

Resolution No. 6-1115

**RESOLUTION TO APPROVE A SMALL BUSINESS LOAN
FROM THE
IOWA COUNTY REVOLVING LOAN FUND
(Application No. 47-11/15)**

WHEREAS, **Alphabet Academy**, located at 709 Main Street, Highland, Wisconsin is requesting a small business loan to be used toward the purchase of a building for a new licensed childcare business, and

WHEREAS, the Iowa County Administrative Services Committee, acting as the Iowa County Loan Review Committee, has received a request from the small business concern for \$60,200 from the Iowa County RLF, which will be matched with \$107,345 in private funds from a Financial Institution Loan, SW Wisconsin Regional Planning Commission revolving loan fund, and owner equity. The funds from the Iowa County RLF will be used towards the purchase of the building for the childcare business, and

NOW THEREFORE, BE IT RESOLVED, the Committee finds that the project is consistent with the conditions set forth in the Iowa County Loan Administration Manual; and

BE IT FURTHER RESOLVED, the loan terms will be 20 year amortization with a 12-year balloon at 4% interest with the first 6 months the payments will be interest only with collateral of a second position on real property; subordinate on all other personal and business property, with a personal guaranty.

BE IT FURTHER RESOLVED, the Administrative Services Committee serving as the Loan Review Committee recommends that the full County Board approve the proposed project.

Dated this 3rd of November, 2015

Respectfully submitted by the Iowa County Administrative Services Committee

Loan Review Summary

November 2, 2015

To: Iowa County

From: Anna Schramke, CEcD
Iowa County Economic Development

Re: Alphabet Academy RLF Request

Business Name Alphabet Academy

Loan Request \$60,200
Requested Terms 4% interest
20 year amortization with a 12 year balloon.
6 month interest only.

Collateral Pledged Second position on real property; subordinate on all other personal and business property. Personal guaranty.

Purpose of Loan Purchase a building for a new licensed childcare business in the Village of Highland.

Person Making Request Michelle Shemak, Owner/Operator

Address of Business: 709 Main Street
Highland, WI 53543

Source/Use of Funds					
	Bank	RPC	Iowa Co RLF	Equity	Total
Building Purchase	\$17,300		\$60,200		\$77,500
Equipment & Furnishings		\$38,000		\$12,995	\$50,995
Working Capital-Start-up		\$13,290		\$ 3,760	\$17,050
Working Capital - LOC	\$22,000				\$22,000
TOTALS	\$39,300	\$51,290	\$60,200	\$16,755	\$167,545

Lead Lender Highland State Bank
Loan Terms Building Loan: 6% - 15 yr. amortization
Line of Credit: tbd (interest only payments)
Collateral: First position on all personal and business assets.

Secondary Lender Regional Planning Commission (EDA)
Loan Terms (tbd)
Collateral: Subordinate position on all personal & business assets.

Equity Source Cash & Cash value assets already owned

Job Creation 5 within one year

Project Start Date ASAP (Would like to open in early January 2016.)

Project positives:

- Business idea has been well planned. Michelle worked with Gary Smith/SBDC on the business plan.
- Owner has operated daycare in her home since 1999 and has over 20 year's experience in child care.
- There is no other licensed childcare in Highland.
- There is a great deal of interest in this new facility and the owner has a list of parents interested in using the childcare service.

Project negatives:

- Limited collateral available.
- Project is highly leveraged.

Other Considerations: Bank is limited in funding the project because the facility will need significant renovation to meet the licensing requirements. Based on the expected value of the building plus renovations, the bank is limited to lending \$121,100 on the building. Construction is estimated at \$103,800.

**Committee
Comments/Recommendations**

:

Resolution No. 6-1115

Adopted this 10th day of November, 2015.



John M. Meyers
Iowa County Chairman

ATTEST:



Greg Klusendorf
Iowa County Clerk

CERTIFICATION OF ADOPTION

This is to certify that the attached resolution was duly adopted by the Iowa County Board of Supervisors on the 10th day of November, 2015.



Greg Klusendorf
Iowa County Clerk