



CITY OF MANITOWOC

WISCONSIN, USA

www.manitowoc.org

October 24, 2024

TO: Members of the Finance Committee
FROM: Eric Nycz, City Attorney
Re: Poor Fund

Background

John Schuette was a five-term mayor of the City of Manitowoc (“City”). He was the principal organizer of the Manitowoc Savings Bank and The Electric Light Company, which would eventually become Manitowoc Public Utilities. In 1888, he established what has come to be known as the “Poor Fund”, by tendering the payout of a twenty-year Life Insurance Policy in the amount of \$1,000 to the City. The Poor Fund was initially a “Christmas Fund,” as the interest income was directed to be spent on presents “of any kind or nature” each Christmas to the “City poor.” An additional \$12,300.00 was donated to this fund’s principal over the ensuing decades. By 1983, the fund had a balance of \$31,644.41, which allowed the City to spend the income (amounts in excess of \$13,300.00). Many thousands of dollars have been distributed in the 134 years since the initial donation.

Issue Presented

The fund currently has a balance of \$14,002.36. It has produced interest income averaging \$299.14 over the last three years, and the City has distributed just \$400.00, total, to various aid societies during that time. The fund is now too expensive for the City to administer; it costs more to administer the fund than the income the fund generates. Given the realities of the population of the city, the cost of goods, and the low interest rates we have experienced recently, the Poor Fund has outlived its utility. As such, it is in the best interest of the City to dissolve the fund.

Proposed Solution

Mr. Schuette established three conditions for the fund. The third condition states as follows:

“That the income of said fund shall be expended and distributed by them in presents of any kind or nature each Christmas among the city poor; or if found more preferable the selection and distribution of presents may be left to any aid society or in any other way or manner deemed most expedient.”

(emphasis added)

The phrase “in any other way or manner deemed most expedient” is a catch-all phrase, used in anticipation of this very moment: the moment when the Poor Fund has outlived its utility.



Mr. Schuette's intent was clearly to improve the lives of the city's less fortunate, even if it was in a small way. The Common Council has the authority to dissolve the fund, by Mr. Schuette's own hand, while keeping alive his desire to improve the lives of the city's less fortunate.

A local non-profit was recently formed by several community leaders to address the availability of housing for the unhoused and those seeking workforce housing. This company, The Neighborhood of Manitowoc County, Inc., purchased the old McKinley School (1010 Huron Street) and is working to convert it to workforce housing. It is also attempting to purchase a suitable building to convert to a warming shelter to meet the needs of the city's unhoused. The Mayor and City staff believe these are noble pursuits and that adding the balance of the Poor Fund to these efforts would align with Mr. Schuette's original intent of the fund.

Recommendation from the City Attorney

The Mayor and City staff recommends that the Common Council dissolve the Poor Fund and donate the remaining balance to The Neighborhood of Manitowoc County, Inc. this December, in the spirit of John Schuette and as a fitting memorial to the good work he did for the citizens of Manitowoc.