

Redevelopment Authority (RDA)

To: RDA Board

From: Mason T. Becker, RDA Executive Director

Date: December 18, 2024

Subject: Revolving Loan Fund Mortgage Position

Background

For several years, the RDA has operated a Revolving Loan Fund, which was designed to offer fixed-term, low-interest loans to local businesses and property owners within the City's downtown area. The RDA partners with three local banks to provide funding for these loans: Bank of Lake Mills, Bank First, and Ixonia Bank. The RDA also carries a primary checking account at Bank of Reeseville, from which we write draw checks given to borrowers for specific amounts when requested.

The RDA is currently administering eight separate loans through this program (six of these are through the original program and two newer loans are through the modified version when the RLF was re-launched in 2023). Loans are secured through a mortgage on the property.

One of the current borrowers, Deerfield Properties (Dan Rahfaldt), is working with another bank, Premier Bank, to secure an additional line of credit for business purposes. Premier Bank is requesting that the RDA consider subordinating and taking a 3rd position on the property located at 118 N Water St. Premier Bank would hold the first two positions. A letter from Premier Bank explaining this is included in your agenda packet.

Mr. Rahfaldt has made timely repayments on the current loan and has successfully utilized the Revolving Loan Fund with three other loans in the past which were all since paid off.

After speaking with two former RDA board members to gain further understanding of the background in creating the Revolving Loan Fund, I feel comfortable with the RDA accepting this request. It should be noted that these past members were speaking from personal history and opinion, and not offering professional or legal advice to the RDA.



Financial Impact

There is no direct financial impact to this change. While the RDA may bear a small additional risk, there is already a certain amount of risk in loaning out funds. The current balance on this loan is \$52,816.73.

Recommendation

I would recommend that the RDA board agree to the modified position on the loan.