

The Plaintiffs, for their Complaint against the Defendants, allege and state as follows:

PARTIES

1. Plaintiff, Wisconsin Economic Development Corporation (“WEDC”), is a public body corporate and politic existing under and by virtue of Ch. 238 of the laws of the State of Wisconsin, having an office and place of business at 201 West Washington Avenue, Madison, Wisconsin 53703. WEDC is authorized to award loan funds for the purpose of economic development.

2. Plaintiff, Redevelopment Authority of the City of Superior, Wisconsin (“Authority”), is a public body politic existing under and by virtue of Ch. 66 of the laws of the State of Wisconsin, having an address, office, and/or place of business at 1316 North 14th Street, Superior, Wisconsin 54880.

3. Plaintiff, Douglas County Revolving Loan Fund, Inc. (“Fund”), is a domestic non-stock corporation, having an address, office, and/or place of business at Douglas Courthouse, 1313 Belknap Street, Superior, Wisconsin 54880.

4. Defendant, Kestrel Aircraft Company, Inc. (“KAC”), is a Delaware corporation whose registered agent is Jeffrey L. Hesson, with a last known registered office located at 244 East Doty Avenue, Neenah, Wisconsin 54956.

5. Defendant, Kestrel Manufacturing, LLC (“KM”), converted from Kestrel Manufacturing Corporation, is a Wisconsin limited liability company, whose registered agent is Jeffrey L. Hesson, with a last known registered office located at 244 East Doty Avenue, Neenah, Wisconsin 54956.

JURISDICTION AND VENUE

6. The Court has jurisdiction over this case and the Defendants named herein pursuant to Wis. Stat. §§ 801.05(1), 801.05(5), 801.05(6), and/or 801.05(7).

7. Venue is proper in this case pursuant to Wis. Stat. § 801.50(2).

WEDC LOAN 1 BACKGROUND

8. On or about January 16, 2012, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to WEDC a Loan Agreement (“WEDC Initial Agreement 1”).

9. A true and correct copy of the WEDC Initial Agreement 1 is attached hereto as **Exhibit 1**.

10. The consideration for the WEDC Initial Agreement 1 was the consideration expressed therein and/or other good and valuable consideration.

11. WEDC relied upon the representations in the WEDC Initial Agreement 1 and the documents contemplated by the WEDC Initial Agreement 1 at the time of entry into and acceptance of the WEDC Initial Agreement 1.

CLAIM 1 – MONEY JUDGMENT AGAINST KAC ON WEDC LOAN 1

12. WEDC realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

13. KAC was loaned the sum of \$2,000,000.00 pursuant to the WEDC Initial Agreement 1.

14. For and in consideration of the loan in the preceding paragraph, KAC, by and through its authorized agent(s) and/or officer(s), made, executed, and delivered to WEDC a

Promissory Note dated January 16, 2012 (“WEDC Initial Note 1”) and thereby promised to pay the sum of \$2,000,000.00, plus interest and other sums as provided in the WEDC Initial Note 1.

15. A true and correct copy of the WEDC Initial Note 1 is attached hereto as **Exhibit 2**.

16. The WEDC Initial Agreement 1 was subsequently modified upon mutual agreement between WEDC and KAC (“WEDC Amended Agreement 1”).

17. A true and correct copy of the WEDC Amended Agreement 1 is attached hereto as **Exhibit 3**.

18. The WEDC Initial Note 1 was subsequently modified upon mutual agreement between WEDC and KAC (“WEDC Amended Note 1”).

19. A true and correct copy of the WEDC Amended Note 1 is attached as Exhibit D-1 to the WEDC Amended Agreement 1.

20. Following entry into the WEDC Amended Agreement 1 and WEDC Amended Note 1, KAC defaulted one or more times on the WEDC Amended Agreement 1 and/or WEDC Amended Note 1 (“Initial WEDC Default 1”).

21. Notice of the Initial WEDC Default 1 and potential acceleration of the WEDC Amended Note 1 was provided to KAC (“WEDC Notice 1”).

22. The time period to cure the Initial WEDC Default 1 was not less than thirty (30) days.

23. KAC failed to cure the Initial WEDC Default 1 within the time period provided in the WEDC Notice 1.

24. Following the expiration of the time period provided in the WEDC Notice 1, the entire amount(s) due on the WEDC Amended Note 1 were accelerated (“WEDC Acceleration 1”).

25. Following the WEDC Acceleration 1, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to WEDC a Forbearance Agreement for the WEDC Amended Agreement 1 and/or WEDC Amended Note 1 (“WEDC Forbearance 1”).

26. A true and correct copy of the WEDC Forbearance 1 is attached hereto as **Exhibit 4**.

27. KAC failed to pay to WEDC the \$8,000.00 required by the WEDC Forbearance 1.

28. KAC failed to timely provide all of the monthly status letters required by the WEDC Forbearance 1 to WEDC.

29. Neither August 31, 2017 date contained in the WEDC Forbearance 1 was ever extended.

30. The amount(s) owed to WEDC as of June 12, 2018 on the WEDC Amended Note 1, exclusive of attorneys’ fees and costs, are as follows:

Principal	\$1,704,310.32
Interest @ 2% (11/15/16-1/10/17)	5,229.66
Interest @ 12% (1/11/17-6/12/18)	290,246.38
Penalty @ 1%	20,000.00
Total	\$2,019,786.36

31. In addition to principal, interest, and late charges on the WEDC Amended Note 1 totaling \$2,019,786.36 as of June 12, 2018, WEDC is also entitled to additional

interest from and after of June 12, 2018, fees, costs, expenses, and advances prior to and after that date (“WEDC Loan 1 Balance”).

32. WEDC is the owner of the WEDC Amended Note 1.

33. WEDC has or is entitled to physical possession of the WEDC Amended Note 1.

34. No proceeding has been had at law or otherwise for the recovery of the WEDC Loan 1 Balance.

35. WEDC is entitled to a money judgment against KAC for the amount of the WEDC Loan 1 Balance.

WEDC LOAN 2 BACKGROUND

36. On or about December 17, 2012, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to WEDC a Loan Agreement (“WEDC Initial Agreement 2”).

37. A true and correct copy of the WEDC Initial Agreement 2 is attached hereto as **Exhibit 5**.

38. The consideration for the WEDC Initial Agreement 2 was the consideration expressed therein and/or other good and valuable consideration.

39. WEDC relied upon the representations in the WEDC Initial Agreement 2 and the documents contemplated by the WEDC Initial Agreement 2 at the time of entry into and acceptance of the WEDC Initial Agreement 2.

CLAIM 2 – MONEY JUDGMENT AGAINST KAC ON WEDC LOAN 2

40. WEDC realleges and restates the preceding Paragraphs of the Complaint as if

fully set forth herein.

41. KAC was loaned the sum of \$2,000,000.00 pursuant to the WEDC Initial Agreement 2.

42. For and in consideration of the loan in the preceding paragraph, KAC, by and through its authorized agent(s) and/or officer(s), made, executed, and delivered to WEDC a Promissory Note dated December 17, 2012 (“WEDC Initial Note 2”) and thereby promised to pay the sum of \$2,000,000.00, plus interest and other sums as provided in the WEDC Initial Note 2.

43. A true and correct copy of the WEDC Initial Note 2 is attached hereto as **Exhibit 6**.

44. The WEDC Initial Agreement 2 was subsequently modified upon mutual agreement between WEDC and KAC (“WEDC Amended Agreement 2”).

45. A true and correct copy of the WEDC Amended Agreement 2 is attached hereto as **Exhibit 7**.

46. The WEDC Initial Note 2 was subsequently modified upon mutual agreement between WEDC and KAC (“WEDC Amended Note 2”).

47. A true and correct copy of the WEDC Amended Note 2 is attached as Exhibit B-1 to the WEDC Amended Agreement 2.

48. Following entry into the WEDC Amended Agreement 2 and WEDC Amended Note 2, KAC defaulted one or more times on the WEDC Amended Agreement 2 and/or WEDC Amended Note 2 (“Initial WEDC Default 2”).

49. Notice of the Initial WEDC Default 2 and potential acceleration of the WEDC Amended Note 2 was provided to KAC ("WEDC Notice 2").

50. The time period to cure the Initial WEDC Default 2 was not less than thirty (30) days.

51. KAC failed to cure the Initial WEDC Default 2 within the time period provided in the WEDC Notice 2.

52. Following the expiration of the time period provided in the WEDC Notice 2, the entire amount(s) due on the WEDC Amended Note 2 were accelerated ("WEDC Acceleration 2").

53. Following the WEDC Acceleration 2, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to WEDC a Forbearance Agreement for the WEDC Amended Agreement 2 and/or WEDC Amended Note 2 ("WEDC Forbearance 2").

54. A true and correct copy of the WEDC Forbearance 2 is attached hereto as **Exhibit 8**.

55. KAC failed to pay to WEDC the \$8,000.00 required by the WEDC Forbearance 2.

56. KAC failed to timely provide all of the monthly status letters required by the WEDC Forbearance 2 to WEDC.

57. Neither August 31, 2017 date contained in the WEDC Forbearance 2 was ever extended.

58. The amount(s) owed to WEDC as of June 12, 2018 on the WEDC Amended Note 1, exclusive of attorneys' fees and costs, are as follows:

Principal	\$1,698,065.09
Interest @ 2% (11/15/16-1/10/17)	5,210.50
Interest @ 12% (1/11/17-6/12/18)	289,182.81
Penalty @ 1%	20,000.00
Total	\$2,012,458.40

59. In addition to principal, interest, and late charges on the WEDC Amended Note 2 totaling \$2,012,458.40 as of June 12, 2018, WEDC is also entitled to additional interest from and after of June 12, 2018, fees, costs, expenses, and advances prior to and after that date ("WEDC Loan 2 Balance").

60. WEDC is the owner of the WEDC Amended Note 2.

61. WEDC has or is entitled to physical possession of the WEDC Amended Note 2.

62. No proceeding has been had at law or otherwise for the recovery of the WEDC Loan 2 Balance.

63. WEDC is entitled to a money judgment against KAC for the amount of the WEDC Loan 2 Balance.

CLAIM 3 – REPLEVIN OF KM COLLATERAL UNDER WEDC GBSA 1

64. WEDC realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

65. For and in further consideration of and to secure the WEDC Initial Note 1, on or about January 19, 2012, KM or its predecessor, by and through its authorized agent(s)

and/or officer(s), executed and delivered to WEDC a General Business Security Agreement (“WEDC GBSA 1”).

66. A true and correct copy of the WEDC GBSA 1 is attached hereto as **Exhibit 9**.

67. By signing and delivering the WEDC GBSA 1 to WEDC, KM granted WEDC a security interest in the following property of KM:

All equipment, fixtures, inventory, documents, general intangibles, accounts, deposit accounts (unless a security interest would render a nontaxable account taxable), contract rights, chattel paper, patents, trademarks and copyrights (and the good will associated with and registrations and licenses of any of them), instruments, letter of credit rights and investment property, now owned or hereafter acquired by Debtor (or by Debtor with spouse), and all additions and accessions to, all spare and repair parts, special tools, equipment and replacements for, software used in, all returned or repossessed goods the sale of which gave rise to and all proceeds, supporting obligations and products of the foregoing.

(“KM Collateral”).

68. WEDC recorded notice (“WEDC Wisconsin Perfection”) of its security interest in the KM Collateral with the Wisconsin Department of Financial Institutions (“DFI”).

69. The WEDC Wisconsin Perfection occurred on or about May 18, 2015.

70. A true and correct copy of the WEDC Wisconsin Perfection is attached hereto as **Exhibit 10**.

71. KAC’s failure to timely comply with all of its obligations under the WEDC Forbearance 1, constitutes a default under the terms and conditions of the WEDC GBSA 1.

72. Pursuant to the terms and conditions of the WEDC GSBA 1, WEDC is entitled to possession of the KM Collateral.

73. Upon information and belief, the KM Collateral has not been seized under any execution or attachment against the property of KM.

74. Upon information and belief, the KM Collateral is currently under the possession and/or control of KM.

75. Upon information and belief, the KM Collateral is wrongfully detained by KM.

76. Upon information and belief, the cause of KM's wrongful detention of the KM Collateral includes the absence of a judgment of possession in favor of WEDC and against KM.

77. The right, title and interest of WEDC in the KM Collateral is superior to that of KM.

78. No proceeding has been had at law or otherwise for replevin of the KM Collateral.

79. WEDC is entitled to a judgment of replevin against KM for the KM Collateral consistent with the amounts of the WEDC Loan 1 Balance.

CLAIM 4 – REPLEVIN OF KAC COLLATERAL UNDER WEDC GBSA 2

80. WEDC realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

81. For and in further consideration of and to secure the WEDC Initial Note 2, on or about December 17, 2012, KAC, by and through its authorized agent(s) and/or officer(s), executed and delivered to WEDC a General Business Security Agreement (“WEDC GBSA 2”).

82. A true and correct copy of the WEDC GBSA 2 is attached hereto as **Exhibit 11**.

83. By signing and delivering the WEDC GBSA 2 to WEDC, KAC granted WEDC a security interest in the following property of KAC:

All equipment, fixtures, inventory, documents, general intangibles, accounts, deposit accounts (unless a security interest would render a nontaxable account taxable), contract rights, chattel paper, patents, trademarks and copyrights (and the good will associated with and registrations and licenses of any of them), instruments, letter of credit rights and investment property, now owned or hereafter acquired by Debtor (or by Debtor with spouse), and all additions and accessions to, all spare and repair parts, special tools, equipment and replacements for, software used in, all returned or repossessed goods the sale of which gave rise to and all proceeds, supporting obligations and products of the foregoing.

("KAC Collateral").

84. WEDC recorded notice of its security interest in all or a portion of the KAC Collateral with the Delaware Secretary of State ("Secretary").

85. The first perfection of WEDC's interest in all or a portion of the KAC Collateral occurred on or about January 19, 2012 ("WEDC Delaware Perfection 1").

86. A true and correct copy of the WEDC Delaware Perfection 1 is attached hereto as **Exhibit 12**.

87. WEDC filed a continuation of the WEDC Delaware Perfection 1 with the Secretary on or about December 6, 2016 ("WEDC Delaware Perfection 1 Continuation").

88. A true and correct copy of the WEDC Delaware Perfection 1 Continuation is attached hereto as **Exhibit 13**.

89. WEDC filed another notice of perfection of its security interest in all or a portion of the KAC Collateral on or about May 18, 2015 ("WEDC Delaware Perfection 2").

90. A true and correct copy of the WEDC Delaware Perfection 2 is attached hereto as **Exhibit 14**.

91. KAC's failure to timely comply with all of its obligations under the WEDC Forbearance 1, constitutes a default under the terms and conditions of the WEDC GBSA 2.

92. KAC's failure to timely comply with all of its obligations under the WEDC Forbearance 2, constitutes a default under the terms and conditions of the WEDC GBSA 2.

93. Pursuant to the terms and conditions of the WEDC GSBA 2, WEDC is entitled to possession of the KAC Collateral.

94. Upon information and belief, the KAC Collateral has not been seized under any execution or attachment against the property of KAC.

95. Upon information and belief, the KAC Collateral is currently under the possession and/or control of KAC.

96. Upon information and belief, the KAC Collateral is wrongfully detained by KAC.

97. Upon information and belief, the cause of KAC's wrongful detention of the KAC Collateral includes the absence of a judgment of possession in favor of WEDC and against KAC.

98. The right, title and interest of WEDC in the KAC Collateral is superior to that of KAC.

99. No proceeding has been had at law or otherwise for replevin of the KAC Collateral.

100. WEDC is entitled to a judgment of replevin against KAC for the KAC Collateral consistent with the amounts of the WEDC Loan 2 Balance.

AUTHORITY LOAN BACKGROUND

101. On or about February 22, 2012, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to the Authority a Loan Agreement (“Authority Agreement”).

102. A true and correct copy of the Authority Agreement is attached hereto as **Exhibit 15**.

103. The consideration for the Authority Agreement was the consideration expressed therein and/or other good and valuable consideration.

104. The Authority relied upon the representations in the Authority Agreement and the documents contemplated by the Authority Agreement at the time of entry into and acceptance of the Authority Agreement.

CLAIM 5 – MONEY JUDGMENT AGAINST KAC ON AUTHORITY LOAN

105. The Authority realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

106. KAC was loaned the sum of \$2,660,000.00 pursuant to the Authority Agreement.

107. For and in consideration of the loan in the preceding paragraph, KAC, by and through its authorized agent(s) and/or officer(s), made, executed, and delivered to the Authority a Promissory Note (Working Capital Note) dated February 22, 2012 (“Authority

Note”) and thereby promised to pay the sum of \$2,660,000.00, plus interest and other sums as provided in the Authority Note.

108. A true and correct copy of the Authority Note is attached hereto as **Exhibit 16**.

109. Following entry into the Authority Agreement and Authority Note, KAC failed to timely deliver payments due to the Authority under the Authority Agreement and/or Authority Note (“Authority Default”).

110. Notice of the Authority Default and potential acceleration of the Authority Note was provided to KAC (“Authority Notice”).

111. The time period to cure the Authority Default was not less than thirty (30) days.

112. KAC failed to cure the Authority Default within the time period provided in the Authority Notice.

113. Following the expiration of the time period provided in the Authority Notice, the entire amount(s) due on the Authority Note were accelerated (“Authority Acceleration”).

114. Following the Authority Acceleration, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to the Authority a Forbearance Agreement for the Authority Agreement and/or Authority Note (“Authority Forbearance”).

115. A true and correct copy of the Authority Forbearance is attached hereto as **Exhibit 17**.

116. KAC failed to pay the Authority the \$8,000.00 required by the Authority Forbearance.

117. KAC failed to timely provide all of the monthly status letters required by the Authority Forbearance to the Authority.

118. Neither August 31, 2017 date contained in the Authority Forbearance was ever extended.

119. The amount(s) owed to the Authority as of June 12, 2018 on the Authority Note, exclusive of attorneys' fees and costs, are as follows:

Principal	\$2,040,711.32
Interest @ 2.356% (10/15/15-10/25/16)	50,216.01
Interest @ 12% (10/26/16-6/12/18)	79,330.61
Total	\$2,170,257.94

120. In addition to principal, interest, and late charges on the Authority Note totaling \$2,170,257.94 as of June 12, 2018, the Authority is also entitled to additional interest from and after of June 12, 2018, fees, costs, expenses, and advances prior to and after that date ("Authority Loan Balance").

121. The Authority is the owner of the Authority Note.

122. The Authority has or is entitled to physical possession of the Authority Note.

123. No proceeding has been had at law or otherwise for the recovery of the Authority Loan Balance.

124. The Authority is entitled to a money judgment against KAC for the amount of the Authority Loan Balance.

CLAIM 6 – MONEY JUDGMENT AGAINST KM ON AUTHORITY GUARANTY

125. The Authority realleges and reincorporates by reference the previous allegations contained herein as if again more fully set forth.

126. As further inducement for the Authority Note, KM or its predecessor, by and through its authorized agent(s) and/or officer(s), executed and delivered to the Authority on or about February 22, 2012 a Guaranty (“Authority Guaranty”) of the Authority Note.

127. A true and correct copy of the Authority Guaranty is further attached as **Exhibit 16.**

128. By executing and delivering the Authority Guaranty, KM and its successors agreed to be held jointly and severally liable for all debt owed to the Authority pursuant to the Authority Note.

129. The Authority is still the owner of the Authority Guaranty.

130. The Authority is in physical possession of the Authority Guaranty.

131. No proceeding has been had at law or otherwise for the recovery of the amount(s) guaranteed by the Authority Guaranty.

132. The Authority is also entitled to a money judgment against KM, jointly and severally, in the amount of the Authority Loan Balance.

CLAIM 7 – REPLEVIN OF KM COLLATERAL UNDER AUTHORITY GBSA

133. The Authority realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

134. For and in further consideration of and to secure the Authority Note, on or about January 19, 2012, KM or its predecessor, by and through its authorized agent(s) and/or

officer(s), executed and delivered to the Authority a General Business Security Agreement (“Authority GBSA”).

135. A true and correct copy of the Authority GBSA is attached hereto as **Exhibit 18**.

136. By signing and delivering the Authority GBSA to the Authority, KM granted Authority a security interest in the following property of KM:

All equipment, fixtures, inventory, documents, general intangibles, accounts, deposit accounts (unless a security interest would render a nontaxable account taxable), contract rights, chattel paper, patents, trademarks and copyrights (and the good will associated with and registrations and licenses of any of them), instruments, letter of credit rights and investment property, now owned or hereafter acquired by Debtor (or by Debtor with spouse), and all additions and accessions to, all spare and repair parts, special tools, equipment and replacements for, software used in, all returned or repossessed goods the sale of which gave rise to and all proceeds, supporting obligations and products of the foregoing.

(“KM Collateral”).

137. The Authority recorded notice of its security interest in the KM Collateral with DFI.

138. The first perfection of the Authority’s interest in all or a portion of the KM Collateral occurred on or about February 22, 2012 (“Authority Perfection 1”).

139. A true and correct copy of the Authority Perfection 1 is attached hereto as **Exhibit 19**.

140. The Authority filed another notice of perfection of its security interest in all or a portion of the KM Collateral on or about August 3, 2012 (“Authority Perfection 2”).

141. A true and correct copy of the Authority Perfection 2 is attached hereto as **Exhibit 20**.

142. The Authority filed a continuation of the Authority Perfection 2 with the Secretary on or about June 26, 2017 (“Authority Perfection 2 Continuation”).

143. A true and correct copy of the Authority Perfection 2 Continuation is attached hereto as **Exhibit 21**.

144. KM’s failure to timely comply with all of its obligations under the Authority Agreement and/or Authority Note, constitutes a default under the terms and conditions of the Authority GBSA.

145. Pursuant to the terms and conditions of the Authority GSBA, the Authority is entitled to possession of the KM Collateral.

146. Upon information and belief, the cause of KM’s wrongful detention of the KM Collateral includes the absence of a judgment of possession in favor of the Authority and against KM.

147. The right, title and interest of the Authority in the KM Collateral is superior to that of KM.

148. The Authority is entitled to a judgment of replevin against KM for the KM Collateral consistent with the amounts of the Authority Loan Balance.

FUND LOAN BACKGROUND

149. On or about February 22, 2012, KAC, by and through its authorized agent(s) and/or officer(s), entered into, executed, and delivered to the Fund a Loan Agreement (“Fund Agreement”).

150. A true and correct copy of the Fund Agreement is attached hereto as **Exhibit 22**.

151. The consideration for the Fund Agreement was the consideration expressed therein and/or other good and valuable consideration.

152. The Fund relied upon the representations in the Fund Agreement and the documents contemplated by the Fund Agreement at the time of entry into and acceptance of the Fund Agreement.

CLAIM 8 – MONEY JUDGMENT AGAINST KAC ON FUND LOAN

153. Fund realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

154. On or about February 22, 2012, KAC was loaned the sum of exactly or approximately \$500,000.00 from the Fund.

155. For and in consideration of the loan in the preceding paragraph, KAC, by and through its authorized agent(s) and/or officer(s), made, executed, and delivered to Fund a Promissory Note dated February 22, 2012 (“Fund Initial Note”) and thereby promised to pay the sum of \$500,000.00, plus interest and other sums as provided in the Fund Initial Note.

156. A true and correct copy of the Fund Initial Note is attached hereto as **Exhibit 23**.

157. The Fund Initial Note was subsequently modified upon mutual agreement between Fund and KAC (“Fund Amended Note”).

158. A true and correct copy of the Fund Amended Note is attached hereto as **Exhibit 24**.

159. Following entry into the Fund Agreement, KAC failed to create and maintain through and including today’s date 600 new full time equivalent jobs in the City of Superior,

Douglas County, Wisconsin by December 31, 2016 with average wages for all of its employees to be not less than \$20.00 per hour, exclusive of health and other benefit costs (“Fund Default 1”).

160. The Fund Default 1 constitutes a default under the terms and conditions of the Fund Agreement.

161. Following ten days after the first occurrence of the Fund Default 1, the entire amount(s) due on the Fund Amended Note were accelerated (“Fund Acceleration 1”).

162. KAC also failed to timely deliver payments due to the Fund under the Fund Amended Note (“Fund Default 2”).

163. The Fund Default 2 constitutes a default under the terms and conditions of the Fund Agreement and/or Fund Amended Note.

164. Additionally or alternatively, following ten days after the first occurrence of the Fund Default 2, the entire amount(s) due on the Fund Amended Note were accelerated (“Fund Acceleration 2”).

165. Following the Fund Acceleration 1 and/or Fund Acceleration 2, upon information and belief, the Fund delivered to KAC and/or KM a Forbearance Agreement for the Fund Agreement and/or Fund Amended Note (“Proposed Fund Forbearance”).

166. A true and correct copy of the Proposed Fund Forbearance is attached hereto as **Exhibit 25**.

167. Upon information and belief, the Proposed Fund Forbearance not signed and delivered by KAC to the Fund prior to the filing of this case.

168. Upon information and belief, the Proposed Fund Forbearance not signed and delivered by KM to the Fund prior to the filing of this case.

169. To the extent any forbearance agreement has ever been entered into between the Fund, KAC, and/or KM regarding the Fund Agreement and/or Fund Amended Note, KAC and/or KM have failed to comply with all conditions of any such forbearance agreement.

170. To the extent any forbearance agreement has ever been entered into between the Fund, KAC, and/or KM regarding the Fund Agreement and/or Fund Amended Note, such forbearance period has expired and never been extended.

171. Upon information and belief, KAC currently has not more than 100 full time equivalent jobs in the City of Superior, Douglas County, Wisconsin with average wages for all of its employees to be not less than \$20.00 per hour, exclusive of health and other benefit costs.

172. The amount(s) owed to Fund as of June 12, 2018 on the Fund Amended Note, exclusive of attorneys' fees and costs, are as follows:

Principal	\$449,421.40
Interest @ 3% (6/1/16-6/12/18)	27,789.22
Additional interest at 5% (1/1/17- 6/12/18, per Fund Agreement, § 6)	32,957.57
Late charges	1,831.44
Total	\$511,999.63

173. In addition to principal, interest, and late charges on the Fund Amended Note totaling \$511,999.63 as of June 12, 2018, Fund is also entitled to additional interest from and

after of June 12, 2018, fees, costs, expenses, and advances prior to and after that date (“Fund Loan Balance”).

174. Fund is the owner of the Amended Note.

175. Fund has or is entitled to physical possession of the Fund Amended Note.

176. No proceeding has been had at law or otherwise for the recovery of the Fund Loan Balance.

177. Fund is entitled to a money judgment against KAC for the amount of the Fund Loan Balance.

CLAIM 9 – REPLEVIN OF KM COLLATERAL UNDER FUND GBSA

178. The Fund realleges and restates the preceding Paragraphs of the Complaint as if fully set forth herein.

179. For and in further consideration of and to secure the Fund Initial Note, on or about February 22, 2012, KM or its predecessor, by and through its authorized agent(s) and/or officer(s), executed and delivered to the Fund a General Business Security Agreement (“Fund GBSA”).

180. A true and correct copy of the Fund GBSA is attached hereto as **Exhibit 26**.

181. By signing and delivering the Fund GBSA to the Fund, KM granted Fund a security interest in the KM Collateral.

182. KAC’s failure to timely comply with all of its obligations under the Fund Amended Note, constitutes a default under the terms and conditions of the Fund GBSA.

183. Pursuant to the terms and conditions of the Fund GSBA, the Fund is entitled to possession of the KM Collateral.

184. Upon information and belief, the cause of KM's wrongful detention of the KM Collateral includes the absence of a judgment of possession in favor of the Fund and against KM.

185. The right, title and interest of the Fund in the KM Collateral is superior to that of KM.

186. The Fund is entitled to a judgment of replevin against KM for the KM Collateral consistent with the amounts of the Fund Loan Balance.

CLAIM 10 – MONEY JUDGMENT AGAINST KM ON FUND GUARANTY

187. Fund realleges and reincorporates by reference the previous allegations contained herein as if again more fully set forth.

188. As further inducement for the Fund Amended Note, KM or its predecessor, by and through its authorized agent(s) and/or officer(s), executed and delivered to the Fund on or about March 6, 2014 a Guaranty ("Fund Guaranty") of the Fund Amended Note.

189. A true and correct copy of the Fund Guaranty is further attached to Exhibit 23.

190. By executing and delivering the Fund Guaranty, KM and its successors agreed to be held jointly and severally liable for all debt owed to the Fund pursuant to the Fund Amended Note.

191. The Fund is still the owner of the Fund Guaranty.

192. The Fund is in physical possession of the Fund Guaranty.

193. No proceeding has been had at law or otherwise for the recovery of the amount(s) guaranteed by the Fund Guaranty.

194. The Fund is also entitled to a money judgment against KM, jointly and severally, in the amount of the Fund Loan Balance.

RESERVATION OF RIGHTS

195. Plaintiffs specifically reserve and do not waive any other interests or claims any of them may have against any Defendant not specifically mentioned herein.

WHEREFORE, Plaintiffs pray for and demand judgment in its favor and against the Defendants as follows:

- A. On Claim 1 of this Complaint, a money judgment in favor of WEDC against KAC in the sum of \$2,019,786.36 as of June 12, 2018, plus interest at the highest rate allowable by law to date of judgment, together with the costs, disbursements and attorney's fees of this action;
- B. On Claim 2 of this Complaint, a money judgment in favor of WEDC against KAC in the sum of \$2,012,458.40 as of June 12, 2018, plus interest at the highest rate allowable by law to date of judgment, together with the costs, disbursements and attorney's fees of this action;
- C. On Claim 3 of this Complaint, an order and judgment in favor of WEDC for replevin of the KM Collateral under WEDC GBSA 1, wherever it may be;
- D. On Claim 4 of this Complaint, an order and judgment in favor of WEDC for replevin of the KAC Collateral under WEDC GBSA 2, wherever it may be;
- E. On Claims 5 and 6 of this Complaint, a money judgment in favor of the Authority against KAC and KM in the sum of \$2,170,257.94 as of June 12,

2018, plus interest at the highest rate allowable by law to date of judgment, together with the costs, disbursements and attorney's fees of this action;

- F. On Claim 7 of this Complaint, an order and judgment in favor of the Authority for replevin of the KM Collateral under the Authority GBSA, wherever it may be;
- G. On Claim 9 of this Complaint, an order and judgment in favor of the Fund for replevin of the KM Collateral under the Fund GBSA, wherever it may be;
- H. On Claims 8 and 10 of this Complaint, a money judgment in favor of the Fund against KAC and KM in the sum of \$511,999.63 as of June 12, 2018, plus interest at the highest rate allowable by law to date of judgment, together with the costs, disbursements and attorney's fees of this action;
- I. Enjoinment of those possessing any of the KAC Collateral from committing waste to same;
- J. Enjoinment of those possessing any of the KM Collateral from committing waste to same;
- K. Reservation of the right to amend, add, or seek one or more judgments against Defendants on any agreements between the parties not referenced herein in any further proceedings; and
- L. Such other and further relief in favor of all or any of the Plaintiffs as the Court may deem just and equitable under the circumstances.

Dated this 28th day of June, 2018.

MURPHY DESMOND S.C.
Attorneys for the Plaintiffs

By: *Electronically Signed by Brian P. Thill*

Robert A. Pasch

State Bar Number: 1014211

Brian P. Thill

State Bar Number: 1039088

33 East Main Street, Suite 500

P.O. Box 2038

Madison, WI 53701

Phone: (608) 257-7181

Facsimile: (608) 257-2508

DATE SIGNED: November 8, 2018

Electronically signed by Josann Reynolds
Circuit Court Judge

STATE OF WISCONSIN	CIRCUIT COURT BRANCH 2	DANE COUNTY
--------------------	---------------------------	-------------

**WISCONSIN ECONOMIC
DEVELOPMENT CORPORATION,
REDEVELOPMENT AUTHORITY OF THE
CITY OF SUPERIOR, WISCONSIN, and
DOUGLAS COUNTY REVOLVING
LOAN FUND, INC.,**

Case No. 18-CV-1720

Money Judgment: 30301
Amount Claimed is Greater Than
The Amount Under § 799.01(1)(d)

Plaintiffs,

Other – Contracts: 30303

v.

**KESTREL AIRCRAFT COMPANY, INC. and
KESTREL MANUFACTURING, LLC
f/k/a and/or successor to Kestrel Manufacturing Corporation,**

Defendants.

ORDER FOR VOLUNTARY DISMISSAL

Upon the Plaintiffs' request, the files and proceedings herein had, and it appearing good cause so exists,

IT IS ORDERED that this action be and is hereby dismissed without prejudice or without costs to the Defendants, but with the right to re-open in the event any bankruptcy case filed by or against any of the Defendants is dismissed, closed, or otherwise disposed of without a discharge, or stay is terminated or modified as to Plaintiffs.