



January 24, 2020

Cory Mason, Mayor
Members of the Common Council
City of Racine
730 Washington Avenue
Racine, WI 53403

Dear Mayor Mason and Members of the Common Council:

This letter is intended to serve as a letter agreement between the City of Racine, hereinafter referred to as "Racine" and the Racine County Economic Development Corporation (RCEDC). In accordance with this agreement, the RCEDC agrees to continue to provide economic and community development technical assistance to Racine. Such assistance will be coordinated on a day-to-day basis with the Administration and, with regard to policy-related issues coordinated with the Mayor, Department of City Development and Common Council.

PURPOSE

The purpose of the agreement is to further the overall goals of community and economic development by facilitating job growth and investment, resulting in new tax base for Racine, through interagency cooperation and services provided by the RCEDC. In particular, this Agreement will result in the provision of technical assistance relative to Racine's initiative to conduct various development and redevelopment projects in the central business district and its environs.

AGREEMENT

The RCEDC agrees to provide direct economic and community development assistance to Racine in accordance with the objectives promulgated by the Mayor, City Council and Department of City Development. The RCEDC has assigned Jenny Trick, Executive Director and Laura Million, Business Development Manager as the economic development staff persons to Racine who will act as the City's economic development advocate, in partnership with other RCEDC staff, and will expend best efforts to promote business recruitment, business retention and expansion, community development and business finance resources to support Racine and its companies.

Throughout the balance of the agreement, it should be noted that there are four primary categories of assistance that are provided by RCEDC as well as two unique sections specific to Racine. The first is Special Projects and the second is the administration of Racine lending programs.

All of these activities are captured in the RCEDC work plan as shown in the attached Snapshot document.

I. RCEDC Direct Role – Business Growth

- A. Throughout 2020, RCEDC will assist business expansion projects with financial and technical resources that when successfully implemented result in the creation and retention of jobs and increased tax base in Racine County. This will be accomplished by completing the following:
1. RCEDC will provide direct assistance to 57 companies with loans, grants, and/or incentives that result in the creation and/or retention of 280 jobs that pay an average of \$20/hour or greater;
 2. RCEDC will provide technical and financial assistance to projects that result in private investment and new construction to facilitate \$95 million in new investment of which \$44 million will be new construction;
 3. RCEDC will provide financial assistance to projects that result in a total of \$13 million in new RCEDC loans;
 4. RCEDC will generate 245 new prospects with the goal of converting 10% of the prospects into projects;
 5. RCEDC will complete 465 outreach calls and visits to businesses and intermediary parties (lenders, real estate professionals, etc.);
 6. RCEDC will launch or fund two new programs; and
 7. RCEDC will provide technical and financial assistance to economically disadvantaged projects with a goal to assist 35% of the total number of projects.
- B. In addition to the above, RCEDC will assist City businesses via direct contact or referrals from the Mayor and Director of City Planning and report findings to the Mayor. When meeting with local companies, RCEDC staff will provide information on existing State, federal and local economic development resources that may assist the needs of local businesses. These programs include low-interest loans, tax credit programs, grants and workforce development assistance.
- C. Provide assistance through the development of customized proposals to businesses interested in establishing a location within the City per direct contact or referral from the Mayor or City Leadership. This activity includes providing copies of such proposals, when requested, to the Mayor, City Administrator and Director of City Development, as well as a status report on such businesses as part of this agreement's semi-annual reports, coordinating regular meetings with the Mayor and City Administrator, and maintaining a periodic business follow-up procedure.
- D. Provide written and verbal semi-annual reports to the Mayor, City Council and City Administrator. This activity will include a summary of the activities conducted during the reporting period.

II. RCEDC Direct Role - Talent Recruitment

At no other time has there been a greater concern about the talent shortfall than now. With historically low unemployment rates, combined with businesses expanding, new companies establishing locations in Racine County, and large construction projects underway and planned, this subject required RCEDC to dedicate financial and personnel resources to meet local employers' needs.

- A. RCEDC, in partnership with Racine County and Real Racine will continue to implement the Greater Racine County talent recruitment initiative, including the management of the www.GreaterRacineCounty.com website which serves as a portal for new Racine County residents and employees and includes information on communities, employment opportunities, videos, and a robust marketing strategy to attract talent to Racine County. The measurable outcomes will include the following:
- Number of companies posting job opportunities on the job board – increase from 67 (1/1/2020) to 130;
 - Percentage growth of engagement from digital marketing campaign – increase by 20%;
 - Implement a series of talent engagement events that include community tours, employer networking and direct hiring activities that result in 50 direct contacts with talent, placement and community acclimation to 15.

III. RCEDC Leadership and Relations

- A. Throughout 2020, RCEDC leadership will manage the financial resources of the organization with a goal to maintain private investment and investors, diversify its leadership and utilize excess revenues in a manner consistent with its mission. The measurable outcome will include the following:
- Launch two new programs to support business growth;
 - Host and/or sponsor 12 events to support business growth;
 - Coordinate and host technical training series on real estate and development focused topics for municipal leadership;
 - Work toward increasing revenues or reducing expenses to result in excess revenues of \$50,000 that can be used for operations and new programs;
 - Secure \$170,000 in private investment to used for operations and new programs;
 - Secure diverse RCEDC leadership (Loan Committees, Leadership Council and Board of Directors) with three new leaders that are women or ethnic minorities.

IV. RCEDC - Business Finance, Racine Specific Activity

- A. RCEDC staff, through its finance division doing business as Business Lending Partners (BLP), administers the City of Racine Revolving Loan Fund (City RLF). The City RLF is federally regulated by the U.S. Economic Development Administration (EDA) and is administered in accordance with the local City of Racine Title IX Revolving Loan Fund Plan last updated and approved by the EDA in June 2019. The original grant for the City RLF was approved in 1998, re-capitalized in 2001 and again in 2011. Together with \$468,355.50 of matching funds from the City of Racine, the total fund capitalization was \$1,534,355.50 and is used for the re-cycling of older

vacant commercial and industrial buildings in the City of Racine and to provide gap financing to City businesses.

- B. RCEDC staff continues to seek new resources to make available to local businesses, including a Seed Capital Fund program established in 2015 and administered by RCEDC as part of the Wisconsin Economic Development Corporation's (WEDC's) Capital Catalyst program. This program provides financing and grants to high-growth and emerging growth businesses in the City of Racine and is funded with \$100,000 from the WEDC and \$100,000 through the City of Racine. RCEDC administers this loan fund in accordance with the Policies and Procedures Manual approved by the City in November 2015.
- C. RCEDC will continue to service any loans made through the City-RLF and Seed Capital RLF. The servicing of loans is an extensive process that includes ensuring monthly payments are made, managing periodic changes in collateral or other loan terms, ensuring job requirements are met, collecting business financial statements and reviewing them for how the company is performing financially and whether there are any concerns to be addressed and providing periodic reports to the federal EDA and WEDC, the regulating agencies.
- D. Compensation for administration of the City RLF and the Seed Capital RLF is through loan fees charged to the loan recipients as described in the Policies and Procedures Manuals for each RLF Program and by retaining 100% of the interest earned to cover administrative costs of the program. There are no costs charged to the City for program administration.
- E. Business Lending Partners administers the Racine Development Group (RDG) loan fund primarily through investments from financial institutions but also investments from private corporations including RCEDC. This fund was previously held by a separate corporation which contracted with RCEDC for its administration. It has now become a loan fund held by and directly administered by RCEDC. The fund provides business financing to small businesses and real estate development projects primarily in the City of Racine.
- F. Business Lending Partners processes, closes and services loans from the City of Racine Brownfield Clean Up Revolving Loan Fund (BC-RLF) working with the City's Brownfield team of consultants and staff.
- G. RCEDC staff will participate on the Advisory Committee of the First-Ring Industrial Redevelopment Enterprises, Inc. relative to the New Markets Tax Credit initiative in the State of Wisconsin.

V. RCEDC Special Projects, Racine Specific Activities

In addition to the above activities, RCEDC will work in partnership with the City on the special projects detailed below:

- A. RCEDC will work in partnership with the City and its consultants in support of Downtown real estate development, including the coordination of the Racine Advisory Council meetings, Smart City, Downtown Vision implementation, and other related projects identified by City leadership.
- B. RCEDC will work in partnership with the City and the Racine Innovation Center and other related activities.
- C. RCEDC will administer approved City funded projects to support staff and other initiatives.
- D. RCEDC will continue to manage and assist with reporting for existing Fund For Lake Michigan Grants awarded for Machinery Row Stormwater Planning.

TIME PERIOD FOR THIS AGREEMENT AND COMPENSATION

The above-referenced assistance will be provided by the RCEDC staff during the time period beginning January 1, 2020 to December 31, 2020.

The cost of this assistance to the City of Racine is \$84,000. Payments will be made during the first week of each quarter, upon the receipt of an invoice from the RCEDC. The cost of developing any additional materials and significant printing and mailing of items necessary to implement these services are outside the scope of the Agreement and will be negotiated on an as necessary basis.

INDEPENDENT CONTRACTOR

RCEDC shall be an independent contractor of Racine. Neither RCEDC nor any of its officers, employees, or agents shall be considered to be an employee of Racine as a result of the obligations undertaken pursuant to this agreement. RCEDC's officers, employees and agents shall make no commitments or representations to third parties without prior approval of Racine. In addition, RCEDC hereby holds harmless Racine and its departments, officers, employees and agents from and against all claims, demands and liability for damages to third persons of any type whatever arising solely out of the actions of RCEDC under this agreement.

LIABILITY INSURANCE

The RCEDC is to carry liability insurance and list Racine as an additional insured on the policy.

TERMINATION

This agreement may be terminated by either party upon thirty (30) days written notice in the event of default by the other party of any material provision hereof which remains unremedied for thirty (30) days following written notice of such default.

NOTICES

Notices under this agreement shall be mailed by registered mail to the Mayor and City Administrator, 730 Washington Avenue, Racine, WI 53403, for the City, and to Jenny Trick, Executive Director, 2320 Renaissance Blvd., Sturtevant, WI 53177, for RCEDC, or shall be personally served on either said person or the person in charge of either respective office.

ASSIGNMENT

RCEDC agrees that it will not assign this agreement or any portion thereof, or any of its responsibilities hereunder, to any other party without first obtaining the written permission of the City.

If the terms and conditions of this proposal are satisfactory, please sign the two original documents where indicated and return to the RCEDC for RCEDC final signature.

Sincerely,



Jenny Trick, Executive Director

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the _____ day of _____, 2020.

CITY OF RACINE

By: _____
Cory Mason, Mayor

Witness: _____
Tara Coolidge, City Clerk

**RACINE COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Jenny Trick, Executive Director

Approved as to form:

Scott Letteney,
City Attorney

Provisions have been made to pay the liability that will accrue hereunder.

David Brown,
Finance Director

