

Editorial

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PAGE 29
JANUARY 11, 2013
THE BUSINESS JOURNAL

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THE
Business Journal
SERVING GREATER MILWAUKEE

State must enforce plant closing law

THE ISSUE: Golden Guernsey owner OpenGate Capital ignoring the state plant closing law

OUR STANCE: The state must enforce, and put some teeth in, the law and help employees recover back pay and benefits.

The abrupt Jan. 5 closing of the Golden Guernsey dairy processing plant in Waukesha, and subsequent bankruptcy filing of the company, left more than questions about where local schoolkids will get their daily carton of milk.

It left more than 100 workers without jobs, and it left the workers and Local 695 of the International Brotherhood of Teamsters with no information on severance pay or benefits, while the Chapter 7 filing sheds doubt whether the plant will open again.

And it left the state Department of Workforce Development and spokesman John Dipko stunned, as the plant's owner gave no notice it was closing the facility.

That owner, Los Angeles-based private equity firm OpenGate Capital, flaunted Wisconsin's plant closing notice law and did not respond to questions regarding its shutdown of the plant, which manufactured, bottled and distributed dairy products to schools, grocery stores, convenience stores and major retailers in Illinois, Michigan and Wisconsin. It announced Jan. 8 that Golden Guernsey filed bankruptcy protection in U.S. Bankruptcy Court in Delaware.

Wisconsin's plant closing law is clear: "Businesses employing 50 or more persons in the state of Wisconsin must provide written notice 60 days before implementing a 'business (plant) closing' or 'mass layoff' in the state." The state, the affected employees, the union and the city of Waukesha all were due notice, according to the law.

The Department of Workforce Development needs to demand answers from OpenGate Capital, and, within the confines of the bankruptcy, it needs to apply all applicable penalties to the private equity firm, which bought the facility from Dallas-based Dean Foods Co. in 2011 to settle a federal antitrust lawsuit. The state also needs to ensure that employees recover back pay and benefits for each day the notice wasn't provided, another requirement of the law.

Kudos to local milk haulers who scrambled to supply milk to schools and other facilities. Shame on scrofula OpenGate Capital, which clearly had a plan to shut down the plant, as evidenced by the bankruptcy filing, and ignored the state law. Going forward, we urge state officials to put some teeth in the plant closing notice law.

UPS & DOWNS

Despite running into hurdles in several communities, Meijer Inc. is moving full-speed ahead into the southeastern Wisconsin market. The retailer closed in late December on the \$29 million purchase of a Pleasant Prairie building for its distribution center and the \$6.85 million purchase of a Grafton site for a new store. Meijer is pursuing plans for four other area locations – in Kenosha, Franklin, Wauwatosa and the town of Lisbon, near Sussex. The entry of Meijer into the market should increase the competition between area grocery stores, resulting in lower prices and more choices for Milwaukee-area residents.



Finally some good economic development news for the Park East corridor as The Business Journal reported last week that Wisconsin Redevelopment LLC and Impact Seven Inc. plan to renovate a historic warehouse on the north edge of the corridor into 70 apartments. The project, at the northeast corner of North Fourth Street and West McKinley Avenue, would have a mix of affordable and market-rate apartments and would use state affordable housing tax credits and federal historic restoration credits. Let's hope it is the first of many projects for the long-stalled redevelopment of the corridor.



The tough times continue for North Milwaukee State Bank. Respected banking executive **Erbert Johnson** left his position as president and chief executive officer of the largest community bank targeting Milwaukee's central city. Johnson said he exited over disagreements with the bank's board as to the bank's operations and vision. North Milwaukee State Bank was founded in 1971 to serve Milwaukee's central city. Johnson said, like many community banks, it has struggled during the recession, particularly because of its focus on lending to people who might have problems finding loans elsewhere.



No surprise that children's education, well-being top lists for 2013

Ask a group of business and community leaders what they want for 2013 and you can bet their answer will be measured in dollars and cents, right?

Not quite.

My annual exercise of asking wishes for our region brought a flood of responses, with some themes:

- A quality education for all of our children topped the list, as it has for many years.

- A healthy Milwaukee, free from violence, made several lists.

Here are some select quotes from emails I received, with a fuller edition online:

Nick Turkal, Aurora Health Care chief executive officer: "My wish is a healthier Milwaukee, where each



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of our neighbors can live well, in all senses of the word, where we feel safer, more financially secure and have a sense of optimism about our future."

Marci Pelzer, Time Warner Cable-Wisconsin senior vice president: "Our wish is for Milwaukee to be recognized globally for the expertise of our educators, nonprofit leaders and ultimately our kids in science, technology, engineering and math,

and the impact this important work will have on our future."

Ralph Hollmon, Urban League president and CEO: "Improve police community relations, improve the academic achievement levels for all of our students no matter what type of school they attend, and have a stronger economy that produces more jobs so that we can lower the unemployment rate, especially among black males."

Robert Arzbaeher, Actuant Corp. chairman and CEO: "Expand the number of kids placed in effective schools that will prepare them for the future."

Eileen Schwalbach, Mount Mary College president: "That metro Milwaukee continues to unleash its

collective, creative potential, opening up fresh education, business and employment opportunities for our young people and setting a tone to outsiders that this is a community that welcomes and values novel ideas, fresh thinking and innovative problem solving."

Mary Lou Young, United Way president and CEO: "That we can all play a role in helping kids succeed in school, and that more people step forward as volunteers to help more children and youth achieve their potential."

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The Business Journal is a publication of American City Business Journals Inc.

American City Business Journals

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