

Memorandum

To: CDA Board Members

From: Patrick Cannon
Executive Director

CC: Mitch Simon

Re: Slipstream LLC

Date: July 2, 2013

As you recall at the May CDA meeting, the Board approved a loan to Slipstream LLC in the amount of \$100,000. The loan was to be converted into an equity investment once that process was determined. In addition, the Board approved a grant of \$10,000 to Slipstream LLC.

Determining the ability to create an equity investment has been difficult. Brian Lanser an attorney with Quarles and Brady has not been able to find an allowable Statute for us to work under. We are still looking at a different avenue on that.

In the mean time, Slipstream LLC would like to amend their request to go from a convertible loan to just a one year loan. They expressed a concern about their ability to raise additional investors if the CDA is listed as an investor in their documents. I have been working with Mitch Simon to come up with an agreement to satisfy the loan process.

Slipstream LLC would like a one (1) year loan at 4%.

The loan request has created a new set of questions that the Board will need to discuss. They are:

1. Collateral
The product that is being created is intellectual property. It is very difficult to place any type of mortgage or lien against this. The recommendation is to place a general Business Security Agreement (GBSA) against the assets of the company. Slipstream LLC will need to agree to this.
2. Personal Guarantees
We are asking for personal guarantees from the three members of the Board of Directors. We have determined that these would be the appropriate parties.
3. Term – Interest rate
My recommendation is that we offer a one (1) year loan at 4% interest and the entire principal and interest will be due at maturity.
4. We also want to indicate that during the life of the loan, they are required to maintain their principal place of business in Whitewater.

In discussing this with Mitch Simon, he indicated that this request is substantially different than the motion that was approved at the prior CDA meeting. Therefore, he indicated that we will need to have a CDA meeting to approve these changes.

With that in mind, I would like to schedule a short meeting to discuss this and hopefully take action on it. We will contact you to determine when everyone can meet.

If you have any questions, please let me know.

CONFIDENTIAL