

It is expected that a Quorum of the Personnel Committee, Board of Public Works, and Common Council will be attending this meeting: (although it is not expected that any official action of any of those bodies will be taken)

**CITY OF MENASHA  
ADMINISTRATION COMMITTEE  
Third Floor Council Chambers  
140 Main Street, Menasha  
July 16, 2012  
6:30PM  
or immediately following Common Council  
AGENDA**

- A. CALL TO ORDER
- B. ROLL CALL/EXCUSED ABSENCES
- C. MINUTES TO APPROVE
  - 1. [Administration Committee, 7/2/12](#)
- D. ACTION ITEMS
  - 1. [Advanced Tooling Specialists Loan Extension](#)
  - 2. [R-31-12 A Resolution Relating to the Designation of City of Menasha Tax Incremental District #1 as a Distressed Tax Incremental District](#)
- E. ADJOURNMENT

"Menasha is committed to its diverse population. Our Non-English speaking population and those with disabilities are invited to contact the Menasha City Clerk at 967-3603 24-hours in advance of the meeting for the City to arrange special accommodations."

CITY OF MENASHA  
ADMINISTRATION COMMITTEE  
Third Floor Council Chambers  
140 Main Street, Menasha  
July 2, 2012  
MINUTES

DRAFT

A. CALL TO ORDER

Meeting called to order by Chairman Klein at 7:35 p.m.

B. ROLL CALL/EXCUSED ABSENCES

PRESENT: Aldermen Krueger, Zelinski, Englebert, Benner, Klein, Taylor, Sevenich, Langdon

ALSO PRESENT: Mayor Merkes, CA/HRD Captain, PC Styka, DPW Radtke, C/T Stoffel, LD Lenz, PP Homan, Bob Mittlestaedt, (Alliance Industries), Clerk Galeazzi

C. MINUTES TO APPROVE

1. [Administration Committee, 6/18/12](#)

Moved by Ald. Krueger, seconded by Ald. Langdon to approve minutes.

Motion carried on voice vote.

D. ACTION/DISCUSSION ITEMS

1. Disposition of NMFR Station 36, 901 Airport Road, including,

a) [Offer to Purchase – Endter Investment, LLC](#)

b) [Offer to Purchase – FP One LLC](#)

Moved by Ald. Sevenich, seconded by Ald. Englebert to Remove from the Table items A & B.

Motion carried on roll call 8-0.

Moved by Ald. Krueger to counter-offer with Endter Investment for \$85,000.

No second, motion dies.

General discussion ensued on the two offers; counter-offer language.

Moved by Ald. Zelinski, seconded by Ald. Sevenich to counter-offer with FP One LLC for \$125,000, buyer is responsible for removing the building and all debris, buyer shall be permitted to post signs and to have unrestricted access to the property effective on the date of closing, and development shall be within two years or the City can repurchase the property.

Moved by Ald. Klein, seconded by Ald. Taylor to amend to include additional language from CA Captain and a binding acceptance date of 7/24/2012 and a closing date of 9/28/2012.

General discussion ensued on the amendment.

Motion on the amendment carried on roll call 6-2

Ald. Klein, Taylor, Sevenich, Langdon, Krueger, Zelinski – yes

Ald. Englebert, Benner – no

General discussion ensued on the motion to counter-offer.

Motion on counter-offer carried on roll call 6-2.

Ald. Klein, Taylor, Sevenich, Langdon, Krueger, Zelinski – yes

Ald. Englebert, Benner – no

2. Alliance Industries expansion project:
  - a) [R-27-12 Resolution Authoring Borrowing of \\$830,000 from the Winnebago County Industrial Development Board Revolving Loan Fund for the Purpose of Assisting With the Expansion of Alliance Industries, Inc.](#)
  - b) [Winnebago County Business Industrial Development Board Loan Application](#)
  - c) [Business Loan Agreement](#)
  - d) [Redevelopment Agreement](#)

PP Homan explained the expansion of Alliance Industries and the different agreements between the City, Winnebago County and Alliance Industries.

General discussion ensued on the agreements.

Bob Mittlestaedt, President and CEO of Alliance answered questions on the expansion project.

Moved by Ald. Taylor, seconded by Ald. Sevenich to recommend to Common Council Items:

- a) R-27-12 Resolution Authorizing Borrowing of \$830,000 from the Winnebago County Industrial Development Board Revolving Loan Fund for the purpose of assisting with the expansion of Alliance Industries, Inc
- b) Winnebago County Business Industrial Development Board Loan Application
- c) Business Loan Agreement
- d) Redevelopment Agreement

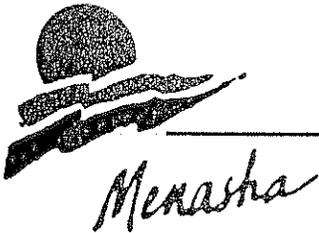
Motion carried on roll call 8-0.

## E. AJOURNMENT

Moved by Ald. Langdon, seconded by Ald. Krueger to adjourn at 8:40 p.m.

Motion carried on voice vote.

Respectfully submitted by Deborah A. Galeazzi, WCMC, City Clerk



Memorandum

To: Administration Committee  
From: Greg Keil, CDD *GK*  
Date: July 12, 2012  
RE: Advanced Tooling Specialists Loan Extension

In 2005, the city entered into an agreement with Advanced Tooling Equities (ATE), an affiliate of Advanced Tooling Systems (ATS) to Jim Luebke, concerning borrowing funds from the Winnebago County Industrial Development Board to enable the construction of new office and shop facilities in the City of Menasha. The original loan amount was \$1.3 million and was to be repaid in five years. In 2010, ATS approached the city and the Winnebago IDB to obtain a two year loan extension, as ATS was not able to secure bank financing to repay the IDB loan. This situation is now repeating itself.

Jim Luebke, President of ATE/ATS, contacted the city earlier this year to explain the issues he was having with securing bank financing to pay off the IDB loan. We have directed him to other potential funding sources, but he has not been able to secure financing commitments from private lenders at this time. With the IDB loan coming due in mid-August and no private financing available, Mr. Luebke has now requested another two year extension of the loan. In this instance, however, the City is being requested to repay the IDB, and carry the remaining loan balance, as the IDB has not indicated a willingness to grant another extension.

As you may recall, the IDB program guidelines require that the city pledge its taxing authority to the repayment of the debt. In the event of default by ATE, the city is obliged to repay the county. To avoid this situation, it is proposed that the city borrow the funds to repay the IDB. In the event this is approved, the loan terms would be such that the city's cost for carrying the loan would be covered by monthly principal and interest payments from ATE.

As represented by Mr. Luebke, and as confirmed by Comptroller Stoffel's review of company financials, the primary difficulty associated with obtaining bank financing was the company's weak financial reports in 2011. There has been substantial improvement in 2012, and the financial institutions Mr. Luebke has been working with have indicated that they would give favorable consideration to financing the company's real estate if the positive trend continues. It is also worthwhile to note that ATE has made timely payments of its monthly installments to the city since the inception of the IDB loan.

In the event that the Common Council would approve the loan, ATE/ATS has been strongly encouraged to secure private financing as soon as possible so that it can repay its obligations well within the two year window of the proposed two year loan extension.



**Memorandum**

To: Administration Committee  
From: Greg Keil, CDD *GK*  
Date: July 11, 2012  
RE: Designation of Tax Incremental District #1 as a Distressed Tax Incremental District

It is proposed to declare TID #1 a "Distressed Tax Incremental District", thereby extending its life for a period of time to enable the recovery of unreimbursed project costs from TIF increment. The adoption of a resolution designating the district as "Distressed" is the first step in this process.

TID #1 has a statutory termination date of December 31, 2012. Per the city's audited financial statement dated December 31, 2010, TID # 1 had a balance of \$462,043 of net unreimbursed project costs. In 2011, \$169,560 in accrued tax increment was applied against this balance, and in 2012, the remaining TID #1 fund balance plus accrued increment, estimated to be \$150,000, will be applied against the balance. This leaves \$142,483 in expenses over revenues at the end of the district's life.

Resolution R-31- 12, if adopted and approved, will have the effect of extending the life of TID #1 a maximum of ten years. It is projected that all of TID 1 unreimbursed project costs will be met in 2014, at which point the district will be terminated.

If the life of TID #1 is not extended via declaring it a distressed district, the unreimbursed project costs will need to be placed on the general property tax levy.

Please note that the public hearing, referred to in the resolution, will take place before the Common Council at its August 6, 2012 meeting.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2010

**NOTE D - OTHER INFORMATION (Continued)**

Since creation of the above Districts, the City has provided various financing sources to each TID and has also recorded eligible TID project costs in other funds of the City. The foregoing amounts are not recorded as liabilities in the TID special revenue and capital projects funds but can be recovered by the City from future excess tax increment revenues. Detail of the amounts recoverable (surplus) by the City as of December 31, 2010 from future excess tax increment revenues follows:

Net Unreimbursed Project Costs	
Tax Incremental District No. 1	\$ 462,043
Tax Incremental District No. 2	(80,266)
Tax Incremental District No. 3	(16,798)
Tax Incremental District No. 4	963,853
Tax Incremental District No. 5	2,875,856
Tax Incremental District No. 6	3,136,677
Tax Incremental District No. 7	1,937,745
Tax Incremental District No. 8	984,341
Tax Incremental District No. 9	4,643,547
Tax Incremental District No. 10	259,530
Tax Incremental District No. 11	56,949
	<u>\$15,223,477</u>

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. The City has amended the project plan of District No. 3 to include transfers to Districts No. 1 and 2.

7. Major Customer  
During 2010, the electric utility billed SCA Tissue \$17,561,548. This represents 41% of electric utility operating revenue. No other utility customer accounted for more than 20% of operating revenue.
  
8. Property Tax Levy Limit  
Wisconsin Act 25, imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period effective July 27, 2005. Subsequent legislation extended the levy limit through 2010. The current law limits the increase in the maximum allowable tax levy to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction or 3.0% in both the 2009 and 2010 budget years. The actual limit for the City for the 2010 budget was 3.0%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, the Act allows the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.
  
9. Contingencies
  - a. The City contracts with Neenah-Menasha Sewerage Commission (the "Commission") for sewage treatment services and is contingently liable for costs incurred by the Commission. The following item has been identified by the Commission and the City as a potential liability not recorded on the financial statements:

The U.S. Fish & Wildlife Service and the Wisconsin Department of Natural Resources ("WDNR") acting on behalf of the Natural Resource Trustees have prepared Natural Resource Damage Assessments to determine the level of such damages to the Lower Fox River and Green Bay resulting from PCB contamination. The U.S. Environmental Protection Agency ("EPA") and the WDNR have conducted a Feasibility Study and issued two Records of Decision ("RODs") (which have been subsequently modified) selecting dredging and capping of PCB contaminated sediments in the Fox River together with long-term monitoring in the Fox River and Green Bay as remedies to

Resolution R-31-12

A RESOLUTION RELATING TO THE DESIGNATION OF  
CITY OF MENASHA TAX INCREMENTAL DISTRICT #1 AS A DISTRESSED TAX  
INCREMENTAL DISTRICT

Introduced by Mayor Merkes.

WHEREAS: The City of Menasha created Tax Incremental District #1 (TID #1) via Resolution R-41-85 in December of 1985, with an effective Date of January 1, 1986; and,

WHEREAS: There have been no amendments to TID #1's project plan after October 1, 2009; and

WHEREAS: The statutory termination date for TID #1 is December 31, 2012; and,

WHEREAS: City of Menasha December 31, 2010 financial statements note net unreimbursed project costs for TID #1 in the amount of \$463,043 of which \$320,560 will be paid off with TID revenues on or before December 31, 2012; and,

WHEREAS: On December 31, 2012, a balance of \$142,483 of net unreimbursed project costs will be remaining; and,

WHEREAS: Section 66.1105(4e) of the Wisconsin Statutes provides the authority and procedure for designating a tax incremental district created before October 1, 2008 as a distressed or severely distressed district, subject to certain criteria, allowing an extension of the termination date; and

WHEREAS: A public hearing has been held, after notices required by law, all pursuant to Wisconsin Statutes Section 66.1105(4e)(b)(1),

NOW THEREFORE, BE IT RESOLVED, The Common Council of the City of Menasha, Wisconsin:

- 1) Finds and determines that the project costs incurred, with regard to Tax Incremental District #1, exceed the amount of revenues from all sources that the city expects the district to generate to pay off such project costs during the life of the district.
- 2) Designates Tax Incremental District #1 as a Distressed Tax Incremental District.

BE IT FURTHER RESOLVED:

- 1) That the City Clerk forward a certified copy of this Resolution and the financial information utilized by the Common Council in making its determination to the City of Menasha-Winnebago County Joint Review Board and the Wisconsin Department of Revenue.

Passed and approved this \_\_\_\_ day of August, 2012

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Donald Merkes, Mayor

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Deborah Galleazi, City Clerk