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by Borrower.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

**Additional Information.** Furnish such additional information and statements, as Lender may request from time to time.

**Additional Requirements.** 1. DEPOSITS: BORROWER IS REQUIRED TO MAINTAIN DEPOSIT ACCOUNTS WITH SOUTHPORT BANK OF NOT LESS THAN \$15,000 AT ALL TIMES.

2. NO ADDITIONAL DEBT: BORROWER AGREES THAT IT WILL NOT INCUR ANY ADDITIONAL DEBT WITHOUT PRIOR WRITTEN CONSENT FROM SOUTHPORT BANK.

**Insurance.** Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

**Insurance Reports.** Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in

**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 105131434

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writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Compliance Certificates.** Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

**Default of Specified Affirmative Covenants.** Upon default of the following Affirmative Covenants (listed above) the Borrower(s) will be assessed a fee of \$250 each calendar quarter until the Borrower has complied with the terms of the covenant(s) and provided all required documentation to the satisfaction of the Lender.

- (a) Financial Records
- (b) Financial Statements
- (c) Additional Information

Borrower and Lender agree that this does not preclude the Lender's exercise of all its rights and remedies for default of any covenant herein. Initials: \_\_\_\_\_

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

**NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

**Indebtedness and Liens.** (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged,

**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 105131434

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or (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, dissolve or transfer or sell Collateral out of the ordinary course of business.

**Loans, Acquisitions and Guaranties.** (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

**Agreements.** Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Right to Cure.** If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**ERRORS AND OMISSIONS.** Borrower agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, or failure to sign, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender. Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable to Lender.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:



**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Wisconsin without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Wisconsin.

**Choice of Venue.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Kenosha County, State of Wisconsin.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Advance.** The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

**Agreement.** The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

**Borrower.** The word "Borrower" means VERONICA G. CARVER and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 105131434

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**Collateral.** The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Grantor.** The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means SOUTHPORT BANK, its successors and assigns.

**Loan.** The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

**Note.** The word "Note" means the Note executed by VERONICA G. CARVER in the principal amount of \$140,000.00 dated February 22, 2011, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Permitted Liens.** The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**Security Agreement.** The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

**BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED FEBRUARY 22, 2011.**

**BORROWER:**

**X COPY**

**VERONICA G. CARVER**

**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 105131434

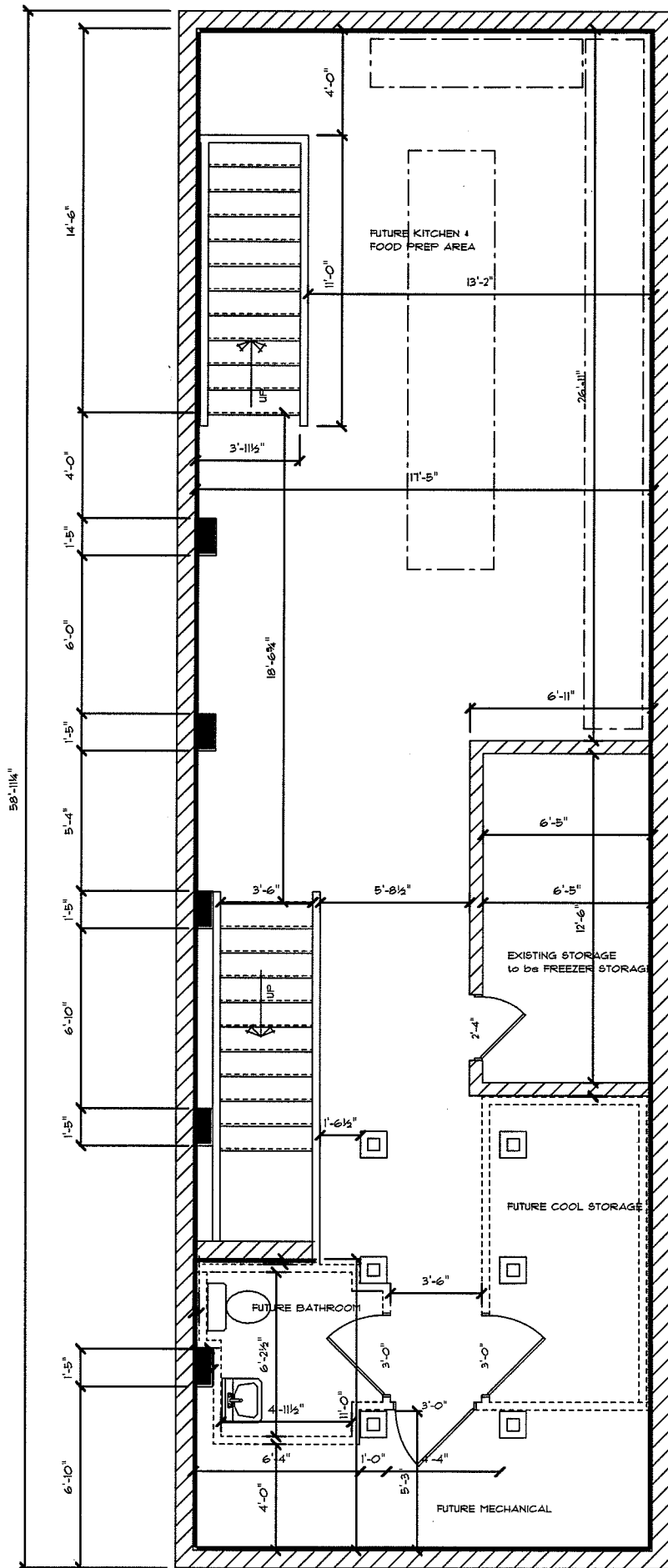
Page 7

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LENDER:

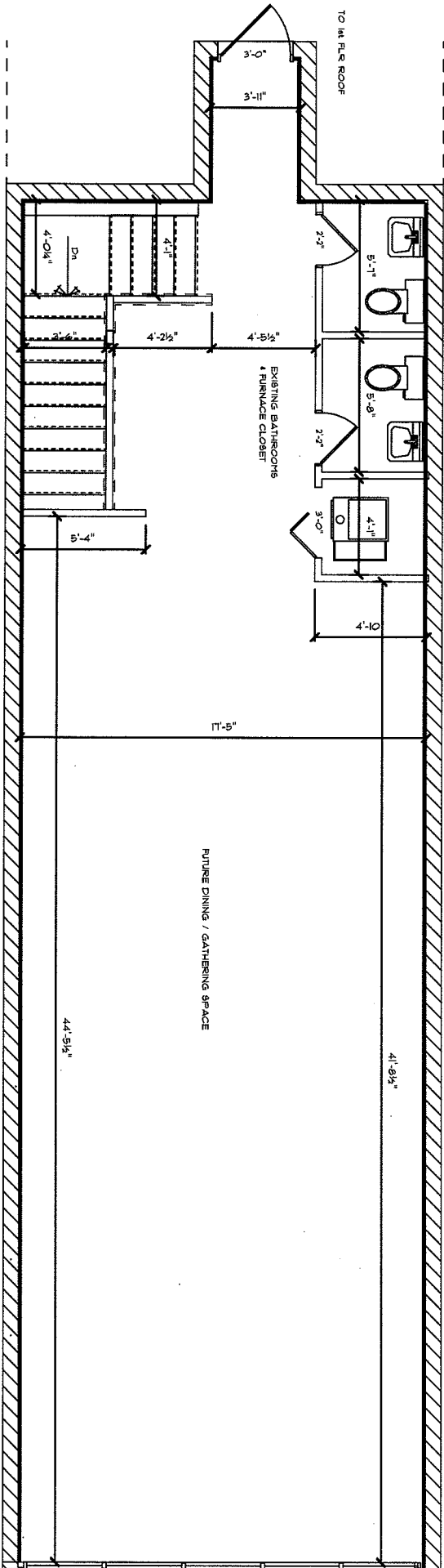
SOUTHPORT BANK

By: COPY  
Authorized Signer



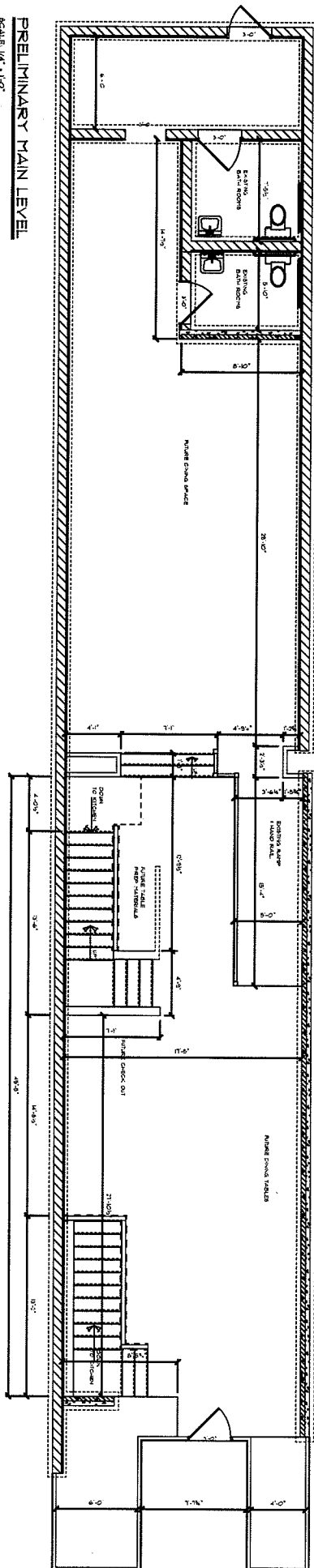
**PRELIMINARY LOWER LEVEL PLAN**

SCALE: 1/4" = 1'-0"

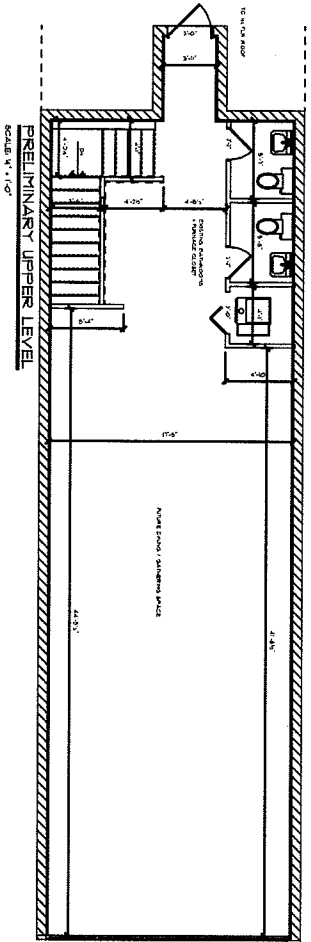
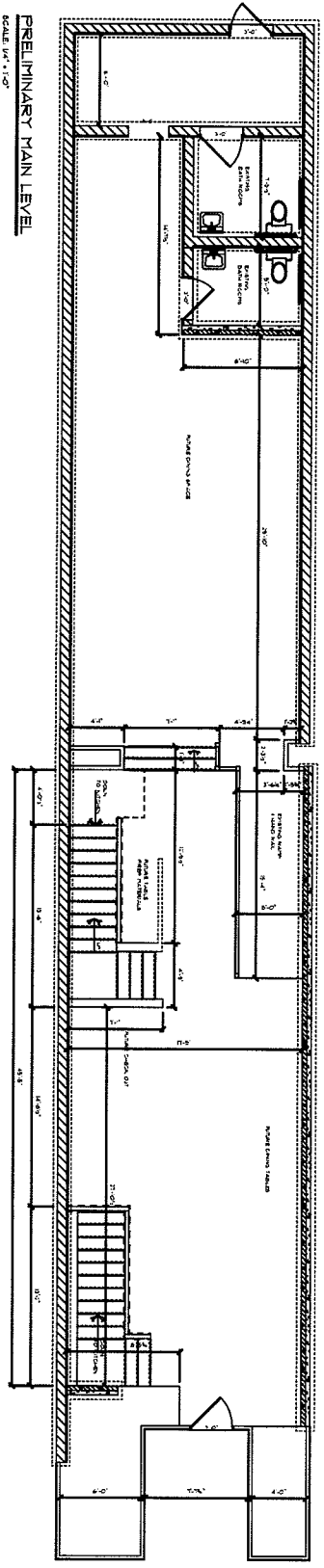


**PRELIMINARY UPPER LEVEL**  
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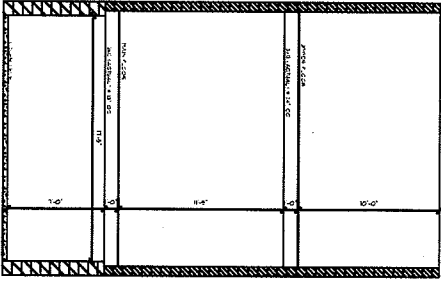
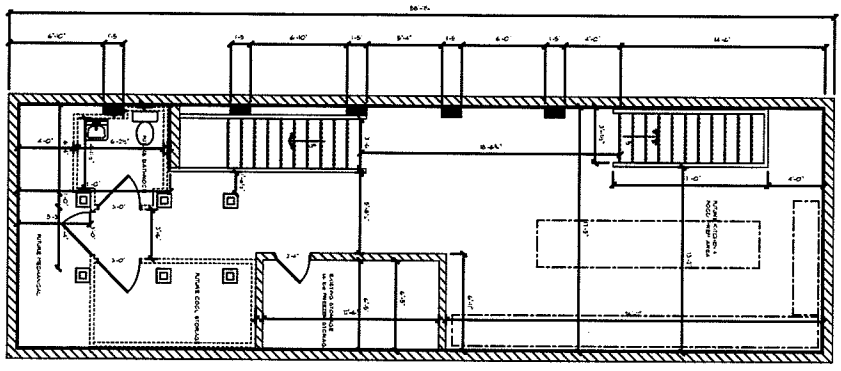
**PRELIMINARY MAIN LEVEL**  
SCALE: 1/4" = 1'-0"



PRELIMINARY MAIN LEVEL  
SCALE 1/4" = 1'-0"



PRELIMINARY LOWER LEVEL PLAN  
SCALE 1/4" = 1'-0"



<p>SHEET 2</p>	<p>DATE OF ORIGINAL: 03/11/11 DATE OF REVISION: 03/11/11</p>	<p>RESIDENCE FOR: VERO, 21 - 6TH STREET RACINE, WI</p>	<p>CLIENT: SPARKS for ART 5925 19th AVE KENOSHA, WI 53140 312-720-7775</p>	<p>NOTE: ALL DIMENSIONS SHOWN SHALL BE AS SHOWN UNLESS OTHERWISE SPECIFIED. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING ALL DIMENSIONS AND SHALL BE RESPONSIBLE FOR THE SAME.</p>	<p>REVISIONS &amp; DATE:</p>
	<p>DESIGN BY: ANDY FAIRBANKS PLANNING DESIGN, LLC 1000 W. WISCONSIN ST. RACINE, WI 53405 PHONE: 262-448-9322</p>				