

City of Manitowoc
Manitowoc Industrial Development Corporation
Wednesday, August 3, 2016 – 5:00 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 J. Hamann at 5:05 PM.
- II. ROLL CALL
N. Sparacio recorded the attendance.
- III. APPROVAL OF MINUTES of the Regular July 19, 2016 Meeting
Motion by M. Halla, second by R. Kaufman to approve the minutes. The motion was approved unanimously.
- IV. REFERRALS FROM COMMON COUNCIL
None.
- V. NEW BUSINESS
 - A. Discussion and Possible Action on a Revolving Loan Request from Jeff Rozum (R2H Flavor Technology LLC) – IREV 2016-01

N. Sparacio introduced the loan request. Jeff Rozum, R2H President, explained their business plan and financing details. Their first priority will be installing production equipment for smoked flavors with future plans to add onsite production of other savory flavors. Julie Rozum, R2H Vice President, explained that international sales will be a significant component of their sales. B. Hickman, R2H Vice President, explained their approach to market competitors. The applicants and IDC members discussed the business opportunities and risks including the related patents and expected market competition.

N. Sparacio and P. Wills reviewed the underwriting details. Potential concerns analyzed by City and Progress Lakeshore staff included the nature of the business as a start-up, potential legal and patent issues, potential permitting issues, and the short time period needed to launch the business and meet initial sales expectations. N. Sparacio further explained the collateral value analysis. Staff concluded that solid plans are in place to address all of the potential issues and that adequate loan collateral can be secured. There was a consensus by the IDC members that the opportunities are sound and the risks are acceptable.

A motion was made by D. Tienor, seconded by T. Vallis to approve the loan under the terms and conditions specified in the Project Narrative including the following additions:

9. Project Financing; Collateral Requirements: 2nd mortgage on all real estate of the owners (7 properties); purchase money security interest (3rd position lien behind 2 primary lenders) on all equipment; assignment of life insurance; personal unlimited guaranties as may be available.
- F. Prior to closing, the Borrower is to provide the IDC with a written legal opinion from a Wisconsin licensed attorney addressing to the satisfaction of the IDC potential issues of patent infringement and non-competition.

The motion carried with J. Hamann abstaining.

VI. OLD BUSINESS

None.

VII. NEXT MEETING

The next meeting will be set as needed.

VIII. ADJOURNMENT

J. Hamann adjourned the meeting at 5:50 PM.

Attendance

Members Present

Ald. Dave Soeldner
James Hamann, President
Dennis Tienor, Treasurer
Myron Halla
Ted Vallis
Robert Kaufman
Nicolas Sparacio, Secretary

Members Excused

Ald. Jim Brey
Paul Hansen
John Zimmer
Tom Giesen

Others Present

Jeff Rozum
Julie Rozum
Brian Hickman
Peter Wills

Respectfully Submitted,

Nicolas Sparacio
Community Development Director