

MEMORANDUM

To: Whitewater Community Development Authority

From: Patrick Cannon
Executive Director

Re: Slipstream LLC
Loan extensions

Date: February 17, 2015

As you are aware, Slipstream LLC has asked for an extension of their two Capital Catalyst Loans. The third loan that they had was a Line of Credit with the UDAG funds. I wanted to update you on status of both agreements.

UDAG Loan

The UDAG funds were used as a line of credit for Slipstream. They were permitted to make draws on that account up to the pre established limit of \$32,000. The line of credit did have a call date of April, 2015. Slipstream has paid in full the line of credit. They made the payment last week.

The original line of credit had allowed them to borrow, then payback and re-borrow the funds during the life of the loan. Since this original document expires in two months, they would like to establish a second agreement with similar terms.

They have verbally indicated that they do not intend to use the funds unless it is an emergency. They would just like to know it is available if needed.

Capital Catalyst Loans

Slipstream currently has two outstanding loans with the CDA. One is conventional loan while the other is a Royalty Investment. The conventional loan does require payments on a quarterly basis and the other loan is based upon a percentage of their gross sales. As you are aware, they did not make their payment in December, 2014 and at the last meeting the Board agreed to extend the loan for an additional 12 months.

We have redrafted the both loan documents. Copies are attached. Some of the language changes are identical in both documents. Here are the areas that were adjusted.

1. The loan agreement was extended for 12 additional months. They will be required to make their quarterly payments in the third year and the loan will be paid in full in August 2016.
2. There is no change in the term of the Royalty Investment.
3. Language regarding a "cross default" was also included. In general terms, if they default on one loan, both loans become due.

4. The documents added language regarding cessation of business in Whitewater. The original documents did not address this concern. Under the new terms, if the company relocates outside of Whitewater and leaves less than one full time employee here, the loans become due.
5. As a consideration for the loan extension, the Board indicated that we "enhance" any conversion language that would apply to this loan. The new language increases the conversion rate by 25%. For example, if we were getting 100 shares of stock before, we will now get 125 shares.

We have presented draft documents to Slipstream for their review and comments. I indicated that the CDA will be discussing this matter at the February meeting.

Please let me know if you have any questions.

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