

Loans amounting to \$500,000 approved for Thin Film

North Mankato company has plan to buy out Japanese owners

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NORTH MANKATO — North Mankato's Port Authority approved \$500,000 in loans Monday to Thin Film Technology as the company moves forward with a plan to buy out its Japanese owners.

The funding from the Port Authority — the economic arm of the city — is divided equally between state loans and money from the BENCO Electric revolving- loan fund.

The loans require one job retained or created for every \$ 50,000, a standard far exceeded by Thin Film, which committed to 25 employees, North Mankato City Administrator Wendell Sande said.

The company is expected to close on its buyout deal Dec. 1, he said.

The loans come with a 4 percent interest rate.

The city must return 80 percent of the state's \$250,000 grant but can keep the extra fifth, which amounts to \$ 50,000 plus interest.

A Small Business Administration loan of nearly \$1.3 million and a private loan of more than \$1.8 million were said to be part of the deal when Thin Film discussed the deal last month. The Free Press was unable to contact the company to determine if the deal was going through as planned.

In March, Japanese firm Susumu Co. decided to cease production at the Commerce Drive plant and leave only the sales force for North American operations. Employees decided to make an attempt to try to buy the company.

The buyout includes the whole company — including the land, the facility and the customer base — so Thin Film is planning to operate in much the same way as it did in the past.

The company had about 60 employees in March, and the company is hoping to ramp up during the next few years. They hope to have more than 40 employees in three years.

Thin Film makes what are called “ passive components,” which time signals in circuits and improve the circuits' integrity. The phrase “ thin film” refers to a method for making these components. They put a thin film on a base of ceramic and use chemicals to etch circuits out of the film.