

## CITY OF SHEBOYGAN

### REQUEST FOR REDEVELOPMENT AUTHORITY CONSIDERATION

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**ITEM DESCRIPTION:** Discussion and possible action on subordination request regarding the Sign Shop, Business Development at 1020 Michigan

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**REPORT PREPARED BY:** Chad Pelishek, Director of Planning and Development

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**REPORT DATE:** 4/28/2022

**MEETING DATE:** 5/4/2022

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#### FISCAL SUMMARY:

Budget Line Item:	N/A
Budget Summary:	N/A
Budgeted Expenditure:	N/A
Budgeted Revenue:	N/A

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#### STATUTORY REFERENCE:

Wisconsin	N/A
Statutes:	
Municipal Code:	N/A

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#### BACKGROUND / ANALYSIS:

The Redevelopment Authority entered in agreement with the Sign Shop to purchase the building they occupy at 1020 Michigan Avenue in April 2016 for \$100,000 for 10 years until 2016 with the creation of four new positions. The job creation requirements have been met.

Currently, Hiawatha National Bank is in first position with a loan of \$415,854 the RDA is in second position with \$44,890 and Hiawatha in third position with loan of \$16,797.30.

With the subordination approved, Cleveland State Bank would become the lender in first position with a note of \$530,000 and RDA in second position with \$44,890.

The purpose of the refinance is to consolidate debt for \$530,000 for 20 years at 4.5 % fixed for 5 years and a 20-year note.

The loan applicant is current on their payments.

#### STAFF COMMENTS:

Given that the RDA will remain in second position and our program requirements allow us to be subordinated debt, city staff does not see a concern with the proposal.

#### ACTION REQUESTED:

Motion to approve the subordination request and authorize the chairperson and executive director to execute the agreements.

#### ATTACHMENTS:

I. None