



January 21, 2025

Commercial Loan Application

Borrower: Old World Creamery

Project: Expand building and install equipment to facilitate Cream Cheese line of products

Total Project: \$2,500,000 including equipment and building addition/renovation
\$1,500,000 for equipment (\$750,000 funded by bank, \$750,000 funded by City RLF) and \$1,000,000 for building renovation

Request: City of Sheboygan revolving loan fund:

- \$750,000 for equipment
- 10-year term
- 4.25% interest rate
- 10-year amortization

Expected Payments: \$7,416.44 per month

Collateral:

- 3rd position lien on real property
- 2nd position lien on new equipment
- Owner's personal guarantee

Project Information:

Old World Creamery is planning an expansion of their facility, and extension of a line to produce and store cream cheese. Cream cheese is unique in that during its production, it needs to be stored for several days before shipping, to set into the proper consistency. This on-site storage creates the need for additional refrigeration equipment and square footage to accommodate the products as they are made ready for shipping to the customer.

The company has tested the market for their new product line and believes there is demand for this new product from Old World Creamery.

Private Funds Leveraged: *(The applicant must leverage a minimum of one dollar (\$1.00) of private funds for every one dollar (\$1) of loan funds requested.)*

Old World Creamery LLC is applying for \$750,000 through the City of Sheboygan RLF. The total project is in excess of \$1.5 million; funding through RLF would result in a 1:1 match with private funds.

Cost per Job Created: *(At least one (1) full-time permanent position or full-time equivalent must be created for every \$25,000 of program funds requested.)*

Casey Bradley
City Administrator

CITY HALL
828 CENTER AVE.
SHEBOYGAN, WI 53081

920-459-3317
www.sheboyganwi.gov

Old World Creamery is projecting to create 30 full-time jobs over the first two years of the operation of the cream cheese line, with wages between \$20–\$30/hour.

	Management/Supervisory Total	Professional/Technical Total	Skilled Labor Total	Unskilled Labor Total
End of First Year	1		4	5
End of Second Year	1		9	10

Low and Moderate Income (LMI) Benefits: *(The project shall provide increased permanent employment or will retain existing jobs, which would have been lost locally. Of the jobs created or retained by the project, at least 51 percent of these jobs must be made available to low to moderate income persons (as defined by household incomes published by the U.S. Department of Housing and Urban Development.)*

Old World Creamery currently has loans through the City of Sheboygan’s RLF and is fully in compliance. The jobs created through this application are new/ separate from the jobs that were created with previous loans.

Financial Feasibility and Business Viability:

Verified: Old World Creamery LLC is registered in good standing through the Wisconsin Department of Financial Institutions since 07/18/2016.

A UCC Filing search reveals no tax liens.

A review of the company’s financial records and projections including this project has been conducted and has been found to be acceptable.

Strengths:

- The company has done exactly as they said they would do to date; they are current with their existing loans, and all are in good standing.
- Their butter business continues to grow and gain recognition as a high-quality product.
- The owner is vested in the business.
- There is room to expand on site and the company wishes to remain at their current location, minimizing business interruptions to implement their next expansion.
- Old World Creamery is continuing to invest in Sheboygan.
- The company is operated by Steve Knaus, Managing Member. Steve represents the third generation of the family business.
- Entry level wages start at \$20/hour for unskilled workers; skilled workers will earn \$25/hour and management/supervisory level employees will earn \$30/hour.
- This company makes a high-quality product and continues to add jobs and investment to the facility.

Noteworthy:

- There is nothing in the loan guidelines preventing a borrower from having multiple loans with the City of Sheboygan. This application meets all the requirements and parameters of the current loan guidelines.
- The City of Sheboygan has available funding and continues to receive program income, as repayments from other loans, which it also needs to keep revolving into local projects.
- Current pipeline demand for loan funds does not exceed supply.