



**SMALL CAP TIF PROGRAM  
TID #51  
LOAN SUMMARY REPORT  
SEPTEMBER 18, 2023**

**BORROWER:** El Pastor, Inc (dba. El Pastor)

**BUSINESS:** El Pastor, Inc.

**ADDRESS:** 2010 Park St, Madison, WI 53713

**PRINCIPAL(S):** Rosalino Antonio Ruiz

**CREDIT REQUEST:** \$212,500

**AMORTIZATION:** 5-year maturity, fully amortized.

**RATE:** 0% Fixed, 0% Closing fee

**PURPOSE:** Real estate purchase of 2010 Park St, Madison, WI 53713.

**COLLATERAL:** Subordinate lien on all business assets of El Pastor, Inc. Second mortgage on the subject property and unlimited personal guarantee by Rosalino Antonio Ruiz.

**DISADVANTAGED BUSINESS**

MBE  
 WBE  
 L-M-I Ownership  
 Other \_\_\_\_\_

**TYPE OF BUSINESS**

Basic  
 Neighborhood  
 Years in Operation: 25

**LOCATION**

Census Tract #0014.01

**CDBG ENVIRONMENTAL REVIEW**

**Required:** Yes  No

**JOB IMPACT**

8 Number of Jobs Created

**OTHER FUNDING**

- Wisconsin Bank & Trust(WB&T) \$600,000 and owner's cash infusion

<u>Job Classifications</u>	<u>Salary</u>	<u>#Hrs/Week</u>
1. Cooks	\$20/hour	40+
2. Drivers	\$15/hour (plus tips)	40+



**BACKGROUND**

El Pastor is a full-service Mexican restaurant located in Madison, WI. Since opening in 1998, the restaurant established a reputation for traditional Mexican food, using only choice meats, seafood, fresh rice and beans, and tortillas baked daily.

Rosalino Antonio Ruiz has been managing the business since 2000 and purchased its assets in 2009. Under his ownership, El Pastor has innovated their service delivery by introducing catering services in 2009 and expanded delivery services in 2018. Under Ruiz’s management, annual sales increased by over 50%.

**PROJECT DESCRIPTION**

El Pastor is requesting funds for the purchase of the building it operates out of on Park St. The company has rented the property for over 20 years and was provided with the option to purchase. The purchase will allow El Pastor to secure the location and carry out renovations to offer a modernized environment for patrons. The owner also noted that the decision to buy is driven by a strong commitment from his children to carry on with the family business for years to come. In addition to the restaurant space, there are three apartments in the building generating additional revenue.

This credit request of \$212,500 to the Small Cap TIF Lending Program represents a piece of gap financing for the purchase, which is estimated to cost \$850,000. El Pastor has been approved for a \$600,000 loan from Wisconsin Bank and Trust (WB&T) and the owner will contribute \$37,500 in cash. The project is expected to create 8 full-time jobs.

**BUDGET**

<b>El Pastor, Inc.</b>	
All Stack Holders	
2010 S Park Street	
The breakdown is listed below:	
Real Estate Purchase.....	\$ 850,000
Real Estate Improvements.....	-
Equipment.....	-
Working Capital.....	-
<b>Total Costs</b>	<b>\$ 850,000</b>
Less: Owner Contribution.....	\$ 37,500
<b>Total Costs</b>	<b>\$ 812,500</b>
Wisconsin Bank& Trust.....	\$ 600,000
Small Cap TIF - Lending Program.....	212,500
<b>Total</b>	<b>\$ 812,500</b>
Submitted By: Rosalino Ruiz	



**MANAGEMENT**

**Rosalino Antonio Ruiz, Principal/Owner** – Ruiz has over three decades of experience in the hotel and restaurant industry. He earned a bachelor’s degree in Hotel and Restaurant Administration in Mexico, equipping Ruiz with the theoretical knowledge and business acumen necessary to manage a thriving restaurant. Ruiz’s combination of hands-on-experience and formal education have proved to be successful with the significant growth of El Pastor since 2009.

**OWNERSHIP STRUCTURE**

El Pastor, Inc., is owned 100% by Rosalino Antonion Ruiz. The loan will be personally guaranteed by Ruiz.

**SUMMARY OF FINANCIAL STATEMENTS - KEY RATIOS**

Historical financial statements were provided by El Pastor, Inc. for the years 2020-2022 and interim through July 2023. In addition, a summary of the projections was prepared for this project. These were estimated through 2025. The financials provided show steady increase in net income from 2020 to 2022. Projections estimate a 13% increase in sales per year from 2023 to 2025 and an increase in cost of food at 20% in 2023 followed by 10% the years after. Due to an increase in operating expenses including rent, equipment purchases, and salaries, net income is projected to decrease slightly in 2023 and recover in 2024.

**Key Financial Ratios**

Debt to Net Worth: 0.54  
Current: 17.8  
Debt Coverage: 1.67

Ratios were based on historical annual financial statements submitted by the borrower and WB&T’s Credit Review. A review of the interim financials through July by MDC found no adverse changes.

**ECONOMIC IMPACT**

<b><u>Total Positions</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Full-Time Positions	6	8	15

The project is expected to create 8 new full-time positions within the first two years. The company currently has 6 full-time employees and three part-time employees.

**RISKS**

- Economic conditions, changes in consumer preferences, and unforeseen events like a pandemic can significantly impact restaurant revenues. The principal has noted that it has been challenging to find new employees in the current labor market and his staff has been working overtime.



- Increase in revenue is related to the economic rebound post-pandemic. Revenues are returning to pre-pandemic levels.
- Risks on credit quality are low with a strong cash-flow position. However, the industry risk is high.
- The MDC loan will be secured by the same assets as WB&T. However, MDC will hold a junior position to the private lender.

### **COLLATERAL**

Second position on business assets of El Pastor, Inc. Second mortgage on the subject property located at 2010 Park St, Madison, WI (junior to WB&T). Unlimited personal guarantee from Rosalino Ruiz.

Based on the purchase price of \$850,000. Total debt secured by the real estate will be \$812,500, which results in a loan-to-value ratio of 95.6%.

### **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. Madison recognizes that the area encompassing the Park Street corridor is an essential part of the greater community.

The City of Madison in collaboration with MDC established a lending program to review, underwrite, and provide recommendations for prospective borrowers. The program is structured as a forgivable loan program for qualifying businesses for the purposes of real estate purchases, improvements, and permanent fixtures. Loans are 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 the beneficiary of this program owns the subject property.

### **RECOMMENDATION**

Based on the company's business plan, collateral available and owner's credit history, the project meets the criteria and the economic development goals of the Small Cap TIF Lending Program. Staff recommend approval of \$212,500 under the Program. This recommendation is contingent on final approval by the City of Madison's Common Council and review by the City of Madison's legal team.