

Open Meetings Notice

The teleconference of the Board of Directors for the Wisconsin Economic Development Corporation will be held on September 18, 2018 in WEDC's Sixth Floor Conference Room, located at 201 West Washington Avenue, Madison, WI 53703. The items to be discussed are included below. Note that some members of the Board may attend by phone. Note also that the meeting may be closed under Wis. Stat. § 19.85(1) if indicated below.

Agenda

Wisconsin Economic Development Corporation Teleconference of the Board of Directors

**WEDC
Sixth Floor Conference Room
201 West Washington Avenue
Madison, WI 53703**

**September 18, 2018
9:30 – 10:00 a.m.**

1. Call to Order and Roll Call
2. Review Disaster Recovery Microloan Grant Program- Program Guideline Revision
3. Review and Vote on Budget Amendment for Disaster Recovery Microloan Grant Program
4. Adjournment



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2019**

Program Name: Disaster Recovery Microloan

Program Inception: WEDC FY19

Lead Division: Business and Community Development

☐ **New**

☒ **Revised** —9/18/18

☐ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Disaster Recovery Microloan (DRM) program is to provide short-term assistance to businesses affected by disaster events in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program will provide grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or manmade. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured. Providing immediate recovery funding in this manner is a best practice in community economic disaster recovery and leads to improved odds of a business reopening and remaining open long-term. WEDC will contract with regional entities to distribute and administer these loans in their respective geographic areas of the state, as applicable.

Eligibility Requirements:

DRM program grants will only be made available to regional entities where WEDC has an agreement in place outlining the grant obligations and terms and conditions of the microloan program. -Within 30 days following a natural or man-made disaster event, which may or may not include a corresponding State of Emergency or Disaster Declaration, the pre-approved regional entity will request allocation of funding to make microloans in its respective region. WEDC will expedite review and approval of the request.

Eligible Microloan Recipients:

DRM program funds are available to businesses meeting the following criteria:

- Must be located in or directly adjacent to a region where the authorized regional entity has received an allocation
- Must have suffered measurable physical ~~or economic losses~~damage because of the disaster event
- Must attest to intent to resume business operations in the community as quickly as possible



Ineligible Businesses:

The following businesses are ineligible for DRM microloan funding:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Liquor stores
- Adult entertainment venues
- Home-based businesses
- Farms

Eligible Activities:

DRM program funds may be used for the following activities:

- Procurement of cleanup and restoration services
- Operating expenses such as payroll
- Temporary space
- Repair and reconstruction

Incentives and Available Funding (FY19): \$2,000,000 ~~TBD based on disaster event~~

The incentives in this program are grants to pre-approved regional entities based on need related to the disaster event to provide microloans to affected businesses under the following conditions:

- Amount: Up to ~~\$10,000~~ \$15,000
- Term: 24 months with no early repayment penalty
- Deferral: Minimum of six months
- Interest Rate: The interest rates for loans will be 0%
- Collateral and guarantees should be considered

Loan repayments may be retained by the regional entity for other economic development uses. The regional entity has the authority to make forgivable loans, as long as the provision for such is stipulated in the loan agreement. As part of the grant award the regional entity may receive up to \$5,000 for the cost to prepare a schedule of expenditures in accordance with § 238.03(3)(a).

Activities and Expected Outcomes:

~~# businesses assisted~~ Nine regional organizations approved to administer the program covering all 72 counties

Performance Reporting:

Recipients of DRM grants will be required to periodically submit a performance report documenting the businesses assisted, as well as any other contract deliverable. WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.



Application and Awards Process:

Pre-approved regional entities should complete an application through an Account Manager. The completed application will be assigned to an underwriter for expedited review and approval. For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
<u>9/18/18</u>	<ul style="list-style-type: none"><u>Increase maximum loan amount; authorize regional entities to make forgivable loans; provide funding up to \$5,000 to regional entities for cost to prepare schedule of expenditures.</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Counsel & Compliance Officer
☐ Chief Financial Officer
☐ Other _____

Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____

Awards Committee Chair: _____

Date _____

Board Chair: _____

Date _____



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____ Chief Operating Officer
____ Chief Legal Counsel & Compliance Officer
____ Chief Financial Officer
____ Other _____

Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____

Awards Committee Chair: _____

Date _____

Board Chair: _____

Date _____



MEMO

To: WEDC Board of Directors
From: Brian Nowicki, CFO
CC: Mark Hogan, CEO; Tricia Braun, COO
Date: September 18, 2018

Re: Fiscal Year 2019 Budget Amendment

WEDC believes that it is appropriate to complete an amendment of the Fiscal Year 2019 (FY19) budget to better reflect our operating activities and organizational structure which may have changed since July 1, 2018.

The budget serves as a valuable tool to communicate priorities and manage our finances. During any given year, the actual financial results may differ from the budget, which may necessitate periodic adjustments to the budget.

Attached please find the detailed changes related to the FY19 budget amendment. There are three reports for your review:

1. Budget Summary – Revenue and Expense (page 2)
2. Budget Breakout of Expenses by Department (page 3)
3. Summary of Unallocated Program Funds (page 4)

The sole change to the FY19 budget is summarized below:

Program Grants – Revised from \$25.4 million to \$27.4 million, or an increase of \$2.0 million (7%) and represents \$2.0 million in additional program grants to the Business and Community Development (BCD) division to provide funding for the Disaster Recovery Microloan (DRM) program.

Recommendation:

For the Board to approve the fiscal year 2019 budget amendment resolution, dated September 18, 2018.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Budget Summary - By Object

	FY 19 Original Budget	FY19 Budget Amend September	Variance Favorable (Unfavorable)	% Chg Favorable (Unfavorable)
Revenues				
State General Purpose Revenue	\$ 16,392,500	\$ 16,392,500	\$ -	0.00%
State Economic Development Fund (SEG)	24,268,200	24,268,200	-	0.00%
State Brownfield Site Assessment	1,000,000	1,000,000	-	0.00%
Other Intergovernmental Revenue	2,322,412	2,322,412	-	0.00%
Interest on Loans	1,650,000	1,650,000	-	0.00%
Charges for services	280,000	280,000	-	0.00%
Interest on Investments	905,000	905,000	-	0.00%
Other Revenues	280,726	280,726	-	0.00%
Total Revenues	<u>\$ 47,098,838</u>	<u>\$ 47,098,838</u>	<u>\$ -</u>	<u>0.00%</u>
Expenditures				
Program Grants	25,372,000	27,372,000	(2,000,000)	-7.31%
Loan loss reserve -Collectible	1,000,000	1,000,000	-	0.00%
Loan loss reserve - Performance Based	-	-	-	0.00%
Key Strategic Partners	4,657,500	4,657,500	-	0.00%
Promotions	8,282,810	8,282,810	-	0.00%
Payroll and Benefits	11,828,177	11,828,177	-	0.00%
Operations and General	5,558,263	5,558,263	-	0.00%
Pass-through federal grant expenditures	1,585,000	1,585,000	-	0.00%
Capital	80,000	80,000	-	0.00%
Debt Service	210,000	210,000	-	0.00%
Total Expenditures	<u>58,573,750</u>	<u>60,573,750</u>	<u>(2,000,000)</u>	<u>-3.30%</u>
Net Change in Fund Balance	(11,474,912)	(13,474,912)	2,000,000	-14.84%
Beginning Fund Balance	90,105,784	90,105,784	-	0.00%
Ending Fund Balance	<u>\$ 78,630,872</u>	<u>\$ 76,630,872</u>	<u>\$ 2,000,000</u>	<u>2.61%</u>
Projected Ending Fund Balance Composition				
Nonspendable	37,538,586	37,538,586		
Restricted	33,906,713	33,906,713		
Assigned	2,656,477	2,656,477		
Unassigned	4,529,096	2,529,096		
Total	<u>\$ 78,630,872</u>	<u>\$ 76,630,872</u>		

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WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Budget Summary - by Department

	FY 19 Original Budget	FY19 Budget Amend September	Variance Favorable (Unfavorable)	% Chg Favorable (Unfavorable)
Revenues				
State General Purpose Revenue	\$ 16,392,500	\$ 16,392,500	\$ -	0.00%
State Economic Development Fund (SEG)	24,268,200	24,268,200	-	0.00%
State Brownfield Site Assessment	1,000,000	1,000,000	-	0.00%
Other Intergovernmental Revenue	2,322,412	2,322,412	-	0.00%
Interest on Loans	1,650,000	1,650,000	-	0.00%
Charges for services	280,000	280,000	-	0.00%
Interest on Investments	905,000	905,000	-	0.00%
Other Revenues	280,726	280,726	-	0.00%
Total Revenues	<u>\$ 47,098,838</u>	<u>\$ 47,098,838</u>	<u>\$ -</u>	<u>0.00%</u>
Expenditures				
Operational Divisions				
Entrepreneurship & Innovation - 2000	\$ 7,168,890	7,168,890	-	0.00%
Business and Community Development - 3000	21,736,581	23,736,581	(2,000,000)	-8.43%
Business & Investment Attraction - 3500	837,544	837,544	-	0.00%
Sector Strategy Development - 4000	6,505,141	6,505,141	-	0.00%
Marketing & Brand Strategy - 5000	9,136,287	9,136,287	-	0.00%
International Business Development - 7000	3,560,123	3,560,123	-	0.00%
			-	
Legal Services - 1100	1,111,566	1,111,566	-	0.00%
Executive Office - 1200	1,198,163	1,198,163	-	0.00%
Operations & Program Performance - 1300	456,814	456,814	-	0.00%
Human Resources - 6100	1,564,634	1,564,634	-	0.00%
Finance - 6200	954,913	954,913	-	0.00%
Information Technology - 6300	2,245,479	2,245,479	-	0.00%
Credit and Risk - 6600	1,195,669	1,195,669	-	0.00%
Office of Public Policy - 8000	901,945	901,945	-	0.00%
Total Expenditures	<u>\$ 58,573,750</u>	<u>60,573,750</u>	<u>(2,000,000)</u>	<u>-3.30%</u>
Net Change in Fund Balance	(11,474,912)	(13,474,912)	2,000,000	-14.84%
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WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Program Grants and Loans

Div.	Account No. and Name	FY 19 Original Budget	FY19 Budget New Funds	% Chg Favorable (Unfavorable)
Program Grants				
2000	6600.1 - Capacity Building Grants - E&I	\$ 500,000	\$ 500,000	0.0%
2000	6630 - Seed Accelerator	1,000,000	1,000,000	0.0%
2000	6646 - Entrepreneur Micro Grant Program	250,000	250,000	0.0%
2000	6650 - Capital Catalyst	1,500,000	1,500,000	0.0%
2000	6731 - SBIR / STTR Matching Grant	1,500,000	1,500,000	0.0%
3000	6600 - Capacity Building Grants - BCD	250,000	250,000	0.0%
3000	6620 - Workforce Training Grants	1,500,000	1,500,000	0.0%
3000	6670 - Minority Business Development	150,000	150,000	0.0%
3000	6671 - Disaster Recovery Microloan	-	2,000,000	100.0%
3000	6680 - Community Development Investment Grant	5,000,000	5,000,000	0.0%
3000	6710 - Site Assessment Grants	1,500,000	1,500,000	0.0%
3000	6720 - Brownfield Grants	5,000,000	5,000,000	0.0%
3000	6725 - Idle Sites Redevelopment	1,500,000	1,500,000	0.0%
3000	6753 - Revolving Loan Fund - LEG	-	-	0.0%
4000	6640 - Targeted Industry Projects Grants	3,800,000	3,800,000	0.0%
4000	6755 - Fabrication Laboratories	500,000	500,000	0.0%
7000	6655 - Exportech	222,000	222,000	0.0%
7000	6665.1 - International Market Access Grant	1,082,000	1,082,000	0.0%
7000	6665.2 - Collaborative Market Access Grant	118,000	118,000	0.0%
		-	-	
	Total Program Grants	\$ 25,372,000	\$ 27,372,000	100.0%
Loans				
2000	11xx - Technology Development Loans--State	5,000,000	5,000,000	100.0%
3000	11xx - Business Development Loan Program	1,500,000	1,500,000	100.0%
		-	-	
	Total Loans Gross	6,500,000	6,500,000	100.0%
	Less: expected loan repayments	(8,033,946)	(8,033,946)	100.0%
	Less: loan loss reserve in expenditures	(1,000,000)	(1,000,000)	100.0%
	Net funding for loans	(2,533,946)	(2,533,946)	100.0%
	Total Direct Economic Development	\$ 31,872,000	\$ 33,872,000	

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Wisconsin Economic Development Corporation Resolution of the Board of Directors

September 18, 2018

Re: Resolution Amending the Fiscal Year 2019 Budget

The following resolution of the Board of Directors (the Board) of the Wisconsin Economic Development Corporation (WEDC), a public body corporate and politic, is adopted at a meeting of the Board held on the date set forth above, following the required notice and with quorum of the Board present pursuant to Chapter 238 of the Wisconsin Statutes:

WHEREAS, WEDC was created to be the State of Wisconsin's lead economic development organization.

WHEREAS, Wis. Stat. § 238.04(6) empowers the Board to establish WEDC's annual budget and monitor its fiscal management.

WHEREAS, on July 11, 2018, the Board did adopt the fiscal year 2019 budget.

WHEREAS, on September 18, 2018, the Awards Administration Committee did approve the fiscal year 2019 revised program guideline for the Disaster Recovery Microloan program.

NOW, THE BOARD OF DIRECTORS RESOLVES:

RESOLVED, that the fiscal year 2019 budget as amended, to increase total program grant spending \$2 million, from \$25,372,000 to \$27,372,000, on the attached, which is made a part of this resolution, is approved.

RESOLVED, that the CEO may, if deemed necessary, authorize the transfer of budget from operations to programs for the remainder of this fiscal year. The CEO shall notify the Board of any transfer of funds from operations to programs. The transfer of budget from division to division may only be authorized by the Budget and Finance Committee, or, if recommended by the Budget and Finance Committee, the Board for the remainder of the fiscal year.

This Resolution shall take effect immediately upon its adoption on September 18, 2018.