



## PLANNING AND DEVELOPMENT

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**To:** Economic Development Commission  
**From:** Planning and Development Staff  
**Date:** January 24, 2018  
**Re:** **G2G Small Business Development Loan, 18-0134**

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### **Background:**

Of the \$200,000 borrowed in 2015, the remaining balance is \$183,708.18. The loan is current and the job creation requirement has been satisfied.

In June 2017 the EDC agreed to adjust the loan terms to allow for interest only payments for 18 months due to construction setbacks delaying the facility to have full occupancy. The current monthly payment is \$289.62 and will increase to \$2,094.32 in April 2020, maturing in August 2026.

The original loan terms included collateral of the Schuster personal home, second position on \$75,000 of equipment plus turf flooring, batting cages, nets, and other supplies and third position on the Wellness Center land and building improvements, which is now assessed at \$2,994,800.

In September 2017 the EDC agreed to revise the collateral in the agreement allowing a satisfaction of the mortgage against the personal home and replacing it with vacant land that at the time was verified to have clear title work and a value of \$43,700. The new 2017 assessment on this land is \$51,100.

### **Request:**

The Schusters are now planning to build on the land in Medary. Citizens State Bank will be providing the construction loan and is requesting subordination. Subordination will also be needed after construction is completed to Finance of America, who is providing the end financing loan. The Schusters are also requesting that we update the amount of the mortgage from the note amount to the balance of the equity needed, which is \$43,708, as there are concerns with the final financing due to having \$200,000 recorded against the property.

### **Additional Information:**

A blueprint appraisal of the new home was completed on 11/28/17 by Daniel Pederson of Pederson Appraisal, West Salem. Pederson's opinion of value is \$472,500. Pat Burns, lead assessor for the City of La Crosse, reviewed the appraisal and did not see any issues or have any concerns with it.

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There is a signed contract with Construction Restoration Services for construction costs of \$407,000. The bank is using the lot they are building on and an adjacent lot to satisfy the 20% equity requirement. The bank is also requiring 5% in reserves for contingency costs and has been verified to be available by the bank.

**Staff Recommendation:**

We propose subordinating to Citizens State Bank for the construction loan and subsequently to Finance of America. We feel confident that we are collateralized through the value of the business and projected assessment of the personal home.

We look to the Commission for direction on amending the amount recorded in the mortgage against the personal property.