

February 19, 2018

TO: City of La Crosse, /Economic Development Commission
FR: Ken Riley, Managing Partner
RE: Deferment Upper Floor Renovation Loan Program Loan

Please consider this memo as our request for a second deferment of our Upper Floor Renovation Loan Program Loan.

Since the initial request of the loan, instead of doing the development work in two-year stages, factors dictated that we fast-track the entire project (including a new \$50,000.00 roof). Except for the change-out of the front, historic windows (as well as the side windows) and the renovation of the lobby, all projects and more have been completed on the building. The building is operating at 100% capacity with full tenancy, and rents are increasing to industry standards. However, we still have several inherited leases that do not match industry standards for rental income. Along with the fast tracked plan, over expenditures and the need for increased rents out of our control, we are requesting another deferment of this loan until we are completely stabilized.

Please allow for the following deferment:

- Zero (0%) percent interest for the first two years of renovation and operation, and no payments to begin until January 1 of 2019;
- One and a half (1.5%) percent interest for the third year, with payments beginning January 1, 2020;
- Three and a half (3.5%) percent interest for the remainder of the loan, up to ten (10) years, with payments beginning January 1, 2021.

In advance, thank you for your consideration of this request.

Sincerely,



Ken Riley, Managing Partner

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