

City of Manitowoc
Manitowoc Industrial Development Corporation
Thursday, July 30, 2015 – 10:00 AM
Planning / Engineering Conference Room
City Hall, 900 Quay Street

Meeting Summary

- I. CALL TO ORDER
The Meeting of the Industrial Development Corporation (IDC) was called to order by President Jim Hamann at 10:00 AM.
- II. ROLL CALL
Those in attendance introduced themselves.
- III. APPROVAL OF MINUTES of the February 23, 2015 Meeting.
Motion by Mr. Halla, second by Mr. Tienor to approve the minutes. The motion was approved unanimously.
- IV. REFERRALS FROM COMMON COUNCIL
None.
- V. NEW BUSINESS

- A. Discussion and possible action on an amendment to *City of Manitowoc Industrial Revolving Loan Fund Program Manual of Policies and Loan Servicing Procedures*.

Mr. Sparacio reviewed the proposed amendment to the local program manual. The proposed amendment is in alignment with changes that have already occurred at the state level (through the Department of Administration). The maximum allowable amount for new loans has increased from \$20,000 per Full Time Equivalent (FTE) job created to \$35,000 per FTE job created. Mr. Sparacio recommends adoption of the resolution revising the program manual to reflect the increased amount per job.

Motion by Mr. Tienor, seconded by Mr. Dufek to approve the local policy and program manual amendment as presented. The motion was approved unanimously.

- B. Discussion and possible action on an amendment to the I-43 Industrial Park Land Rebate Policy.

Mr. Sparacio reviewed the Land Rebate Policy, the current threshold requirements and the proposed amendments. The current policy is unclear as to what constitutes acceptable alternative sources for the taxable value of a completed real property improvement. Since the "taxable value" is the basis for the land rebate, it is clearly linked to the assessed value. However, since the State Department of Revenue assesses manufacturing real estate, that would be a more clear way to define what is acceptable to the City.

Mr. Sparacio further explained that the current policy has a very high assessed value threshold for the 100% rebate that would be very difficult to reach for manufacturing projects. As an alternative, Mr. Sparacio recommends adding an option for an additional 25% rebate for

extraordinary levels of job creation. The recommended change would apply at 6 jobs per acre.

A discussion ensued by the members regarding additional amended language that would focus more on job creation and not the gross land sale price. The members discussed approving the current amendments as written and to further discuss amending the job creation thresholds at a later date.

Motion by Mr. Tienor, seconded by Mr. Halla to approve the resolution and proposed amendments as presented. The motion was approved unanimously.

- C. Discussion and possible action on a revolving loan request from Karen Schoenborn (Kaysun Corporation) – IREV 2015-01.

Mr. Sparacio reviewed the project loan narrative and staff analysis. The application meets all requirements of the loan program and has satisfied all questions and concerns relative to the soundness of the planned investment and business expansion.

Ben Harrison, President and CEO for Kaysun Corporation, and Karen Schoenborn, Director of Finance for Kaysun Corporation, presented the history of Kaysun and the scope of the expansion project that included construction of a 31,230 square foot addition to connect facilities, purchase of new production equipment, and creation of 32 jobs. A discussion ensued by the members regarding the planned expansion project.

Mr. Sparacio stated that staff is recommending approval of the loan under the terms and conditions identified in the project narrative with an additional condition that the approved loan amount is contingent upon approval of the amendment to the Industrial Revolving Loan Fund Policy that increases the funds loaned from \$20,000 per FTE job created to \$35,000 per FTE job created.

Motion by Mr. Mertens, seconded by Mr. Dufek to approve the proposed loan as presented contingent upon approval of the amendment to the Industrial Revolving Loan Fund Policy that increases the funds loaned from \$20,000 per FTE job created to \$35,000 per FTE job created. The motion was approved unanimously.

- D. I-43 Industrial Park Site Plan Review: 31,230 sq. ft. addition at Kaysun Corporation, 5500 West Drive.

Mr. Braun reviewed the site plan process and the history of the area. He also reviewed the exterior elevation requirements for future buildings. In the covenants 30% of the facade facing the right-of-way requires an architectural feature.

Motion by Mr. Tienor, seconded by Mr. Dufek to approve the site plan as presented. The motion was approved unanimously.

VI. OLD BUSINESS

- A. Update on revolving loan to David Wage (Heavy Metal Fabricators LLC and HMF Real Estate Holdings LLC) – IREV 08-03.

Mr. Sparacio discussed the status of the loan with members. The business is currently in foreclosure and a receiver has been assigned. A business acquisition is in process that may put the site and equipment back in operation. A discussion ensued by the members regarding the City's ability to recoup loan monies. Mr. Sparacio stated there are multiple forms of collateral and a personal guarantee still in place. Mr. Tienor suggested the city obtain an updated title letter. An additional discussion ensued regarding the differences between a bank's lending policy and the city's lending policy and that the city's loan program is to facilitate job creation. Members discussed additional safeguards for future loans. Members also requested additional research to determine if they are able to convene in closed session to discuss financial details of a loan.

Mr. Sparacio introduced Peter Wills, Director Progress Lakeshore, at this time to discuss the members question of potential buyers for Heavy Metal Fabricators. Mr. Wills reviewed his conversation with an interested party.

Mr. Sparacio closed by stating the foreclosure is still in process and the city has filed the required legal (Proof of Claim) paperwork with the City Attorney.

No action was taken.

VII. NEXT MEETING

Mr. Sparacio discussed a preferred meeting time with the members. The members preferred to meet at 3:30 PM in the future.

VIII. ADJOURNMENT

Motion by Mr. Tienor, seconded by Mr. Kaufman to adjourn. The motion was approved unanimously.

Attendance

Members Present

James Hamann, President
Dennis Tienor
Wayne Mertens
Myron Halla
Carl Laveck, Vice President
Robert Kaufman
Greg Dufek

John Lukas
Ken Mischler
Todd Reckelberg
Mark Maurer

Members Excused

Ald. Dave Soeldner
John Zimmer
Ted Vallis
Ald. Jim Brey

Staff Present

Nic Sparacio
Paul Braun

Others Present

Karen Schoenborn
Ben Harrison
Tina Zahn
Tom Jagemann

Respectfully Submitted,

Nicolas Sparacio
Community Development Director