LA CROSSE COUNTY NOTICE OF MEETING

COMMITTEE/BOARD: LA CROSSE COUNTY ECONOMIC DEVELOPMENT FUND, INC.

DATE OF MEETING: THURSDAY, JUNE 7, 2018

MEETING PLACE: COUNTY ADMINISTRATIVE CENTER – ROOM 1107
212 6TH ST N, LA CROSSE, WI

TIME OF MEETING: 7:30 A.M.

PURPOSE OF MEETING:

1. Call to Order/Roll Call
2. Public Comment
3. Approve Minutes of May 3, 2018
4. Consideration of Grant Application from CompRex, LLC
5. Closed Session: Upon a motion duly made and carried, the Economic Development Fund may go into closed session for the purpose of considering financial histories of specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to, pursuant to Wis. Stats. s. 19.85(1)(f), TO WIT: Consideration of Grant Application from CompRex, LLC. Following the closed session, the Economic Development Fund will reconvene into open session and may take action on the closed session issues.
6. Update on WEDC CDI Grant Application for Dahl Automotive Michel Brewery Building Renovation
7. Presentation on Wage Survey Data
8. Discussion of Lakeview Business Park Transitions
9. Agency Updates
10. Next Meeting – July 5, 2018 - 7:30 a.m.
11. Future Agenda Items
12. Adjourn

NEWS MEDIA
La Crosse Tribune
Other news media

OTHERS
Brian Fukuda
Charlie Handy
Greg Flogstad (mail)
Karl Green
Bob Brown
Jim Hill
Jenny Kuderer
Jim Brickl
Tom Faella
Mike Herro
Teresa Schnitzler
Charley Weeth

COUNTY DEPARTMENTS
County Board Chair
County Administrator
County Clerk

COMMITTEE MEMBERS:
Tara Johnson, President
Monica Kruse, Vice President
Sharon Davidson, Secretary/Treasurer
Gibran Augustine
Patti Balacek
Megan DeVore
Mike Giese
Sharon Hampson
Dave Holtze
Debra McKenney
Laurie Miller
Joe Moua
Steve O’Malley
Doug Weidenbach
John Wettstein

MEMBERS: NEED A QUORUM TO CONDUCT BUSINESS If unable to attend, call County Board Chair Office at 785-9563.
PERSONS WITH DISABILITIES: If you need accommodation to attend this meeting, please contact County Board Chair Office at 785-9563 as soon as possible.
DATE NOTICE POSTED: June 1, 2018

This meeting may be recorded and any such recording is subject to Disclosure under the Wisconsin Open Records Law
#4&5 – Consideration of Grant Application from CompRex, LLC
We have received an application from CompRex LLC for an Innovation and Diversification Grant. This company was a spin-off from Chart, who produces advanced heat exchangers and heat exchange reactors. They currently outsource most of their manufacturing, but are trying to establish a manufacturing facility here in La Crosse County – however they have some very specialized needs, so they need some grant funding to help in the process of finding and planning for their space needs.

Staff reviewed and scored this application at 70 out of 100. We would recommend approval, with a condition that ensures that the business will ultimately locate in La Crosse County if grant funding is used. Other applications that have been funded have scored 61 (Interior Systems International), 78 (DuraTech), 62 (San Graal), and 63 (Flight Training Technologies).

We have also noticed this for Closed Session in case there is a need to discuss sensitive financial data from this business and/or its owners.

#6 – Update on WEDC CDI Grant Application for Dahl Automotive Michel Brewery Building Renovation
Last year we applied for a grant from the WEDC Community Development Investment Program on behalf of Dahl Automotive’s Michel Brewery Building Renovation project. Dahl Automotive has since withdrawn that application to allow them some additional time to work on the planning and financing for the project. At some point this may come back to us for consideration of resubmittal.

#7 – Presentation on Wage Survey Data
As part of the work from the Workforce Innovation for a Strong Economy Plan for the region, Karl Green has obtained and analyzed some wage survey data from the Society of Human Resource Managers. He will present that data, along with a comparison to the United Way ALICE Data.

#8 – Discussion of Lakeview Business Park Transitions
See the attached document

#9 – Agency Updates
Any partner organizations in attendance will provide brief updates on upcoming events and projects.
CALL TO ORDER
Chair Johnson called the meeting to order at 7:30 a.m. Introductions were made of the committee members, noting Doug Weidenbach, County Board Supervisor, as a new member. Doug is the new 2nd Vice Chair of the County Board.

PUBLIC COMMENT
There was no public comment.

APPROVAL OF MINUTES OF THE MARCH 1, 2018 LA CROSSE COUNTY ECONOMIC DEVELOPMENT FUND, INC.
MOTION by Holtze/Wettstein to approve the minutes of the March 1, 2018 La Crosse County Economic Development Fund, Inc. Motion carried unanimously; Kruse, Augustine, DeVore, McKenney, Nikolay, and Wehrs excused.

OVERVIEW OF OPPORTUNITY ZONE PROGRAM
The US Department of Treasury recently designated Opportunity Zones in 18 states in an effort to spur investment in distressed communities. This program was a part of the Tax Cuts and Jobs Act. Included in this designation were two census tracts in the City of La Crosse (Brian distributed a map of the zones). Zones 2 and 4 within the City of La Crosse are designated Opportunity Zones. One is located in the lower northside area, and one is located primarily in the Washburn area.

Opportunity Funds will serve as the investment vehicle with three potential tax incentives:

- Temporary deferral of inclusion in taxable income for capital gains that are reinvested within Opportunity Zones;
- A step-up in basis for capital gains reinvested in Opportunity Zones; and
- Permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund.

REVOLVING LOAN FUND STATUS REPORT
Included in the packets were reports for our three revolving loan funds.

CDBG Fund: there is over $527,000 in cash in this fund. The Skipperliner loan is in this fund and is slowly coming back; has significant portion of River Steel loan (report below); couple of loans to S&S Cycle and Lovechild that are both making steady payments and meeting job creation requirements. Brian noted that he received communication from the DOA, who oversees these CDBG funds, that they are entering a period where HUD will be reviewing their files. They are anticipating some changes in some of the requirements from
HUD and have encouraged us to halt lending from this fund at this time until new requirements are in place.

**Micro Loan Fund:** currently $168,000 in cash in this fund. This fund can make loans up to $20,000. In 2017, we had revenues of almost $100,000 from the sale of property near the landfill that went into this fund. 4 Sisters, the Craft and Vendor Marketplace, and That Foreign Place are all current. Urban Connections paid off their loan in full. This fund also has a loan to River Steel.

**EDA Fund:** currently $35,000 in cash in it; the primarily loans are the 1st and 2nd loans to Pearl Street Brewery, which are both current. This also has a loan to River Steel for $41,000. The EDA, the federal agency involved, is asking for a new Revolving Loan Fund Administrative Plan by the end of the year.

**UPDATE ON RIVER STEEL**
The sale of the property has been delayed slightly, but is now on schedule to close today. Brennan’s attorneys continue to fight the bank’s claim of attorney’s fees, and are hoping that these can be capped at $150,000; to date they are in excess of $220,000. The amount of money that trickles down to the County in our secondary position of security on this loan will depend on if the attorney’s fees are capped. The current proposal would give us $10,000 - $15,000 as a lump sum upon conclusion of the sale of the property, and another $40,000 as a payment plan over the next 5-6 years. This would be a total of $50,000-$55,000. Total amount of all of the loans for River Steel is $240,000. Staff will continue to monitor.

**RESOLUTION RE: CERTIFYING THE REVOLVING LOAN FUND CAPITALIZED WITH US DEPARTMENT OF COMMERCE-EDA FUNDING IS BEING OPERATED IN ACCORDANCE WITH THE RLF ADMINISTRATIVE PLAN**
MOTION by Holtze/Miller to approve. This is an annual housekeeping item, as the U.S. Department of Commerce – Economic Development Administration (EDA) has a requirement that Revolving Loan Funds (RLF) certify that they are being operated in accordance with an RLF Plan. La Crosse County has adopted an RLF Plan that includes policies dealing with lending terms, conditions, administration, economic development needs and goals. The La Crosse County Economic Development Fund certifies that the revolving loan fund is being operated in accordance with the RLF Plan. **Motion carries unanimously;** Kruse, Augustine, DeVore, McKenney, Nikolay and Wehrs excused.

**2018 ECONOWATCH**
Karl Green discussed the 32nd edition of the La Crosse County Econowatch (attached in packets) that has been published periodically since September of 1995. He indicated that the Econowatch has now been updated, as there was some confusion in a couple of the graphs. If anyone has an organization that they would like this presentation shown at, please let Karl know.

**UPDATE ON COUNTY PROPERTIES**
- Lakeview Business Park – We have closed on two 3-acre properties to La Crosse Scale and Wisconsin Lift Truck, construction has begun in earnest on both. We have met with the Village of West Salem on numerous issues at the entire County Farm site and the County Board will be discussing at their next County Board meeting.

**AGENCY UPDATES:**
- WEDC – held a Connect Communities Kick-off event last evening in Bangor.
• LADCO – held their spring Economic Forum; also Jim Hill retired.

FUTURE AGENDA ITEMS:
• Sports convergence – was it successful?
• Status of Dahl family application for remodel

NEXT MEETING: June 7, 2018 at 7:30 a.m.

ADJOURN
There being no further business, MOTION by Moua/Balacek to adjourn the meeting at 8:24 a.m. Motion carried unanimously; Kruse, Augustine, DeVore, McKenney, Nikolay and Wehrs excused.

The above minutes may be approved, amended or corrected at the next Committee meeting.

Terri Pavlic, Recorder
La Crosse County
Innovation & Diversification Grant Program
Application Summary & Scoring

Applicant Name: CompRex LLC
Business Description: CompRex, LLC specializes in the design and provision of advanced heat exchangers and heat exchange reactors to research institutions and companies in the power and oil & gas industries. Our core team previously worked together at Chart Energy & Chemicals. We have offices in De Pere and La Crosse, WI. As our technology becomes commercialized and as our company grows, we need to expand our manufacturing capability to meet increased demand, and we plan to develop such a manufacturing facility in La Crosse, WI.

CompRex was founded four years ago by the former R&D Manager of Chart Energy & Chemicals to specialize in the design and provision of advanced heat exchangers and reactors for the power and oil/gas industries. It has gained recognition nationwide as a technological pioneer, and its roster of partners and customers include esteemed institutions such as Sandia National Lab, Argonne National Lab, Naval Nuclear Lab, and University of Wisconsin-Madison among many others. It has received several grants from the US Department of Energy to develop its technologies for use in next generation power plants and fracking water treatment.

Non-Profit Partners: Coulee Region Business Center
Non-Profit Description: The CRBC provides facilities, resources, and mentoring to small businesses and entrepreneurs in the La Crosse area. CRBC staff and board members can provide advice, information and assistance on a broad spectrum of business issues, from marketing to business expansion financing. CRBC also has a shared facility available to rent for small businesses at below market rates.

The CRBC will work with CompRex to locate potential sites to house its diffusion bonding furnace and to assist in lease agreement negotiations.

Project Summary: The purpose of the project is to develop local manufacturing capability in La Crosse to produce our compact heat exchangers and heat exchanger reactors. CompRex, LLC designs and provides these industrial system components to the government, research institutions, and customers in the power and oil/gas industries. Our production process requires several major steps: photochemical etching, diffusion bonding, and welding. Due to the large capex required, we have been outsourcing the manufacturing to specialists across the country for each of the production steps. While this arrangement has allowed us to save significant investment in capital equipment, it has subjected us to the limitations of our vendors’ operating capacity and scheduling. We also had to deal with shipping delays and handling incidents as the unfinished product moves from one service provider to the next. These issues will only become more pronounced as demand for our products increase.
This led to our decision to develop in-house manufacturing capabilities locally in La Crosse, Wisconsin, starting with the most bottlenecked production step, diffusion bonding. This is a highly advanced joining technique that works on the metal’s atomic level; it requires the use of an industrial air compressor and a vacuum hot press furnace operating at temperatures up to nearly 2500°F. It also imposes strict requirements on the site’s foundational stability, electricity, gas and water supplies, and exhaust system in addition to other safety requirements.

Significant preparation work is needed prior to starting such a manufacturing facility, including first, a detailed study of potential sites to house the bonding furnace, development of a budget for any necessary renovations for the selected site, negotiation of the lease and construction agreements, and hiring and training of operational personnel. Due to the strict requirements, we plan to engage a specialized architectural or civil engineering firm to conduct studies of several potential sites we will propose to make sure they are or can be renovated to become a suitable facility for diffusion bonding. The site studies will also provide cost estimates for necessary renovations to allow us to make a decision on the final site selection. We will then negotiate the lease and construction agreements and begin hiring and training personnel to operate the facility. At the end of this project, we expect to have completed these activities and be ready to start renovations on the selected site.

Grant Request: $10,000
Company Match: $10,000
Non-Profit Match: *in kind*
Total: $20,000

Uses of Project Funds:

The business is proposing to use the $20,000 project budget for:

- Third-party site study $10,000
- Legal fees for contract negotiations $2,000
- Hiring/training of operational personnel $8,000

Sustainability Pledge: The business has pledged to donate back 50% of the grant amount if they are successful.
### Scoring: CompRex LLC Innovation & Diversification Grant Application

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<thead>
<tr>
<th>Criteria</th>
<th>Points Possible</th>
<th>Award</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Proposed Project:</td>
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<tr>
<td>Need</td>
<td>25</td>
<td>22</td>
<td>They have presented a compelling opportunity to grow this small business. Their proposal fits the program guidelines, as they have developed an innovative product, but need assistance to be able to locate their expanded manufacturing facility in La Crosse County and keep up with demand for their product. It is impressive that they have been able to receive significant grant funding from the US Department of Energy – which helps to validate the innovation and need for their product.</td>
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<tr>
<td>Solution</td>
<td>25</td>
<td>23</td>
<td>The proposed solution will focus on their facility needs for their business. Due to the unique requirements that their manufacturing process has, finding a site has become a significant obstacle to growth and is inhibiting their ability to meet demand for their innovative product. The proposed project will provide the resources they need to find the right site for them to grow.</td>
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| Evaluation     | 10              | 5     | They are proposing to evaluate success based on:  
• Improved Productivity - cutting months from their process and avoiding delays that are beyond their control;  
• Cost Savings – cutting 3rd party premiums out of their process, allowing savings up to 30%/run;  
• New Jobs Created – bringing this process in-house will allow them to create 1-2 new jobs initially, and potentially as many as 6 within two years. |
| Funding:       |                 |       |                                                                                                                                                                                                          |
| Base:          | 10              | 10    | They have met the match requirements, by leveraging the grant funds by at least 100%.                                                                                                                                                   |
| Extra:         | 10              | 0     | With the company and non-profit contributions they have not exceeded the base match requirements.                                                                                                                                     |
| Sustainability |                 |       | They have pledged to donate back 50% ($5,000) of the original grant funds if the project is successful and sales projections are met.                                                                                                               |
| Total          | 100             | 70    |                                                                                                                                                                                                          |
Options for transfer of responsibilities at the Lakeview Business Park:

1. Transfer ownership of landscaping berms/small parcels to the adjacent landowner
   a. We have discussed this with adjacent landowners and they are very willing/interested.

2. Begin to assess maintenance costs to the current tenants by notifying them that we plan to do so, and then sending a bill in December for the proportionate costs
   a. See covenant language below: we are able to do this within the covenants, because we have passed the 60% ownership level.

3. Begin planning to turn the administration of these covenants over to a Park Owner’s Association.
   a. We will be able to do this after we sell all property within phase 1 and 2. We have approximately 8.5 acres remaining.

B. Proportionate Payment Formula

The following proportionate payment formula will not initiate until Phase 1 of the Lakeview Business Park has a minimum of 60% occupancy rate. Each parcel and/or building owner shall pay a proportionate share of the annual maintenance expenses, which share shall be computed by multiplying the total maintenance expenses by a fraction, the numerator of which is the area expressed in square feet of the owner’s parcel(s), and the denominator of which is the total square foot area of the Park, excluding lands dedicated to the public for streets or owned by the Fund as berms, landscape areas, and open space areas.

The proportionate share of the annual rail maintenance expenses for each parcel owner that is adjacent to the rail shall be computed by multiplying the total maintenance expenses by a fraction, the numerator of which is the feet of rail frontage of the owner’s parcel(s), and the denominator of which is the total feet of rail frontage within the Park, excluding lands dedicated to the public for streets or owned by the Fund as berms, landscape areas, and open space areas.

The Fund share of annual maintenance expenses shall be based only on the area of the total Park actually developed with utilities and available for sale as improved parcels.

C. Statement and Payment of Assessments

The Fund shall annually, prior to January 31 of each year, provide each parcel owner with an itemized statement of maintenance expenses for the previous year. Such statements shall list each parcel owner’s proportion thereof, including that portion payable by the Fund. Each owner shall pay the owner’s portion of the statement within thirty (30) days of receipt of the statement.
B. **Owners’ Association**

In the event the Fund ceases to have any ownership interest in any property in the Park, except for open space and landscape areas, then for purposes of administration of these protective covenants, the Fund shall have the option to create an Owners’ Association. The Owners’ Association will consist of all entities owning parcels within the Park. Each parcel owner shall have representation in the Association proportionate to the size of the owner’s parcel based upon one vote for each acre owned. Fractions of acres shall be entitled one vote if one-half acre or greater. All decisions of the Owners’ Association shall be by majority vote except waivers or amendments of the provisions of these protective covenants, which shall be by three-fourths vote. The Owners’ Association shall by majority vote establish its own rules of procedure and methods of administration. Upon creation of the Owners’ Association under this section, the Fund shall transfer to the Owners’ Association the books of account, records and materials kept or maintained by the Fund pertaining to administration of these protective covenants and shall by Bill of Sale convey to the Owners’ Association the signage, landscape areas and lighting, storm water detention ponds, wells and apparatus, if any, and any supplies or materials related thereto.