

City of Manitowoc
Manitowoc Industrial Development Corporation
Wednesday, May 11, 2016 – 3:00 PM
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 3:00 PM.
- II. ROLL CALL
Those in attendance introduced themselves.
- III. APPROVAL OF MINUTES of the Regular January 21, 2016 Meeting
Motion by Mr. Hamann, second by Mr. Vallis to approve the minutes. The motion was approved unanimously.
- IV. REFERRALS FROM COMMON COUNCIL
None.
- V. NEW BUSINESS
 - A. Discussion and Possible Action on the Sale of I-Tech Parcel 449-006-020 on the Northeast Corner of Vits Drive and S 63rd Street.

Mr. Sparacio introduced the request to purchase the subject parcel by Apex Leasing. The site will be used to construct a building for a food and beverage processing use. The parcel is available and unencumbered. Mr. Sparacio is requesting approval of the sale subject to the land sale policy at \$20,000 per acre, authorization to negotiate and finalize the offer to purchase and terms of the sale, and to proceed to close the land sale with City officials authorized to sign all the related documents.

The members discussed the potential land rebate, the fit of the proposed use with the surrounding environment, and the timeline for construction. The status of stormwater management within the I-Tech Park was also discussed along with the limitations for development on vacant lands on Dufek Drive. It has been cost prohibitive to upgrade the existing pond on Dufek Drive to current DNR standards. The subject parcel is covered by a City stormwater pond that is already up to current DNR standards.

A motion was made by Ald. Brey and seconded by Mr. Kaufman to proceed with the sale agreement terms as outlined by the Community Development Director. The motion carried with President Hamann abstaining.

- B. Discussion and Possible Action on the Grant of a Purchase Option for I-Tech Parcel

447-006-010 on the Northwest Corner of Vits Drive and S 59th Street.

Mr. Sparacio explained that this request involves the same business proposal as the previous agenda item, and that this company may have near term needs for expansion beyond their initial footprint. The option and right of first refusal policy sets the value at \$1,000 per acre per year, so the cost of the option for the subject parcel would be \$4,770 per year. This parcel is available and unencumbered – it last had an option to purchase in 1998, but this expired in 1999. Mr. Sparacio is requesting approval of the purchase option and right of first refusal, subject to the related policy, and authorization to finalize and record the related documents.

A motion was made by Mr. Vallis and seconded by Mr. Hansen to grant the option to purchase and right of first refusal subject to the related policy and to authorize the Community Development Director to finalize and record the related documents. The motion carried with President Hamann abstaining.

C. Financial Report for the Industrial Revolving Loan Fund.

Mr. Sparacio presented the general ledger for all of 2015 and for 2016 to date for the revolving loan fund. The loan to Kaysun was a new loan, and several loans continue to be repaid. With the disbursement of the loan to Kaysun, the fund is now compliant with the maximum cap amount allowed by the State. The status of the defaulted loan to Heavy Metal Fabricators was discussed. At this point, it seems unlikely that any of the outstanding balance will be collectable.

Mr. Tienor requested that additional information be provided on future financial reports. The committee would like to see more details on each loan. Staff will work toward this for future meetings.

Mr. Sparacio stated that there continues to be interest in the loan program. He is currently working with businesses that would potentially request about \$800,000 of the available balance.

A motion was made by Mr. Halla and seconded by Mr. Tienor to accept the revolving loan fund financial report. The motion carried unanimously.

D. Discussion and Possible Action on Use of Revolving Loan Fund Administrative Fees.

Mr. Sparacio explained that the City and Industrial Development Corporation are allowed to utilize up to 20% of the repaid revolving loan funds to help offset the costs of administering the program and to maintain the tools used to run the program. For example, in 2015, the loan documents were updated with the assistance of outside legal counsel. Mr. Sparacio is requesting that the Community Development Department is authorized to utilize up to 6% of the repaid revolving loan funds. The Department is also considering establishing an agreement with Progress Lakeshore to get additional assistance on administering the revolving loan program. (This would require funds beyond the 6% needed for the current period.)

Discussion ensued regarding room tax moneys and marketing funds that the Industrial Development Corporation used to be involved in. The requested administrative funds are not related to those sources used in the past. The members discussed that up to 10% seems reasonable, and that the department must keep track of how the funds are used. There was a consensus that it is better to use the funds locally than to send them back to the State when the cap amount is exceeded.

A motion was made by Mr. Hansen and seconded by Ald. Brey to approve utilization by the Community Development Department of up to 10% of the allowable revolving loan administrative funds. The motion carried unanimously.

E. Discussion and Possible Action on Membership and Bylaws.

Mr. Sparacio included a copy of the most recent bylaws for review by the Corporation. Two members of the Corporation have recently resigned: Carl Laveck (Vice President) and Wayne Mertens. Biff Hansen is our new County representative (in place of Greg Dufek) on the Corporation, and two new members will be needed. We will need to hold an annual meeting or a special meeting to recognize the re-incorporation and to elect new officers. Please share ideas for new members with Mr. Sparacio. There was a consensus that Tom Giesen from Schenck would be a good potential member to recommend for appointment. Greg Jageman was also suggested as a potential member.

VI. OLD BUSINESS

F. Update on Incorporation of the IDC.

The filing of the incorporation certificate is on hold due to the recent resignations and the need to hold an annual meeting. Once those steps have been taken, the filing will be completed. The cost will be about \$245 for the initial filing and then \$45 per year to maintain it. The recommendation to refile the incorporation came up when Steimle-Birschbach reviewed our loan documents. They strongly recommended that we officially re-establish the Corporation.

VII. NEXT MEETING

The next meeting will be set as needed.

VIII. ADJOURNMENT

President Hamann adjourned the meeting at 3:42 PM.

Attendance

Members Present

James Hamann, President
Ald. Jim Brey
Dennis Tienor
Ted Vallis
Myron Halla
Paul Hansen
Robert Kaufman
Nic Sparacio, Secretary

Members Excused

Ald. Dave Soeldner
John Zimmer
Wayne Mertens
Carl Laveck, Vice President

Staff Present

Paul Braun

Others Present

Peter Wills

Respectfully Submitted,

Nicolas Sparacio
Community Development Director