

AN ORDINANCE

2012-06-21-0503

**APPROVING AN AMENDMENT TO THE WDC FUNDING AGREEMENT;  
AND APPROVING AN ECONOMIC DEVELOPMENT GRANT OF \$100,000  
TO THE WESTSIDE DEVELOPMENT CORPORATION FOR A LOAN TO  
AMIGOS FOODS FOR OPERATIONS EXPANSION.**

\* \* \* \* \*

**WHEREAS**, a potential \$1.7 million joint-venture between Amigos Foods (“Amigos”) and Beanito's will relocate a food production line from California to San Antonio and create 30 new jobs at an average wage of \$17; and

**WHEREAS**, Amigos submitted a proposal to the Westside Development Corporation (the “WDC”) requesting assistance with equipment and build-out costs associated with this new food production line; and

**WHEREAS**, the WDC requires additional funding capacity to assist Amigos in upgrading its operations to remain competitive; and

**WHEREAS**, the City’s funding agreement with the WDC requires an amendment to provide for this additional capacity to allow the WDC to execute a loan with Amigos Foods and also continue providing financial assistance to other westside businesses; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** City Council approves the Amendment to the WDC Funding Agreement to provide for an Economic Development Program grant in the amount of \$100,000.00 to the WDC, a copy of which is included in substantially final form as ATTACHMENT I, and the City Manager or her designee is authorized to execute the Amendment.

**SECTION 2.** Funding in the amount of \$100,000.00 for this Ordinance is available in Fund 11001000, Cost Center 7001990059 and General Ledger 5201040, as part of the Fiscal Year 2012 Budget.

**SECTION 3.** Payment in the amount not to exceed \$100,000.00 is authorized to Westside Development Corporation and shall be encumbered with a purchase order.

**SECTION 4.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

**SECTION 5.** This Ordinance shall be effective immediately upon receiving eight affirmative votes or if less than eight affirmative votes are received, then on the tenth day after passage.

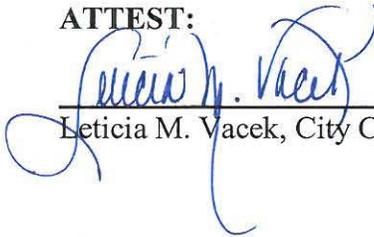
PASSED AND APPROVED this 21<sup>st</sup> day of June, 2012.



M A Y O R

Julián Castro

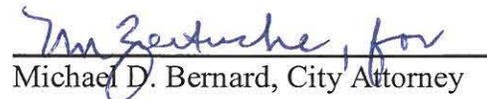
**ATTEST:**



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Leticia M. Vacek, City Clerk

**APPROVED AS TO FORM:**



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Michael D. Bernard, City Attorney



Request for  
**COUNCIL  
ACTION**

City of San Antonio



## Agenda Voting Results - 49

<b>Name:</b>	5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25A, 25B, 26, 27, 28, 30, 31, 32A, 32B, 32C, 33, 34, 35, 37, 38, 39, 40, 41, 42, 43, 44, 46, 48, 49, 50, 51, 52, 53, 54, 56, 57, 58, 59, 60, 62, 63, 65A, 65B						
<b>Date:</b>	06/21/2012						
<b>Time:</b>	10:01:34 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance approving an amendment to the WDC funding agreement; and approving an economic development grant of \$100,000 to the Westside Development Corporation for a loan to Amigos Foods for operations expansion. [Pat DiGiovanni, Deputy City Manager; Mark Brodeur, Director, Center City Development Office]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x			x	
Leticia Ozuna	District 3	x					
Rey Saldaña	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				x
Cris Medina	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x				
Carlton Soules	District 10		x				

## **ATTACHMENT I**

STATE OF TEXAS  
  
COUNTY OF BEXAR

§  
§  
§  
§

AMENDMENT 1 TO  
AMENDMENT TO USE FUNDS OF  
THE CITY OF SAN ANTONIO

This First Amendment to the AMENDMENT to Use Funds ("AMENDMENT") is hereby made and entered into by and between the CITY OF SAN ANTONIO (hereinafter referred to as "CITY"), a Texas municipal corporation acting by and through its City Manager pursuant to Ordinance No. 2012-06-21-\_\_\_\_\_ amending the AMENDMENT to Use Funds previously approved by Ordinance No. 2011-09-15-0750, dated September 15, 2011 and the Westside Development Corporation ("WDC"), a Texas non-profit corporation; collectively, the "Parties".

**WHEREAS**, the City Council (the "Council") of the CITY has recognized the community revitalization efforts and mission of WDC to serve historically underutilized areas on behalf of the City; and

**WHEREAS**, the *WDC Loan Program* is one of those efforts designed to provide loans to small businesses, not-for-profit organizations, landlords, developers, property owners and other entities involved in the revitalization of the West sector of the city, and applicants must demonstrate financial need, repayment ability, credit and capacity to manage pursuant to the *Program Guidelines and Procedures* in ATTACHMENT III; and

**WHEREAS**, CITY wishes to engage WDC in meeting such objectives and following such procedures as described in this AMENDMENT pursuant to its mission; and

**WHEREAS**, CITY designates its Center City Development Office as the City Department, acting for its City Manager, responsible for the evaluation and monitoring of this AMENDMENT (hereinafter referred to as "CCDO"), and which shall work with the Department of Finance and other City departments in a supporting role; and

**WHEREAS**, CITY has provided certain funds from its General Fund, which have been budgeted to WDC in the Westside Development Corporation Special Revenue Fund (Fund) for use by WDC to fund operations as a one-time allocation from the CITY's adopted FY 2012 budget; and

**WHEREAS**, CITY now desires to grant additional funds to WDC from its Inner City Incentive Fund (the "ICIF") for its *WDC Loan Program* for economic development purposes pursuant to CITY's Economic Development Program, authorized and approved by CITY in conformance with Chapter 380 of the Texas Local Government Code; **NOW THEREFORE:**

The Parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

**I. GENERAL PROVISIONS**

1. WDC is a non-profit corporation governed by a Board of Directors with a mission of advocating and working for the area business community toward the building and sustaining of a diverse and prosperous economy.
2. WDC, in furtherance of its mission, provides loans, grants and other assistance to small, diverse businesses as part of its operations.
3. WDC agrees by the execution of this AMENDMENT to comply with any and all provisions of this AMENDMENT and accept administrative and fiscal responsibility for the use and documentation of expenditures of funds provided by CITY.

4. WDC represents, warrants, assures and guarantees that it possesses the legal authority, pursuant to any proper, appropriate and official motion, resolution or action passed or taken, to enter into this AMENDMENT and to perform the responsibilities herein required.
5. The signer of this AMENDMENT for WDC represents, warrants, assures and guarantees that he or she has full legal authority to execute this AMENDMENT on behalf of WDC and to bind WDC to all terms, performances and provisions herein contained.
6. In the event that a dispute arises as to the legal authority of either WDC, or the person signing on behalf of WDC, to enter into this AMENDMENT, CITY shall have the right, at its option, to either temporarily suspend or permanently terminate this AMENDMENT. Should CITY suspend or permanently terminate this AMENDMENT pursuant to this paragraph, however, WDC shall be liable to CITY for any money it has received from CITY for performance of any of the provisions herein.
7. WDC understands that the funds provided pursuant to this AMENDMENT are funds which have been made available by CITY's Fund and ICIF, and WDC will therefore comply with all rules, regulations, policies and procedures applicable to these funds as directed by CITY.
8. WDC and CITY agree that WDC is an independent contractor, that WDC shall be responsible to all parties for its respective acts and omissions, and that CITY shall in no way be responsible therefore, and that neither has authority to bind the other, or hold out to third parties that it has the authority to bind the other.
9. WDC understands and agrees that this AMENDMENT is subject to mutual termination. Therefore, either Party shall have the option of terminating this AMENDMENT by giving the other Party no less than thirty (30) days written notice. Such notice shall specify the effective date of termination, which date shall not be sooner than the end of thirty (30) days following the day on which such notice is sent.
10. WDC understands and agrees that this AMENDMENT may be revised and updated by and at the discretion of the City Council of the City of San Antonio. Therefore, WDC agrees that, at such time as any revisions are so made during the term hereof, this AMENDMENT will be amended to include such revisions. In the event that WDC does not agree to any changes, WDC shall have the option of terminating this AMENDMENT by giving thirty (30) days written notice to CITY. WDC shall have the right to exercise such option within thirty (30) days of receipt of notice of any such revisions.
11. WDC understands and agrees that this AMENDMENT is subject to a general reduction in funding. If and when CITY implements a reduction in Fund and/or ICIF expenditures, agreements funded by CITY's Fund and/or ICIF, including this AMENDMENT may, at CITY's option, be reduced in a like manner. CITY will attempt to provide WDC with as much advance notice of a potential funding reduction as is possible to allow WDC to make budget adjustments.
12. In no event shall CITY be liable for any expense of WDC not eligible or allowable hereunder.
13. Should WDC fail to fulfill in a timely and proper manner the obligations under this AMENDMENT, as determined solely by the Director of the City's CCDO or if WDC should violate any of the covenants, conditions or stipulations of this AMENDMENT, CITY shall have the right to terminate this AMENDMENT by sending written notice to WDC of such termination and specifying the effective date thereof, which date shall not be sooner than the end of thirty (30) days following the day on which such notice is sent.

- a. Previous breach of any of the terms or conditions herein shall not be construed as a waiver of same nor preclude CITY's termination right for successive breach of the same condition.
  - b. Notwithstanding the above, WDC shall not be relieved of liability to CITY for damages sustained by CITY by virtue of any breach of this AMENDMENT and CITY may withhold funds otherwise due as damages.
  - c. In addition to the above provisions, the City Council shall have the right to terminate this AMENDMENT at any time upon a finding by ordinance that WDC's activities, programs or operations no longer are in the best interest of the City of San Antonio or its citizens. Adequate provisions shall be made for WDC to be heard by the City Council prior to voting on such an ordinance. The effective date of the termination shall be set in the ordinance.
14. Should this AMENDMENT be terminated by any Party for any reason and the program objectives not fully completed as stated in Section II of this AMENDMENT as determined solely by CITY after consultation with WDC, WDC shall refund any and all unused funds either allocated and in possession of WDC or unallocated and in the possession of CITY shall be the sole property of CITY and CITY shall have the right to: (1) reclaim any and all funds unused but distributed to WDC under the terms of this AMENDMENT; or (2) retain any and all funds allocated but not distributed to WDC.
  15. Except as otherwise provided for pursuant to the provisions hereof, this AMENDMENT shall begin on June 21, 2012 and shall terminate on September 30, 2012. This Agreement may be renewed annually, for up to two (2) years, subject to appropriation of funds by City Council.
  16. WDC shall establish and use internal accounting and administrative controls to preclude theft, embezzlement, improper inducement, obstruction of investigation or other criminal action and to prevent frauds and program abuse. CITY shall review, and WDC shall allow review of, WDC's system of internal administrative and accounting controls, as it deems necessary to ensure financial responsibility.
  17. WDC warrants that no person or selling agency has been employed or retained to solicit or secure this AMENDMENT upon any other agreement or understanding for a commission, percentage, brokerage, or contingent fee, and further that no such understanding or agreement exists or has existed, with any employee of WDC or CITY.
  18. WDC may leverage funds provided hereunder either directly or indirectly as a contribution in order to obtain any federal funds under any federal program that is consistent with the program objectives herein, upon prior written approval by CITY's CCDO.
  19. WDC is authorized to publicly acknowledge that the City of San Antonio is supportive of the objectives as described in this AMENDMENT and ATTACHMENTS I, II and III, and has contributed to the cause of realizing such objectives.
  20. WDC acknowledges that this AMENDMENT cannot be assigned without the express written consent of CITY's CCDO.
  21. WDC shall not use funds from this AMENDMENT for purposes other than those listed in Section II of this Contract without prior written consent of the CITY's CCDO.

## **II. SCOPE OF SERVICES AND FUNDING**

1. WDC shall utilize up to three hundred six thousand six hundred four dollars (\$306,604.00) provided by CITY from its Fund for the funding or partial funding of

WDC toward its operations in performing its mission on behalf of the CITY, to be used by WDC in conformance with the approved budgets in ATTACHMENTS I and II. The aforementioned funds shall be paid as follows:

- a. Up to seventy two thousand five hundred twenty dollars (\$72,520.00) shall be paid directly from the Fund to WDC's loaned CITY employee on a monthly basis for salary, taxes and benefits as shown in the budget in ATTACHMENT I.
  - b. Up to two hundred thirty four thousand eighty four dollars (\$234,084.00) shall be paid from the Fund to WDC by CITY on a quarterly basis, to be utilized by WDC as documented in the budget in ATTACHMENT II.
2. WDC shall utilize up to one hundred thousand dollars (\$100,000.00) provided by CITY from its ICIF for its *WDC Loan Program* in conformance with the Guidelines and Procedures in ATTACHMENT III.
  3. All funds utilized shall be in compliance with the CITY's funding priorities and WDC's economic development mission articulated in its enabling Ordinance and Articles of Incorporation approved by CITY. WDC shall also fulfill the following requirements:
    - a. WDC shall provide CITY's CCDO with proper documentation verifying receipt of year 2011, 2012 and 2013 funding commitments from all other specified sources for WDC, if any.
    - b. WDC shall provide CITY's CCDO quarterly budget reports outlining contributions and expenditures (to include all sources of funding).
    - c. WDC shall submit all required and requested documents to CITY's CCDO for proper review of WDC expenditures and activities. Any requests for Fiscal Year 2013 funding must be submitted to CITY's CCDO by June 1, 2012.
  4. The CITY's CCDO is assigned monitoring responsibility for this AMENDMENT. WDC will provide CITY's staff, including internal auditors, EEO officers and other persons as designated by CITY, such as independent public accountants, access during regular business hours, as deemed necessary by CITY for the purposes of auditing, monitoring, evaluating, coordinating, investigating and making excerpts and/or copies of any and all of WDC's books, records and files on the objectives covered by this AMENDMENT. WDC understands that CITY may require any and all books, records and files of WDC necessary to ensure WDC's compliance and use of generally accepted governmental accounting principles.
    - a. All such records shall continue to be available for inspection and audit for a period of five (5) years after the termination date hereof. However, if an audit or investigation of WDC begins during the course of this five-year period, then WDC is required to maintain said records until such time as the audit or investigation is completely finished.
    - b. WDC agrees that during the term of this AMENDMENT, any duly authorized representative of CITY's CCDO shall have the right to conduct on-site inspections at reasonable times and to interview personnel and clients for the purposes of evaluating and monitoring the objectives for compliance with this AMENDMENT.
    - c. The submission of falsified information or the failure to timely submit all information by WDC as requested by CITY is grounds for termination of this AMENDMENT.
  5. WDC agrees to abide by the CITY's current Ethics Code or any amendment or revisions thereto. WDC will establish safeguards to prohibit anyone whose position is funded or

partially funded by this AMENDMENT from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or those with whom they have family, business or other ties. CITY may, at its option, cancel this AMENDMENT for any violation of this section.

6. WDC agrees to establish internal procedures that ensure employees funded or partially funded by this AMENDMENT have an established complaint and grievance policy.
  - a. Such grievance policy will include procedures to receive, investigate and resolve complaints and grievances in an expeditious manner.
  - b. In the event no complaint and grievance policy has been established, WDC will follow the procedures outlined in the San Antonio Municipal Civil Service rules in regard to employees funded or partially funded by this AMENDMENT.

### III. FISCAL MANAGEMENT

1. An accounting system using generally accepted accounting principles for governmental entities which accurately reflects all costs chargeable (paid and unpaid) to this AMENDMENT is mandatory.
2. WDC will establish an account in a commercial bank as a depository for receipt and expenditure of all funds provided hereunder. A separate account shall be maintained for funds under this AMENDMENT to assure separation of funds, unless otherwise approved by the CITY's CCDO.
3. No fees may be charged to or donations requested from participants in any CITY-funded agreement without the prior written approval of the CITY's CCDO.
4. **To the extent allowed by law, WDC covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature including, but not limited to, personal or bodily injury, death and property damage made upon the CITY directly or indirectly arising out of, resulting from or related to WDC'S activities under this Agreement, including any acts or omissions of WDC, any agent, officer, director, representative, employee, consultant or subcontractor of WDC, and their respective officers, agents employees, directors and representatives while in the exercise of performance of the rights or duties under this Agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death or property damage. IN THE EVENT WDC AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.**

The provisions of this INDEMNITY are solely for the benefit of the Parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity. WDC shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or WDC that is known to WDC, related to or arising out of WDC's activities under this Agreement and shall see to the investigation and defense of such claim or demand at WDC's cost. The CITY shall have the right, at its option and at

its own expense, to participate in such defense without relieving WDC of any of its obligations under this paragraph.

5. Upon completion or termination of the objectives as described in this Agreement, any unused funds, rebates or credits must immediately be returned by WDC to CITY.
6. WDC shall not be relieved of liability to CITY for damages sustained by CITY by virtue of any breach of this Agreement and CITY may withhold funds otherwise due as damages.
7. Should any expense or charge that has been paid with funds from this Agreement be subsequently disapproved or disallowed as a result of any site review or audit, WDC will immediately refund such amount to CITY. WDC further authorizes CITY, if CITY so elects, to deduct such amount or charge as a claim against future payments, if any. The CITY's CCDO has the express authority to deduct such claims from subsequent reimbursements.
8. Audit Conditions and Requirements:
  - a. CITY, a political entity, unlike a business for profit, is more interested in knowing if agencies have accomplished or achieved the objectives as stipulated in their contracts and/or agreements, as opposed to certifications that the Balance Sheet fairly represents the financial position at a given date. Therefore, it is essential that City is made aware of progress made upon this AMENDMENT. Following 30 days after a written request by City, WDC shall submit a written report stating what has been accomplished to date and the most current percentage of completion of the total contract that has been performed.
  - b. It is imperative any auditor performing an audit of WDC read the entire AMENDMENT, including all attachments, between the CITY and WDC, since the budget and financial compliance of the AMENDMENT is only a portion of the total contractual obligation.
  - c. All CITY-funded contracts and agreements, including this AMENDMENT, are subject to periodic audits at any reasonable hour of the day by CITY auditors. This includes the auditing of both WDC and subcontractors related to this AMENDMENT.
  - d. If WDC expends \$50,000.00 or more in Fund dollars during the term of this contract, then WDC shall furnish the CITY'S CCDO and other City Departments designated by the CCDO with audited financial statements, prepared by an independent auditor (CPA), within one hundred and twenty (120) days of the close of WDC's fiscal year or within thirty days of the completion of any audit performed. In addition to the audited financial statements, a copy of any internal controls review, audit exceptions and management letter should be submitted. The audited financial statements must include a schedule of receipts and disbursements by budgeting cost category and a certification from WDC stating whether or not the terms and conditions of the contract were met. If the CITY determines, in its sole discretion, that WDC is in violation of the above requirements, the CITY shall have the right to dispatch auditors of its choosing to conduct the required audit and to have WDC pay for such audit. In addition, when WDC has expended federal or state funds that exceed the single audit threshold amount in effect during the period of this contract, the audit shall be conducted in accordance with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133 (latest revision), and/or the State of Texas Single Audit Circular.
9. WDC understands and agrees to abide by and adhere to applicable federal, state and CITY provisions regarding financial accounting.

**IV. INSURANCE REQUIREMENTS**

1. Prior to the commencement of any work under this AMENDMENT, WDC shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City’s CCDO, which shall be clearly labeled “Westside Development Corporation Agreement To Use Funds” in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent’s signature and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer’s authorized representative to the City. The City shall have no duty to pay or perform under this AMENDMENT until such certificate and endorsements have been received and approved by the City’s CCDO. No officer or employee, other than the City’s Risk Manager, shall have authority to waive this requirement.
  
2. The City reserves the right to review the insurance requirements of this Article during the effective period of this AMENDMENT and any extension or renewal hereof and to modify insurance coverages and their limits when deemed necessary and prudent by City’s Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City allow modification whereby City may incur increased risk.
  
3. WDC’s financial integrity is of interest to the City; therefore, subject to WDC’s right to maintain reasonable deductibles in such amounts as are approved by the City, WDC shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at WDC’s sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best’s rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

<u>TYPE</u>	<u>AMOUNTS</u>
1.. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations *b. Independent contractors c. Products/Completed Operations d. Personal Injury e. Contractual Liability f. Damage to property rented by you	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage  \$100,000
2. Directors and Officers (Claims-made basis) To be maintained and in effect for no less than two years subsequent to the completion of the professional service.	\$1,000,000 per claim, to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error, or omission in professional services.

4. WDC agrees to require, by written contract, that all subcontractors providing goods or services hereunder obtain the same insurance coverages required of WDC herein, and provide a certificate of insurance and endorsement that names the WDC and the CITY as additional insureds. WDC shall provide the CITY with said certificate and endorsement prior to the commencement of any work by the subcontractor. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.
5. As they apply to the limits required by the City, the City shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). WDC shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. WDC shall pay any costs incurred resulting from said changes.

City of San Antonio  
Attn: Center City Development Office  
P.O. Box 839966  
San Antonio, Texas 78283-3966

6. WDC agrees that with respect to the above-required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:
  - Name the City, its officers, officials, employees, volunteers, and elected representatives as additional insureds by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;
  - Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
  - Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the City.
  - Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.
7. Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, WDC shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend WDC's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.
8. In addition to any other remedies the City may have upon WDC's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order WDC to stop work hereunder, and/or withhold any payment(s) which become due to WDC hereunder until WDC demonstrates compliance with the requirements hereof.

9. Nothing herein contained shall be construed as limiting in any way the extent to which WDC may be held responsible for payments of damages to persons or property resulting from WDC's or its subcontractors' performance of the work covered under this Agreement.
10. It is agreed that WDC's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.
11. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided..
12. WDC and any WDC subcontractors are responsible for all damage to their own equipment and/or property.

**V. EQUAL EMPLOYMENT OPPORTUNITY POLICY**

1. WDC agrees to post in a conspicuous place available to employees, applicants for employment and contractors funded or partially funded under this Agreement, notices to be provided by the contracting officer setting forth the provisions of this Nondiscrimination Clause.
2. WDC will, in all solicitations or advertisements for employees or contractors placed by or on behalf of WDC, state that all qualified applicants will receive fair consideration for employment or contract without regard to race, color, national origin, religion, sex, sexual orientation, age, disability, or political belief or affiliation.
3. WDC agrees to affirmatively abide by and cooperate in the implementation of the policies and practices set forth in this Nondiscrimination Clause and any additional policies as may be required as a result of local, state or federal initiatives. WDC will furnish all information and reports requested by CITY and will permit access to books, records and accounts for purpose of review and investigation to ascertain compliance with such rules and regulations.
1. In the event of WDC's failure or refusal to comply with this Nondiscrimination Clause, this Agreement may be canceled, terminated or suspended in whole or in part, and WDC may be debarred from further contracts with CITY.

**VI. FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS**

1. WDC further represents and warrants that:
  - a. All information, data or reports heretofore or hereafter provided to CITY shall be and shall remain complete and accurate as of the date shown on the information, data or report, and that since said date shown, shall not have undergone any significant change without written notice to CITY;
  - b. Any supporting financial statements heretofore or hereafter provided to CITY are, shall be and shall remain complete, accurate and fairly reflective of the financial condition of WDC on the date shown on said statements and during the period covered thereby, and that since said date shown, except as provided by written notice to CITY, there has been no material change, adverse or otherwise, in the financial condition of WDC;
  - c. No litigation or proceedings are presently pending or threatened against WDC or, if pending, have been disclosed by WDC in writing to CITY;

- d. None of the provisions contained herein contravene or in any way conflict with the authority under which WDC is doing business, or with the provisions of any existing indenture or agreement of WDC;
- e. WDC has the legal authority to enter into this AMENDMENT and accept payments hereunder, and has taken all necessary measures to authorize such execution of AMENDMENT and acceptance of payments pursuant to the terms and conditions hereof; and
- f. None of the assets of WDC are subject to any lien or encumbrance of any character, except as shown in the financial statements provided by WDC to CITY.

## **VII. LEGAL/LITIGATION EXPENSES**

1. Under no circumstances shall the funds received under this AMENDMENT or any other funds received from CITY be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding against the CITY. WDC must obtain the written approval of the City Attorney's Office before any funds received under this AMENDMENT may be used in any adversarial proceeding against any other governmental entity or any other public entity.
2. During the term of this AMENDMENT, if WDC files and/or pursues an adversarial proceeding against the CITY then, at the CITY's option, this AMENDMENT and all access to the funding provided for hereunder may terminate if it is found that WDC has violated this Article.
3. WDC, at the CITY's option, could be ineligible for consideration to receive any future funding while any adversarial proceedings against the CITY remains unresolved.
4. For purposes of this Article, "adversarial proceedings" include any cause of action filed by WDC in any state or federal court, as well as any state or federal administrative hearing, but does not include Alternative Dispute Resolution proceedings.

## **VIII. CHANGES AND AMENDMENTS**

1. Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by both CITY and WDC.
2. It is understood and agreed by the Parties hereto that changes in local, state and federal rules, regulations or laws applicable hereto may occur during the term of this Agreement and that any such changes shall be automatically incorporated into this Agreement without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

## **IX. SEVERABILITY OF PROVISIONS**

If any clause or provision of this AMENDMENT is held invalid, illegal or unenforceable under present or future federal, state or local laws including, but not limited to, the City Charter, City Code or ordinances of the City of San Antonio, Texas, then and in that event it is the intention of the Parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this AMENDMENT shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the Parties hereto that in lieu of each clause or provision of this AMENDMENT that is invalid, illegal or unenforceable, there be added as a part of this AMENDMENT a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

**X. NON-WAIVER OF PERFORMANCE**

1. No waiver by CITY of a breach of any of the terms, conditions, covenants or guarantees of this AMENDMENT shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, condition, covenant or guarantee herein contained. Further, any failure of CITY to insist in any one or more cases upon the strict performance of any of the covenants of this AMENDMENT, or to exercise any option herein contained, shall in no event be construed as a waiver or relinquishment for the future of such covenant or option. In fact, no waiver, change, modification or discharge by any Party hereto of any provision of this AMENDMENT shall be deemed to have been made or shall be effective unless expressed in writing and signed by the Party to be charged.
2. No act or omission of CITY shall in any manner impair or prejudice any right, power, privilege, or remedy available to CITY hereunder or by law or in equity, such rights, powers, privileges, or remedies to be always specifically preserved hereby.
3. No representative or agent of CITY may waive the effect of the provisions of this Article.

**XI. SPECIAL CONDITIONS**

1. All WDC invoices or reports regarding eligible expenditures pursuant to this AMENDMENT must be submitted to CITY's CCDO by WDC no later than thirty (30) days preceding the following quarter after WDC incurs the expense.
2. WDC understands and agrees that WDC is required to refund money, pursuant to 80(R) HB 1196, that WDC has received from CITY through this AMENDMENT, in the event of WDC's conviction of knowingly employing an undocumented worker, with repayment required within six months of final conviction. Interest shall accrue at the rate of .5% per month until the time of such repayment from the date of final conviction.

**XII. ENTIRE AMENDMENT**

This AMENDMENT constitutes the final and entire agreement between the Parties hereto and contains all of the terms and conditions agreed upon. No other agreements, oral or otherwise, regarding the subject matter of this AMENDMENT shall be deemed to exist or to bind the Parties hereto unless same be in writing, dated subsequent to the date hereof, and duly executed by the Parties.

**XIII. NOTICE**

1. For purposes of this AMENDMENT, all official communications and notices among the Parties shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, to the addresses set forth below:

CITY:  
Director  
Center City Development Office  
P.O. Box 839966  
San Antonio, Texas 78283-3966

WDC:  
Executive Director  
Westside Development Corporation  
2300 West Commerce, Ste. 207  
San Antonio, Texas 78207-3839

and

City Attorney's Office  
Commerce & Visitor's Services Division  
City Hall, 3<sup>rd</sup> Floor  
San Antonio, Texas 78205

2. Notice of changes of address by any Party must be made in writing and delivered (or mailed, registered or certified mail, postage prepaid) to the other Party's last known address within five (5) business days of such change.

**XIV. PARTIES BOUND**

This AMENDMENT shall be binding on and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise expressly provided for herein.

**XV. GENDER**

Words of gender used in this AMENDMENT shall be held and construed to include the other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

**XVI. RELATIONSHIP OF PARTIES**

Nothing contained herein shall be deemed or construed by the Parties hereto, or by any third party as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship between the Parties hereto.

**XVII. TEXAS LAW TO APPLY**

THIS AMENDMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS.

**XVIII. CAPTIONS**

The captions contained in this AMENDMENT are for convenience of reference only, and in no way limit or enlarge the terms and/or conditions of this AMENDMENT.

EXECUTED IN DUPLICATE ORIGINALS this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

CITY OF SAN ANTONIO

WESTSIDE DEVELOPMENT  
CORPORATION

\_\_\_\_\_  
Pat DiGiovanni  
Deputy City Manager

\_\_\_\_\_  
Ramon Flores  
Executive Director

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Leticia Vacek  
City Clerk

\_\_\_\_\_  
Leslie Orton Haby  
Assistant City Attorney

## ATTACHMENT I

**FY 2012 Westside Development Corporation**

**Santiago Garcia Position Expenses**

Fund: 29644000

Cost Center: 1606010001

Commitment Item		FY 2012 PROPOSED
5101010	Regular Salaries	\$ 50,505
5103005	FICA & Medicare Exp	\$ 3,864
5103010	Life Insurance	\$ 50
5104030	Flex Benefits Contr	\$ 7,425
5105010	Retirement Exp	\$ 5,178
5181025	RESERVE COLA	\$ 1,442
<b>PERSONAL SERVICES</b>		<b>\$ 68,464</b>
<b>CONTRACTUAL SERVICES</b>		<b>\$ 0</b>
<b>COMMODITIES</b>		<b>\$ 0</b>
5403543	IT Assessment Fee	\$ 2,955
5405020	Workers Comp Assess	\$ 621
5405030	General Liab. Assess	\$ 480
<b>SELF INSURANCE/OTHER</b>		<b>\$ 4,056</b>
<b>TOTAL</b>		<b>\$ 72,520</b>

Total WDC Budget	\$ 306,604
Amount to WDC	\$ 234,084

## ATTACHMENT II

**FY 2012 Target Tracking - Westside Development Corporation**

Fund: 29644000

Cost Center: 1606010001

Commitment Item		Target FY 2012	SLI Adjust.	Reduction to Balance	SAP Adjustment	FY 2012 PROPOSED
5101010	Regular Salaries	\$ 50,505				\$ 50,505
5103005	FICA & Medicare Exp	\$ 3,864				\$ 3,864
5103010	Life Insurance	\$ 50				\$ 50
5104030	Flex Benefits Contr	\$ 8,171	-\$ 746			\$ 7,425
5105010	Retirement Exp	\$ 5,076	\$ 76		\$ 26	\$ 5,178
5170100	Retiree Hlth Assess	\$ 1,479	-\$ 963			\$ 516
5181025	RESERVE COLA	\$ 0	\$ 1,442			\$ 1,442
<b>PERSONAL SERVICES</b>		<b>\$ 69,144</b>	<b>-\$ 190</b>	<b>\$ 0</b>	<b>\$ 26</b>	<b>\$ 68,980</b>
5201025	Education - Classes	\$ 2,500				\$ 2,500
5201040	Fees to Prof Contr.	\$ 283,743		(63,733)		\$ 220,011
5203030	Procurement Fee	\$ 0	\$ 57			\$ 57
5203060	Binding & Printing	\$ 2,500				\$ 2,500
5205010	Mail and Parcel Post	\$ 3,000				\$ 3,000
5207010	Travel-Official	\$ 2,500				\$ 2,500
5208020	Rent City Motor Pool	\$ 500				\$ 500
<b>CONTRACTUAL SERVICES</b>		<b>\$ 294,743</b>	<b>\$ 57</b>	<b>-\$ 63,733</b>	<b>\$ 0</b>	<b>\$ 231,068</b>
5302010	Office Supplies	\$ 1,000				\$ 1,000
5304010	Food	\$ 1,500				\$ 1,500
<b>COMMODITIES</b>		<b>\$ 2,500</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,500</b>
5403543	IT Assessment Fee	\$ 2,955				\$ 2,955
5405020	Workers Comp Assess	\$ 861	-\$ 241		\$ 1	\$ 621
5405030	General Liab. Assess	\$ 530	-\$ 50			\$ 480
<b>SELF INSURANCE/OTHER</b>		<b>\$ 4,346</b>	<b>-\$ 291</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 4,056</b>
<b>TOTAL</b>		<b>\$ 370,733</b>	<b>-\$ 424</b>	<b>-\$ 63,733</b>	<b>\$ 27</b>	<b>\$ 306,604</b>

# **ATTACHMENT III**

## **WDC LOAN PROGRAM**

### **Guidelines and Procedures**

WDC LOAN PROGRAM  
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A. GENERAL INFORMATION

1. Program Purpose and Objective
2. Ineligible Businesses
3. Who May Apply
4. Ineligible Use of Proceeds
5. Eligible Area
6. Entrepreneur Training

B. APPLICATION PROCESS

1. Application Forms
2. Review of Application
3. Management/Feasibility Assessment
4. Assignment to Loan Officer
5. Lending/Credit Criteria

C. REVIEW, ANALYSIS, AND APPROVAL PROCESS

1. Brief Memo Prepared by Staff
2. Consideration of Loan by ILC & Board
3. Approval Letter of Commitment Issued

D. FUNDING PROCESS

1. Loans may be leveraged with SABDF, lenders, etc.
2. Closing Documents Prepared by Attorney & Title Company

E. LOAN SERVICING

1. Account Management
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4. Delinquent Loans
5. Loans in Default

EXHIBITS

Loan Application Flowchart  
Loan Purpose, Amounts, Terms, Rates  
Loan Fees, Collateral, Financial Information  
Inner City Lending Guidelines  
Letter of Decline

## WDC LOAN PROGRAM

### A. GENERAL INFORMATION

#### 1. Program Purpose and Objective

The Westside Development Corporation recognizes that the West Sector has been identified and assessed as an area that is in need of revitalization.

WDC therefore feels that it is most urgent to fill the void that is not being served by the present city, state and federal loan programs or conventional financing.

Revitalization of the West sector of the City will require new and innovative financing methods. It is proposed that WDC make loans for projects in those areas of the city at/or below market interest rates.

Not-for-Profit organizations are presently excluded from borrowing money under existing federal loan programs. These organizations would become eligible under this program if their projects are for revitalization in the target areas.

Landlords, developers and property owners that are now only eligible under the HUD Enterprise Loan Program would be eligible under this program if the project is for revitalization of the West t sector of the city and the developer lacks the ability to obtain this credit elsewhere.

#### 2. Ineligible Businesses

Lending, illegal activity, gambling, pyramid, networking sales, businesses who serve liquor (do not generate over 50% of their income from food sales) and media or publishing businesses that print opinions.

#### 3. Who May Apply

Applications will be accepted from small businesses, not-for-profit organizations, landlords, developers, property owners and other entities involved in the revitalization of the West sector of the city. All applicants must demonstrate financial need, repayment ability, credit and capacity to manage.

#### 4. Ineligible Use of Proceeds

WDC LOAN PROGRAM will not be used for the following loan purposes:

- a. Pay off creditors who are inadequately secured and in a position to sustain a loss.
- b. Distribution or payment to owner-partners or shareholders of the applicant or affiliated entities of same. Personal loans of owners or stockholders may not be included as part of the loan.
- c. Moving a business outside of the WDC-defined areas.

#### 5. Eligible Area

The intent of the WDC LOAN PROGRAM is to serve the areas on the West sector of the city.

### B. APPLICATION PROCESSING

1. Application Forms - Interviews will be made by the WDC Loan Officer and staff, as appropriate. The application will be provided upon request.
2. Review of Application - The assigned loan officer will be responsible for tracking applicants and applications.
3. Management/Feasibility Assessment - A management assessment will be made by WDC.
4. Assignment to Credit Analyst – The completed loan applications will be screened by a WDC Loan Officer and staff.
5. Lending/Credit Criteria - The financial condition of the company and its owners will be considered; particularly, their ability to meet the repayment schedule. The company's potential for growth and the owner's ability to meet personal obligations will also be considered. The credit criteria will be as follows:
  - a. Repayment of the loan must exist. Debt service coverage of at least 1:1 may be accepted. Projections may be accepted as repayment when past history does not support repayment.
  - b. Collateral must be 1:1 or better – WDC will require a first lien on purchased assets or existing unencumbered assets of the business, the borrower and/or the guarantor. WDC may also require a second lien on encumbered assets of the company, the borrower and/or guarantor.
  - c. Assets being purchased will be given 100% value; existing assets will be given market value or cost which ever is lower. Also, assets minus depreciation may be accepted as that value rather than cost or market.
  - d. A minimum of 10% cash/equity investment is required on existing businesses and a minimum of 20% cash/equity investment will be required on start-up businesses. A higher equity position may be required.
  - e. A guarantor or co-maker may be required. The borrower's and guarantor's credit history will be evaluated; and explanations required from the borrower(s) on any credit issues.

### C. REVIEW, ANALYSIS, AND APPROVAL PROCESS

#### 1. Loan Report

WDC Staff will prepare a Loan Report.

#### 2. Loan Approval

The WDC Loan Officer and Loan Development Manager will review the loan report and provide a recommendation of either "approve" or "decline" to the WDC staff. That recommendation will be presented to the appropriate Committee or Board of WDC for consideration and a loan decision.

#### 3. Approval Letter of Commitment

The client must sign the "Commitment Letter", followed by the signature and approval of the Loan Officer.

## **D. FUNDING PROCESS**

1. Where possible, WDC loans will be leveraged with WDC, CDLF, ACCION, and/or other lenders.
2. Preparation of Closing Documents (Legal costs may be rolled into loan)

*An attorney contracted by WDC must prepare all closing documents. The loan may be closed by the same attorney or by a WDC loan officer. A WDC Loan Officer must attest the documents.*

A Title Company must be used in the closing of all real estate loans and a Mortgagee Title Policy obtained on all real estate secured loans.

## **E. LOAN SERVICING**

### **1. Account Management**

Loan Servicing staff is responsible for monitoring the loan portfolio, processing monthly loan payments, and responding to the needs of the borrower.

For each loan, Loan Servicing will provide the following services:

- a. Monthly accounting reports of principal and interest received, balances remaining and any fees charged.
- b. Late payment notices to borrower.
- c. Year-end statements to borrower showing interest and principal payments made.
- d. Maintenance of a database for monitoring and follow-up of UCC filings, insurance, financial statements or other requirements as stated in the loan approval.
- e. Any other record keeping or services required by the WDC for management of the account.

### **2. Credit Management**

To assure the WDC loans are managed and serviced in accordance with the SRBF standards, and in accordance with the program's objectives, program administrator's staff will periodically report on all loans serviced to WDC staff. The WDC will review the information to determine if there has been compliance with terms of the loan AMENDMENTS.

Credit management will include:

- a. Insistence on receipt of quality financial statements.
- b. Insistence on regular and timely receipt of financial statements.
- c. A review of submitted financial information.
- d. Verification of financial data by phone and/or on site visits when warranted.
- e. Obtaining personal and business credit reports as part of the business proposal package review.

- f. Reviewing the “terms” of the loan AMENDMENT and other documents with borrower to assure complete understanding of borrower’s obligations.
- g. Requiring annual, quarterly, or monthly financial statements from the borrower to assess the ongoing financial position of business.
- h. When necessary, conduct technical assistance conferences with borrower to analyze business condition and financial position. If needed, additional technical assistance will be scheduled to mitigate potential problems with borrowers.
- i. When necessary, recommend borrower attend seminars or classes in business and/or accounting to improve management ability and repayment ability of borrower in conjunction with approval of loan application.

### **3. Problem Loans**

To avoid problems with credit delinquency and possible losses, program administrator’s staff along with WDC staff will review with the borrowers, those factors that indicate loan payment deterioration.

Some of the danger signals include:

- a. Delinquency.
- b. Anticipated renewal request.
- c. Adverse financial trends.
- d. Incorrect or improperly prepared financial information.
- e. Overly optimistic P&L and Cash Flow statements.
- f. Failure to provide any requested information in a timely manner.
- g. Disappearance of collateral or other assets.
- h. Borrowers hesitant to permit WDC staff to visit business.
- i. Appearance of other creditors and credit inquiries.

### **4. Delinquent Loans**

Loans become delinquent the day after the payment is due. Collection procedures may commence if payment is not made within 15 days following payment due date, or if the business exhibits some of the danger signals listed in the Problem Loan Section. The WDC loan officer will make a determination of the seriousness of the problem by a review of:

- 1) Cooperation of borrower.
- 2) Ability of debt service.
- 3) Collateral value.
- 4) Extent of borrower’s involvement with other creditors.

**Step 1:** The cooperation of the borrower is assessed based on the borrower's willingness to meet with loan officer to identify the problem and reach a workable solution.

**Step 2:** The ability of debt service by the borrower will be determined based on re-evaluation of both historical and projected future cash flows.

**Step 3:** The collateral position for the loan will be determined by verifying the value of collateral held, by actually locating the collateral and by reviewing its condition. Verification as to the correctness of UCC filings and other security instruments will also be made.

**Step 4:** The extent of the borrower's additional borrowing with other creditors will be determined through updated credit reports, trade checking, search of public record for liens and judgments, etc.

**Step 5:** If a workable solution to the loan delinquency results in a modification of terms and conditions to the original approval, the modification must be in writing, it must be signed by the borrower and it must be approved and signed by the loan officer.

### **5. Loans in Default**

When no workable solution results from meeting with the borrower, the loan will be in default. Loans will be considered in default if any portion of a loan payment is more than sixty (60) days past due.

Staff will take the following actions:

- a. Notification to borrowers of default by registered mail.
- b. Borrower will be given thirty days to correct default.
- c. If default is not corrected within sixty (60) days, WDC staff will take any actions necessary to collect the loan balance. Such actions include, but are not limited to liquidating any collateral.
- d. If default is not corrected within one hundred eighty (180) days, the loan can be charged off. Loans that are secured by real estate as the primary collateral will be charged off after the collateral is liquidated.

### **Loan Application Flowchart**



## WDC LOAN PROGRAM

### Loan Purpose:

Any legitimate business purpose including, but not limited to:

- Permanent Working Capital
- Seasonal Working Capital
- Fixed Asset Acquisition
- Leasehold Improvements
- Real Estate Equity Loans
- Business Start-Up Expenses

### Loan Amounts:

- \$5,000 - \$250,000

Loan Terms: 12 - 120 months

(WDC will consider a 15 or 20-year amortization with up to a 10-year call.)

### Loan Rates:

Competitive Fixed Rates of not less than 2% and not more than 3% over current money center bank prime rate as quoted in the Wall Street Journal. The rate will be set on the date of funding.

### Loan Fees:

An origination fee of 1% of the loan amount will be charged, in addition to a \$300 attorney fee, plus a maximum of an additional \$500 to cover other closing costs. All fees may be incorporated into the loan.

### Collateral:

Collateral requirement can be as high as 100% loan-to-value. Accounts Receivable, Inventory, Equipment, Vehicles, Real Estate and Personal Guarantee may be required.

- Equipment and Real Estate will be valued at the lower of cost or appraised value.
- Vehicles will be valued at NADA (Blue Book) loan value.

### Financial Information:

- Minimum of two (2) years' business statements or tax returns
- Recent interim financial statement (within 90 days)
- Projections - financial or cash budget
- Detailed business plan for all applicants (start-ups only)
- Current guarantor financial statement and tax returns - when required
- Credit report
- Lien Search

### Underwriting Standards:

- The borrower must show adequate earnings to retire its obligations. The SBC shall have a debt service coverage of no less than 1:1 of historical earnings or projections.

**Credit History:**

- A credit score of 550 or more
- If no traditional credit history exists, the administrator may use its discretion.
- All outstanding judgments must be paid and all delinquent accounts need to be brought current.

**Technical Assistance:**

Existing businesses (2 yrs+) will be screened, primarily on the basis of historical financial performance, to determine the appropriate level of technical assistance needed.

Recommended technical assistance will consist of a proposed 4-12 weeks Business/Entrepreneurial Training Program. The length of the training will depend on the demonstrated capabilities of the borrower or completion of an approved outside entrepreneurial program.

On-going Technical Assistance is recommended for start-up businesses for the first full year of operations.

Monitoring/Counseling may be conducted on a quarterly basis for start-up businesses and no less than semi-annually for existing businesses to compare actual results against the business plan or projections.