



**MEMORANDUM**

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

**From:** Tomas Boutin  
Executive Director

**Date:** May 22, 2019

**Subject:** Loan Summary – Sun Mountain Development Group, LLC – Unit E (Sonic)  
Loan Resolution No. L19-07

Loan Request Northrim Bank requests AIDEA’s participation of \$1,017,000 (90%) in a \$1,130,000 loan.

Term

Lender	Amount	Term	Structure
AIDEA	\$1,017,000	25 years	Fixed for 25 yrs.
Northrim Bank	\$113,000	10 years	Variable for 10 yrs.
Total	\$1,130,000		

Borrower Sun Mountain Development Group, LLC, LLC

Guarantors A & C Investments, AMG & Associates, LLC, Alexis M. Gevorgian Jr., Odet Najarian, H5 Construction, LLC, Cameron J. Johnson, James E. Hacker, Lisa J. Hacker, Daniel E. Hacker, Jodi M. Hacker, Twenty Eight Inv., LLC, Andrew A. Ingram and Shannon M. Ingram.

Use of Proceeds Term financing for a fast food restaurant in Wasilla. Proceeds will be used to pay off construction financing provided by Northrim Bank.

Project Newly constructed Sonic Restaurant located in the core-business area of Wasilla.

Job Creation 115 construction and 45 new permanent jobs will be supported.

Management The principal owners, Alexis M. Gevorgian Jr., Cameron J. Johnson, and Andrew A. Ingram, are all seasoned commercial real estate owners and successful business persons.

### Collateral and Value

First Deed of Trust on the improvements located at Unit E, of the The Shoppes At Sun Mountain, site condominium project in Wasilla. The improvements consist of a newly constructed Sonic fast food restaurant with 2,720 SF. The restaurant will have a 64-seat dine-in area and car-hop service. Guarantors, Alexis M. Gevorgian Jr. and Cameron J. Johnson are the majority owners in the franchise.

Greg Wing, MAI, with North Pacific Advisors, LLC, appraised the fee simple market value of the property at \$2,260,000.

This loan participation has a Loan-to-Value ratio of 50%, which is within AIDEA guidelines. Projected debt service coverage is 2.35 times to 1.

### Related Debt

Concurrently with this request, Sun Mountain Development Group, LLC is requesting AIDEA to participate in two other loans. Assuming the three participations are approved and closed, AIDEA's loan relationship with the borrower will total \$7,009,200.

AIDEA has two other loan participation commitments (not funded) with guarantors of the subject participation request. These loans total \$3,947,624.

AIDEA's maximum loan participation to the related guarantor will be \$10,956,825, when all loans are funded.

### Financial Information

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

### Environmental

No issues noted.

### Market

The overall vacancy rates for restaurant type properties in Wasilla are between 4% and 8%. The outlook is for the continuance of high-occupancy levels for those properties that are well designed and located with competitive rental rates.

Strengths

- Loan to Value at 50% is deemed as very well secured.
- Tenant lease are for a minimum of 10 years with (2) 5-yr. options.
- Newly constructed collateral.
- Sonic restaurants have a successful business model.
- Debt Service Coverage Ratio of 2.35 is above the 1.25 guideline.
- Strong outside financial support is available from the guarantor.

Weaknesses

- No extraordinary risk beyond typical real estate market cycles.

Portfolio Diversification

As of March 31, 2019, total dollars in the Mat-Su region, as a percentage of AIDEA's total portfolio dollars statewide will increase from 17.7% to 17.9%. AIDEA had 2.3% of its total statewide portfolio secured by restaurant type properties. This will increase to 2.6%. For participated loans within the Mat-Su region, 1.4% of the portfolio is attributed to restaurant type projects. This loan will increase penetration of the restaurant type properties to 12.7% in the Mat-Su region.

Recommendation

Staff recommends approval of Loan Resolution No. L19-07 as presented.

# AIDEA Credit Presentation

<b>BORROWER:</b> Sun Mountain Development Group, LLC–Unit E (Sonic Restaurant)	Bank: Northrim Bank
<b>CO-BORROWER:</b> None	Originating Officer: Sue Wolf
<b>ADDRESS:</b> 1663 Ventura Blvd, Suite 1014, Encino, CA 91436	Loan Officer: Bill Phelan
	Date: May 6, 2019

C-Corp  
 S-Corp  
 LLC  
 General Partnership  
 Ltd Partnership  
 Sole Proprietorship  
 Individual  
 BOND SALE

<b>BUSINESS:</b> Real estate holding company owned by the guarantors	NAICS: 531120
<b>GUARANTORS:</b> A & C Investments, AMG & Associates, LLC, Alexis M. Gevorgian Jr., Odet Najarian, H5 Construction, LLC, Cameron J. Johnson, James E. Hacker, Lisa J. Hacker, Daniel E. Hacker, Jodi M. Hacker, Twenty Eight Inv., LLC, Andrew A. Ingram and Shannon M. Ingram.	
<b>LOAN PURPOSES:</b>	
<input type="checkbox"/> Refinance <input checked="" type="checkbox"/> New Construction <input type="checkbox"/> Acquisition <input type="checkbox"/> Assumption <input type="checkbox"/> Equity Extraction <input type="checkbox"/> Energy Development Project	
<b>LOAN PROGRAM:</b>	
<input checked="" type="checkbox"/> Loan Participation <input type="checkbox"/> Business Assistance Program <input type="checkbox"/> OREO Sale <input type="checkbox"/> AIDEA 100% Owned	
<b>COMMITMENT TERM:</b> One year	<b>ANTICIPATED FUNDING DATE:</b> November 10, 2020
<b>JOBS SUPPORTED /RETAINED:</b> 115 construction jobs and 45 new permanent jobs will be supported.	

PARTICIPATION	Loan Amount	Percentage	Rate	Payment		Term
				Monthly	Annual	
Northrim	\$113,000	10%	Variable <sup>1</sup>	\$1,225.23	\$14,702.76	10 years:
AIDEA	\$1,017,000	90%	Fixed <sup>2</sup>	\$5,368.10	\$64,417.20	25 years
<b>TOTAL</b>	<b>\$1,130,000</b>			<b>\$5,593.33</b>	<b>\$79,119.96</b>	Effective Amo: 21.5 years

Related Debt      Committed/Unfunded \$3,947,625; 3 Proposed Loans \$7,009,200; Fully Funded \$10,956,825

GUARANTEE	Loan Amount	Guarantee Percentage	Guarantee Amount	Rate	Payment		Term
					Monthly	Annual	
None							

COLLATERAL DESCRIPTION AND VALUE				
Description	Appraisal Date	Source	Appraised Value	Loan to Value
First lien on a 2,720, SF Sonic Restaurant at NHN Sun Mountain Avenue, Wasilla, AK	March 3, 2019	Gregory S. Wing, MAI North Pacific Advisors, LLC	\$2,260,000	50%

APPROVALS/DECLINES
<p>Comment:</p> <p>Loan Committee approved this participation request on May 10, 2019.</p>

CONDITIONS OF APPROVAL

<sup>1</sup> Lender – 3 yr. FHLB index, Initial rate 5.48%

<sup>2</sup> AIDEA – 20-year rate, underwritten at 4.0%

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. L19-07**

**A RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY REGARDING PURCHASE BY THE AUTHORITY OF A PARTICIPATION IN SUN MOUNTAIN DEVELOPMENT GROUP, LLC – UNIT E (SONIC).**

**WHEREAS**, Northrim 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 Sun Mountain Development Group, LLC – Unit E, (Sonic) (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 three proposed collective loans will total \$7,009,900, subject to the approval of Resolutions No. L19-06, No. L19-07, and No. L19-08;

**WHEREAS,** Northrim Bank requests the Authority to purchase \$1,017,000 (90%) of the \$1,130,000 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:**

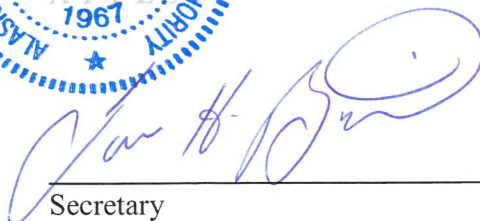
Section 1. The Authority's purchase of the participation in the Loan as described in the Memorandum is approved, subject to the conditions recommended by staff as set forth in the Memorandum. The Executive Director is authorized to approve such non-material changes in the terms and conditions of the 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 22nd day of May 2019.

  
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Chair



  
\_\_\_\_\_  
Secretary