

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: August 10, 2018

TO: Supervisor Theo Lipscomb, Chair, County Board of Supervisors

FROM: Aaron Hertzberg, Director, DAS Economic Development

SUBJECT: A report on loan activity from the Milwaukee County Revolving Loan Fund managed by Milwaukee Economic Development Corporation

REQUEST

This report is for informational purposes, there is no request at this time.

REPORT

At the request of Supervisors Lipscomb and Nicholson, the Economic Development Division has asked worked with the Milwaukee Economic Development Corporation (MEDC) to prepare the following report on loan activity from the Milwaukee County Revolving Loan Fund managed by MEDC

Through prior legislation (File 12-985), Milwaukee County granted \$1,000,000 to MEDC to be held in trust for the purposes of operating a revolving loan fund to support economic development. An Administrative Agreement was approved and completed in 2013. MEDC has continued to operate the fund under the conditions outlined in the agreement (File 13-231).

BACKGROUND

File 12-985 – authorization to enter a trust agreement with MEDC and enter negotiations to develop an administrative agreement for the Milwaukee County Economic Development Fund

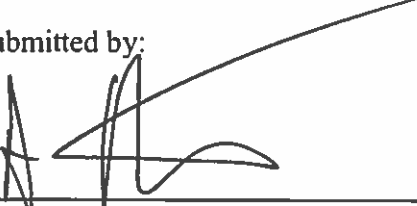
File 13-231 – authorization to enter an administrative agreement with MEDC for administration and operation of the Milwaukee County Economic Development Fund

RECOMMENDATION

This report is for informational purposes, there is no request at this time.

Prepared by: Aaron Hertzberg, Economic Development Director

Submitted by:



Aaron Hertzberg
Economic Development Director

cc: Chris Abele, County Executive
Teig Whaley-Smith, Director, Department of Administrative Services

Economic and Community Development Committee Members
Raisa Koltun, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Scott Manske, Comptroller
Steve Cady, Research & Policy Director

Current Loans Outstanding:

- (1) Platt Construction, Inc.: \$198,100.41 - current balance.
\$250,000 loan utilized for recapitalization of balance sheet with long term working capital. The outcome, balanced with long term bank financing, allowed the company to obtain higher and better bonding support to bid on upcoming construction jobs. Platt, located at 7407 S. 27th Street in Franklin, has been in business for over 30 years and is in the concrete structure and tunneling business. Platt is an MBE/DBE contractor and employs 30 FTE office staff and up to 100 seasonal union laborers.
- (2) King Ventures, LLC: \$89,141.18 - current balance.
\$100,000 loan used to make improvements to a vacant commercial building in St. Francis. The renovated building will house King Case as well as four (4) other commercial tenants. All of the tenants had operated in a facility adjacent to Wixon less than three blocks from the current location. St. Francis purchased that facility to allow Wixon to act on growth plans and provided some financing to King Ventures / King Case to assist with relocation. King Case has 2 FTE and the remaining tenants that followed King to its new building employ another 10 FTE with plans to add several jobs upon completion of the move.
- (3) Ivancevic RE, LLC: \$182,491.82 - current balance.
\$200,000 loan utilized to renovate a commercial tenant building at 6070 N Flint Road, Glendale. Nik Ivancevic owns Midwest Fiber Networks and CableCom. The businesses were forced out of a rented facility on Milwaukee's south side near Miller Parkway by sale of the property. The Glendale facility was owned by Otis Elevator and was being vacated as Ivancevic moved his companies in. The related companies employ over 50 FTE.
- (4) Tree of Life Assisted Living – Greenfield LLC: \$68,966.78
\$100,000 loan used to make improvements to a residential facility that operates as a community based retirement facility (CBRF). The renovated building will house up to 8 residents needing some level of daily living assistance. The business is owned by four Hispanic women, a mother and three daughters. The daughters are trained in nursing. The family owns a similar property and business in Sturtevant and operates a children's day care facility in Milwaukee. In addition to Milwaukee County funding, a portion of this loan (\$30,000) was participated to the Hispanic Chamber of Commerce of Wisconsin which is the group that referred the opportunity to MEDC. This new location will add 7 FTE to the existing 18 FTE that the family employs under the related businesses.

Total current portfolio outstanding at 6/30/2018: \$538,700.19

Prior Loan Activity:

2920 W Vera Avenue LLC and 6505-6519 W North Avenue LLC were loans funded in 2014 in the Milwaukee County RLF. Both loans have successfully refinanced to fully conventional loan structures and the County RLF has been repaid. Vera paid off in November, 2017 in the amount of \$212,222.05 and North paid off in May, 2018 in the amount of \$205,255.57. There have been no losses in the County RLF since inception.

Future Funding Opportunities:

MEDC continues to look for appropriate loan activity to fit the desired size and profile that Milwaukee County has outlined. There are several projects in a current pipeline that could consume a significant portion of the \$600,000 approximate balance in the loan pool. However, MEDC looks to exhaust any community funds available before deploying the County RLF and, to date, banks and community funding have covered the majority of the needs of qualifying loan projects. MEDC will continue to market the RLF with banks and community leaders in economic development to make sure the fund is part of the discussion for new projects, particularly where new job growth is a key component.