



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority

From: Tom Boutin
CEO/Executive Director

Date: June 26, 2019

Subject: Loan Summary – Debora, LLC
Loan Resolution No. L19-09

Loan Request Northrim Bank (NRM) requests AIDEA's participation of \$3,010,500 (90%) in a \$3,345,000 loan.

Term

Lender	Amount	Term	Structure
NRM	\$334,500	10 years	3 yr. variable rate
AIDEA	\$3,010,500	25 years	Fixed rate
Total	\$3,345,000		Includes accelerated amortization

Borrower Debora, LLC

Guarantor Charles and Jacqueline Spinelli, Spinell Homes, Inc., Chuck and Jackie Spinelli Jt. Rev. Trust DTD 4/23/2002

Use of Proceeds Payoff Northrim construction financing as well as closing costs.

Project Planet Fitness located at 17151 North Juanita Loop; Eagle River, AK

Jobs Supported 100+ Construction jobs and 20 new jobs.

Management The subject will be professionally managed by the franchisees, who have a management team that manages their other Planet Fitness locations. The borrower will be responsible for maintenance of the exterior of the building only; while tenant maintains the majority of the property.

Collateral and Value

Deed of Trust; recorded first lien position on improvements located on the subject property.

Scott Montalbo, a real estate appraiser for North Pacific Advisors, LLC appraised the facility to have a market value of \$4,860,000, which provides a 69% loan to value; this is within AIDEA guidelines. The projected net operating income for 2019 is proposed to service debt 1.63:1, per the appraisal.

Related Debt

The borrower has one outstanding loan with AIDEA/Northrim for the Settler's Bay Urgent Care facility in Wasilla with an AIDEA balance of \$2,008,490.13. Upon approval of the subject, the total outstanding debt to AIDEA will be \$5,018,990.13.

Financial Information

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

Environmental

No issues noted.

Market

There are only two major health clubs in the Eagle River area; The Alaska Club and a CrossFit gym. There are also two health clubs in the Wasilla area. (*Note: Spinell Homes, Inc. is the contractor the new Planet Fitness currently being built in Wasilla, which will also be occupied by the subject tenant. This facility is not expected to impact the subject, as they will be drawing customers from a different market*). Continued population increases in the Eagle River area is expected to fuel growth in this area. It should also be noted that there are currently three Planet Fitness facilities in the Anchorage area, so there should be a fairly significant pool of people who area already members of Planet Fitness that live in the Eagle River area.

Strengths

- Professionally Managed
- New Construction
- Low LTV of 69%
- Spinelli's are well known developers with a long history in the State of Alaska
- Well known tenant – Planet Fitness
- Good site location/exposure in Eagle River

Weaknesses

- No extraordinary risk beyond typical market risk.

Portfolio Diversification – As of March 31, 2019

Total dollars in the Anchorage region, as a percentage of AIDEA's total portfolio dollars statewide will increase from 45.87% to 46.25%. AIDEA had 20.01% of its total statewide portfolio in the Retail industry. This will increase to 20.56%. For participated loans within the Anchorage region, 25.80% is attributed to Retail projects. This loan will increase penetration of the Retail industry to 26.91% in the Anchorage region.

Recommendation

Staff recommends approval as presented.

AIDEA Credit Presentation

BORROWER: Debora, LLC	Bank:
CO-BORROWER:	Northrim Bank
ADDRESS: 1900 W. Northern Lts. Blvd. Ste. 200 Anchorage, AK 99517	Date: June 26, 2019

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

BUSINESS: Real Estate Investor	NAICS: 531120
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GUARANTORS: Spinell Homes, Inc., Charles and Jacqueline Spinelli, Chuck and Jackie Spinelli Jt. Rev. Trust DTD 4/23/2002

LOAN PURPOSES:	EE Purpose:
<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	

LOAN PROGRAM:
<input checked="" type="checkbox"/> Loan Participation <input type="checkbox"/> Business Assistance Program <input type="checkbox"/> OREO Sale <input type="checkbox"/> AIDEA 100% Owned

COMMITMENT TERM: 18 Months	ANTICIPATED FUNDING DATE: October 31, 2020
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ESTIMATED JOBS SUPPORTED: 100+ construction jobs and 20 new jobs created

PARTICIPATION	Loan Amount	Percentage	Rate	Payment		Term
				Monthly	Annual	
NRIM	\$334,500	10%	Variable ¹	\$3,623.58	\$43,482.96	10 years
AIDEA	\$3,010,500	90%	Fixed ²	\$15,039.00	\$180,468.00	25 years
TOTAL	\$3,345,000			\$18,662.68	\$223,950.96	Effective Amo: 21.50 years

Related debt	\$2,008,490.13
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GUARANTEE	Loan Amount	Guarantee Percentage	Guarantee Amount	Rate	Payment		Term
					Monthly	Annual	
Originator							

COLLATERAL DESCRIPTION AND		Appraisal Date	Source	Appraised Value	Loan to Value
Description		April 10, 2019	Scott Montalbo, Real Estate Appraiser for North Pacific Advisors, LLC	\$4,860,000 "At Stabilization"	69%
Proposed Planet Fitness located at 17151 North Juanita loop; Eagle River, AK					

<p>Comments:</p> <p>Loan Committee approved this participation request on June 3, 2019.</p>
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CONDITIONS OF APPROVAL

¹ Bank's 3 year variable rate; initially 5.46%

² AIDEA's 20 year fixed rate of 3.48%

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. L19-09

**A RESOLUTION OF THE ALASKA INDUSTRIAL
DEVELOPMENT AND EXPORT AUTHORITY
REGARDING PURCHASE BY THE AUTHORITY OF A
PARTICIPATION IN DEBORA, LLC.**

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 Debora, 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 loan participation will total \$3,010,500.

WHEREAS, Northrim Bank requests the Authority to purchase \$3,010,500 (90%) of the \$3,345,000 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.

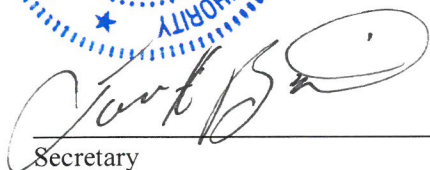
NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

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 26th day of June, 2019.




Secretary


Chair