

RESOLUTION NO. 2010-101

RESOLUTION BY THE FINANCE AND HUMAN RESOURCES COMMITTEE AUTHORIZING RACINE COUNTY TO MAKE AN INVESTMENT OF UP TO \$2,000,000.00 FOR THE PURPOSE OF A LOAN TO SEDA NORTH AMERICA, INC. TO ASSIST IN THE DEVELOPMENT OF ITS MANUFACTURING OPERATION IN MOUNT PLEASANT

To the Honorable Members of the Racine County Board of Supervisors:

BE IT RESOLVED by the Racine County Board of Supervisors that an investment in the form of a \$2,000,000.00 loan to SEDA North America, Inc. pursuant to the terms and conditions set out in the Term Loan Agreement marked as "Exhibit A," that is attached hereto and incorporated herein, is authorized and approved.

BE IT FURTHER RESOLVED by the Racine County Board of Supervisors that any two of the County Clerk, the County Executive and/or the County Board Chairman are authorized to execute any contracts, agreements or any other documents necessary to carry out the intent of this resolution.

Respectfully submitted,

1st Reading _____

FINANCE AND HUMAN RESOURCES COMMITTEE

2nd Reading _____

BOARD ACTION

Adopted _____

For _____

Against _____

Absent _____

Robert N. Miller, Chairman

Mark M. Gleason, Vice-Chairman

VOTE REQUIRED: Majority

Thomas Pringle, Secretary

Prepared by: Corporation Counsel

Joseph F. Bellante, Jr.

Q. A. Shakoov, II

Van H. Wanggaard

John A. Wisch

9 **The foregoing legislation adopted by the County Board of Supervisors of**
10 **Racine County, Wisconsin, is hereby:**

11 **Approved:** _____

12 **Vetoed:** _____

13
14 **Date:** _____,
15

16
17 _____
18 **William L. McReynolds, County Executive**
19
20

21 **INFORMATION ONLY**
22

23 **WHEREAS**, after public meeting and due consideration, the Racine County Finance
24 Committee has recommended that a loan be authorized for the following project:
25

26 A loan in an amount not to exceed \$2,000,000. The loan would be to SEDA North
27 America, Inc. to be used to purchase equipment and to be used to pay for
28 equipment purchases. In consideration of this request, the Company has agreed to
29 create up to 188 full-time positions in Mount Pleasant, Wisconsin;
30

31 **WHEREAS**, Seda International Packaging Group is a family owned Company
32 headquartered in Naples, Italy and includes 13 companies and 11 manufacturing plants
33 across Europe. SEDA North America, Inc. will be the Company's twelfth plant and first in
34 North America; and
35

36 **WHEREAS**, The Company was established in 1964 by Salvatore D'Amato and was
37 originally focused on ice cream packaging. The Company is now owned by the founder's
38 sons, Antonio and Gianfranco D'Amato and now employs approximately 1,980 workers
39 worldwide; and
40

41 **WHEREAS**, The establishment of SEDA North America, Inc. in Mount Pleasant
42 represents the first North American location for Seda Group, a growing company with plant
43 locations in several countries. The location represents a significant investment in Mount
44 Pleasant and is expected to result in the creation of 188 jobs over the next nine years
45 averaging \$20 per hour including fringe benefits. Seda Group is a strong company
46 financially according to the results of the D&B report which rates it as the lowest risk
47 possible. This project is further supported by significant State incentives which include
48 \$4.2 million in tax credits.

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EXHIBIT A

RACINE COUNTY FUNDS FOR \$2,000,000

Lenders: Racine County
Borrower: SEDA North America, Inc.
Amount: \$2,000,000 term loan
Interest Rate: 2.44%
Term: Ten year term, twenty year amortization loan
Repayment: No interest or principal payments during the first twelve months following disbursement of the loan, payment of monthly payments of principal and interest thereafter and a final balloon payment due at the end of the ten year loan term equal to the outstanding principal balance plus accrued interest and all other sums due and payable under the note evidencing the loan; payment by electronic debit
Late payment: Subject to fee of 3% of the unpaid amount if payment is not received by the 10th of the month
Deferral
Period: Interest will accrue during the deferral period. At the end of the deferral period, the Borrower will be required to pay all such deferred interest in one lump sum payment on the last day of such deferral period.
Purpose: Purchase equipment ("County Project Equipment") to be located at 12501 Globe Road, Mount Pleasant, Wisconsin
Collateral: A first priority lien on Project Equipment and County Project Equipment in favor of all of the Lenders to secure all of the loans from the Lenders
Equity
Injection: Borrower must evidence equity participation of no less than \$2,000,000 in additional equipment as the required private participation amount for this program
Jobs: Borrower has committed to create one hundred eighty-eight (188) full time equivalent (FTE) employment positions within nine years of loan closing
Job Penalties: If the Borrower fails to create the number of jobs specified below in the Job Creation Required column within the time frames specified below, the Racine County loan will be subject to an increase in the interest rate. Required Job Creation is defined as 80% of the jobs projected to be created by the Company over the next 10 years. These numbers are reflected in the table below. The interest rate for the applicable year shall be determined annually on the anniversary date of the loan closing. If Required Job Creation is not met and maintained as described in the table below, the interest rate will be adjusted to Prime +2% (as published in the Wall Street Journal on that anniversary date of the loan) and will remain in effect until the next anniversary date of the loan closing. If Job Creation Required numbers are met at any anniversary date of the loan closing, the interest rate will be 2.44% until the next anniversary date of the loan closing.

Anniversary Date	Job Creation Commitment	Job Creation Required (80% of Committed Number)
Date of Closing	0	0
Year 1	36	29
Year 2	68	54
Year 3	96	77
Year 4	141	113
Year 5	152	122
Year 6	168	134
Year 7	177	142
Year 8	182	146
Year 9	188	150
Year 10	188	150

ADDITIONAL TERMS AND CONDITIONS

1. Evidence of funding available to establish North American headquarters

These loans are contingent upon receipt of the total project budget for SEDA North America, Inc. to become fully operational at 12501 Globe Road, Mount Pleasant, Wisconsin. Identification of funding sources for that budget must be provided, i.e. through evidence of availability of sufficient equity and bank commitment letters.

2. Disbursement Process

The Borrower must provide documentation that the terms and conditions for the loans have been met. Borrower can then provide copies of paid invoices and cancelled checks for the Project Equipment and County Project Equipment for reimbursement from loan funds.

3. Loan Agreements

The Borrower shall enter into Loan Agreements with the County in a form acceptable to the County's attorneys.

5. Other Expenses

The following expenses are to be paid by the Borrower:

- a) \$10,250.00 loan processing fees (based upon the \$1 million in local loan funds).
- b) All out of pocket third party fees incurred by RCEDC and/or the County in relation to the loan application and closing process, including but not limited to legal fees, consulting fees, recording and filing fees, and lien search fees. This amount shall not exceed \$6,000.

7. Hazard Insurance

The Borrower shall provide and maintain hazard insurance on the Project Equipment and County Project Equipment. Borrower agrees to specifically name the RCEDC, the RDG and Racine County, as co-loss payees. Proof of the maintenance of such insurance shall be provided to the RCEDC prior to closing and evidence of the continuation of all such insurance shall be provided to the RCEDC on an annual basis through the term of the loans.

8. Financial Statements

The Borrower shall furnish the RCEDC with the same annual financial information required by the Wisconsin Department of Commerce for the Community Development Block Grant Loan as detailed in Contract #ED FY 11-20426. The Borrower shall provide RCEDC on an annual basis for the term of the loans, the unqualified opinion of the Borrower's Independent Registered Accounting Firm in accordance with generally accepted accounting principles that the Company is at least in the same financial condition if not better financial condition as it was at the time of application. The Borrower shall also provide annually to RCEDC a certification by the Borrower's Independent Registered Accounting Firm the Borrower's most recent total liabilities to net worth ratio is not greater than 4:1 and the current assets to current liabilities ratio prepared in accordance with generally accepted accounting principles. The Borrower's failure to provide the required annual information may result in full financial disclosure being required by RCEDC.

9. Federal Labor Standards

Federal labor standards, known as the Davis Bacon Act, applies to equipment installation projects. This Act requires that workers receive no less than the prevailing wages being paid for similar work in Racine County. Prevailing wages are computed by the U.S. Department of Labor and are issued in the form of Federal wage rates for each classification of work. The contractor hired for the Project must provide satisfactory evidence of compliance with these wage rates unless total labor (installation) costs on Project Equipment is less than 13% of the total cost.

10. Economic Development Administration (EDA) approval

The EDA-RLF loan is contingent upon the RCEDC receiving written approval from the EDA authorizing a loan that exceeds the maximum amount currently allowed.

11. State of Wisconsin Department of Commerce (DOC) approval

The CDBG-RLF loan is contingent upon the RCEDC receiving written approval from the State Department of Commerce authorizing a twenty (20) year amortization be offered on this loan which exceeds the useful life of the collateral.

12. Prepayment.

Full or partial prepayments of these loans is permitted at any time without penalty. Once prepayment has been received and the loans are satisfied in full, job creation penalties also no longer apply.

13. Miscellaneous.

The loans are contingent upon the execution and delivery of such other agreements, assignments, liens or security interests as the RCEDC, RDG or County may, in its sole discretion, deem necessary or advisable to adequately protect its interests in connection with the Loan.

EXHIBIT "B"

This Resolution authorizes a loan from the Racine County
Unreserved Undesignated Fund to SEDA North America Inc
of \$2 Million Dollars at 2.44% per the terms of the agreement in Exhibit "A".

FINANCE COMMITTEE RECOMMENDATION

After reviewing the Resolution/Ordinance and fiscal information supplied, your Finance
Committee recommends FOR--AGAINST adoption.

REASONS

FOR	AGAINST
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____