



MEMORANDUM

TO: City of Racine Redevelopment Authority

FROM: Carolyn Engel, RCEDC Business Finance Manager

DATE: November 23, 2015

SUBJECT: Extension of the City Guarantee for the RLF loans to Altus Vinyl

INTRODUCTION

The purpose of this memorandum is to request the City of Racine Redevelopment Authority's ("RDA") approval for a two year extension of a City of Racine limited guarantee for the RLF loans to Altus Vinyl, LLC ("Altus") sourced from the City of Racine Intergovernmental Revenue Sharing (919) Account.

HISTORY- Original Loans

In December 2010 Altus purchased the assets of the former Dynaseal, Inc. a City of Racine business that closed their doors in June 2010. To assist with the equipment purchase, Altus applied for City of Racine and Racine Development Group Revolving Loan Fund (RLF) business loans. In order for the loans to be approved in 2010 the following was considered:

- Altus was a startup business;
- Altus leased their facility at South Memorial Dr. and therefore was not able to pledge a mortgage as collateral for the RLF loan;
- The equipment that was being purchased was used and would have a senior lien with the bank assisting with the financing;
- RCEDC sought a guarantee on the two RLF loans from the Wisconsin Housing and Economic Development Authority (WHEDA) which would consider providing a loan guarantee if a limited City Guarantee were offered;
- The City of Racine recognized the benefits of Altus purchasing the assets of Dynaseal and creating jobs that replaced some of the positions lost when Dynaseal closed its doors;
- The City of Racine through the recommendation of the RDA provided a limited guarantee of \$50,000.

HISTORY- Since the Loans funded.

Altus has grown since 2010 when it initially hired 7 employees. In February 2014 they moved from the leased space on South Memorial Drive and purchased a building on Northwestern Avenue allowing a growing manufacturing company to remain in the City of Racine. The City of Racine assisted in the purchase of this new location through additional City RLF dollars and TRIP assistance. Altus has continued to grow in its new facility and currently has 14 employees. The Company may be consolidating and refinancing its loans; however, this would not occur prior to the City guaranty

expiring. Because of the original use of funds collateral has not significantly improved since the time of application and the guarantee is necessary to maintain the WHEDA guarantee.

SUMMARY AND RECOMMENDATION

RCEDC staff has reviewed this transaction and is recommending the RDA approve a two year extension of the limited City of Racine Guarantee to match term of the WHEDA guarantee making the new expiration date of the limited City of Racine Guarantee December 9, 2017. RCEDC further recommends that the Mayor and City Clerk be authorized and directed to execute a Limited Guarantee of Specific Transaction documenting such guarantee.