

## PROJECT BASICS

Type:  
**Business Financing**

Total Development Cost:  
**\$5.2 million**

LISC New Markets Tax Credit Allocation:  
**\$5.5 million**

## PROJECT STAKEHOLDERS

LISC Program:  
**Rural LISC**

Investor:  
**US Bank**

Other Key Stakeholders:  
**Governor and State of Wisconsin**

## COMMUNITY NEED\*

- **25% Poverty Rate**
- **Family income 54% of the area median**
- **CDFI Hot Zone**
- **SBA HUB Zone**

## COMMUNITY IMPACT

- **144,000 sq. ft. of Commercial Space**
- **45 Construction Jobs**
- **40 New Permanent Jobs**

\*Statistics for the La Crosse, WI site. Both sites fall within NMTC-qualified census tracts.

### Project Snapshot:

- Growth in the market place made it imperative for S&S Cycle to find a way to expand its production facility while securing a better means of distributing and storing its products.
- In pursuit of these strategic goals, the company faced the decision whether to relocate out of state or remain in Wisconsin. In the end, a commitment to their roots prevailed, provided that it would be economically advantageous to do so in light of the competitive advantages otherwise gained by relocating closer to their customers.
- Specifically, they identified an in-state opportunity to relocate their Distribution Center to La Crosse and expand production capacity at their existing facility in Viola. Working with a local economic development group, S&S explored options to purchase the La Crosse facility and assemble a superior financial package that was presented to and accepted by their Board.
- The project created 40 new manufacturing jobs in Viola and La Crosse while retaining 20 manufacturing jobs in Viola.



### Project Background:

- In the years prior to the project's inception, the rural Wisconsin economy had hemorrhaged too many good manufacturing jobs – jobs that had long supported strong, stable families and communities. As a means of preserving and creating well-paying jobs in Wisconsin, the project represented a critical opportunity to stem the outflow of employers, help stabilize the state's rural economy, and reverse the larger trend.
- The company also was part of a "signature" state industry that encompassed numerous other players, the most notable of whom was Harley-Davidson (headquartered in Milwaukee). The Governor and the state, through its economic development and housing finance agencies, recognized the importance of this project and extended their support.
- Founded in 1954, S&S Cycle manufactures high-performance engines and parts particularly for Harley-Davidson and other American motorcycle companies. Since its founding, S&S-equipped motorcycles have continued to set numerous land speed records – one of the many ways that the company has built its reputation for high performance and quality while garnering a strong, loyal customer base. S&S Cycle is committed to active R&D and conducts extensive product-testing at its Viola site, a manufacturing and machining facility with 300 employees and state-of-the art computerized equipment.

### Leveraging Solutions through New Markets Tax Credits (NMTC):

- Given the added costs of operating in a rural location, the project faced significant obstacles to securing financing under economically feasible terms. Our program offered a timely way to leverage available financing and align S&S Cycle's decision to remain in Wisconsin with its competitive needs in a rapidly growing market.
- \$5.5 million in NMTC allocation authority provided a custom product with non-traditional and/or favorable terms including: a below-market interest rate; a longer interest-only payment period; a higher loan-to-value ratio; and a lower debt service coverage ratio.
- The project provides a model for how NMTCs can enhance the competitive profile of key businesses and thereby preserve and attract vital community assets in rural America.