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# EISENHOWER & LINCOLN SPECIALTY GROCERY REDEVELOPMENT

City Council Study Session  
September 23, 2014  
Loan Agreement

# Vision for Loveland



# Grocery Experience



# Project Benefits

- Eliminate blight
- Eliminate sales tax leakage
- Generate jobs – 90 to 120
- Redefine the intersection
- Attractive gateway
- Catalyst for additional redevelopment





# Eisenhower & Lincoln

## Project Cost Overview

Land Costs: \$3,251,180

(cost of acquisition of 4 homes plus 3 commercial buildings and demo)

Hard Costs: \$4,831,972

(building costs, onsite costs, offsite costs)

Soft Costs: \$1,223,402

(architectural and engineering, city fees, development fee, *includes waiver of building permit fees and construction materials use tax of \$96,378*)

Financing Costs: \$292,200

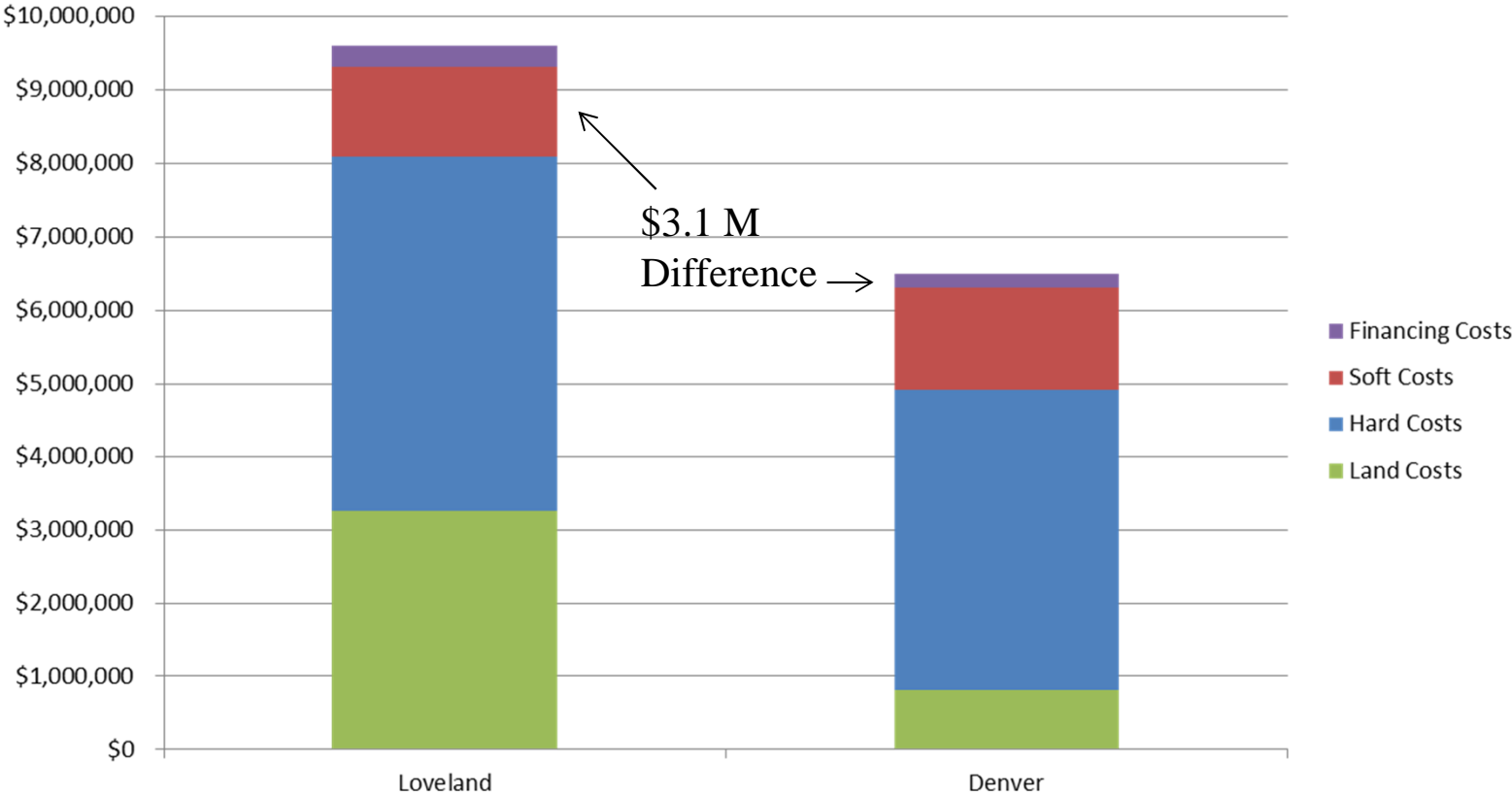
**TOTAL: \$9,598,754**



# Eisenhower & Lincoln

## Project Cost Comparison

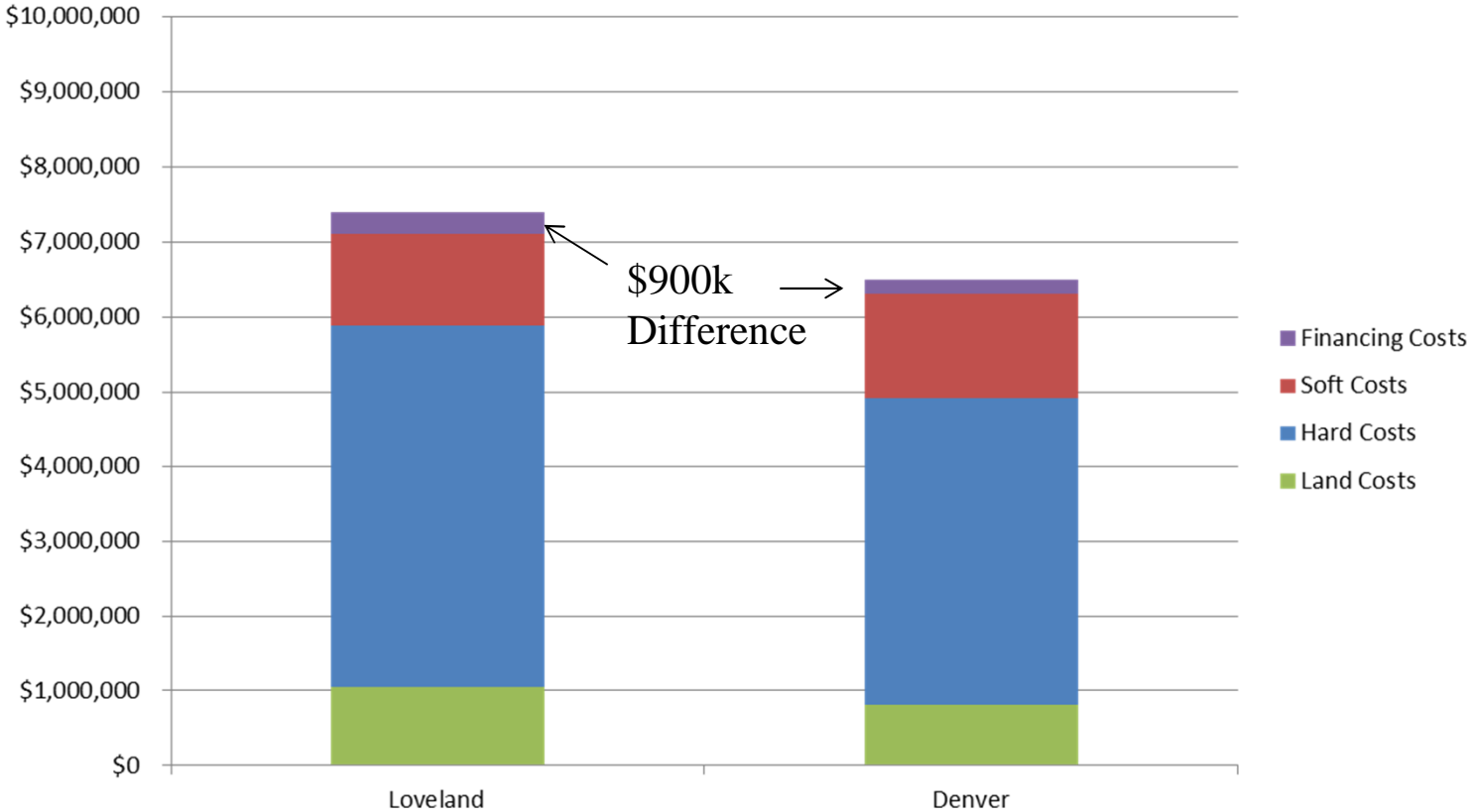
Loveland vs Existing Denver Location *without City Loan*



# Eisenhower & Lincoln

## Project Cost Comparison

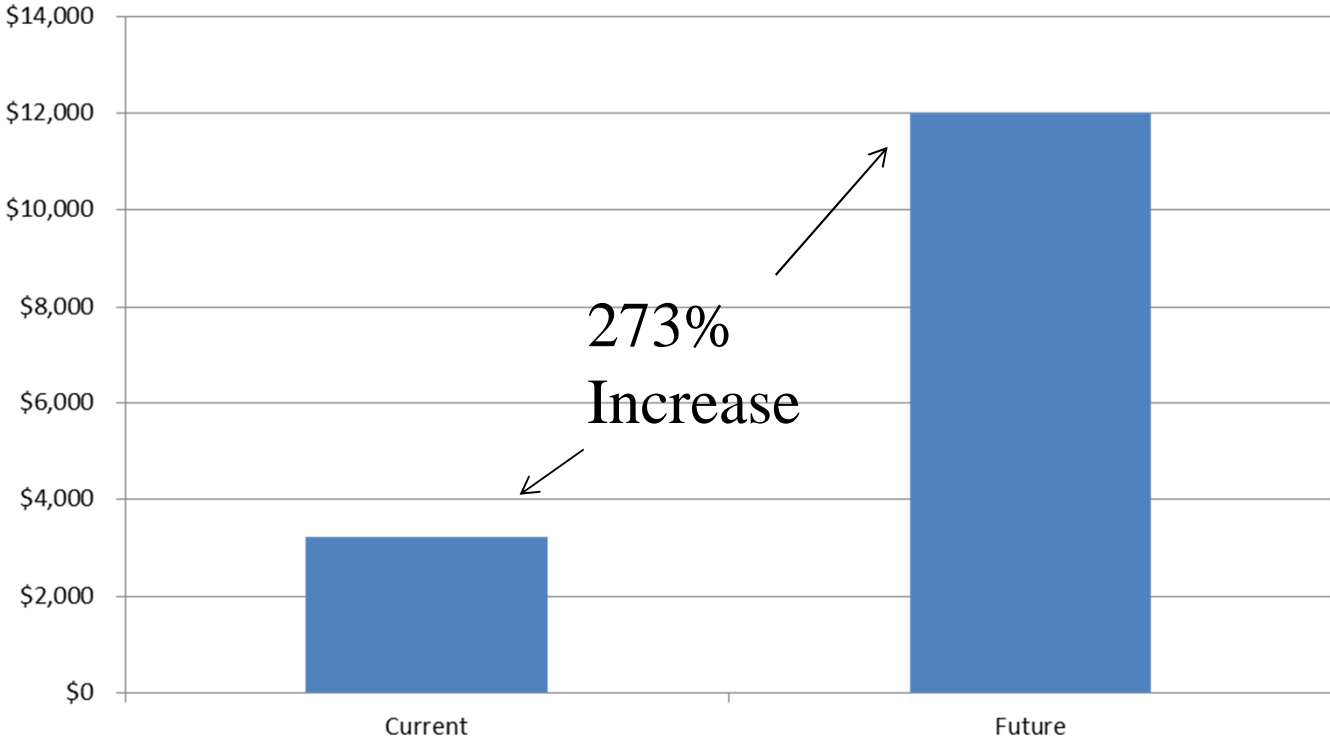
Loveland vs Existing Denver Location *with City Loan*



# Eisenhower & Lincoln

## Project Benefits

Increased Annual Property Taxes

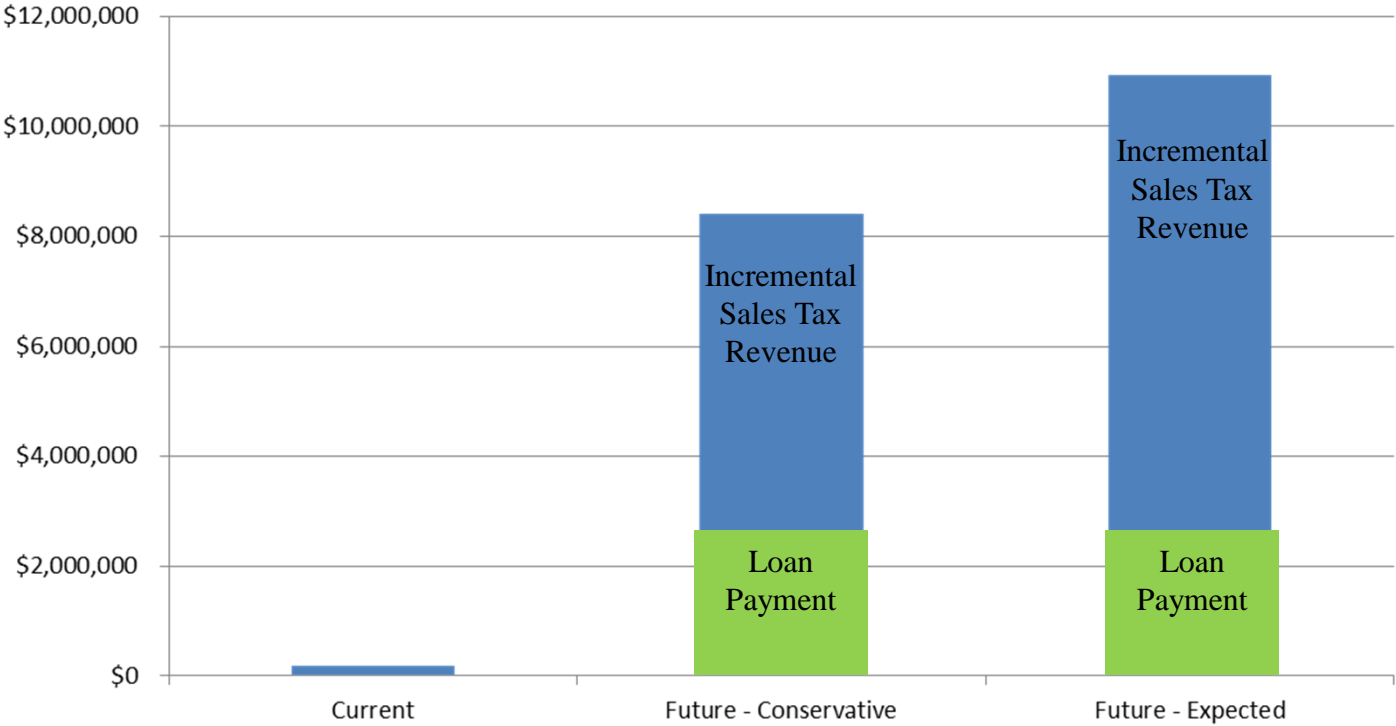




# Eisenhower & Lincoln

## Project Benefits

Increased Annual Sales Taxes  
(Total Sales Tax Revenue Over 15 years)



# Eisenhower & Lincoln

## City Loan Terms

Loan/Grant Amount: \$2,200,000

Interest Rate: 3%

Loan Amortization: 10 years

Annual Payment: \$254,920

The Loan will be repaid to the City through the normal collection of sales tax.



# Eisenhower & Lincoln

## Risk Mitigation

### Evergreen will:

- Guarantee the minimum annual loan payment of \$254,920.\*
- Pay the remaining loan amount if the store closes.
- Provide a completion guaranty.
- Provide disbursement requests based on construction.
- Provide evidence that all proceeds have been applied to project.
- Share a portion of project profits at sale with the City.
- Secure loan by a deed of trust on the property.

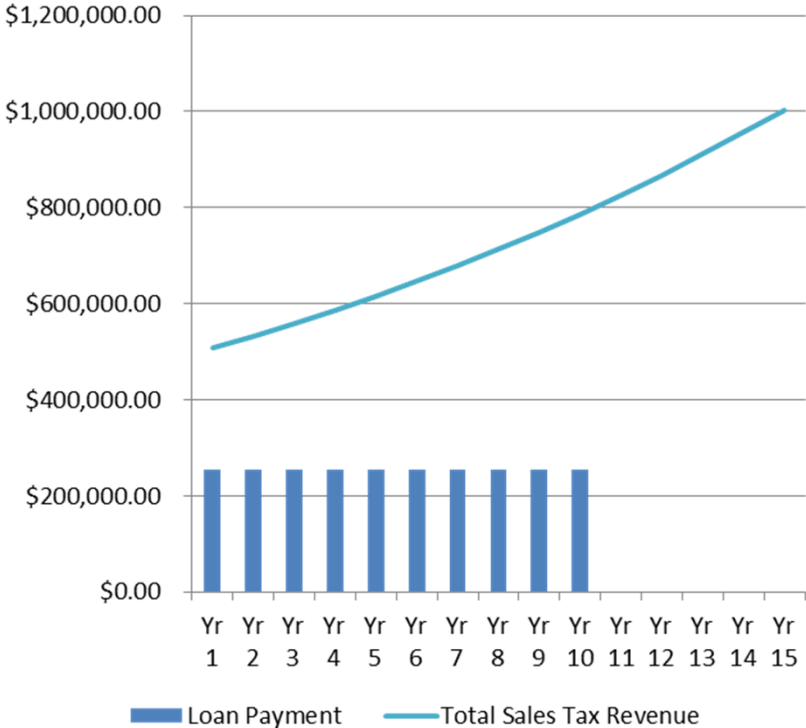
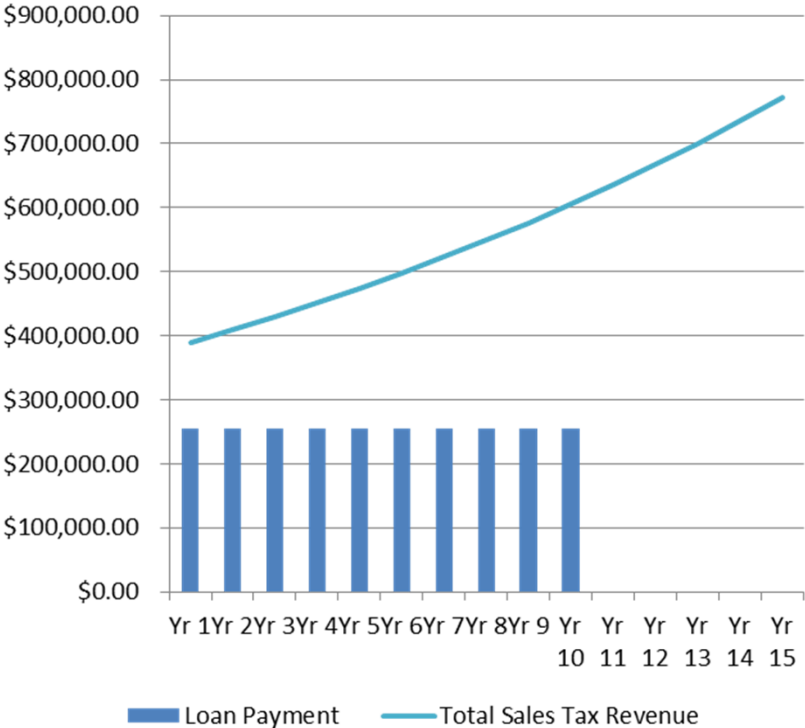
\*So long as Loveland continues to tax groceries.



# Eisenhower & Lincoln

## Conservative vs Expected Estimates

(Annual sales tax revenue)



# Eisenhower & Lincoln

## GRANT LOAN - CONSERVATIVE CASE - \$250,000 sales per week

### Assumptions

Grant Amount	\$2,200,000	Interest Rate	3.00%
Sales Tax Percentage	3.00%	Monthly Payment	\$21,243
Weekly Sales Projection **	\$250,000	Annual Payment	\$254,920
Annual Sales Increase	5.00%	Loan Amortization (yrs)	10

	Wkly Sales	Annual Sales	Total Tax Rev	Cumulative	PMT BACK TO CAP RESERVE	NEW REVENUE TO CITY
Year 1	\$250,000	\$13,000,000	\$390,000	\$390,000	\$254,920	\$135,080
Year 2	\$262,500	\$13,650,000	\$409,500	\$799,500	\$254,920	\$154,580
Year 3	\$275,625	\$14,332,500	\$429,975	\$1,229,475	\$254,920	\$175,055
Year 4	\$289,406	\$15,049,125	\$451,474	\$1,680,949	\$254,920	\$196,553
Year 5	\$303,877	\$15,801,581	\$474,047	\$2,154,996	\$254,920	\$219,127
Year 6	\$319,070	\$16,591,660	\$497,750	\$2,652,746	\$254,920	\$242,829
Year 7	\$335,024	\$17,421,243	\$522,637	\$3,175,383	\$254,920	\$267,717
Year 8	\$351,775	\$18,292,305	\$548,769	\$3,724,152	\$254,920	\$293,849
Year 9	\$369,364	\$19,206,921	\$576,208	\$4,300,360	\$254,920	\$321,287
Year 10	\$387,832	\$20,167,267	\$605,018	\$4,905,378	\$254,920	\$350,098
Year 11	\$407,224	\$21,175,630	\$635,269	\$5,540,647	\$0	\$635,269
Year 12	\$427,585	\$22,234,412	\$667,032	\$6,207,679	\$0	\$667,032
Year 13	\$448,964	\$23,346,132	\$700,384	\$6,908,063	\$0	\$700,384
Year 14	\$471,412	\$24,513,439	\$735,403	\$7,643,466	\$0	\$735,403
Year 15	\$494,983	\$25,739,111	\$772,173	\$8,415,640	\$0	\$772,173
			<b>\$8,415,640</b>		<b>\$2,549,204</b>	<b>\$5,866,436</b>

## GRANT LOAN - EXPECTED CASE - \$325,000 sales per week

	Wkly Sales	Annual Sales	Total Tax Rev	Cumulative	PMT BACK TO CAP RESERVE	NEW REVENUE TO CITY
Year 1	\$325,000	\$16,900,000	\$507,000	\$507,000	\$254,920	\$252,080
Year 2	\$341,250	\$17,745,000	\$532,350	\$1,039,350	\$254,920	\$277,430
Year 3	\$358,313	\$18,632,250	\$558,968	\$1,598,318	\$254,920	\$304,047
Year 4	\$376,228	\$19,563,863	\$586,916	\$2,185,233	\$254,920	\$331,996
Year 5	\$395,040	\$20,542,056	\$616,262	\$2,801,495	\$254,920	\$361,341
Year 6	\$414,792	\$21,569,158	\$647,075	\$3,448,570	\$254,920	\$392,154
Year 7	\$435,531	\$22,647,616	\$679,428	\$4,127,998	\$254,920	\$424,508
Year 8	\$457,308	\$23,779,997	\$713,400	\$4,841,398	\$254,920	\$458,480
Year 9	\$480,173	\$24,968,997	\$749,070	\$5,590,468	\$254,920	\$494,150
Year 10	\$504,182	\$26,217,447	\$786,523	\$6,376,992	\$254,920	\$531,603
Year 11	\$529,391	\$27,528,319	\$825,850	\$7,202,841	\$0	\$825,850
Year 12	\$555,860	\$28,904,735	\$867,142	\$8,069,983	\$0	\$867,142
Year 13	\$583,653	\$30,349,972	\$910,499	\$8,980,482	\$0	\$910,499
Year 14	\$612,836	\$31,867,471	\$956,024	\$9,936,506	\$0	\$956,024
Year 15	\$643,478	\$33,460,844	\$1,003,825	\$10,940,332	\$0	\$1,003,825
			<b>\$10,940,332</b>		<b>\$2,549,204</b>	<b>\$8,391,128</b>

\*\* Sales estimates from Developer



# Eisenhower & Lincoln

Questions?





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