



## MEMORANDUM

**To:** Board Members  
Alaska Industrial Development and Export Authority

**From:** Tom Boutin  
CEO/Executive Director

**Date:** March 6, 2019

**Subject:** Loan Summary – Maple Springs Palmer MOB, LLC  
Loan Resolution No. L19-01

Loan Request Wells Fargo Bank requests AIDEA’s participation of \$3,780,000 (90%) in a \$4,200,000 loan.

Term

| Lender      | Amount      | Term     | Structure         |
|-------------|-------------|----------|-------------------|
| AIDEA       | \$3,780,000 | 25 years | Fixed for 25 yrs. |
| Wells Fargo | \$420,000   | 10 years | Fixed for 10 yrs  |
| Total       | \$4,200,000 |          |                   |

Borrower Maple Springs Palmer MOB, LLC

Guarantors Alaska Pediatric Dentistry, LLC, Roger D. Beck, Erickson Investments, LLC, Wade S. Erickson, Heather Erickson, Maple Springs of Palmer SNF Holdings, LLC, and Nicholas A. Larsen

Use of Proceeds Payoff construction financing for a new medical-office building located in Palmer.

Project Newly constructed 18,199 SF medical-office building with three owner related tenants located at 12000 Palmer-Wasilla Hwy, Palmer, AK

Job Creation 40 construction jobs. 25 new permanent.

Management The borrowing entity is managed by its member, Dr. Wade Erickson, who is an experienced commercial real estate owner and successful business person.

### Collateral and Value

First Deed of Trust in first lien position on the improvements located on the subject property. The physical location is 12000 E. Palmer-Wasilla Highway, Palmer, AK

Brian Bethard, MAI, with Black-Smith, Bethard & Carlson, LLC, appraised the “At Completion” and “At Stabilization Occupancy” Fee Simple value of the property at \$5,600,000.

This loan participation has a Loan-to-Value ratio of 75%, which is within AIDEA guidelines. Projected debt service coverage is 1.49 times to 1.

### Related Debt

Wade and Heather Erickson currently guaranty three AIDEA loan participations to other entities. The related loans and the subject loan will have a combined balance of \$15,514,215. The related loans are current and have been paying as agreed.

### Financial Information

Specific confidential financial information will be provided to Board members under separate cover.

### Environmental

No issues noted.

### Market

The growing medical field is a bright spot in the economy and the real estate market. The medical sector has been source of new jobs in recent years and continues to grow. As a result, the demand for medical office space continues to be positive in the commercial real estate market.

The Palmer-Wasilla commercial real estate market is characterized by having a limited amount of quality medical office space. New medical space is typically owner occupied, which can support higher construction costs.

### Strengths

- Debt Service Coverage Ratio of 1.49 is above the 1.25 guideline.
- Collateral is owner occupied.
- A stable cash flow is projected from leases with 12-year terms.
- Guarantors provide outside financial support.
- Owners have profitable business interests.

Weaknesses

- No extraordinary risk beyond typical real estate market cycles.

Portfolio Diversification

As of December 31, 2018, AIDEA had 21.3% of its total statewide portfolio secured by office type properties. This will increase to 22.0%. For participated loans within the Mat-Su region, 18.4% of AIDEA's total portfolio is attributed to office type projects. This loan will increase penetration of the office type properties to 20.3% in the Mat-Su region.

Recommendation

Staff recommends approval of Loan Resolution No. L19-01 as presented with the following conditions:

- A. AIDEA's approval of the final recorded plat. Plat to be completed and executed in accordance to the proposed plat used in the appraisal.
- B. Appraiser to inspect and certify that project has been completed per the plans and specifications in the appraisal and its value is no less than \$5,600,000.

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. L19-01**

**A RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY REGARDING PURCHASE BY THE AUTHORITY OF A PARTICIPATION IN MAPLE SPRINGS PALMER MOB, LLC.**

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**WHEREAS**, Wells Fargo Bank, has filed an application with the Alaska Industrial Development and Export Authority (the “Authority”) requesting that the Authority purchase a participation in a loan to Maple Springs Palmer MOB, LLC (the “Loan”) under the Authority’s loan participation program (AS 44.88.155 et seq.);

**WHEREAS**, the nature, purpose and terms of the Loan and the Authority’s participation are described in the attached Memorandum (the “Memorandum”) from Authority staff;

**WHEREAS**, staff of the Authority has recommended that the Authority purchase the participation in the Loan, subject to certain conditions, as described in the Memorandum;

**WHEREAS**, the Authority’s participation in the Loan is consistent with all requirements for such participation provided in AS 44.88.155 et seq. and the applicable regulations of the Authority related to such participations provided in 3 AAC 99.200 - .390;

**WHEREAS**, it is the Authority’s policy that the purchase of a loan participation be approved by the Authority’s board if the Authority’s participation in the loan will equal or exceed \$3,000,000, or if the aggregate amount of the Authority’s participation in loans to any borrower or guarantor will exceed \$5,000,000;

**WHEREAS**, the dollar amount of the subject participation is \$3,780,000;

**WHEREAS,** Wells Fargo Bank requests the Authority to purchase \$3,780,000 (90%) of the \$4,200,000 Loan; and

**WHEREAS,** it is in the best interest of the Authority that the Authority purchase the participation in the Loan, subject to conditions recommended by staff as described in the Memorandum.

**NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**


Section 1. The Authority's purchase of the participation in the Loan as described in the Memorandum is approved, subject to the conditions recommended by staff as set forth in the Memorandum. The Executive Director is authorized to approve such non-material changes in the terms and conditions of the Loan and the Authority's participation as the Executive Director, in his discretion, determines appropriate.

Section 2. The Executive Director of the Authority and the Director-Commercial Finance of the Authority are authorized to take such actions as may be necessary or convenient to consummate the purchase of the participation in the Loan including, without limitation, issuing a commitment with respect to the Authority's participation in the Loan.

DATED at Anchorage, Alaska on this 6<sup>th</sup> day of March 2019.



  
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Chair

  
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Secretary