



## PLANNING AND DEVELOPMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512 | F: (608) 789-7318

July 23, 2020

### Memo

To: Economic Development Commission

From: Planning and Development Staff

RE: Plan for Resuming Loan Payments, Item #20-0993

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**Background:** In response to the COVID-19 pandemic, on March 20, 2020, Mayor Kabat announced an immediate pause for all payments owed for City loan programs from businesses for 3 months (April, May and June). Staff sent out an announcement in June reminding loan recipients that payments were to resume as scheduled July 1, 2020. Mayor and staff then decided to continue the pause and address the issue with the EDC at the July 23 meeting.

During the pause some businesses continued to make payments while others accepted the financial relief. Staff asked loan recipients for feedback on their ability to resume payments. Here are the current status and/or requests received:

**Main St Renaissance (SBDL-\$51,239.49; UFRL-\$97,845.70):** Accepted the pause in payments but plan to continue making monthly payments as of July 1, 2020. Response: We plan on commencing payments in July. Any payments that were not made, we can add to the end of the loan and extend out of loan by that many payments. We are not requesting any further forbearance or changes. If that is not acceptable, we can keep the same maturity date and have a balloon payment at the end.

**Ocean Fin (SBDL-\$44,732.19; UFRL-\$48,475.86):** Accepted the pause in payments. Response: The most ideal plan would be for us to pay the interest portion of our loans until the end of the year and then resume normal full payments, starting January 2021.

**Three Sixty Realty (Tausche Hardware UFRL-\$59,452.70, HUB on 6<sup>th</sup> TIF-\$0.00):** Maintained regular payments as originally scheduled. Response: As an FYI. We have some tenants whom we have advised to seek a consolidated loan through SBA. The benefit is there overall monthly payment of all notes combined has decreased the monthly P&I. Another strategy that we have pursued is selling the building to the tenant. We currently have two tenants that we are doing this with. Not that I am found of selling real estate, however in these cases it added value to the small business owner and we can find other real estate.

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**Dublin Square (SBDL - \$7,524.14):** Accepted the pause in payments. Response: To be shared in a separate agenda item.

**RRJ Holdings (UFRL - \$93,317.71):** Accepted the pause in payments. Has not responded to request for input on resuming payments.

**Piggy's (Capital - \$236,596.85):** Accepted the pause in payments. Response: We are not open for dine in as it does not make sense at this point and we are operating carryout at 5% of normal revenues. If possible, I would defer loan payments until businesses are whole again.

**That Foreign Place (SBDL - \$35,253.29):** Accepted the pause in payments. Has not responded to request for input on resuming payments.

**RWR Properties Camp 20 (TIF - \$220,000 monthly interest only payments):** Maintained regular payments as originally scheduled.

**Russell Holdings ServiceMaster (SBDL - \$43,191.18):** Maintained regular payments as originally scheduled.

**Jeaneri Dale's (UFRL - \$190,326.61, UFRL - \$190,348.17, UFRL - \$190,392.89):** Accepted the pause in payments. Has not responded to request for input on resuming payments.

**Batavian (UFRL - \$171,593.06):** Accepted the pause in payments. Response: We are considering doing interest at this time and just need to get an idea on how much the interest payment would be per month? Once we have an idea of the interest, we will determine a timeline as best as possible. Chris Kahlow has a great idea to do 6-month extensions at a time and then reevaluate the situation locally.

**RMD Buzz's Bike Shop (UFRL - \$189,863.30):** Accepted the pause in payments. Has not responded to request for input on resuming payments.

**Staff Recommendations:** For those businesses that have resumed regular payments, staff would recommend that the maturity date be extended by the number of months that they did not pay during the pause.

For the businesses that are not able to resume payments at this time staff is willing to execute plan that is decided on by the EDC. Options would be to set an expectation across the board as far as extending the pause, resuming with interest only payments for a period of time, or providing a plan on a case-by case basis. Here is feedback from staff on each scenario:

**Pause Extension:** This is not ideal for the City as our budgets are also falling short as a result of the pandemic. If this is the path approved by the EDC, staff recommends reviewing again in 3 months at the October EDC meeting.

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**Across the Board Plan:** This would be minimally impactful on administrative burden. For interest only, options would be to continue the current interest rate assigned to the loan, or a consistent or a 5%. Amortization would be maintained at the same maturity date or extended 1 year.

**Case by Case Basis:** This will require the business to propose what they are able to afford, and then staff will need to underwrite and request current as well as projected financial reports.

If the Commission would decide to go with one of the first 2 options, staff would ask for a motion to make it effective for the September due date. If the 3<sup>rd</sup> option is chosen, staff asks that the pause be extended through the August due date and will bring plans for review at the next regularly scheduled meeting.