CITY OF LA CROSSE

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LEGISLATION STAFF REPORT FOR COUNCIL

File ID: 25-0042

Caption: Resolution updating the terms of the City's standing loans to the La Crosse Industrial Park Corporation (LIPCO).

Staff/Department Responsible for Legislation

Julie Emslie, Planning

Requestor of Legislation

La Crosse Industrial Park Corporation (LIPCO)

Location, if applicable

NA

Summary/Purpose

To update the existing loan terms with LIPCO, as well as streamline the City's internal funding sources for this loan

Background

For over 25 years, the City of La Crosse has served as one of the three partners in LIPCO. This included providing LIPCO with a loan that originated in 1998. The current principal balance on this loan is $550,000. This funding enabled LIPCO to fill a critical role in facilitating numerous successful and impactful real estate development projects in the City over the past couple decades.

The current terms on ths loan, primarily the payment structure (to which the current interest rate is 9.5%), is not only outdated, but proving to be detrimental to LIPCO achieving its mission to attract, assist, and advance economic development in and for the benefit of La Crosse.

Additionally, the City has used both Community Development Block Grant (CDBG) funds and Industrial Park Sinking Funds as internal sources for this loan. This resolution will transition to only 1 internal funding source, removing CDBG involvement.

Fiscal Impact

1 year grace period with no payments, 2 years with $18,000 towards the principal, followed by a 10 year loan payoff @ 3% interest

Staff Recommendation

Approval