

Community Development Authority
MCRF Loan Report
March 10, 2016

Borrower: Sherman Plaza, Inc.

Project:

Sherman Plaza, Inc. ("Borrower") proposes to make parking lot improvements to in front of the 23,500 square foot Pierce's grocery store (that will soon be vacant), located in the North Side Town Center property at 2817 North Sherman Avenue ("Property"). The parking improvements are a condition of lease wherein the Borrower proposes to lease said space to the Willy Street Co-op ("Tenant").

Total project cost is estimated at approximately \$250,000

Comments:

Borrower requests a \$250,000 MCRF loan.

Borrower is leasing to Tenant at a rate of \$4.75/SF for a term of 10 years with two 5 year renewals.

Borrower intends to commence tenant improvements in May to be completed in June of 2016.

Property has a \$7,930,000 in outstanding mortgages not including the proposed MCRF loan. A 2013 appraisal indicates a value of \$14.8 million.

Sources and Uses

MCRF Loan	250,000
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Uses

Parking Lot Resurfacing	(\$250,000)
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Loan to Value Calculation

MCRF Loan to Value Policy	90% (including MCRF loan)
Estimated Value (Dec, 2013)	\$14,800,000

Bank Loan Balance- #1	\$1,960,000	Terms: 3 yr, 4%, 1 st mortgage, First Business Bank
Bank Loan Balance- #2	\$5,892,000	Terms: 3 yr., 4% 1 st mortgage, First Business Bank
MGE Loan Balance	78,000	
MCRF Loan	\$250,000	
Total Loans	\$8,180,000	

Estimated Loan to Value with MCRF	55%
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Recommendation:

Staff recommends a \$250,000 loan evidenced by a 5-year note, 10-year amortization, paid quarterly, with a balloon payment of principal and interest due at note maturity. Interest rate to be 3% fixed for the term of the loan. Borrower shall provide the City with a subordinate mortgage interest (preferably a second mortgage) in the Property. The City shall receive the personal guaranty of David W. Bruns and Donald B. Bruns in the amount of the MCRF loan. MCRF Loan funds shall be disbursed upon completion of construction ("end loan") as evidenced by an occupancy permit and evidence of compliance with all applicable City ordinances. Prior to loan disbursal, Borrower shall provide the City with a current appraisal of the Property that shall demonstrate, to the City's satisfaction, that all liens and mortgages against the Property, including the MCRF loan, shall not exceed 90% of the Property's fair market value.

