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MILWAUKEE

MEDC Annual Report **2013**

The Iron Block is a prominent downtown building that is a significant piece of Milwaukee history. With that in mind, Dental Associates took every step possible to return the Iron Block to its original stature and elegance. Working with their lender and MEDC, the company secured an attractive financing structure that allowed them to restore the Iron Block back to its glory.

Born in Milwaukee, with the first dental center located on 16th Street, Dental Associates is committed to remain a Milwaukee-based company. Dental Associates is Wisconsin's largest family-owned dental group practice with 10 offices throughout the state and nearly 800 team members. Dental Associates provides complete family dental services, both general and specialty dentistry – from pediatric dentistry to specialized dental services for older adults – with a focus on excellent care that is affordable, accessible and personalized. The 50,000 square foot Italianate Renaissance Revival style building will be the corporate headquarters of Dental Associates. It will also house Dental Associates' first-ever downtown Milwaukee dental center on multiple floors of the building.

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| 809 North Broadway, Suite 104 | Milwaukee, Wisconsin 53202 | 414-286-5840

To the friends, partners, and investors of MEDC –



Timothy Sheehy

The corporation had another year of positive impact and change in 2013, including the integration of new programs and great activity for loans closed and approved. MEDC closed \$13.7 million in loans which leveraged over \$60 million of total project investment. MEDC received its fifth allocation of New Markets Tax Credits in the amount of \$40 million, bringing its total awards to \$147 million. It also closed out its ground breaking \$18 million New Markets Tax Credit revolving loan fund, also known as MEDC Capital Fund I, LLC created in 2006. By partnering with BMO Harris Bank (M&I Bank at the time), MEDC was able to establish a loan fund that provided the financial benefits of a New Markets Tax Credit transaction to small and medium sized businesses. The fund was able to provide 47 loans totaling just under \$28 million, with the smallest being \$102,225 and the largest \$6 million. MEDC is now partnering with PNC Bank and created another New Markets revolving loan fund which we believe will have the same success as the first.

MEDC also closed the first loan under the Milwaukee 7, Wisconsin Venture Debt Loan Program, which focuses on early stage businesses with revenues but not yet positive net income. In total, MEDC closed five Venture Debt loans totaling \$1.5 million, utilizing the full amount allocated by the State for the program.

The Small Business Administration's Community Advantage loan guarantee program also took root in 2013. The Program allows non-bank lenders like MEDC to participate in the SBA's loan guarantees for loans totaling \$250,000 or less, a market we believe is currently underserved. In 2013, MEDC closed

three such loans, which accounted for over 10% of the total volume for Region 5, which includes Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

Lastly, the corporation saw one of its biggest changes in its 43 year history; Patrick Walsh, with over 30 years of time with MEDC, stepped down as President. Patrick will stay on part-time working as a senior consultant focusing on business development, but his 40 years of full time service to the City of Milwaukee and MEDC is truly noteworthy. We're thankful to him for his significant contributions to the organization and his willingness to support the corporation's future growth in a new capacity.

Looking forward to 2014, we see a steady pipeline of projects as well as a continuation of the successful expansion of the Milwaukee 7 Venture Debt Loan Program; the SBA Community Advantage loan guarantee program; and the new New Markets Tax Credits revolving loan fund, MEDC Capital Fund VIII, LLC. Thank you for your continued support of MEDC and its mission of assisting businesses with "gap" financing that lead to job creation and retention opportunities in the City of Milwaukee and the region. We would like to especially thank our volunteer board and you, our partners for our past success; for without you, MEDC would not be the organization it is today.

Sincerely,

Timothy Sheehy
President of the MMAC
MEDC Board Chairman

David E. Latona
MEDC President

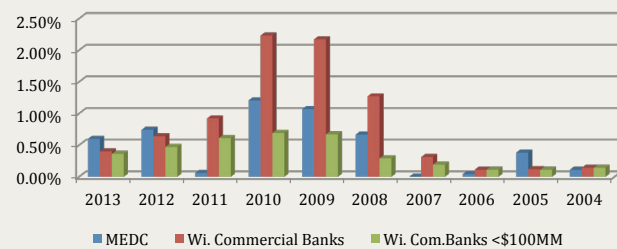


David E. Latona

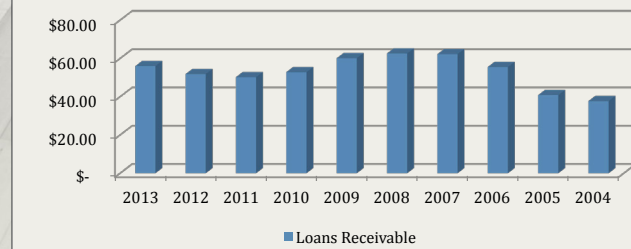
Patrick started with the City of Milwaukee in 1974. In the time since then, he served MEDC for over 30 years and was the City of Milwaukee's Deputy Commissioner of the Department of City Development and Director of Economic Development. His major accomplishments include capturing over \$15 million of Urban Development Action Grants from HUD, marketing and selling nearly 800 acres of land for industrial users, and growing MEDC from \$400,000 to over \$80 million in assets.



Historical Charge Offs



Loans Receivable



MEDC Loans Closed in 2013

ANODYNE COFFEE ROASTING CO.

\$472,000
Real estate purchase & renovation
Spring Bank

EL REY

\$550,000
Real estate purchase & renovation
BMO Harris Bank

DENTAL ASSOCIATES

\$3,600,000
Real estate purchase & renovation
MB Financial Bank

INSPIRED ARTISANS, LTD.

\$150,000
Real estate purchase
US Bank

CONFLUENCE GRAPHICS

\$110,000
Franchise buyout
Park Bank

BREW PUB HOSPITALITY, LLC

\$500,000
Improvements & equipment

BLUE JACKET, LLC

\$193,120 (CA)
Real estate purchase & renovation

XYMOX TECHNOLOGIES, INC.

\$1,656,000
Real estate & equipment purchase
PNC Bank

SIC LAZARO US, INC.

\$1,000,000
Refinance & equipment purchase
North Mill Capital

CHURCH METAL SPINNING COMPANY, INC.

\$407,200
Equipment purchase & refurbishing
BMO Harris Bank

SCHLITZ RIVER CENTER, LLC

\$900,000
Tenant improvements
US Bank

AFRICAN AMERICAN CHAMBER OF COMMERCE

\$50,000
Establish revolving loan fund

NATURAL RESOURCE TECHNOLOGY INC.

\$250,800
Improvements & equipment
Associated Bank

WOLF PEACH, LLC

\$250,000 (CA)
Equipment/supply purchase

PAUL DAVIS RESTORATION

\$500,000
Building construction
Bank Mutual

GALAXY RESTAURANT

\$138,250
Building purchase & renovation
Tri-City National Bank

ARGON INDUSTRIES, INC.

\$900,000.
Purchase new equipment
Johnson Bank

SOLEIMANI GROUP

\$390,000
Real estate purchase & renovation
Tri-City National Bank

WENTWORTH & POTTER

\$200,000
Real estate purchase & renovation
Tri-City National Bank

*CA = SBA Community Advantage Loan

WI Venture Debt Loans Closed – Used for Working Capital/Expansion/Operating Expenses

SPEECH TAILS, INC.

\$100,000.00
Elm Grove, WI

ENHANCEMENT MEDICAL, LLC

\$300,000.00
Wauwatosa, WI

MCT OF WISCONSIN, INC.

\$300,000.00
Milwaukee, WI

DYNAMIS SOFTWARE CORPORATION

\$300,000.00
West Allis, WI

SPAULDING CLINICAL RESEARCH, LLC

\$300,000
West Bend, WI

"MEDC makes a real difference for growing businesses in our area. Dreams take shape, businesses thrive, and more Milwaukee workers have opportunities – all because of MEDC's financial participation. The people at MEDC, including the board and staff, are dedicated to strengthening our economy. I appreciate their work, and I encourage them to continue their great efforts."

Mayor Tom Barrett
City of Milwaukee
MEDC Board Member



MEDC Approved 5 SBA Community Advantage loans in 2013-first quarter of 2014.

April - Received \$40 million Award in New Markets Tax Credits bringing MEDC's total Allocation received to \$147 million.

In May 2013, MEDC began a partnership with Milwaukee County to administer its countywide Revolving Loan Fund. Initial funding available is \$1,000,000. To date, MEDC has approved 2 projects totaling \$500,000, with total project investment of \$2.2 million.

December - Closed a \$20 million New Market Tax Credit revolving loan fund with PNC Bank. This funding pool will allow MEDC to make 1% loans to businesses located in the Century City Industrial Park and the Park East corridor west of the river.

Closed the first of five Milwaukee 7 loans using the Wisconsin Venture Debt Program, which focuses on early stage businesses.

Partner with the Wisconsin Economic Development Corporation and three local chambers in establishing micro business revolving loan funds for their member businesses.

November - Approved a grant to GPS Educational Partnership in order to assist it in establishing its first City of Milwaukee training center for High School students. www.gpsed.org.

December approved a \$250,000 loan to the Lincoln Opportunity Fund, formerly known as the Lincoln Neighborhood Redevelopment Corporation, in order to increase its micro lending capacity in the City of Milwaukee.



Photo credit: Christie Boivin



Photo credit: Devon Simpson

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For list of Board of Directors,
please visit
medconline.com

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CAPITAL FUNDS

Blue Jacket and Wolf Peach

Wolf Peach and Blue Jacket, two nationally recognized restaurants that also made it onto Carol Deptola's Top 30 Restaurants in Milwaukee list in 2013 are also MEDC's first two clients to benefit from the Community Advantage program offered by the SBA.

Wolf Peach, located in the Brewers Hill Neighborhood, celebrates not only the tomato but the many European cultures that the "wolf peach" traveled to and inspired local rustic cuisine. It's "as it comes" style means that dishes are served as soon as they are finished, ensuring that they are fresh, bright and ready to share.

Blue Jacket owners, Tom and Laura van Heijningen, transformed a building into an inviting modern space with the Great Lakes inspired décor and offerings of snacks, small/large plates and planks. In addition, Blue Jacket also utilized the Brownfield Site Assessment Matching Grant which provided a 50% reimbursement for the environmental assessment work completed on the property in Walker's Point.



Natural Resource Technology, Inc.

Established in 1993, Natural Resource Technology, Inc. (NRT) is an employee owned environmental consulting firm, serving both private and public sector clients. NRT has a team of engineers, scientists, geologists and hydrogeologists who are experienced in all aspects of environmental characterization at new and existing facilities and properties and is nationally recognized for experience in managing contaminated sediments.

In 2013, the company moved its headquarters to Walker's Point, bringing 50 jobs to Milwaukee. NRT's move to Milwaukee gives them the ability to directly and easily collaborate with Milwaukee's water efficiency cluster for freshwater research.

Argon Industries

Three time winner of Biz Times "Future 50" award, Argon Industries was established in 2002 with four employees and three pieces of equipment and is 100% owned by Gregory Clement. Later that same year, Argon purchased the assets of the Milwaukee division of Metal USA, increasing Argon's employee count to just over 20 people. Today Argon employs more than 100 people.

Argon Industries is a contract manufacturer of light to medium sheet metal components and assemblies, using the latest technologies in laser, turret, stamping, forming, robotic welding, engineering, and in-house state of the art "Green" powder coating painting system.

Argon Industries manufactures products for diverse industries such as high-end appliances, infrastructure repair and maintenance, defense contractors, point of purchase displays, HVAC, and OEM equipment.



Argon Industries received approval from MEDC for financing to purchase new equipment. This is in addition to a combination SBA/Johnson Bank loan to purchase a new 128K sq. ft. manufacturing facility in Milwaukee at 11500 W Brown Deer Road. The new facility allowed the company to combine its two current leased locations under one roof and add a powder coat painting system as well. Argon designed the paint line system with an industry specialist utilizing the latest in green technology with a process known as "Enhanced Performance Pretreatment". The projected growth in sales with increased efficiencies and capacities allows the company to forecast adding 79 jobs over the next two years.