



Legislation Text

File #: 130055, Version: 3

130055

SUBSTITUTE 3

101375

ALD. ZIELINSKI

Substitute resolution regarding the 2011 Development Fund loan to Sweet Water Organics. This substitute resolution accepts certain securitized assets in settlement of debt due to the City from Sweet Water Organics and directs the Department of City Development to dispose of those assets, with proceeds returned to a Development Fund revenue account, so it may be applied to the debt service fund.

Whereas, Common Council File No. 101375 authorized the expenditure of \$250,000 from the Development Fund in the form of a forgivable loan to Sweet Water Organics to assist the company to expand its operations in the Bay View neighborhood; and

Whereas, File No. 101375 approved a term sheet providing for forgiveness of the loan over a four-year period if the Borrower maintained stated employment levels; and

Whereas, The City of Milwaukee ("City") and Sweet Water Organics entered into a Loan and Security Agreement ("Agreement") in 2011; and

Whereas, Sweet Water Organics expended \$206,699 of the loan, using the loan to fund capital expenditures, including the purchase of equipment and construction of an outdoor aquaponics system; and

Whereas, Sweet Water Organics achieved the required employment level in 2011, triggering forgiveness of one-fourth, \$62,500, of the loan principal; and

Whereas, Sweet Water Organics employment in 2012 was sufficient to trigger forgiveness of an additional \$6,994.05 of the loan principal; and

Whereas, The unspent portion of the loan, \$42,829.70, was returned to the City on March 4, 2013, deposited in revenue account 987020 in fund 0339 with the original Development Fund project number UR03399402, and will be applied to the debt service fund, since this loan was financed with bond proceeds; and

Whereas, Sweet Water Organics has ceased production; and

Whereas, Sweet Water Organics has indicated that it does not have a source of revenue to repay the outstanding loan balance; and

Whereas, The Agreement requires that if Sweet Water Organics fails to pay, perform or otherwise comply with provisions of the agreement, Sweet Water Organics must assemble and make available all collateral protected by the Agreement; and

Whereas, The collateral granted by the Agreement includes a tractor; a compost mixer; and the outdoor aquaponics system installed at the property located at 187 East Becher Street, Milwaukee, Wisconsin, otherwise known as the Cobb Property; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of City Development is directed to work with the City Attorney's office to exercise the City's rights to recapture the collateral granted by the Agreement between the City and Sweet

Water Organics, in full satisfaction of the City's loan to Sweet Water Organics; and, be it

Further Resolved, That the Department of City Development is directed to dispose of the collateral through sale or lease arrangements with a qualified purchaser or lessor, with proceeds returned to a Development Fund revenue account so they may be applied to the debt service fund; and, be it

Further Resolved, That disposition activities may begin no earlier than June 13, 2013; and, be it

Further Resolved, That the Department of City Development shall obtain prior Common Council approval for any sale or lease agreements, or other arrangements for the disposition of Sweet Water Organics collateral; and, be it

Further Resolved, That the proper City officials are authorized to execute any documents necessary to effectuate the directives set forth in this resolution.

CC
Chris Lee
05/21/13