

December 14, 2010

**RESOLUTION NO. 2010- 102**

**RESOLUTION BY THE FINANCE AND HUMAN RESOURCES COMMITTEE  
AUTHORIZING SUBMISSION OF A COMMUNITY DEVELOPMENT BLOCK  
GRANT (“CDBG”) ECONOMIC DEVELOPMENT APPLICATION AND THE  
ACCEPTANCE AND DISTRIBUTION OF FUNDS TO SEDA NORTH AMERICA, INC**

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

**BE IT RESOLVED** by the Racine County Board of Supervisors that the application for and acceptance of a CDBG-ED Grant in the amount of \$1,506,000.00 to be used by Racine County to establish a \$1,500,000 low interest, forgivable loan to SEDA North America, Inc. to be used to purchase equipment and to be used by Racine County to pay \$6,000.00 for expenses incurred in the administration of the CDBG-ED grant is authorized and approved.

**BE IT FURTHER RESOLVED** by the Racine County Board of Supervisors that a contract between the State of Wisconsin, Racine County and SEDA North America, Inc. in regard to said CDBG-ED funds is authorized and approved pursuant to the terms set forth in Exhibit “A” which is attached hereto and incorporated herein.

**BE IT FURTHER RESOLVED** by the Racine County Board of Supervisors that the transfer of funds as set forth in Exhibit “B” which is attached hereto and incorporated herein is authorized and approved.

**BE IT FURTHER RESOLVED** by the Racine County Board of Supervisors that a contract between Racine County and Racine County Economic Development Corporation to provide support staff for administration of said grant award is authorized and approved in an amount not to exceed \$6,000.00 pursuant to such terms and conditions as the Finance Director and the Corporation Counsel deem necessary and appropriate.

**BE IT FURTHER RESOLVED** by the Racine County Board of Supervisors that the County Finance Director is authorized, on behalf of Racine County, to establish a separate non-interest bearing checking account in the name of Racine County to receive and disburse funds from the Wisconsin Department of Commerce for said grant award.

**BE IT FURTHER RESOLVED** by the Racine County Board of Supervisors that, in the future, all repayments on said CDBG-ED loan which Racine County is authorized to retain will be placed in a separate Racine County CDBG Revolving Loan fund account and will be administered by the Racine County Economic Development Corporation.

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

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1st Reading \_\_\_\_\_

2nd Reading \_\_\_\_\_

**BOARD ACTION**

Adopted \_\_\_\_\_

For \_\_\_\_\_

Against \_\_\_\_\_

Absent \_\_\_\_\_

VOTE REQUIRED: 2/3's M.E.

Prepared by:  
Corporation Counsel

Respectfully submitted,

**FINANCE AND HUMAN RESOURCES  
COMMITTEE**

\_\_\_\_\_  
Robert N. Miller, Chairman

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Mark M. Gleason, Vice-Chairman

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Thomas Pringle, Secretary

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Joseph F. Bellante, Jr.

\_\_\_\_\_  
Q. A. Shakoor, II

\_\_\_\_\_  
Van H. Wanggaard

\_\_\_\_\_  
John A. Wisch

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

**Approved:** \_\_\_\_\_

**Vetoed:** \_\_\_\_\_

**Date:** \_\_\_\_\_,

\_\_\_\_\_  
**William L. McReynolds, County Executive**

**INFORMATION ONLY**

**WHEREAS**, Federal monies are available under the Community Development Block  
Grant Program, administered by the State of Wisconsin, Department of Commerce, for the  
purpose of economic development; and

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**WHEREAS**, after public meeting and due consideration, the Racine County Finance Committee has recommended that an application be submitted to the State of Wisconsin for the following project.

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A CDBG grant in an amount not to exceed \$1,506,000. The grant would be used by Racine County to establish a \$1,500,000 low interest forgivable loan to SEDA North America, Inc. to be used to purchase equipment and to be used by Racine County to pay \$6,000.00 for expenses incurred in the administration of the CDBG-ED award. In consideration of this request, the Company has agreed to create up to 188 full-time positions in Mount Pleasant, Wisconsin; match the CDBG-ED funds with a total \$23,500,000 in cash from SEDA North America, Inc. to be used for equipment purchases.

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**WHEREAS**, it is necessary for the Racine County Board of Supervisors to approve the preparation and filing of an application for the County to receive funds from this program, to authorize the acceptance of said funds, and to authorize the execution of various contracts and the transfer of various funds; and

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**WHEREAS**, the County Board has reviewed the need for the proposed project and the benefits to be gained therefrom.

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**EXHIBIT A  
RESOLUTION 2010-102 CDBG-ED**

**SOURCES AND USES OF PROCEEDS**

<b>A. Sources</b>	<u>Amount</u>	<u>Term</u>	<u>Rate</u>	<u>Collateral</u>
CDBG-ED equipment	\$ 1,500,000	Ends 12/31/18	2%	1 <sup>st</sup> lien project
<u>Private dollar investment</u>	<u>\$23,500,000</u>			
<b>TOTAL:</b>	<b>\$25,000,000</b>			
<b>B. Uses</b>	<u>Amount</u>			
Equipment purchase	<u>\$25,000,000</u>			
<b>TOTAL PROJECT COST:</b>	<b>\$25,000,000</b>			
(a) If job creation is not met by 12/31/16, principal and accrued interest would be amortized over two years.				
The total local investment is \$76 million by the Company. Other incentives for other project costs include a \$1 million low interest loan from local revolving loan funds, \$2 million low interest loan from Racine County and \$4.2 million in tax credits. Borrower is also negotiating for assistance through TID funds.				
<b>Note:</b> Company needs to demonstrate a minimum of \$1,500,000 investment in equipment prior to disbursement of DOC's \$1,500,000. Prior to closure of this award with DOC, the Company will need to provide documentation as the full expenditures of \$25M for equipment.				

**TERMS OF THE CDBG-ED AGREEMENT WITH SEDA NORTH AMERICA, INC.**

Borrower:	SEDA North America, Inc.
Forgivable Loan Amount:	\$1,506,000
Use of Funds;	\$1.5M for equipment purchases \$6,000 to Racine County for project administration
Interest Rate:	2%
Collateral:	1 <sup>st</sup> lien on project equipment financed with CDBG-ED funds

Term/Repayment: Term ends 12/31/18; Loan payments shall be deferred until the forgiveness measurement date of 12/31/16. Unless the loan is forgiven, the balance of principal and accrued interest shall be amortized over two years.

Forgiveness: Provided the Borrower creates at least 80 full time positions by 12/31/14 and maintains them through 12/31/16, this loan, including interest, will be forgiven.

Deliverables: Borrower will be required to create at least 80 jobs by 12/31/14 and maintain them through 12/31/16 with average wages of at least \$20/hour.

Borrower is required to make at least 51% of the newly created jobs available to persons with low to moderate income (LMI) means.

Job penalties: \$500 for each full time job not created.  
\$1,000 for each newly created job (of the 51%) not made available to LMI persons.

