



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission

Julie A. Penman
Commissioner

Michal A. Dawson
Deputy Commissioner

February 18, 2003

City of Milwaukee
Common Council
Zoning, Neighborhoods & Development Committee
200 E. Wells St., Room 205
Milwaukee, WI 53202

RE: File No. 021561: Resolution Approving Cooperation Agreement relative to the United Stars, Inc./Ampco Metal, Inc. Project at 1745 S. 38th St.

Dear Committee Members:

This resolution will approve a Cooperation Agreement with the Redevelopment Authority to provide financial assistance to United Stars, Inc. for the purposes of redeveloping the former Ampco Metal, Inc. facility located at 1745 S. 38th St.

In 2002, Ampco Metal, Inc. declared bankruptcy. United Stars Holdings, Inc., headquartered in Beloit, subsequently acquired certain business assets, from Ampco, including its foundry, extrusion, machining and welding rod business units located in Milwaukee as well as its casting operation located in Arlington Heights, Illinois.

United Stars did not acquire Ampco's buildings and has continued to operate at the former Ampco site, leasing the facility on a short-term basis from the bankruptcy trustee. United Stars currently employs 125 people at this facility, most of which had worked for Ampco prior to the bankruptcy. The average hourly wage paid to workers at this facility is \$14.94 per hour.

United Stars now wishes to acquire the former Ampco property from the bankruptcy trustee, conditioned upon receiving assistance to deal with environmental contamination on the site, as well as to renovate and re-equip the facility. The estimated budget for this project is \$4,250,000.

United Stars operates businesses that manufacture welded stainless steel tubing, copper base electrical components and machined parts used by the transportation and aerospace industries. The company also has facilities in Beloit, and Hudson, Wisconsin, as well as in Tennessee, Pennsylvania, Washington and Illinois.

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The former Ampco facility on S. 38th St. is a 400,000 s.f. deteriorated and obsolete manufacturing complex. In the absence of United Stars acquiring and upgrading the property, it is highly likely that the buildings will become vacant or will be used for warehousing and storage. Past due taxes on the facility are \$487,000.

The Cooperation Agreement for this project authorizes a \$250,000 loan for the project. The loan would be forgiven over a 10-year period if United Stars continues to employ not less than 90 full-time workers at this location. In the event employment drops below ninety, payments would be due at any amount of \$25,000 per year, plus interest on the unpaid balance at 6%. Please see the Term Sheet attached to the file.

We believe the proposed loan is a constructive and beneficial form of assistance to United Stars which will serve to retain family supporting jobs in the city. We respectfully recommend your approval of the proposed Cooperation Agreement.

Sincerely,

A handwritten signature in black ink that reads "Julie A. Penman". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Julie A. Penman
Commissioner

Attachment