



**CITY OF MADISON – TID #51 – SMALL CAP LENDING PROGRAM
LOAN SUMMARY REPORT
AUGUST 22, 2025**

BORROWER: Cubetti 3113, LLC

BUSINESS: Stella's of Madison, Inc.

ADDRESS: 3113 Syene Rd, Madison, WI 53713-3206

PRINCIPALS: Jennifer Patrello and Patrick Patrello

CREDIT REQUEST: \$250,000 from Small Cap TIF Program (TID #51)

AMORTIZATION: 5-year maturity. 20 % forgivable per year.

RATE: 0% fixed. 0% closing fee.

PURPOSE: Provide funding for real estate renovations at 3113 Syene Rd, Madison, WI 53713.

COLLATERAL: Second real estate mortgage on 3113 Syene Rd, Madison, WI. Assignment of Leases & Rents on 3113 Syene Rd, Madison, WI 53713. General Business Security Agreement (GBSA). Unlimited Personal Guaranty of Patrick & Jennifer Patrello. Unlimited Corporate Guaranty from Stella's of Madison, Inc.

DISADVANTAGED BUSINESS

☐ MBE
☒ WBE
☐ L-M-I Ownership
☐ Other _____

TYPE OF BUSINESS

☒ Basic
☐ Neighborhood
Years in Operation: 37

CDBG ENVIRONMENTAL REVIEW

Required: Yes _____ No x _____

Date Requested: _____

JOB IMPACT

6 Number of Jobs Created

OTHER FUNDING

- Park Bank, Owner's contribution, construction loan TBD



BACKGROUND

Stella's Madison Inc. (Stella's) has been a successful Madison-based bakery for more than 35 years. The bakery was started by Max and Coralia Harn in 1988 and their products became a staple at the Dane County Farmers Market. Max and Coralia's youngest daughter Jennifer Patrello and husband Patrick purchased shares of the family business in 2019. Jennifer and Patrick became sole owners of Stella's of Madison Inc. in June 2021. Stella's currently employs 12 full-time non-seasonal employees. And during their high season, the company employs up to 20 full-time employees and 25 part-time employees.

Over the last several years, Jennifer and Patrick worked to diversify sales into grocery stores, direct to consumer, and restaurants. The goal is to convert seasonal employees into full-time, year-round employees.

Stella's applied for the City of Madison's Small Cap TIF Program to assist in the renovation of a recent purchase, streamlining of a new facility and production line which would allow the company to hire more year-round employees and keep up with current demand.

PROJECT DESCRIPTION

The subject property is located at 3113 Syene Rd in Madison, just two blocks away from the company's current location. The property is a pre-engineered steel building on slab with metal and brick exterior. The property also includes an office space with 3 offices, small storage, and two restrooms totaling 840SF office. The warehouse totals 4160 SF and includes two loading docks and one drive-in overhead doors. The parking lot was recently repaved and includes 21 parking spots. The lot is 1.058 Acres. The company closed on the property on August 15, 2025.

In order to relocate Stella's, the space will need remodeling. The remodel will include cold storage, new equipment, as well as new roof and new HVAC. This will allow the company to automate most production which is currently done manually. This is expected to cut costs and scale production.

This credit request to MDC's Small Cap TIF Program represents a piece of gap financing for the project, which is estimated to cost \$1.194M. The funding request from the Small Cap Lending Program is for real estate renovations. The renovations are expected to take 18 months to complete, with the new facility expected to be operational by Q2 2027.



BUDGET

Stella's of Madison, Inc.	
3113 Syene Rd., Madison	
The breakdown is listed below:	
Real Estate Purchase.....	\$ 790,000
Real Estate Improvements.....	400,000
Equipment.....	150,000
	-
Total Costs	\$ 1,340,000
Less: Owner Contribution.....	\$ 185,000
Total Costs	\$ 1,155,000
 Park Bank.....	 \$ 620,000
Other Lender Construction Loan.....	\$ 285,000
Madison Development Corporation (BLP).....	-
Small Cap TIF - Lending Program.....	250,000
Total	\$ 1,155,000
Submitted By:	
Patrick and Jennifer Patrello	

MANAGEMENT

Jennifer Patrello: Jennifer Patrello is the President of Stella's of Madison, Inc. As a daughter of the original founders of Stella's, she has been affiliated with the company for decades, and she has been formally working there for over 10 years. She and her husband Patrick bought out her sister and brother-in-law to become sole owners of Stella's.

Patrick Patrello: Patrick Patrello is a graduate of the University of Michigan. He is a licensed architect with 25 years of experience and operates a sole proprietorship. He serves as Secretary, Treasurer & Baker for Stella's Bakery. As a member of the Dane County Farmers Market, he is required to help bake the products. His expertise is mixing and shaping bakery products and analyzing sales growth/costs.

Jason Harder, General Manager: Jason is a graduate from UW Madison and Madison College. He has 20 years of baking experience. He manages production and staff and Inventory. He is the schedule manager and does Stella's Social Media Marketing and Special Events.



OWNERSHIP STRUCTURE

Cubetti 3113, LCC is owned 50% by Jennifer Patrello and 50% by Patrick Patrello. Stella's of Madison, Inc. is owned 100% by Jennifer Patrello.

MDC and Park Bank will lend to Cubetti 3113, LLC.

SUMMARY OF FINANCIAL STATEMENTS

The Patrellos have provided financial statements for 2021 through 2024. These statements indicate growing cash flow for the past four years.

The Patrellos have also provided estimates for sales through 2027. Their projected growth in sales is expected to come mostly from wholesale, which saw YOY increases of 18% and 8% in 2022-2023 and 2023-2024, respectively.

Liabilities for this project will include a \$620,000 loan from Park Bank for the acquisition of the real estate, \$250,000 from the Small Cap TIF Lending Program for renovations, and a construction loan of \$285,000 for the remainder of the renovations.

Key Financial Ratios

Debt to Net Worth: 0.79

Current: 76.68

Debt Coverage: 3.92

Ratios were based on historical annual financial statements submitted by Stella's and Park Bank's credit review.

ECONOMIC IMPACT

<u>Total New Positions</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Full-Time Positions	0	0	6
Part-Time Positions	1	2	4

The company currently has 12 full-time, year-round employees and 12 seasonal, part-time employees.

The project is expected to convert most of the seasonal employees into year-round employees after the new facility is operational. Additional growth may create up to 4 new part-time seasonal employees within the next two years. These are expected to be hourly positions and will include manufacturing personnel, manufacturing supervisors, and office/administrative staff.



RISKS

Projections could be impacted in the event of an economic downturn and if worker shortages increase.

The MDC loan will be secured by the same assets as Park Bank with similar terms. The City of Madison will hold a junior position on collateral available.

COLLATERAL

Second real estate mortgage on 3113 Syene Rd, Madison, WI,. Assignment of Leases & Rents on 3113 Syene Rd, Madison, WI 53713. General Business Security Agreement (GBSA) on Stella's of Madison, Inc. Unlimited Personal Guaranty of Patrick & Jennifer Patrello. Unlimited Corporate Guaranty from Stella's of Madison, Inc.

TID-51 INTENT AND PURPOSE

The City of Madison established that the health of the Madison area economy is vital. It intends to continue to expand, stabilize and diversify its economic base. The City also recognizes that South Madison is an essential part of the greater community.

In 2023, the City of Madison in collaboration with MDC established a lending program to review, underwrite, and provide recommendations for applicants. The program is structured as a forgivable loan program for qualifying businesses for the purposes of real estate purchases, improvements, and machinery. Loans are to be structured with 0% over a 5-year term. Eligible businesses are required to remain and keep ownership of the facility for at least 5 years. Whereas 20% of the principal amount is decreased each year.

RECOMMENDATION

Based on the company's business plan and credit review by Park Bank, the project meets the criteria and goals for the Small Cap TIF Program. Staff recommends approval of \$250,000. This recommendation is contingent on final approval by the City of Madison legal review and City of Madison Common Council.