

Winnebago County Industrial Development Board

Meeting Minutes of October 14, 2009

J.P. Coughlin Center, Room A, 625 County Rd. Y, Oshkosh

Board Members Present: Stan Kline, Kathy Lennon, Ken Robl, Mark Harris, George Dearborn, Elizabeth Hartman, Dave Albrecht, Steve Volkert, John Bodnar, Tim Hamblin

Board Members Excused: Mary Krueger

Others Present: Jerry Bougie (IDB Coordinator); Greg Keil, Don Merkes, Tom Stoffel (City of Menasha); James Luebke (Advanced Tooling Specialists); Pat O'Brien, John Rabe (Solid Waste Board Representatives)

Meeting Called to order at 1:38 p.m. by Chairman Kline.

Introductions were held.

1. Approval of Minutes from September 8, 2009 meeting. Motion by K. Robl, second by D. Albrecht to approve the meeting minutes as noted. Motion passed unanimously.
2. Discussion and potential decision on City of Menasha Loan extension issued in August 2005 for Advanced Tooling Specialists.

S. Kline summarized the history and status of this loan. He indicated the loan was awarded to the City of Menasha in 2005 by the IDB and the Solid Waste Board at a fixed interest rate of 3.25%. Payback requirements include annual interest payments with a lump sum payment of the \$1.3 million principal due in August 2010. He indicated that all required payments are up-to-date.

Greg Keil, City of Menasha, indicated the City loaned the funds to Advanced Tooling Specialists (ATS) for a new and expanded manufacturing facility. The Menasha Common Council approved requesting an extension of the loan for an additional 2 years at the current payback terms for the purposes of allowing ATS to maintain proper cash flow due to the poor economic times.

James Luebke, CEO/Owner of ATS, distributed a letter detailing the status of the business and explaining the reasoning for the loan extension request. Mr. Luebke indicated that the 2 year extension of the county loan would mirror the end date of ATS's 7 year bank loan for the building. This would allow ATS to continue an adequate cash flow to ensure the bank loan is

paid in a timely manner and allow ATS to generate sufficient funds to pay off the county loan using the same terms as currently established.

M. Harris said the extension of the loan should be done to put Menasha in a better position in the end, and suggested the extension should include an amortization so that the County will see some principal come back sooner. Mr. Luebke indicated that amortizing the loan would hurt their cash flow situation as the outstanding bank loan is being aggressively paid off.

D. Albrecht said the request for a loan extension involves more than just the IDB, it also involves the Solid Waste Board and they need to be made whole on this and have a say in the matter.

Pat O'Brien, Solid Waste Board Chairman, questioned what would happen if the loan extension isn't granted. Tom Stoffel, City of Menasha Comptroller, said the City would be forced to call in loan collateral from ATS if they couldn't pay the outstanding principal when due. Mr. Stoffel also clarified that the City would have the ability to place it on the tax levy if needed to recoup the loan funds and pay off the County. Mayor Merkes said that in the interest in maintaining a viable business and employer in the community and county, it wouldn't be in anyone's interest in pursuing this route unless no other options are available. Discussion pursued.

A motion was made by D. Albrecht to approve a 2 year extension of Menasha's \$1.3 million loan at the current terms subject to approval by the County Solid Waste Board. Motion seconded by K. Robl. Discussion pursued. M. Harris amended the motion to include a 1 year loan extension at the current terms then converted to a 3 year amortization of the full amount. Mr. Luebke said these terms could work for ATS. Additional discussion pursued. J. Bodnar suggested that the specific terms on a loan extension should be worked out outside this Committee involving the SWMB then brought back to the IDB with a recommendation. Board members were in general agreement to this. M. Harris withdrew his amendment to the motion. D. Albrecht withdrew his motion.

S. Kline reported that the IDB will not be taking action at this time on the loan extension request. Staff will provide the IDB with a recommendation on the terms of a loan extension at the next IDB meeting. P. O'Brien will provide the Solid Waste Board with a status report on the loan extension request at their next meeting.

D. Albrecht moved to adjourn the meeting. Seconded by T. Hamblin. Motion passed unanimously. Meeting adjourned at 2:40 p.m.

Submitted by,

Jerry L. Bougie, IDB Coordinator