

Open Meetings Notice

The meeting of the Board of Directors for the Wisconsin Economic Development Corporation will be held on December 20, 2017 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 will be closed under Wis. Stat. § 19.85(1) as indicated below.

Agenda

Wisconsin Economic Development Corporation Meeting of the Board of Directors

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

December 20, 2017
3:00 - 4:00 p.m.

1. Call to Order and Roll Call
2. Review and Vote on the Business Development Loan Program Guideline
3. Code of Ethics & Conduct Update
4. Closed Session
Per Wis. Stat. § 19.85(1)(e) a closed session is authorized for deliberating the investing of public funds whenever competitive or bargaining reasons require a closed session. The Board will be meeting in closed session to review pending economic development projects. The Board will open the meeting again at the end of the closed session.
5. Adjournment



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2018**

Program Name: Business Development Loan Program
Program Inception: WEDC FY18
Lead Division: Business and Community Development
 New **Revised** 12/20/2017
 Aid **Pass-thru Aid** **Technical Assistance**

Program Goal:

The goal of the Business Development Loan Program (BDL) is to support the retention and expansion of businesses operating in the state of Wisconsin.

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

Business Development: Business Retention and Expansion

Program Description:

The program offers financing primarily to small businesses that have limited access to standard types of debt or equity financing, particularly, but not limited to, rural areas of the state. The program is intended to provide gap financing to existing businesses seeking to expand, increase operational efficiency, or enhance competitiveness in key Wisconsin industries.

Eligibility Requirements:

Definitions:

“Economically Distressed” means a county or municipality so designated by WEDC by considering the most current area and state data available for the following indicators:

- Unemployment rate – from the Department of Workforce Development.
- Percentage of families with incomes below the poverty line established under 42 USC 9902 (2) – from the U.S. Census Bureau.
- Median family income – median household income from the U.S. Census Bureau.
- Median per capita income – from the Department of Workforce Development.
- Average annual wage – from the Department of Workforce Development.
- Manufacturing assessment values, by county – from the Department of Revenue.
- Other significant or irregular indicators of economic distress – such as a natural disaster, or plant closings and layoffs – from the Department of Workforce Development.

“Financial Institution” means a bank, as defined in s. 214.01 (1) (c), a savings bank, as defined in s. 214.01 (1) (t), a savings and loan association, a trust company, a credit union, as defined in s. 186.01 (2), a mortgage banker, as defined in s. 224.71 (3) (a), or a mortgage broker, as defined in s. 224.71 (4) (a), whether chartered under the laws of this



state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).

Eligible Recipients:

Eligible businesses may apply for a direct loan to receive financing for eligible projects in the state of Wisconsin. The WEDC loan program is available to businesses meeting the following criteria:

- For-profit enterprises registered to conduct business in the state of Wisconsin
- Less than 500 full-time employees
- Engaged in one of the following industries:
 - Aerospace manufacturing
 - Bioscience
 - Energy, Power and Control
 - Food and Beverage
 - Forest Products
 - Manufacturing
 - Water Technology
 - Transportation
- Must have at least 12 months of operating financial history

Ineligible Businesses:

“Ineligible Business” means businesses ineligible for loan funds, unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Media outlets
- Retail
- Farms
- Primary care medical facilities
- Financial institutions
- The hospitality industry



Eligible Activities:

WEDC loan funds may typically be used for the following project activities:

- Real property, plant and equipment
- Long-term leasehold improvements
- Working capital, if fixed assets are also financed with WEDC funds

Ineligible Activities:

Project costs not directly related to project activities will be considered ineligible. Examples of ineligible activities include, but are not limited to:

- Past costs
- Mergers and acquisitions
- Refinancing, consolidation or restructuring of existing debt

Incentives and Available Funding (FY18) \$1,500,000

The incentives in this program are loans, typically not less than \$100,000 but not to exceed \$500,000. Priority may be extended to projects based on factors such as job creation or retention, capital investment, location, industry and return on investment. Loans require financing from a primary lender.

Loan Terms, Rates and Fees

Loan terms, interest rates and fees will adhere as closely as practicable to commonly accepted commercial lending practices. Loan terms will vary depending upon the useful life of the asset financed. Rates will be tied to the Wall Street Journal Prime Rate published at the time the application is initially accepted by underwriting and fixed for the term of the loan. There is no penalty for pre-payment.

Term

The term for loans will typically range between 60 and 72 months to match the primary lender, up to a maximum of 84 months for real estate.

Interest Rate

The interest rate for loans will be the Prime Rate published by the Wall Street Journal bank survey at the time of application. For projects located in an Economically Distressed area, the interest rate shall be 1.5 percent (1.5%) or 150 basis points below the Prime Rate.

Fees

Loans have a one percent (1%) loan origination fee of the total loan amount, payable prior to loan disbursement. For projects located in an Economically Distressed area, the loan origination fee shall be waived. Additional fees shall apply for real estate transactions where title letters and commitments become necessary.



Collateral

A General Business Security Agreement or Specific Security Agreement will be required. Subordination of WEDC's loan to those of the primary lender may be required.

Guarantor(s)

WEDC will require personal or corporate guaranties for any owner, generally with ownership in the company equal to or more than 20%. WEDC may also choose to add contingencies for release of these guaranties following additional financing or other milestones.

Activities & Expected Outcomes:

Assist five businesses and achieve a 3:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting job creation, job retention, capital investment, 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:

Applicants for a Business Development Loan should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

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



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 _____

2017 Code of Ethics and Conduct Updates

Requestor	Section	Update	Date	Details
Hannah Renfro, CLO	Change to various references to the Government Accountability Board	<p>Updated references to "Government Accountability Board" and "GAB" to "Wisconsin Ethics Commission."</p> <p>Details:</p> <ul style="list-style-type: none"> • Page 9 in the "Employee Contracts for State Funds" section • Page 10 in the "Acceptance of Gifts or Rewards" section • Page 12 in the "Statement of Economic Interests" section (appears three times in this section) • Page 12 in the "WEDC Sponsored Economic Development Events" section 	2/21/17	
Hannah Renfro, CLO	Change to Strategic Pillars on Page 5	<p>Update to the Strategic Pillars on page 5 to align with the pillars listed on the InWisconsin.com website. http://inwisconsin.com/inside-wedc/</p> <p>Consolidated from 6, down to 5.</p>	2/21/17	
Hannah Renfro, CLO	Added to section 9.1: Change to Awards Administration Policy	<p>Pursuant to the motion enacted by the Board of Directors on December 13, 2016, the Awards Administration Committee must approve any amendment to an award under which jobs must be retained or created and there has been reduction in the awardee's statewide employment. This only applies to awards for which the application was received after February 1, 2017.</p>	2/21/17	
Michelle Nilsestuen, HR Asst	Correct the Mission statement language	<p>Update the last word in the Mission from economy to environment.</p>	2/21/17	

Requestor	Section	Update	Date	Details
Brian Nowicki, CFO	Change of VP of Credit & Risk references	Updated the references to VP of credit and risk to either CFO or Senior Financial Services Manager. There are several references, details are below.	4/17/17	<p>Changes to Code of Ethics – Replacement of VP of Credit and Risk</p> <p>9.1 – Award Approval section, first bullet point Replace Vice President of Credit and Risk with Senior Manager of Financial Services</p> <p>9.1 – Award Approval section, sixth (last) bullet point Replace Vice President of Credit and Risk with CFO</p> <p>9.2 – After Contract Execution section, sub 1 Replace Underwriting Manager with Senior Manager of Financial Services</p> <p>Also Replace Vice President of Credit and Risk with CFO</p> <p>9.2 – After Contract Execution section, sub 2 Replace Vice President of Credit and Risk with CFO in both first and second paragraph (2 replacements)</p> <p>9.2 – After Contract Execution section, sub 4 Replace Vice President of Credit and Risk with CFO</p> <p>Below</p>
Brian Nowicki, CFO	9.4 Travel and Reimbursement	Changes to Policy based on best practices, internal monitoring and LAB recommendations (details below).	7/12/17	
Michelle Nilstuen, HR Asst	Section 1.8 Title Change	Update section 1.8. (pg 15) from "Whistleblower" to "Ethics Hotline"	7/18/17	
Michelle Nilstuen, HR Asst	Section 1.13. Use of WI Logos Update	Add "Think-Make-Happen" language and guideline instructions.	7/20/17	

9.4. Travel and Expense Reimbursement

This section outlines the types of expenses that would be allowable for travel, meals and when expenses are paid out of pocket by an employee. Allowable expenses may be paid through employee credit cards, employee reimbursement or accounts payable. This section is not intended to replace section 9.2 (Procurement) and corresponding procedures, but rather to provide additional guidance.

WEDC will only pay for expenses that are incurred for ordinary, reasonable and necessary business expenses. Employees should incur the lowest reasonable costs and avoid impropriety. Expenses deemed to be lavish or extravagant will not be reimbursed, or employees will be required to repay WEDC if expenses were paid via a corporate credit card. Employees found violating this policy may be subject to discipline up to and including termination.

Travel Status is defined as business needs that require an employee to:

- ~~Travel more than 75 miles from their normal office location and the employee is required to work at least 10 hours that day, including travel; or~~
 - ~~The employee is required to travel more than 50 miles from their normal office location and the employee is required to start their day earlier than 7:30 a.m. or end their day after 7:30 p.m.; or~~
 - ~~The employee is 50 or more miles away from home and has multiple meetings on consecutive days.~~
- Travel more than 50 miles one way (most direct route) from either office or home, whichever is closer, and is required to be away more than 10 hours.**

Allowable Expenses

Transportation

Generally, transportation costs such as mileage, vehicle rental, taxi service, bus, train or airfare, tolls and parking incurred for necessary business travel are allowable expenses, subject to the following guidelines:

- Travelers are expected to obtain the lowest available cost that reasonably meets business travel needs.
- Travelers are encouraged to make reservations at least 30 days in advance to avoid premium pricing.
- First-class tickets, early check-in fees and upgrade charges are not reimbursable. Employees wishing to travel in this manner will be obligated to pay for the additional cost of the upgrade. Proof of base cost is required in order to reimburse the base cost of travel. If economy fare is not available at the time of booking due to extenuating circumstances, supervisory approval will be needed prior to purchase.

- Employees traveling eight hours or more via airline may upgrade the airline ticket to economy class plus, but not business or first class.
- Employees may retain frequent flyer miles earned while traveling on WEDC business. (Travelers are encouraged to make reservations at least 30 days in advance to avoid premium pricing.) WEDC will only reimburse actual airfare costs; the use of frequent flyer miles for WEDC business will not be reimbursed.
- Baggage fees for up to two personal bags are allowable.
- It is expected that individuals incurring mileage costs must have a valid driver's license issued within the United States, as well as automobile insurance. Employees requesting mileage reimbursement are responsible for notifying WEDC if they do not have a valid driver's license and/or are not insured.
- Mileage reimbursement from (whichever distance is shorter) an employee's home or office, will be reimbursed based on the IRS mileage rate. Additionally, mileage reimbursements must meet a minimum threshold of five miles on any given day in order to submit for reimbursement.

Lodging

Generally, the cost of overnight lodging (room rate and required fees and taxes only) will be allowable when in Travel Status. Lodging costs are limited to single occupancy expense.

The traveler is expected to stay at lowest cost hotel that reasonably meets business needs. The traveler should utilize U.S. General Services Administration (GSA) government rate accommodations when possible. ~~GSA hotel rates cannot be exceeded without written documentation that a conference hotel was reserved, or the hotel reserved did not exceed the conference hotel rate (if applicable), or the manager provides approval of the GSA rate being exceeded with an acceptable explanation and documentation as to why. Acceptable forms of documentation include the registration form or brochure confirming the room rate. Conferenees often reserve a block of rooms at hotels close to the conference meeting space. When attending a conference, travelers are encouraged to stay at one of these hotels whenever possible to facilitate networking opportunities.~~ Travelers should make reservations early enough to obtain conference pricing.

Employees use of reservation sites (either direct or 3rd party brokers) that requires a prepayment, deposit, guarantee payment, or non-refundable payment will not be reimbursed until travel has been completed and proof of payment, in addition to documentation of travel, has been provided. In addition, WEDC will not reimburse employees for any cancellation or other fees incurred as it relates to this type of reservation. It is strongly recommended that employees do not make hotel reservations that require a deposit, guarantee payment, non-refundable payment, or prepayment prior to travel.

Meals

Employee meals may be allowable expenses under the following circumstances:

- When an employee is in Travel Status as defined above, meals will be covered under per diem payment as outlined below.
- When in Travel Status, employees can request U.S. General Services Administration (GSA) per diem payment, including incidentals. Domestic per diem rates may be found on the GSA website for the travel location. Per diem rates for foreign travel may be found on the U.S. Division of State website. The GSA website provides meal rates for various locations, reduced amounts at 75% for the first and last day of travel, and an incidentals rate. Employees in Travel Status will receive only the per diem amount for meals. Tips and personal credit card fees on meals are included in meal per diem rates. It is expected that the per diem request would be reduced by any meals provided by other sources while traveling. Other sources may include: meals served on a plane, included in conference registration or hotel charge, or replaced by another business meal.
- When traveling between cities, the appropriate GSA per diem rate to use for that day is the GSA rate of the destination city. While in Travel Status, employees should not charge meals on their employee credit card, as the employee receives per diem payments.
- Tips, snacks or coffee will be considered to be included in the incidental rates. Tips provided for housekeeping services are also included in incidental per diem rates. Employees who provide tips for bellman services for three or more WEDC employees may request reimbursement beyond the incidental per diem rate. Employees may also request reimbursement beyond the incidental per diem rate for tips provided during international travel if international tipping requirements are significantly more than domestic tipping requirements.
- Costs beyond the per diem for purchasing bottled water when traveling internationally will also be allowed.
- Meal expenses incurred by an employee for the benefit of WEDC, such as working lunches, first day orientation, business meetings or special events are allowable and reimbursable.
- Working lunches are those considered to be offered for the benefit of WEDC and generally are only allowable when employees are expected to continue to work through their lunch period. In order for these to be reimbursed, preapproval by the department head or COO, CFO, CEO will be required.
- An employee's on-boarding experience and transition is an important time in their work life at WEDC. In order to facilitate an employee's first day schedule and begin to introduce them to their work teams, supervisors are encouraged to take their new employee out for lunch on their first day. WEDC will cover the reasonable cost of the meals for the employee, their supervisor and up to six other team members.
- Meetings with non-WEDC employees held over lunch to discuss WEDC business may be considered business expenses. In order to be considered allowable costs, employees must have the expense pre-approved in writing by the department head or the CEO, COO, or CFO. The preapproval should entail a review of the necessity for holding the meeting over lunch, the business purpose,

individuals in attendance and intended lunch place. Preapproval for COO and CEO lunch meetings are not necessary. It is expected that business lunches will occur on an infrequent basis for individual employees.

- Meals may be considered allowable costs for certain special events, such as hosting companies for business attraction purposes, or for employee appreciation events. Meals to be covered under this category require preapproval of the department head or CEO, COO, or CFO.

~~The COO may delegate preapproval authority of the operating divisions, which include Business and Industry Development, Economic and Community Development, Entrepreneurship and Innovation, International Business Development and Marketing, to the applicable Division Vice President on a periodic, temporary or regular basis.~~

Other Travel Expenses

Other reasonable and necessary costs such as currency conversion, immunizations, passport fees or other transportation not specifically identified above may be considered allowable expenses if they are incurred solely as a result of WEDC required business travel. Reimbursement of these other travel-related costs must be approved by the employee's supervisor or the CFO and will only be reimbursed if they are for legitimate business purposes. If employees are unsure about whether a cost would be allowable, they should ask their supervisor, the Controller or the CFO prior to incurring the expense.

Travel for Non-Employees

Reimbursement may be made to certain applicants for all or part of reasonable and necessary travel expenses actually incurred in connection with in person employment interviews. All reimbursement actions under this provision shall be documented in writing and approved by the Vice President of Human Resources or CFO and hiring manager.

Business Prospects

It is the policy of WEDC to provide up to first-class accommodations on a case by case basis for foreign governmental delegations and foreign and domestic business executives who, at our invitation, visit Wisconsin to learn about our economy, state programs and business opportunities, or for Wisconsin business professionals seeking assistance from, or collaboration with, WEDC.

In carrying out this policy the following guidelines apply:

- Lodging – Single rooms will be provided for each member of a visiting party. In addition, when deemed appropriate by WEDC, double accommodations will be provided when a spouse or partner accompanies an executive.
- Meals – WEDC will cover the cost of all meals consumed during the period of the visit. WEDC will cover the reasonable cost of beverages, including alcoholic beverages, consumed with the meals.

- Other Expenses – WEDC will provide transportation, as appropriate, within the state and may cover the cost of transportation to and from Wisconsin to the extent that travel is to the benefit of WEDC.
- Expenses of Hosting Staff – While hosting business prospects, WEDC employees will be reimbursed for meals in the amount comparable to the guests' meal expenses.
- Receptions – At the discretion of the CEO, COO or CFO, WEDC may pay for food and refreshments, including alcoholic beverages, at receptions sponsored by WEDC.
- Entertainment – The quality of life in Wisconsin is an important asset that the state has to offer. WEDC may pay for admission to appropriate cultural, recreational and entertainment events for WEDC visitors, business prospects and hosting staff.
- Other Costs – WEDC may pay for translators when required. WEDC may offer welcoming gifts such as fruit baskets, cheeses, candy or wine.

In addition, WEDC can pay for alcohol in relation to business meals and sponsored receptions when WEDC representatives are traveling out of state, if the purpose of the meal or sponsored reception is to assist WEDC in attracting businesses to the State of Wisconsin.

Non-allowable Expenses

The following items may be associated with business travel and will not be paid by WEDC. These items are examples and do not comprise an exhaustive list:

- Airline club memberships
- Airline upgrades
- Alcohol, except as required under Business Prospects section above
- Child care, babysitting, house-sitting, or pet-sitting/kennel charges
- Commuting between home and the primary work location
- Costs incurred by traveler's failure to cancel travel or hotel reservations in a timely fashion
- Evening or formal wear expenses
- Haircuts and personal grooming

- Laundry and dry cleaning unless in Travel Status for five or more days
- Passports, vaccinations and visas when not required as a specific and necessary condition of the travel assignment
- Personal entertainment expenses (except as allowed under the Business Prospects section above), including in-flight movies, headsets, health club facilities, hotel pay-per-view movies, in-theater movies, social activities and related incidental costs
- Travel accident insurance premiums or purchase of additional travel insurance
- Other personal related expenses
- Other expenses not directly related to the business travel
- In cases in which vacation time is added to a business trip, any additional vacation-related costs will be paid by the employee. Travel costs of spouse or other non-employees accompanying a WEDC employee will not be reimbursed.

Other Expenses

Occasionally employees without a WEDC credit card may incur costs associated with their job, such as conference registration or miscellaneous supplies. These may be reimbursed through the expense process. It is the manager with budget authority and/or the supervisor's responsibility to ensure that these expenses serve a reasonable and necessary business purpose and that another method of payment could not be found. Expense reimbursement requires proof of payment; an unpaid invoice will not suffice. **International travel for professional development must be pre-approved by the CFO or CEO.**

Sales Taxes

Prior to making a purchase, employees must inform the vendor that WEDC is exempt from Wisconsin sales tax. Employees are responsible for reviewing the purchase order or receipt to confirm that WEDC is not charged sales tax. Upon notification that an employee has been charged sales tax it is the Employee's responsibility to obtain a refund. Employees habitually not having sales tax removed for purchases may be subject to discipline and the sales tax may be deducted from the employee's reimbursement.

Support, Review and Noncompliance

Unless covered by a per diem, all expenses are required to be documented with detailed receipts showing the amount, date, place, and type of expense. Employees should provide the business purpose, account numbers and conversion to U.S. currency, if applicable. Other

support may include documentation such as computerized mapping for mileage. Expenses will be approved by another individual, who is typically the manager with budget authority, Controller or CFO. Employees are asked to turn in expense reimbursements and corporate credit card support documentation within 30 days. Expenses paid by the employee without itemized receipts generally will not be reimbursed.

Employees violating any portion of this policy may be personally liable for non-allowable expenses incurred and/or may be subject to discipline up to and including termination.

Exceptions

Exceptions to this policy for employee expense reimbursement including any request for a travel advance will be reviewed by the CEO, COO or CFO. If possible, exceptions should be requested at least three business days in advance of incurring the expense.

