

City of Peoria
ECONOMIC DEVELOPMENT DEPARTMENT
MEMO

DATE: April 19, 2016

TO: Patrick Urich, City Manager

FROM: Cesar J. Suarez, Senior Development Specialist

SUBJECT: **Loan Review Panel Advisement – AFHS PEORIA LLC.**

Mike and Sheila Bruegge, owners of AFHS PEORIA LLC (Ashley Furniture) located at 8727 Knoxville Avenue, have submitted a request (attached) to extend their current loan with the City for an additional five (5) years. All other lenders, indicated that payments were current, and approvals for their loan extensions have been made.

Ashley Furniture's original loan with the City was \$150,000. The loan started April 1, 2011 and had a five (5) year term, amortized over ten (10) years, and had a shared collateral position with Peoria County. A total investment of \$1.35 million was made for leasehold improvements, inventory, and delivery trucks. Also, Ashley Furniture has hired 29 full-time and 2 part-time individuals to work in the retail store and distribution center.

Upon review of the loan extension request and financial structure of the loan, the Loan Review Panel on April 15, 2015 advises the loan extension be approved based on, and according to the following:

The loan meets the following Revolving Loan Fund Guidelines:

1. There has been a determination of a financial gap.
2. The business will provide 10% equity or more, (5% or more if MBE, SDBE, DBE)
3. The amount does not exceed: a) 33% of the project cost (50% if MBE, SDBE, DBE), b) \$25,000 per job created/retained (\$30,000 if MBE, SDBE, DBE), and c) \$250,000.
4. There is sufficient cash flow to cover all required payments.

The following terms and conditions of the loan are recommended:

1. Loan Terms – The original loan of \$150,000 at an interest rate of 4% for a term of 5 years, amortized over 10 years, would be extended an additional 5 years. Monthly payments will be 60 payments of principal and interest. The loan will be subordinated to bank loan.
2. Collateral – The loan will continue to be shared with Peoria County and secured with: a) a personal guarantee from Mike and Sheila Bruegge, and b) title lien a three delivery trucks

While the original loan included an assignment of life insurance policy in the amount of \$150,000, that policy expired. Staff requested and Mr. Bruegge agreed to secure the loan with a UCC on inventory at the Peoria store in lieu of a new assignment of life insurance.

City of Peoria % Cesar Suarez
Economic Development Department
City of Peoria, Suite 207
419 Fulton St, Peoria, Illinois 61602

Subject: Loan Extension for AFHS PEORIA, LLC D/B/A Ashley Furniture
Homestore

Date: 02-04-2016

Dear Cesar,

My company AFHS Peoria, LLC D/B/A as Ashley Furniture HomeStore located at 8727 N. Knoxville Ave. would appreciate the extension of my city and county loans. We employ 29 full time and 2 part time employees at the Peoria HomeStore.

My original financial plan is to pay off my Peoria County & City loans in 10 years from the start date, which will be 2020. I have been consistent in my loans payments and to keep cash flow stability in my business need another 5 years extension. A payoff of my loans would create a financial hardship and jeopardize the success of my retail furniture store.

Sincerely,

Mike Bruegge, Owner
AFHS DC, LLC
8727 N. Knoxville Ave.
Peoria, Illinois 61605



Ashley Furniture HomeStore

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