

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE**

**JANUARY 9, 2008**

**Item 6, File #071117**

File Number 071117 is a resolution approving a Cooperation and Development Agreement between the City of Milwaukee and the Milwaukee Economic Development Corporation relating to a \$100,000 forgivable loan to Astronautics Corporation of America, Inc.

**Background**

1. Astronautics Corporation of America, Inc., is headquartered at 4115 North Teutonia Avenue and has its main production facility at 1412 West National Avenue. Astronautics has approximately 550 full-time employees at these two locations.
2. Astronautics' major product lines include aircraft cockpit avionics systems, navigational systems, flight instruments, flat panel displays, and mission and display processors.
3. Astronautics is currently recruiting over 70 professional, engineering, technical and production positions for its Milwaukee facilities as a result of new contracts it has recently secured with Boeing and other customers.
4. The Development Fund is a Department of City Development-administered capital account that provides financial assistance for development projects that do not qualify for tax incremental district designation. The Fund has been used to support façade-improvement grants and loans, brownfield cleanups, business improvement district activities, new home incentives and neighborhood street improvements.
5. The 2008 Adopted Budget provides \$1.8 million for the Development Fund.

**Discussion**

1. This resolution authorizes the proper City officials to enter into a Cooperation and Development Agreement with the Milwaukee Economic Development Corporation for the purpose of making a \$100,000 forgivable loan to Astronautics Corporation of America, Inc. A draft of the Cooperation and Development Agreement is attached to File Number 071117.
2. The Term Sheet for the proposed loan to Astronautics includes the following provisions:
  - Interest rate of 5.0%
  - Term of 10 years
  - Annual loan payments of principal (\$10,000 per year) and accrued interest

- Annual loan payments shall be forgiven each year that Astronautics maintains at least 525 full-time positions at its two Milwaukee facilities.
  - Astronautics shall make its best effort to utilize Emerging Business Enterprises for 18% of the project cost.
3. This loan is intended to assist Astronautics in employee recruitment, specifically by funding building and parking lot security enhancements at its facilities. Planned security upgrades, which have a total cost of \$192,580, include: installation of burglar alarm, electronic card access and outdoor video surveillance systems; improvement of fencing and pedestrian access; reconfiguration of parking lots to increase capacity.
  4. The City will provide \$100,000 from the DCD Development Fund to MEDC to fund the loan.

**Fiscal Impact**

The impact of this resolution will be a reduction of the balance in the Development Fund by \$100,000.

Prepared by: Jeff Osterman, X2262  
LRB-Research & Analysis Section  
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cc: Rocky Marcoux  
Martha Brown  
Patrick Walsh  
Tom Croasdaile  
Marianne Walsh