

**\*\*\*ATTACHMENTS\*\*\***

**CITY OF SHEBOYGAN**

**REQUEST FOR FINANCE COMMITTEE CONSIDERATION**

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**ITEM DESCRIPTION:** Report of Officer from the Finance Director implementing Grant Administration Oversight procedures.

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**REPORT PREPARED BY:** Nancy Buss, Finance Director

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**REPORT DATE:** December 6, 2016

**MEETING DATE:** December 12, 2016

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**FISCAL SUMMARY:**

**STATUTORY REFERENCE:**

Budget Line Item: N/A  
Budget Summary: N/A  
Budgeted Expenditure: N/A  
Budgeted Revenue: N/A

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Wisconsin Statutes: N/A  
Municipal Code: N/A

**BACKGROUND / ANALYSIS:**

The City of Sheboygan receives significant grants from other governments and organizations to support programs and activities. Often, grants come with specialized requirements that can apply to the general operations of the grant, specific compliance rules, monitoring of other parties that may receive resources from the grants, and specialized reporting requirements. There are typically negative consequences for failing to meet these requirements. Further, grants may, either as a condition of the grant itself or politically, commit a government to financially maintain a program or asset after the expiration of the grant. Accordingly, a government should develop a policy that requires certain steps to be taken before applying for or accepting grants to maximize the benefits of grants while minimizing their risks.

**STAFF COMMENTS:**

While it is important to have a grants policy, a government must also ensure that it does the appropriate administration of grants after their acceptance. Inappropriate administration can result in the failure to meet all requirements for grants that a government receives. In such cases the result can be a need to return some or all of the resources to the provider. Normally, a failure to meet all grant requirements is not intentional. Instead, the problem is often caused because all appropriate parties within the government are not aware of all the requirements or are not aware of the requirements at the appropriate time.

**ACTION REQUESTED:**

Motion to recommend the Common Council accept and file Report of Officer -16-17 by Finance Director implementing Grant Administration Oversight procedures.

**ATTACHMENTS:**

1. Report of Officer -16-17
2. Grant Administration Oversight

R. O. No. \_\_\_\_\_ - 16 - 17. By Finance Director.  
December 19, 2016

Submitting the attached Grant Administration Oversight procedures and recommend the Common Council authorize implementation.

## **GRANT ADMINISTRATION OVERSIGHT**

### **APPLICATION**

Prior to applying for any grant, the department will complete the Grant Information Form, exhibit 1. The form and all applicable grant information should be submitted to the Finance Department. The Finance Department will review the grant information to determine the grant funding agency, matching funds required and any restrictions or limitations on the grant, exhibit 2. After review of the grant information, the Finance Department will meet with the department to discuss any findings and determine if the department and the Finance Department agree to proceed with the application and a document to the Common Council.

Upon approval by the Council and granting agency, the department will provide the Finance Department copies of the grant agreement and any other applicable paperwork received.

### **CONFLICT OF INTEREST**

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, you may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards contained in sec.2-273 of the Sheboygan Municipal Code serve to define gifts that are not substantial or of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents. The City's Code of Ethics, found in Article III, Division 2 of Chapter 2 applies to all employees, officers, and agents of the City with regard to the selection, award, or administration of any contract supported by a Federal award.

### **APPLICABLE COSTS**

The City will only charge costs for allowed activities to each grant. All costs charged to grants will conform to applicable cost principles and/or will be allowed costs under the grant provisions.

## **CASH MANAGEMENT**

Prior to filing a grant reimbursement claim, the Finance Department will work with the department to ensure all costs have been recorded in the accounting system and review unusual items or amounts not recorded. The drawdown, in most cases, will only be made to request reimbursement of incurred costs in the accounting system. If advances are received, the Finance Department and the department will maintain an on-going monitoring of costs applicable to the grant. Prior to filing a reimbursement claim, the department and the Finance Department will approve the reimbursement request in writing, exhibit 3.

## **PERIOD OF PERFORMANCE**

The City will only incur expenditures during the grant period of performance, unless the grant agreement allows costs to be incurred prior to the grant period. Management is committed to complying with the period of performance as specified in the grant agreement. The grant period of performance will be communicated to employees approving expenditures and processing disbursements for payment. All applicable employees will also be made aware of the grant period of performance.

## **PROCUREMENT**

The City will not enter into any procurement contracts or commitments with a suspended or debarred vendor or business. The City prohibits awarding contracts or purchase agreement with any suspended or debarred vendor. All vendors will be required to supply federal taxpayer identification information and DUNS numbers.

City employees entering into contracts with payment from grant funds will be made aware of procurement policies regarding vendors. Supervisors will review procurement and contracting decisions made by employees for compliance with grant procurement policies. All vendors and contracts for sub-awards of any value and procurement contracts exceeding \$25,000 will be compared to listings in the Federal System for Award Management (SAM) for suspended, debarred or excluded parties.

## **GRANT REIMBURSEMENT CLAIMS**

Employees assigned to complete reimbursement claims will submit the approved applicable cost reimbursement claim approved by the Finance Department and the department.

## **EQUIPMENT AND PROPERTY MANAGEMENT**

Records will be maintained to identify all equipment or real property purchased with grant funds in the City's fixed asset system. Disposition of equipment or real property

acquired with grant funds will be completed in accordance with applicable requirements and if applicable, the grantor will be appropriately compensated for its share of any property sold or converted to non-City use. All equipment will be safeguarded, maintained and insured in accordance with capital asset policies set forth by the City.

### **MATCHING FUNDS**

Any matching, local level of effort or earmarking requirements of grant awards will be met using only allowable funds or costs which are properly calculated and valued.

### **PROGRAM INCOME**

Program income from activities funded with grants will be correctly earned, recorded and use in accordance with grant or program requirements.

### **SUB-RECIPIENT MONITORING**

Federal award information and compliance requirements will be provided to sub-recipients of federal awards. Departments will monitor sub-recipients for risk assessment controls to include: financial problems that could result in diversion of grant funds, loss of essential personnel, loss of license or accreditation, rapid growth and organizational restructuring. In addition, sub-recipients monitored will include following up on resolution of audit findings and evaluation of the impact of any identified noncompliance.

### **REPORTING**

Reports required to be submitted by grant agencies will be prepared with all activity of the reporting period, will be supported by underlying accounting or performance records and will be fairly presented in accordance with program requirements. Budget to actual will be reviewed by the Finance Department and the department. The department will include a written explanation of any variances.

The underlying accounting or other performance records used to prepare the reports will be monitored and reviewed for completeness prior to the report completion. The basis of accounting method required by the grant awarding agency will be used in preparation of the underlying data and report.

The Finance Department and departmental review of reports will be completed to assure accuracy and completeness of data and information included in the reports.

A tracking system will be developed to ensure reports are submitted when due.

**GRANT INFORMATION FORM**

Department \_\_\_\_\_ DATE \_\_\_\_\_

Grantor Agency \_\_\_\_\_

\_\_\_\_\_ Federal \_\_\_\_\_ State \_\_\_\_\_ Other

Grant Name \_\_\_\_\_

Grant Number \_\_\_\_\_ Grant Amount \$ \_\_\_\_\_ Matching Funds \$ \_\_\_\_\_

Program & Number \_\_\_\_\_ Federal CFDA # \_\_\_\_\_

Matching Funds available in account number \_\_\_\_\_

Purpose of the Grant

Person preparing grant proposal \_\_\_\_\_ (Signature)

Department Head approving grant proposal \_\_\_\_\_ (Signature)

Council Document Number approving grant submission \_\_\_\_\_ Please Attach

**Finance Review**

Pass-through Agency \_\_\_\_\_

\_\_\_\_\_ Federal    \_\_\_\_\_ State    \_\_\_\_\_ Other

Start Date \_\_\_\_\_                      End Date \_\_\_\_\_

Matching Funds (Available as indicated) \_\_\_\_\_

Grant Limitations

Grant Number \_\_\_\_\_

CFDA Number \_\_\_\_\_

Type of Compliance Requirement	Comment
A. Activities Allowed or Unallowed	
B. Allowable costs/cost principles	
C. Cash Management	
D. Eligibility	
E. Equipment and Real Property Management	
F. Matching Level of Effort, Earmarking	
G. Period of Performance	
H. Procurement and Suspension and Debarment	
I. Program Income	
J. Reporting	
K. Subrecipient Monitoring	
L. Special Tests and Provisions	

Include in comments any documentation required below City policies



**CITY OF SHEBOYGAN**

**REQUEST FOR FINANCE COMMITTEE CONSIDERATION**

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**ITEM DESCRIPTION:** Resolution 145-16-17 by Alderperson Wolf authorizing executing the Cooperation Agreement for City Hall office space between the City of Sheboygan and Harbor Centre Business Improvement District.

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**REPORT PREPARED BY:** Chad Pelishek, Director of Planning & Development

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**REPORT DATE:** December 7, 2016

**MEETING DATE:** December 12, 2016

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**FISCAL SUMMARY:**

Budget Line Item: N/A  
Budget Summary: N/A  
Budgeted Expenditure: N/A  
Budgeted Revenue: N/A

**STATUTORY REFERENCE:**

Wisconsin Statutes: N/A  
Municipal Code: N/A

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**BACKGROUND / ANALYSIS:**

The Harbor Centre Business Improvement District (BID) currently leases office space for \$3,600 from the Sheboygan County Chamber of Commerce. They employ one full-time person and occasionally interns. The interest in moving their office to City Hall is to gain synergies in the partnership and the number of projects the Department of Planning and Development and the BID work on throughout the year. Under the agreement, the BID office would not pay rent provided they contribute dollar for dollar up to \$3,600 on City-sponsored downtown revitalization projects. Should they not meet the \$3,600 threshold, they would be required to make a rent payment to the City.

**STAFF COMMENTS:**

The BID office would occupy space in the former Finance Department payment center across the hall from the City Clerk's office. Under the agreement, the BID would be billed for printing services and internet/phone services. The City would not provide IT services under this agreement, unless a separate agreement was negotiated. The plan for this space is for the City Clerk's office to move the old council books on shelves in this space. The BID understands that the City Clerk's office may need to access this space periodically for information. The BID would also utilize conference rooms in City Hall for committee meetings throughout the year. The BID understands that this might only be a one year arrangement given the direction on city hall in the future.

**ACTION REQUESTED:**

Motion to recommend the Common Council execute the Cooperation Agreement between the City of Sheboygan and the Harbor Centre Business Improvement District for office space in City Hall.

**ATTACHMENTS:**

- I. Resolution 145 -16-17
- II. Cooperation Agreement for City Hall office space between the City of Sheboygan and the Harbor Centre Business Improvement District.

**III**

4.5

Res. No. 145 - 16 - 17. By Alderperson Wolf. December 5, 2016.

A RESOLUTION authorizing executing the Cooperation Agreement for City Hall Office Space between the City of Sheboygan and the Harbor Centre Business Improvement District.

RESOLVED: That the City of Sheboygan does hereby approve the attached Cooperation Agreement in form substantially similar to the documents attached hereto and incorporated herein by this reference; and

BE IT FURTHER RESOLVED: That the Common Council approves the Cooperation Agreement and that the Common Council authorizes the Mayor and City Clerk to act on behalf of the City and sign all appropriate documents related to execution of the agreement.

*Inance*

  
\_\_\_\_\_

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, Mayor

**COOPERATION AGREEMENT FOR  
CITY HALL OFFICE SPACE  
BETWEEN THE CITY OF SHEBOYGAN AND THE  
HARBOR CENTRE BUSINESS IMPROVEMENT DISTRICT**

**THIS INTERGOVERNMENTAL COOPERATION AGREEMENT** is entered into by and between the City of Sheboygan ("City"), and the Harbor Centre Business Improvement District ("BID"), for office space in City Hall to house the Business Improvement District staff and operations.

**WHEREAS**, the BID office would be assigned to a City-designated work space in the former first floor payment center at City Hall; and

**WHEREAS**, this relocation would provide synergies between City Planning and Development staff and BID staff and create efficiencies related to planning for downtown revitalization projects; and

**WHEREAS**, the BID would provide their own office equipment including a computer, printer and file cabinets, etc.; and **WHEREAS**, the City will provide the BID with a work desk; and

**WHEREAS**, the BID would receive a City account number and any printing to City copy machines would be billed out at \$.03 cents for black and white and \$.10 for color copies at the end of each month; and

**WHEREAS**, under this agreement, the City would not provide technical support services, other than the agreed upon services; internet, phone and anti-virus, of its Information Technology Department ("IT Department").

**NOW THEREFORE**, the parties agree that, in consideration of the mutual covenants, promises and agreements contained herein, City will provide office space in City Hall as follows:

1. The BID shall receive the office space provided the BID contributes dollar for dollar up to \$3,600 yearly on agreed upon downtown revitalization projects that the City is undertaking. Failure to provide up to \$3,600 towards a city sponsored downtown revitalization project will result in the City billing the BID the difference up to \$3,600.
2. The BID shall pay a monthly service fee for telephone, internet and anti-virus protection on the City's server of \$100 per month.
3. This Agreement shall be in effect from the date of execution hereof until terminated by either party upon thirty (30) days prior written notice to the other addressed to the respective authorized person representing their entity.

4. The City, its officers, officials and employees, do not assume any responsibility for loss of data caused by any of its support services activities. The BID shall indemnify and hold City, its officers, officials, and employees, harmless from any costs, expenses or liability directly or indirectly arising out of any claim from party based upon services under this Agreement, excluding claims of gross negligence or willful misconduct on the part of City, its officers, officials or employees. Such indemnity shall survive the termination of this agreement.

5. The BID agrees that board meeting agendas and minutes may become open records and subject to the State's open records law.

**6. Miscellaneous**

- a. No waiver of any breach of any provision of the Agreement shall constitute a waiver of any prior or subsequent breach of the same or other provisions hereof.
- b. If any provision of this Agreement, or portion thereof, is invalid or unenforceable in any circumstances, the remainder of this Agreement and the application of such provision in any other circumstance, shall not be affected thereby.
- c. Users of the City's computer network and systems are subject to, and agree to comply with, existing IT Department policies.

**IN WITNESS WHEREOF**, the City of Sheboygan has caused this instrument to be executed by Michael Vandersteen, Mayor, and Susan Richards, City Clerk, this \_\_\_\_ day of \_\_\_\_\_, 2016.

**CITY OF SHEBOYGAN**

**BY:**

\_\_\_\_\_  
**Michael Vandersteen**  
**Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susan Richards**  
**City Clerk**

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public, State of Wisconsin  
My Commission expires \_\_\_\_\_

**IN WITNESS WHEREOF**, the Harbor Centre Business Improvement District caused this instrument to be executed by David O. Gass, President, this \_\_\_\_ day of \_\_\_\_\_, 2016.

Harbor Centre Business Improvement District  
BY: \_\_\_\_\_  
David O. Gass, President

ATTEST: \_\_\_\_\_

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public, State of Wisconsin  
My Commission expires \_\_\_\_\_

This document is authorized by and in accordance with Res. No. \_\_\_\_\_

**CITY OF SHEBOYGAN**

**REQUEST FOR FINANCE COMMITTEE CONSIDERATION**

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**ITEM DESCRIPTION:** Resolution 146-16-17 by Alderperson Wolf determining a maximum bid on the property auction for 606 North Ninth Street.

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**REPORT PREPARED BY:** Chad Pelishek, Director of Planning & Development

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**REPORT DATE:** December 7, 2016

**MEETING DATE:** December 12, 2016

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**FISCAL SUMMARY:**

Budget Line Item: N/A  
Budget Summary: N/A  
Budgeted Expenditure: N/A  
Budgeted Revenue: N/A

**STATUTORY REFERENCE:**

Wisconsin Statutes: N/A  
Municipal Code: N/A

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**BACKGROUND / ANALYSIS:**

The General Services Administration (GSA) had issued a noticed to public offices about their intent to vacate space at 606 North Ninth Street (former Social Security building). City staff toured the facility and determined that it might work for City Hall operations should the Common Council decide to renovate City Hall. GSA offered the property to the City for \$345,000 based on an appraisal (GSA would not release the appraisal to verify). The Common Council agreed to counter the offer at \$100,000. On November 23, 2016, GSA notified the City that they have rejected the City's offer and will offer the property for public sale via online auction in the near future.

**STAFF COMMENTS:**

City staff thinks it is pertinent for the City to bid on the property once the auction starts. Since the property is currently off the tax rolls, keeping it as a government property makes sense. With the unknowns of relocation needs for the City Hall project, trying to secure the property makes sense. The request is for the Finance Committee to determine the maximum amount it would be able to support to purchase the building and then designating the Purchasing Agent the authority to bid on the property. Any purchase would need to be contingent on Common Council approval.

**ACTION REQUESTED:**

Motion to recommend the Common Council authorize the Purchasing Agent to act on behalf of the City and bid in the property auction for 606 North Ninth Street up to an agreed upon amount.

**ATTACHMENTS:**

- I. Resolution 146-16-17

III

Other Matters

7.2

Res. No. 146 - 16 - 17 . By Alderperson Wolf. December 5, 2016.

A RESOLUTION determining a maximum bid on a property auction for 606 N. 9<sup>th</sup> Street.

WHEREAS: The City of Sheboygan has been notified that their offer for \$100,000 for 606 N. 9<sup>th</sup> Street has been rejected, and;

WHEREAS: General Services Administration has offered the building to the City of Sheboygan for \$345,000, and;

WHEREAS: General Services Administration has notified City officials that they plan to auction the property off, and;

RESOLVED: the Common Council authorizes appropriate City officials to bid on the property up to a maximum bid as recommended by the Finance Committee.

BE IT FURTHER RESOLVED: That any conveyance of property shall be contingent upon Common Council approval.

*Finance*

  
\_\_\_\_\_

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, Mayor



GSA New England Region

November 23, 2016

Mr. Chad Pelishek  
Director of Planning and Development  
828 Center Avenue, Suite 104  
Sheboygan, WI 53081

RE: Social Security Administration Office  
606 N. 9<sup>th</sup> Street, Sheboygan, Wisconsin  
GSA Control Number: 1-G-WI-623

Dear Mr. Pelishek:

Thank you for your offer to purchase the above-listed property. While we appreciate your interest to acquire this property, we are obligated to obtain fair market value for properties sold by negotiated sale. Your offer of \$100,000.00 is far below our asking price of \$365,000.00 and may not be accepted.

Therefore, we shall proceed to offer the property for public sale via online auction in the near future. The City is welcome to submit an offer when the auction begins at our <https://realestatesales.gov> website and we shall notify you when the auction is ready to commence.

We regret we were unable to reach agreement in this matter. If you have any questions or wish to discuss this further, please contact Lisa Tangney at 312-886-9480.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph O'Bradovic".

Joseph O'Bradovic  
Chief, Chicago Operations Branch  
Real Property Utilization and Disposal Division

**U.S. General Services Administration**  
Thomas P. O'Neill, Jr. Federal Building  
10 Causeway Street  
Boston, MA 02222  
[www.gsa.gov](http://www.gsa.gov)

**CITY OF SHEBOYGAN**

**REQUEST FOR FINANCE COMMITTEE CONSIDERATION**

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**ITEM DESCRIPTION:** Resolution 152-16-17 by Alderperson Wolf. A Resolution authorizing entering into a promissory note with Gorman & Company for the former Washington school site development.

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**REPORT PREPARED BY:** Nancy Buss, Finance Director

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**REPORT DATE:** December 8, 2016

**MEETING DATE:** December 12, 2016

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**FISCAL SUMMARY:**

**STATUTORY REFERENCE:**

Budget Line Item: N/A  
Budget Summary: N/A  
Budgeted Expenditure: N/A  
Budgeted Revenue: N/A

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Wisconsin Statutes: N/A  
Municipal Code: N/A

**BACKGROUND / ANALYSIS:**

Gorman and Company have purchased the former Washington School site from the Sheboygan Area School District to create affordable housing in the City of Sheboygan. Gorman and Company have secured investors for the project as well as financing through WHEDA. Due to a potential change in the corporate tax rate, the tax credits on the project will drop in excess of ten percent, causing a gap in the financing.

**STAFF COMMENTS:**

The City of Sheboygan Strategic Plan as well as the HUD Community Development Block Grant Five-Year Consolidated Plan identifies a need for affordable housing. The project financing is scheduled to close by year end 2016. The Promissory Note and Corporate Guarantee would ensure the City will be repaid in the 15 years of the tax credit compliance period.

**ACTION REQUESTED:**

Motion to recommend the Common Council approve Res 152-16-17 by Alderperson Wolf authorizing entering into a promissory note with Gorman & Company for the former Washington School site development.

**ATTACHMENTS:**

- I. Resolution 152-16-17
- II. Communication from Ted Matkom, WI Market President for Gorman & Company

# III

## DIRECT REFERRAL TO FINANCE ON 12/12/16

Res. No. 152 - 16 - 17. By Alderperson Wolf. December 12, 2016.

A RESOLUTION authorizing entering into a promissory note with Gorman & Company for the former Washington School site development.

WHEREAS: Gorman & Company is a respected industry leader in the preservation of affordable housing, workforce housing, and the adaptive reuse of significant historic buildings, and;

WHEREAS: Gorman & Company have purchased the former Washington School site from the Sheboygan Area School District to create affordable housing in the City of Sheboygan, and;

WHEREAS: Gorman & Company have secured investors for the project as well as financing through WHEDA, and;

WHEREAS: Due to the potential change in the corporate tax rate, Gorman & Company may have a shortfall of \$500,000, and;

WHEREAS: The City of Sheboygan Strategic Plan as well as the HUD Community Development Block Grant Five-Year Consolidated Plan have identified the need for affordable housing and the improved economic state of the City warrants the need for additional workforce housing opportunities in the City.

RESOLVED: That the appropriate City Officials direct the City Attorney to draft a Promissory Note and Corporate Guarantee with Gorman & Company in an amount not to exceed \$500,000 at an interest rate of one percent over the current borrowing rate for a period of 15 years.

*Finance*

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I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, Mayor



200 N. Main Street • Oregon, WI 53575

P: (608) 835-3900

F: (608) 835-3922

[www.GormanUSA.com](http://www.GormanUSA.com)

**REAL ESTATE DEVELOPMENT**

MILWAUKEE MIAMI PHOENIX CHICAGO DENVER

Chad Pelishek  
Director of Planning & Development  
City of Sheboygan  
828 Center Ave.  
Suite 104  
Sheboygan, WI 53081

December 8, 2016

RE: Washington School

Dear Mr. Pelishek,

The purpose of this letter is to request some gap funding for our Washington School project from the City of Sheboygan. I apologize for the late and urgent request since we are scheduled to close all financing on the deal by year end. The reason for this request is the unforeseen and immediate drop in the price we were expecting for the WHEDA Tax Credits we are selling to finance this project. Since the Presidential election our price has dropped in excess of 10 percent which has caused a \$500,000 gap in our financing. The reason for this drop is the projected tax reform which is expected to drop corporate tax rates to 20 percent making the value of the WHEDA tax credit less than before. The gap financing would be guaranteed by Gorman & Company, Inc. and I will send you our audited financials. The term of the loan to be acceptable to my bank will need to be 15 years to match the tax credit compliance period of our deal. Please contact me to discuss and I can provide any other information you desire in short order.

Sincerely,

Ted Matkom  
Wisconsin Market President  
(414) 617-9997  
[tmatkom@gormanusa.com](mailto:tmatkom@gormanusa.com)