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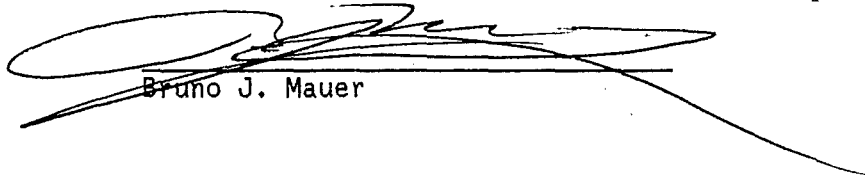
CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF DEVELOPMENT)

I, Bruno J. Mauer, Secretary and custodian of the official records, certify that the annexed rules relating to a minority business finance program were duly approved and adopted by this Department on May 4, 1990.

I further certify that said copy has been compared by me with the original on file in this Department and that it is a true copy the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand as Secretary at
123 West Washington Avenue in the
City of Madison, this 4th day of
May, 1990.


Bruno J. Mauer

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ORDER OF THE DEPARTMENT OF DEVELOPMENT

The Department of Development adopts an order creating Chapter DOD 14 of the Wisconsin Administration Code relating to a minority business finance program.

Analysis Prepared by the Department of Development

Subchapter VII, ch. 560, Stats., creates a minority business finance program and requires that the Department of Development adopt rules to implement that program. This proposed order establishes the procedures required to implement the minority business finance program.

Subchapter VII, ch. 560, Stats., provides up to \$50,000 biennially for "early planning project grants." The purpose of these grants is to enable a prospective minority business to finance such early planning costs as a feasibility study, marketing plan and business plan. Each recipient is limited to a maximum of \$5,000 during a biennium. The proposed rules specify the application procedures, the issues the department must consider to make a determination concerning an application for an early planning project grant, the manner in which a successful applicant will contract with the department and reporting and auditing requirements for grant recipients.

The subchapter also provides for "development project grants and loans." The purpose of the development project grants and loans is to help finance minority business ventures that are unlikely to succeed without some public financing and which have a likelihood of increasing employment, particularly for minority group members, and which are located in areas of economic distress.

By statute, determinations concerning proposed development projects are to be made by the Minority Business Development Board which was created by the subchapter. Development project grants and loans may be for no more than \$100,000 to any eligible recipient during a fiscal biennium. The proposed rules specify the application procedures, the issues the board must consider to make a determination concerning a proposed development project, the manner in which a successful applicant will contract with the department and reporting and auditing requirements for development project grant and loan recipients. For development project grants and loans the board is required to determine the repayment terms of each grant and loan it awards in accordance with standards established in the rules.

Applicants for early planning grants must provide a match of at least 50 percent. Development project applicants are required to provide a minimum of 25 percent of the cost of the project.

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The rules make the department responsible for the administration of the program including making recommendations to the board for disposition of development project applications, soliciting and reviewing applications, authorizing payments and otherwise implementing contractual obligations, monitoring project activities, reviewing financial and program reports and collecting repayments. In addition, the rules provide that the department will prepare an application manual and make it available to prospective applicants.

Before the department may adopt rules they must be approved by the Board.

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Pursuant to the authority vested in the Department of Development by s. 560.85 (1) Stats., the Department of Development hereby creates rules interpreting sub ch. VII, ch. 560, Stats. as follows:

SECTION 1. Chapter DOD 14 is created to read:

CHAPTER 14

WISCONSIN MINORITY BUSINESS FINANCE PROGRAM

DOD 14.01 PURPOSE	DOD 14.06 CONTRACTS
DOD 14.02 DEFINITIONS	DOD 14.07 REPORTING AND AUDITING
DOD 14.03 GRANT AND LOAN DETERMINATIONS	DOD 14.08 ADMINISTRATION
DOD 14.04 EARLY PLANNING PROJECT GRANTS	DOD 14.09 BOARD OPERATIONS
DOD 14.05 DEVELOPMENT PROJECT GRANTS AND LOANS	DOD 14.10 APPLICATION MANUAL

DOD 14.01 PURPOSE. The purpose of this chapter is to establish a procedure for the administration of minority business early planning and development projects by the department as provided by Subch. VII. Ch. 560, Stats.

DOD 14.02 DEFINITIONS. In this chapter:

- (1) "Application" means a proposal from an eligible recipient or local development corporation which contains all the elements required in s. DOD 14.04 or s. DOD 14.05.
- (2) "Board" means the minority business development board as defined in s. 15.155, Stats.
- (3) "Department" means the department of development.
- (4) "Development project" has the meaning contained in s. 560.80 (2), Stats.
- (5) "Early planning project" has the meaning contained in s. 560.80 (3), Stats.
- (6) "Eligible development project costs" means the costs of working capital, machinery and equipment, land and building acquisition, existing business acquisition and related expenses that, in accordance with good business and financial practices, are appropriately incurred in connection with a development project.
- (7) "Eligible recipient" has the meaning contained in s. 560.80 (5), Stats.
- (8) "Financial audit" has the meaning contained in s. DOD 6.81 (6).

DOD 14.04 EARLY PLANNING PROJECT GRANTS.

- (1) An application by an eligible recipient for an early planning project grant shall be in such form as the department may require and shall include all of the following:
 - (a) Each of the items listed in s. 560.82 (2) (a) to (m), Stats.
 - (b) Any other information the department may require to make a determination in accordance with the provisions of this chapter and subch. VII. Ch. 560, Stats.
- (2) The department may not award a grant under this section unless, after considering the application and any other information it deems relevant, the department determines that the proposed early planning project meets the requirements of ss. 560.84 (1) (a), (b) 1., (c), (d), (e) 1., (g) (h) and (i), Stats.
- (3) Before awarding a grant under this section, the department shall consider each of the following:
 - (a) The items contained in s. 560.84 (2) (a) 1., (b) (d) and (e), Stats.
 - (b) The experience and training of the applicant.
 - (c) The amount of funds provided by the applicant to the project proposed in the application.
 - (d) The location of the proposed business in a development zone designated under s. 560.71, Stats. or a distressed area as defined in s. 560.14 (1) (d), Stats.
 - (e) The nature of the jobs likely to be created by the applicant and the level of compensation likely to be paid for those jobs.
 - (f) Whether the proposed business is part of a growth industry.
- (4) The department may choose not to award a grant if the proposed early planning project does not compare favorably on the items contained in sub. (3).
- (5) Proceeds from a grant made under this section may be used only as provided in s. 560.82 (3), Stats.
- (6) The department may make grants under this section in the total amount of no more than \$50,000 in a fiscal biennium. Grants to any eligible recipient under this section may total no more than \$5,000 in a fiscal biennium.
- (7) Grants under this section may be awarded only to individuals who are minority group members and residents of this state.

DOD 14.05 DEVELOPMENT PROJECT GRANTS AND LOANS.

- (1) An application by an eligible recipient or a local development corporation for a development project grant or loan shall be in such form as the department may require and shall include all of the following:
 - (a) Each of the items listed in s. DOD 6.84 (1), (2) (a) to (c), (3), (4), (7) to (9) and (11) to (13).
 - (b) An explanation of how the proposed development project addresses the standards contained in s. 560.84, Stats.
 - (c) An explanation of why minority business finance assistance is required.
 - (d) Any other information the board may require to make a determination in accordance with the provisions of this chapter and subch. VII. Ch. 560, Stats.
- (2) The board may not award a grant under this section unless, after considering the application and any other information it deems relevant, the board determines that the proposed development project meets the requirements of s. 560.84 (1) (a), (b) 2., (c), (d), (e) 2. and (g) to (j), Stats.
- (3) The board shall consider each of the items contained in s. 560.84 (2) (a) 2. to (f), Stats., before awarding a grant or loan under this section and may choose not to award a grant or loan if the proposed development project does not compare favorably on these items.
- (4) The board may award a grant or loan under this section to a local development corporation for a development project which meets all of the requirements of this section and which is to be undertaken by a business entity owned by the local development corporation.
- (5) Awards by the board to any local development corporation, to any eligible recipient or for any development project may total no more than \$100,000 in a fiscal biennium.
- (6) In addition to local development corporations, the board may award grants or loans under this section only to minority group members who are residents of this state or to minority businesses.

DOD 14.06 CONTRACTS. Successful applicants shall be required to enter into a contract with the department for the purposes of implementing the proposed grant or loan. The contract shall be signed by the secretary of development and the chief executive officer of the successful applicant, or by their authorized representatives. The department may void a contract and seek a return of any funds released under the contract for failure by the business to perform its obligations under the contract. Amendments to these contracts may be adopted by the written consent of both parties. Any relocation from Wisconsin to any other state of the jobs created or retained through the

project shall void the contract, and all funds paid to date shall be refunded to the department for use in support of other applications submitted under this chapter. These restrictions apply only to jobs described in the project application provided in s. DOD 14.04 and 14.05, and apply only for a term subject to negotiation between the successful applicant and the department.

DOD 14.07 REPORTING AND AUDITING. Each successful applicant shall be required to provide the department periodic financial and program reports. A financial audit shall be submitted at the end of each development project contract for development projects of \$25,000 or more. The cost of the audit may be covered by the development project, grant or loan. The financial reports, audit and the program reports shall be submitted to the department by a date specified in the contract. The financial audit and the program reports become the property of the department and are open to public inspection.

DOD 14.08 ADMINISTRATION. The department shall be responsible for soliciting applications, reviewing applications, awarding early planning project grants, making recommendations to the board on the disposition of development project grants and loan applications, authorizing payments and otherwise implementing contractual obligations entailed in grants or loans made under the terms of this chapter, monitoring project activities, receiving and reviewing the financial reports and program reports submitted under s. DOD 14.07, and for collecting any repayments of grants and loans from successful applicants.

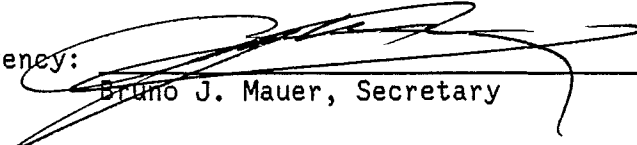
DOD 14.09 BOARD OPERATIONS. The board shall consider the recommendations of the department relating to development project grants and loans. A majority of the members of the board shall approve an application before the department may enter into a contract for a development project grant or loan. The department shall maintain records of the board proceedings and provide other staff support as may be necessary to the board.

DOD 14.10 APPLICATION MANUAL. The department shall prepare an application manual which it may update as needed. The manual shall contain the application procedures, requirements and instructions for funding under this chapter.

Note: Written instructions for early planning project grant and development project grant and loan applications may be obtained at no charge from the Department of Development, Bureau of Minority Business, P. O. Box 7970, Madison, Wisconsin 53707.

EFFECTIVE DATE. The regulations set forth in this order shall be effective on the first day of the month following publication in the Wisconsin administration register as provided in s. 227.22 (2) (intro.) Stats.

Dated: 4 May '90

Agency: 
Bruno J. Mauer, Secretary

18-030