

City of Peoria
ECONOMIC DEVELOPMENT DEPARTMENT
MEMO

DATE: May 7, 2019

TO: Patrick Urich, City Manager
Deborah Roethler, Assistant City Manager

FROM: Cesar J. Suarez, Senior Development Specialist

SUBJECT: Loan Review Panel Recommendation – Pop-A-Shot & Foldan Ventures

Tony Stucker, owner of both Pop-A-Shot LLC (business) and Foldan Ventures LLC (building owner), has submitted a loan application requesting \$250,000 in gap financing from the City's RLF Program. A total investment of \$1.65 million is planned to renovate 918 SW Adams and relocated his business to Peoria, where Pop-A-Shot will lease from Foldan Ventures. The project would create at least 10 new jobs.

Upon review of the loan application (attached) and supporting documentation the Loan Review Panel recommend the loan be approved based on the following:

The loan meets the following Revolving Loan Fund Guidelines:

1. The business will provide 10% equity or more, (5% or more if MBE)
2. The revolving loan does not exceed 33% of the project cost (50% if MBE).
3. There amount of loan is within \$25,000 per job created (\$30,000 if MBE).
4. There is sufficient cash flow to cover all required payments.

The following terms and conditions of the loan are recommended:

1. A loan amount of \$250,000 at an interest rate of 4% for a term of 10 years, amortized over 20 years. The loan be disbursed 50% at closing and 50% upon receiving occupancy permit. The loan would initially be interest-only at start of construction and principal and interest payments starting upon construction completion, or within 9 months whichever occurs first.
2. Loan to be secured with: a) a 2nd mortgage of \$250,000 mortgage 918 SW Adams, b) 2nd mortgage of \$220,000 on his personal home, c) a UCC on all business assets for both LLC, c) a corporate guarantee on both LLCs, and d) a personal guarantee of Tony Stucker,
3. The loan would be subordinate to the bank's loan.
4. City to be named additional insured in business insurance policy.

REVOLVING LOAN FUND - APPLICATION

I. Application Information:

Name of Business: <u>Pop-A-Shot & Foldan Ventures LLC</u>	Name of Applicant (if different): _____
Address: <u>200 North Third St.</u>	Address of Project (if different): <u>918-926 SW Adams</u>
City/State/Zip: <u>Salina, KS 67401</u>	City/State/Zip: <u>Peoria, IL 61602</u>
Owner/President: <u>Anthony Stucker</u>	Relationship of Applicant to Business: <u>Owner</u>
Telephone: <u>(650) 796-0321</u>	Telephone: _____
Email: <u>tony@popashot.net</u>	Email: _____

Applicant is organized as: an Individual a Corporation a Partnership Other _____

Date Business Established: 7/1/2016

Loan Amount Requested: \$ 250,000

II. Project Description: (please write or attach a summary)

This project consists of Foldan Ventures purchasing the property at 918-926 SW Adams which consists of four buildings (see Exhibit A), and renovating Building 3 (918 SW Adams). Pop-A-Shot would then lease the entire two floors of Building 3--4,000 sf of office on the first floor and 4,000 sf for assembly on the lower level.

Building 3 will require a complete renovation to include: demolition of storage facility (Bldg 4), gutting the interior, installing all new mechanicals, a new roof; adding an elevator; replacing stairs; new interior walls and restrooms; new windows and entry way, and an expanded parking lot for employees.

III. History of Business /Applicant: (please write or attach a summary)

Pop-A-Shot (<https://www.popashot.net>) was founded in 1981 in Salinas, KS where it created the first electronic arcade basketball game. It has since become synonymous with arcade basketball games.

In July 2016 Anthony Stucker bought the company and since its purchase Mr. Stucker has grown the business in preparation for a relocation and expansion. The key reason for growth is due to Mr. Stucker's expertise in sales and marketing, in which he has over 30 years experience in media, advertising, publishing, sales, and social media.

Pop-A-Shot currently produces four products with the majority of its revenues associated with the Home Dual Shot basketball arcade game . Other product lines include Home Single Shot, PRO Dual Shot, and Premier Games. Projections for 2019 and the following years are expected to grow further with the introduction of new product lines to included branded games and gaming software.

REVOLVING LOAN FUND - APPLICATION

IV. Project Financing:						
Sources and Uses of Funds						
Uses of Funds						
Uses of Funds (Project Costs)	Total Amount	%	Total Amount - Breakout			
			Owner's Equity	Bank	City RLF	County RLF
Acquire Real Estate	\$ 450,000	27%	140000	460000	75000	
Construction/Renovation	\$ 1,200,000	73%	300000	500000	175000	
Infrastructure Improvements		0%				
Machinery and Equipment		0%				
Furniture & Fixtures		0%				
Inventory		0%				
Working Capital		0%				
TOTAL PROJECT COST	\$ 1,650,000	100%	\$ 440,000	\$ 960,000	\$ 250,000	\$ 0
Sources of Funds						
Sources of Funds	Total Amount	%	Interest Rate	Term (years)	Collateral & Lien Position	
Equity	\$ 440,000	27%				
Bank	\$ 960,000	58%				
City RLF	\$ 250,000	15%				
City Other		0%				
County RLF		0%				
Other 1		0%				
Other 2		0%				
TOTAL SOURCES OF FUNDS	\$ 1,650,000	100%				
<p>Documents Required (please provide after completing form and meeting with staff):</p> <ol style="list-style-type: none"> 1 Income/Cash Flow Statements - Business Actual/Projected/Year-to-Date (3 years past/forward) 2 Balance Sheet - Business Actual/Projected/Year-to-Date (3 years past/forward) 3 Sources and Uses of Funds - Finance Commitment Letters from Lenders or Equity Investors 4 Personal Financial & History Statement - Current SBA Form 413, and Personal History Statement 5 Federal Tax Returns - Business and Owners (of 20% or more) for 3 years past, IRS-Form 4506-T 6 Schedule of Debt - Mortgages, Loan Agreements, Promissory Notes, Liens 7 Schedule of Collateral - Valuation/Description of Assets, Appraisals, Titles, Environmental Studies 8 Legal Documents - Corporate By Laws, Partnership Agreements, Leases 9 Startup Business - Above docs plus: Business Plan, and monthly income/cash flow statement in year 1 						

REVOLVING LOAN FUND - APPLICATION

V. JOB RETENTION & CREATION:

Employment characteristics of the company and project should be described below.

Employee Certification Form (EIC) must be submitted with the application for existing employees.

PLEASE NOTE: Job Projections should be based upon full-time equivalent positions (2080 hours = 1 FTE) after two years.

	Total Jobs	Sales Tax	Property Tax
Current	0		
To Be Retained			
To Be Created	10		
TOTAL IMPACT	10	\$ 0	\$ 0

VI. APPLICANT ASSURANCES

The applicant provides the following assurances of compliance according to the City's RLF Program guidelines.

1. The applicant is an Equal Employment Opportunity Employer, pursuant to Federal guidelines
2. The applicant agrees to provide additional documentation, if necessary part of loan.
3. The applicant agrees to a personal credit check and business check as a condition of the loan.
4. The applicant agrees to sign a personal guarantee on the loan, if necessary.
5. The applicant agrees to provide project and financing information on a periodic basis to the City of Peoria.



Signature of Applicant

5/7/19

Date

The space below is reserved for the City of Peoria

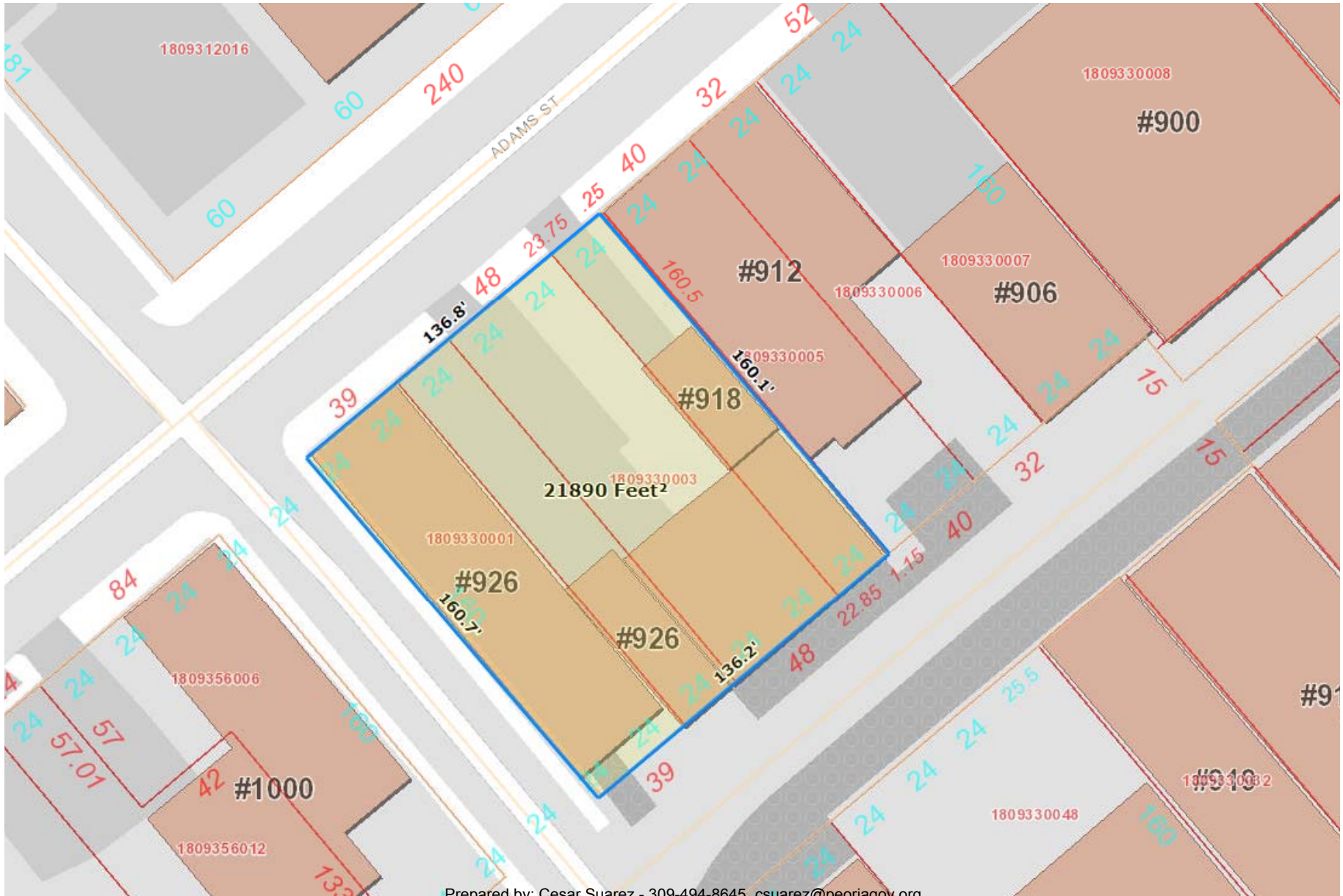
Findings

<u>No. of Retained Jobs</u> (F.T.E)	<u>No. of New Jobs</u> (F.T.E)	<u>Total Jobs</u> (F.T.E)	<u>Factor</u>	<u>Maximum Loan</u>
_____	_____	_____	\$25,000	_____
			times	\$35,000
				_____ job basis
			times	50%
				_____ PI basis
			times	33 - 50%
				_____ PC basis
MAXIMUM LOAN AMOUNT				\$ -

918 to 926—SW Adams Street



918 to 926—SW Adams Street



Prepared by: Cesar Suarez - 309-494-8645, csuarez@peoriagov.org