

REVOLVING LOAN FUND – SURFACE SHIELDS REFINANCING

Surface Shields, a pressure sensitive film and containment product company, located to 10457 163rd Place in 2003 with a revolving loan fund of \$200,000. Over the past five years, their sales have grown from 8 million dollars a year to over 19 million dollars a year. The expansion has forced Surface Shields to use off-site warehousing for their products. The expansion and renovation of the Orland Park facility proposed with this refinance request will allow Surface Shields to move two jobs from off-site warehouses to the Orland Park Facility. Refinancing is now allowed per the Revolving Loan Fund revisions approved by the Village Board on February 2, 2009. The Surface Shields application meets the revolving loan fund qualifications and has been reviewed by the Village's Finance Department and Attorneys.

The loan application includes a lease agreement that expired in September of 2008 but provided for an automatic month to month extension. The Village would prefer to see a more permanent lease structure between KJBB and Surface Shields.

Quick Facts

Collateral:

Village will maintain second position on the mortgage. Fair Market Value of Business Assets \$3,941,000. Fair Market Value of Real Estate \$1,794,000.

Purpose of Refinance:

Refinancing the existing loan will allow the applicant to rehabilitate and expand the existing warehouse and repair or replace the aging roof.

Jobs & Sales Tax:

Per the application submitted, the building expansion will provide for creation of at least two Orland Park jobs. These jobs will come from warehouses that Surface Shields currently contracts out due to lack of space in. Surface Shields currently employs 35 people with a payroll of \$2,080,000. Surface Shield generated \$2,273 in sales tax dollars to the Village in 2008. Since relocating to Orland Park, Surface Shields has grown from sales of \$8 million to \$19+ million.

Project Estimates:

Funds will be used for renovations, roof repairs and sprinkler system upgrades.

Loan Specifics:

Fifth Third Loan 604,328.39 (interest rate 5.4%)

Village Loan 140,000 (approximate interest rate 1.75%) The interest rate will be set at half of prime from either the date of application (March 6, 2009) or the date of closing, whichever is lower. The terms of the loan will be consistent the original loan (5 year balloon payment).

Public to Private Debt Ratio: 1:4 (For every \$1 the Village lends, Fifth Third is investing \$4)