



**CITY OF MADISON - TID-39 PROGRAM
LOAN SUMMARY REPORT
February 21, 2023**

BORROWER: JMD Holdings, LLC

ADDRESS: 2530 Agriculture Drive, Madison, WI 53716

PRINCIPALS: James Sutton

CREDIT REQUEST: \$250,000

AMORTIZATION: 5-year maturity, fully amortized.

RATE: 0% fixed. 0% closing fee.

PURPOSE: Funding for new construction at 2530 Agriculture Drive, Madison, WI 53716.

COLLATERAL: Subordinate GBSA on assets of JMD Holdings LLC and JMD Enterprise, LLC. Second Mortgage on the subject property. Corporate Guaranty from Judy's Carpet Cleaning. Unlimited Personal Guaranty from James Sutton. and Nicole Sutton.

BACKGROUND

JMD Holdings, LLC (d/b/a Smart Cleaning Solutions, SCS) was established in 2013 and is one of the fastest growing cleaning companies in Dane County. SCS takes pride in hiring great people, fostering diversity, and providing exceptional services. The company has a master cleaning schedule that covers 365 days per year and provides service all 4 seasons.

SCS offers a wide variety of cleaning services including post-construction, commercial/residential cleaning, forensic cleaning, human biohazards, medical waste, and mold remediation.

PROJECT DESCRIPTION

SCS plans to build a new facility and hired TJK Build and Design for planning the project. Currently, SCS operates out of 3035 S Stoughton Rd, which includes warehouse space and a small office of approximately 3,000sq.ft. Once the new building is complete, SCS will offer additional services to include motor homes, boats, and cars.

The proposed project will double the space to nearly 10,000sq.ft. Of this, the principal plans to make use 6,000sqft. and lease the other 4,000 for additional cash-flow. The project is expected to break ground in late Spring 2023 and expected to be completed within 8 months.

SCS is requesting \$250,000 from the TID-39 Program to help finance the construction of the building at 2530 Agriculture Drive in Madison. The founder is also seeking capital from Park Bank and the Commercial Ownership Assistance Grant through the City of Madison.



A **Site Plan** is attached to this Credit Request.

BUDGET

The project budget is outlined as follows:

Uses of Funds:	Amount	Sources of Funds:	Amount
Land Purchase:	\$196,000	Park Bank Loan:	\$700,000
Construction Improvement:	990,000	MDC Loan:	250,000
Closing Costs:	27,000	Commercial Ownership Assistance Grant:	250,000
	0	Borrower Contribution:	13,000
Total	\$1,213,000	Total	\$1,213,000

SUMMARY OF FINANCIAL STATEMENTS

Historical financial statements were provided for 2019, 2021 and interim 2022. Projections were estimated through 2025. The financials note revenues are primarily from commercial and post-construction cleaning. Since 2020, sales have decreased nearly 50%. This is due to a change in scope of cleaning services and not client loss. The company expects an increase in its client base and capacity with a new building.

The larger portion of liabilities include a \$30,000 line of credit, which matches the UCC Search. Liabilities showed Payment Protection Program loans, but the founder provided documentation to evidence full loan forgiveness.

There will be no interest expense expected for this TID-39 Loan. However, in the event of default, the company is expected to fully repay the principal amount.

KEY RATIOS

Per Park Bank’s Credit Review:

Debt to Net Worth: 0.30

Current Ratio: 0.37

Debt Coverage Ratio: 1.9

This TID-39 Loan will not have debt service or accrued unless the borrower defaults on its obligations under the program guidelines.



ECONOMIC IMPACT

<u>Total Positions</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Full-Time Positions	6	15	20

The project is expected to create 12-15 new full-time positions within the first two years. The company currently supports 6 full-time and 8 part-time employees. These are expected to be hourly positions, and will include team leads, cleaning staff and detail technicians.

RISK AND COLLATERAL

While the business saw an increase in sales in years leading to the Covid-19 Pandemic, sales have decreased significantly in 2022. This is attributed to the change in scope for cleaning services by current clients.

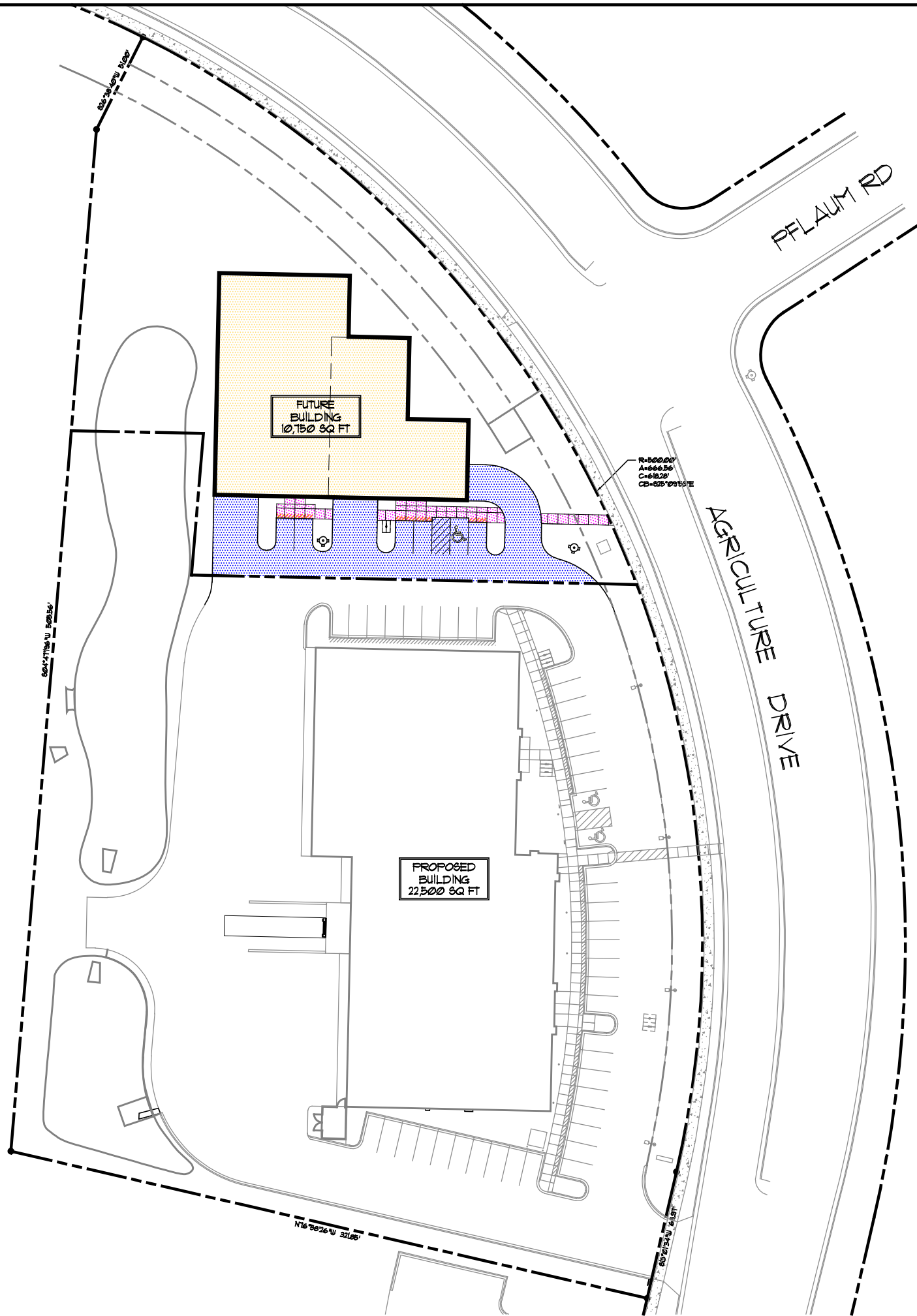
TID-39 INTENT AND PURPOSE

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 also recognizes that the area encompassing the Stoughton Road industrial corridor is an essential part of the greater community.

In 2020, 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.

RECOMMENDATION

Based on the company’s business plan and credit review by Park Bank and WWBIC, the project meets the criteria and goals for the TID-39 Program. Staff recommends approval of \$250,000 under MDC’s TID-39 Program. This recommendation is contingent on final approval by the City of Madison legal review and City of Madison Common Council. The recommendation is also contingent upon approval of a business loan by Park Bank.



1 PROPOSED SITE PLAN
 C-1.1 SCALE: 1" = 30'-0"



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 MADISON, WI 53703
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REV	DATE

PROPOSED FACILITY FOR:
LOT 8 MULTI-TENANT SITE OPTION
 2530 AGRICULTURE DRIVE
 MADISON, WI

C-1.1

9.21.22