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June 24, 2014

Winnebago County
Planning and Zoning Department
The Wave of the Future

TO: IDB Members

From: Jerry Bougie, County Planning Director

RE: Summary on Village of Winneconne Loan Extension Request

Current Loan:

Original Loan Amount: \$795,000.00 (Sept. 2009)
Current Principal Balance: \$472,223.59 (Due October 1, 2014)
Principal Balance Paid Early: \$322,776.41
Current Interest Rate: 1.08% (2013 average of .83% + .25% annual service fee = 1.08%)
Loan is current.

Proposal:

Renew Existing Loan (\$472,223.59) for additional 5 years. Apply interest rates as before (interest rates based on rate at closing of loan, then adjusted annually based on prior year's average rate the County receives on its investments, plus .25% annual service fee).

Attached is the Village Board Resolution approving and agreeing to extending the loan and pledging its taxing authority as security for the loan. Also attached is the Village's Loan application and summary of Swithgear's project proposal to utilize the funds.

Switchgear Power Systems wishes to reinvest the capital into the business by constructing a new building on the property which will expand their operations and expand hiring.

The Current IDB Loan fund has over \$1.35 million available to loan out. Therefore extending the loan at the present time will not have an undesirable impact on the overall loan fund.

RESOLUTION 5.1-2014
LOAN EXTENSION FROM WINNEBAGO COUNTY

WHEREAS, the Village of Winneconne entered into a Promissory Note with the Winnebago County Board of Supervisors on October 1st, 2009, whereby, providing the following assurance and guarantees to Winnebago County:

- Registration Provisions dated October 1, 2009;
- Village Clerk Certification dated October 1, 2009;
- Certificate Respecting Indebtedness and Receipt of Loan Proceeds dated October 1, 2009;
- Village Board of Trustees Resolution Certification; and

WHEREAS, the Village of Winneconne has supported this loan application with its full taxing authority; and

WHEREAS, the Village of Winneconne has entered into a Loan Agreement with Shallbetter Properties LLC, Switchgear Power Systems LLC, and Gregory Shallbetter as of October 5th, 2009; and

WHEREAS, Shallbetter Properties LLC, Switchgear Power Systems LLC, and/or Gregory Shallbetter have all individually or cooperatively entered into the following agreements with the Village of Winneconne:

- Unanimous Agreement to Purchase Property 202 Enterprise Road; Swichgear Power Systems LLC,
- Collateral Pledge Agreement; grantor Shallbetter Properties LLC,
- Real Estate Mortgage; Shallbetter Properties LLC,
- Promissory Note; Shallbetter Properties LLC,
- Guaranty; Shallbetter Properties LLC,
- Personal Guaranty; Gregory Shallbetter,
- Selective Business Security Agreement; Shallbetter Properties LLC,
- UCC Financing Statement; Shallbetter Properties LLC, and
- Leasehold Improvement and Fixture Disclaimer; Shallbetter Properties LLC; and

WHEREAS, the Village of Winneconne, in accordance with the agreements, dispersed loan funds in the amount of Seven Hundred Ninety Five Thousand and no/100 dollars (\$795,000.00) to Shallbetter Properties LLC in the full amount; and

WHEREAS, Shallbetter Properties LLC has been timely and complied with monthly principal and interest payment amounts in accordance with the above referenced Loan Agreement and subsequent documents; and

WHEREAS, referenced loan expires and becomes due in full for all principal and interest on or about October 1, 2014;

NOW, THEREFORE, BE IT RESOLVED the Village Board of the Village of Winneconne, Wisconsin hereby authorizes and requests a loan renewal of the remaining principal for 5 years subject to all of the same terms and conditions of the original loan document and subsequent documents, with a new loan expiration of October 1, 2019:

Adopted at Winneconne, Wisconsin this 20th day of May, 2014 by a vote of the Village Board of Trustees, ____ in favor, ____ opposed, and ____ abstain.

John A. Rogers
Village President

Jacquin Stelzner
Village Clerk - Treasurer

June 24, 2014

Rev. 1/30/04

WINNEBAGO COUNTY INDUSTRIAL DEVELOPMENT FUNDS

APPLICATION FORM

Please answer all questions and return the form and supporting information to the Winnebago County Planning Department, P.O. Box 2808, Oshkosh, WI 54903-2808.

Applicant: Village of Winneconne
30 South 1st Street
Winneconne, WI 54986

1. Describe the Project:

a. Location (include map):

Switchgear Power Systems, 202 Enterprise Road, Winneconne (tax parcel #19100060205 and #191000602).

b. Purpose:

Proposed expansion of existing facility by 100,000 sft (purchasing additional 5 acres within Industrial Park and constructing new facility) to facilitate an expansion and consolidation of operations for an expanding new market product.

c. Size:

Purchase 5 acre site from Village of Winneconne and construct new facility of approximately 100,000 sft.

d. Cost:

\$3 million for land, building, and equipment.

2. Will the project maintain, expand or create a new tax base?

This project will maintain and create tax base.

- Protects the existing tax base by maintaining value, use and existence of the current facility (tax parcel #19100060205).
- Creates new tax base with the construction a new 100,000 sft manufacturing facility and equipment (tax parcel #191000602).

3. Does the project address a tangible end product?

The project provides additional manufacturing capacity for accelerated growth of a current end product and provides consolidation of engineering/tech support into one location for the corporate structure.

4. What identifiable City, Village or Town needs will be served?

Village of Winneconne needs served:

- Maintains 64 jobs in the Village industrial park,
- Adds 35 additional jobs in Village industrial park,
- Includes several higher wage jobs in engineering and technical fields.

5. Does the project have the potential to retain or create jobs?

The project retains 12 engineer/tech support positions and creates an additional 35 new positions in manufacturing, engineering, tech support, and administrative fields.

6. Is the project part of a package where other grants and loans or financing techniques are involved?

This project plan includes the "re-setting" of an existing IDB loan. The current loan needs to re-set in order to allow excess capital and investment opportunity to be invested into the expansion. The current loan is approximately 30% paid off from an investment made in 2009. Re-setting the current loan at the existing terms allows Switchgear to create a new facility and expand operations without tying up lending capacity for existing operations. Other grants, loans in addition to bank financing are being considered to finance various aspects of the proposed project.

Renewal of the existing loan allows the owner to focus funding efforts on the proposed expansion and growth of the business.

(Signature of Applicant)

(Date)

(Community)

(Phone)

June 19, 2014

The purpose of this document is to provide information for extending the current IDB Loan that matures on November 1, 2014 and terms. The loan originated in 2009 and was used for the construction of an industrial building on property located at 202 West enterprise Road. Approximately ~~\$350,000~~ ^{\$322,776!} has been repaid plus interest from the original amount of \$795,000. SPS actually prepaid principal, in addition to the required monthly amount. Fulltime employment has grown to 64 employees plus two summer temporary staff. We are seeking preliminary consent to extend the second IDB Loan similarly at maturity.

As our custom manufacturing of electrical equipment and enclosures has grown, SPS has already built an addition to the original building and now plans to build a new 50,000 square foot building on the property adjacent to the north. The total cost will be approximately \$3 million for land, building, and related equipment. The extension of this loan and terms will allow SPS to move forward with this project in 2014. In addition to additional office and production space in the new building, SPS will have a training center and expanded engineering department housed within the two facilities. SPS expects employment growth to 100 fulltime.

Equipment for new solar and wind turbine fields, new electrical railways in major cities, updates of electrical equipment of major utilities are just some of the examples of what is being done here in Winneconne, Wisconsin. We are proud to be in the Village of Winneconne and to be providing custom electrical equipment to national and international companies and projects. We are committed to our home base here as demonstrated by our growing investment locally and plans for another significant expansion.

Greg Shallbetter

President & CEO

Switchgear Power Systems, LLC

Bob Merriam

Chief Financial Officer

Switchgear Power Systems, LLC