

LPI
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CONSENT

July 21, 2014

David Less
City Planner

To: Mayor and Common Council

From: Manitowoc Industrial Development Corporation (IDC)


Subject: **Jagemann Plating Company - IREV2014-1 - Utilization of Industrial Revolving Loan Funds**

Dear Mayor and Common Council:

At the regular June 26, 2014 meeting of the IDC, the IDC reports that it unanimously approved an industrial revolving loan as part of the Jagemann Plating expansion project. A copy of the narrative describing the project and the IDC's approved IRLF participation is attached.

The IDC is advising Council of its action in this matter. Closing of the City's loan is anticipated in mid-July.

Respectfully Submitted,



David Less
City Planner

Attachment



OFFICE OF CITY PLANNING,
CITY PLAN COMMISSION



PROJECT NARRATIVE - PROJECT #IREV2014-1

1. Name of Borrower: Jagemann Plating Co. a/k/a Jagemann Plating Company, a Wisconsin S-Corporation
1324 So. 26th Street
Manitowoc WI 54220
(920) 682-6883
2. Project Location: 1324 So. 26th Street
Manitowoc, WI 54220
3. Amount of IRLF Loan: \$500,000
4. Interest Rate: 65% of Prime (currently 3.25% x .65 = 2.1125%)
5. Term: 10 years
6. Description of Project: A \$3.9mm facility expansion project including the construction of a 36,500sf building addition on So. 26th Street (existing facility @ 70,000sf), and the purchase of M/E to improve line operational efficiencies. Company currently employs approximately 175, and project will result in the creation of at least 25 FTE (full-time equivalent) jobs of which at least 51% are to be made available to LMI persons.
7. Use of IRLF Proceeds: Purchase of M/E
8. Project Budget:

Building Addition	\$1,700,000
Machinery/Equipment (Cyclemaster)	\$1,000,000
Machinery/Equipment (Rack Hoist)	<u>\$1,200,000</u>
Total	\$3,900,000
9. Project Financing: City of Manitowoc
\$500,000
2.1125%
\$4,625.91/month, beginning 30 days after closing
and disbursement of monies to Bank First
National
10 years

Collateral Requirements - Purchase Money Security Interest (PMSI) on Cyclemaster machine purchased with loan proceeds at \$580,000, or an Intercreditor Agreement with Bank First National (BFN) to evidence a pro rata shared lien on equipment; corporate guaranty; and Security Interest Subordination Agreement and Fixtures Disclaimer executed by BFN.

BFN / SBA

\$4,500,000 (includes \$150,000 in SBA closing costs and refinancing of term debt of approximately \$950,000 which are not counted in City's "Project Budget" in 8. above).

15 year term

\$35,500/month (estimated payment)

Collateral Requirements - 1st REM on 1324 So. 26th; 1st lien on M/E (subject to City's PMSI on new Cyclemaster Plating machine only); 2nd GBSA on working capital assets (subject to BFN \$1,000,000 Letter of Credit); Assignment of Life Insurance on Scott Jagemann (\$1,000,000) and Michael Jagemann (\$1,000,000); and personal unlimited guarantees of Scott and Michael Jagemann.