



November 13, 2017

Mr. Dave Geersten, Director of Finance and Administration  
Kenosha County  
1010 56th St.  
Kenosha, WI 53140-3738

Re: Kenosha County Loans to Parkview and Meadows of Mill Creek Phase II

Dear Mr. Geersten:

Bear Development, LLC (Bear) is very excited to work with you on our proposed developments in the Village of Somers (Parkview) and the Village of Salem Lakes (Meadows of Mill Creek Phase II). We are very appreciative of your effort to help us move these two developments forward.

We understand Kenosha County is reviewing potential structures under which the County would provide certain loans to each development in the total amount of \$6,165,000. Under the structure, Bear would need to convey the property to the County and the property would then immediately be conveyed to the Bear entity undertaking each transaction and is similar in nature to the recent structure previously approved by the Kenosha County Finance Committee and County Board for our Eva Manor and Whitetail Ridge developments. Consistent with the foregoing, we have included for your review the following:

- Proposed draft Resolution approving the loans
- Proposed draft Irrevocable Letter of Credit in favor of Kenosha County
- Proposed Loan Commitment Letters for each of the loans.

Additionally, we are willing to pay the County's costs associated with providing the loan commitments, which include legal fees (Quarles and Brady) and financial consulting (Ehlers). These costs will be covered by Bear regardless of whether the loan(s) is actually made to the development(s).

Please let me know if there is anything further we can do to assist in the County's review.

Regards,

SR Mills  
President  
Bear Development, LLC

## ON COMPANY LETTERHEAD

November XX, 2017

Mr. SR Mills, President  
Bear Development, LLC  
4011 80<sup>th</sup> Street  
Kenosha, WI 53142

Re: Loan Commitment for Parkview in Somers

Dear Mr. Mills-

We are excited to work with Bear Development (Bear) on its proposed Parkview development of 100 units of multifamily housing which will be located in Somers. We understand that Bear will be applying for 9% low-income housing tax credits through WHEDA and we are very supportive of the development effort. We commit to providing a loan to the development under the terms outlined below.

- Amount: \$750,000
- Term: 20 Years
- Amortization: 20 Years
- Payments: Payments will be subject to available cash flow with a balloon payment due at the end of the loan term
- Interest Rate: 2.50% (rate will be at or below the long term annual AFR at the time of the financial closing)
- Origination Fee: 2.50% of loan amount
- Security: The loan will be evidenced by a promissory note in the amount of the loan and secured by a letter of credit in the full amount of the loan and payable at any time on demand
- Guarantor: Bear Development, LLC

The housing that would be created by Parkview is much needed in the community and we are pleased to be a part of the development effort.

Please contact me at 262-653-2640 or [dave.geertsen@kenoshacounty.org](mailto:dave.geertsen@kenoshacounty.org) with any questions.

Sincerely,

Dave Geertsen, Director  
Kenosha County  
Department of Finance and Administrative Services

## ON COUNTY LETTERHEAD

November XX, 2017

Mr. SR Mills, President  
Bear Development, LLC  
4011 80<sup>th</sup> Street  
Kenosha, WI 53142

Re: Loan Commitment for Parkview in Somers

Dear Mr. Mills-

We are excited to work with Bear Development (Bear) on its proposed Parkview development of 100 units of multifamily housing which will be located in Somers. We understand that Bear will be applying for 9% low-income housing tax credits through WHEDA and we are very supportive of the development effort. We commit to providing a permanent loan to the development under the terms outlined below.

- Amount: \$3,165,000
- Funding: Loan will fund when the project reaches stabilized operations, which will be defined as being 90% occupied for a minimum of 90 days while meeting the minimum debt coverage ratio set forth below.
- Term: 15 Years
- Amortization: 30 Years
- Debt Coverage Ratio: 1.15x
- Loan-to-value: 90%
- Monthly Payments: \$150,067 with a balloon payment due after year 15
- Interest Rate: 2.50% (rate will be at or below the long term annual AFR at the time of the financial closing)
- Origination Fee: 2.50% of loan amount
- Security: The loan will be evidenced by a promissory note in the amount of the Loan, first position mortgage lien and secured by a letter of credit in the full amount of the loan and payable at any time on demand
- Guarantor: Bear Development, LLC

The housing that would be created by Parkview is much needed in the community and we are pleased to be a part of the development effort.

Please contact me at 262-653-2640 or [dave.geertsen@kenoshacounty.org](mailto:dave.geertsen@kenoshacounty.org) with any questions.

Sincerely,

Dave Geertsen, Director  
Kenosha County  
Department of Finance and Administrative Services

ON COMPANY LETTERHEAD

November XX, 2017

Mr. SR Mills, President  
Bear Development, LLC  
4011 80<sup>th</sup> Street  
Kenosha, WI 53142

Re: Loan Commitment for Meadows of Mill Creek Phase II in Salem Lakes

Dear Mr. Mills-

We are excited to work with Bear Development (Bear) on its proposed second phase of the Meadows of Mill Creek development which is proposed to be 36 units of duplexes which will be located in Salem Lakes. We understand that Bear will be applying for 9% low-income housing tax credits through WHEDA and we are very supportive of the development effort. We commit to providing a loan to the development under the terms outlined below.

- Amount: \$1,080,000
- Term: 20 Years
- Amortization: 20 Years
- Payments: Payments will be subject to available cash flow with a balloon payment due at the end of the loan term
- Interest Rate: 2.50% (rate will be at or below the long term annual AFR at the time of the financial closing)
- Origination Fee: 2.50% of loan amount
- Security: The loan will be evidenced by a promissory note in the amount of the loan and secured by a letter of credit in the full amount of the loan and payable at any time on demand
- Guarantor: Bear Development, LLC

The housing that would be created by the second phase of the Meadows of Mill Creek is much needed in the community and we are pleased to be a part of the development effort.

Please contact me at 262-653-2640 or [dave.geertsen@kenoshacounty.org](mailto:dave.geertsen@kenoshacounty.org) with any questions.

Sincerely,

Dave Geertsen, Director  
Kenosha County  
Department of Finance and Administrative Services

## ON COUNTY LETTERHEAD

November XX, 2017

Mr. SR Mills, President  
Bear Development, LLC  
4011 80<sup>th</sup> Street  
Kenosha, WI 53142

Re: Loan Commitment for Meadows of Mill Creek Phase II in Salem Lakes

Dear Mr. Mills-

We are excited to work with Bear Development (Bear) on its proposed second phase of the Meadows of Mill Creek development which is proposed to be 36 units of duplexes which will be located in Salem Lakes. We understand that Bear will be applying for 9% low-income housing tax credits through WHEDA and we are very supportive of the development effort. We commit to providing a loan to the development under the terms outlined below.

- Amount: \$1,170,000
- Funding: Loan will fund when the project reaches stabilized operations, which will be defined as being 90% occupied for a minimum of 90 days while meeting the minimum debt coverage ratio set forth below.
- Term: 15 Years
- Amortization: 30 Years
- Debt Coverage Ratio: 1.15x
- Loan-to-value: 90%
- Monthly Payments: \$55,475 with a balloon payment due after year 15
- Interest Rate: 2.50% (rate will be at or below the long term annual AFR at the time of the financial closing)
- Origination Fee: 2.50% of loan amount
- Security: The loan will be evidenced by a promissory note in the amount of the Loan, first position mortgage lien and secured by a letter of credit in the full amount of the loan and payable at any time on demand
- Guarantor: Bear Development, LLC

The housing that would be created by the second phase of the Meadows of Mill Creek is much needed in the community and we are pleased to be a part of the development effort.

Please contact me at 262-653-2640 or [dave.geertsen@kenoshacounty.org](mailto:dave.geertsen@kenoshacounty.org) with any questions.

Sincerely,

Dave Geertsen, Director  
Kenosha County  
Department of Finance and Administrative Services

## IRREVOCABLE LETTER OF CREDIT

TO: Kenosha County

RE: Irrevocable Letter of Credit No. \_\_\_\_\_  
Applicant: Bear Development, LLC

County Board of Supervisors:

The undersigned, SOUTHPORT BANK, a Wisconsin Banking Corporation ("Issuer"), by its duly authorized officer, hereby irrevocably issues to Kenosha County, a Wisconsin quasi-municipal corporation ("Lender") this Irrevocable Letter of Credit in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_.00 (the "Maximum Amount"), which credit may be drawn by the Lender as herein provided. The conditions precedent to a draw being permitted under this Letter of Credit are found below.

This Letter is provided to Lender as security for Applicant's obligation under and pursuant to a Promissory Note in the original principal amount of \$\_\_\_\_\_ executed on the even date hereof by the Applicant, in favor of Lender in connection with the [Parkview][Meadows of Mill Creek Phase II ] project (the "Promissory Note").

Funds drawn from time to time under this Letter of Credit are available to the Lender upon presentation of a certificate (with all blanks appropriately completed) in the form of Exhibit A attached hereto executed by Lender. the following:

Drawing(s) may be made by Lender in person or by facsimile at the address set forth below for the Issuer, in part or in full and without regard to whether the Promissory Note is in default or otherwise. If a drawing(s) exhausts the Maximum Amount, the Letter of Credit will be retained by Issuer. If a partial drawing is presented and paid, the amount available for draws by the Lender under this Letter of Credit (the "Available Amount") will be reduced automatically by the amount of any drawing hereunder.

This Irrevocable Letter of Credit shall terminate on the earlier of the following to occur:

A. \_\_\_\_\_, 20\_\_; or

B. Upon the payment in full of the amount due to Lender by Applicant under and pursuant to the Promissory Note.

Any and all notices associated with this Irrevocable Letter of Credit shall be delivered as follows:



If to Lender: Kenosha County  
Attn: County Executive  
1010 56<sup>th</sup> Street  
Kenosha, WI 53140

If to Issuer: Southport Bank  
Attn: Russ Weyers, President and CEO  
7027 Green Bay Road  
Kenosha, WI 53142  
Fax: \_\_\_\_\_

If to Applicant: Bear Development, LLC  
Attn: S. R. Mills  
4011 – 80<sup>th</sup> Street  
Kenosha, WI 53142

Issuer certifies that all acts, requirements and other preconditions for the issuance of this Letter of Credit have been completed and that this Letter of Credit is in full force and effect upon execution by Issuer.

Issuer agrees that all demands made in conformity with the Letter of Credit will be duly honored upon presentation in conformity with its forms. If, within seven (7) business days after the date any demand made in conformity with Letter of Credit is presented, the Issuer fails to honor same, Issuer agrees to pay all reasonable attorney fees, court costs and other expenses incurred by Lender in enforcing the terms of this Letter of Credit.

This Letter of Credit is governed by, and construed in accordance with the laws of the State of Wisconsin, including without limitation the Uniform Commercial Code as in effect in the State of Wisconsin, without regard to principles of conflicts of laws.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

*[signatures on following page]*

SOUTHPORT BANK

By: \_\_\_\_\_  
Name: Russ Weyers  
Title: President and CEO

STATE OF WISCONSIN     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

Personally came before me on \_\_\_\_\_, 2017, the above named Russ Weyers, to me known to be the person who executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
\*  
\_\_\_\_\_  
Notary Public, State of Wisconsin  
My commission expires \_\_\_\_\_

COUNTERSIGNED:

Bear Development, LLC

By: \_\_\_\_\_  
Name: Stephen R. Mills  
Title: Authorized Member

STATE OF WISCONSIN     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

Personally came before me on \_\_\_\_\_, 2017, the above named Stephen R. Mills, to me known to be the person who executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
\*  
\_\_\_\_\_  
Notary Public, State of Wisconsin  
My commission expires \_\_\_\_\_

EXHIBIT A  
TO  
SOUTHPORT BANK  
IRREVOCABLE LETTER OF CREDIT  
NO. \_\_\_\_\_  
DRAWING CERTIFICATE

Southport Bank  
Attn: [Timothy C. Schadeberg, President and CEO or Russ Weyers]  
7027 Green Bay Road  
Kenosha, WI 53142

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of Kenosha County (the "*Lender*"), hereby certifies on behalf of the Lender as follows with respect to (i) that certain Irrevocable Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_, 2017 (the "*Letter of Credit*"), issued by Southport Bank (the "*Issuer*") in favor of the Lender; and (ii) that certain Promissory Note (as defined in the Letter of Credit):

1. The Lender is entitled to make this drawing in the amount of U.S. \$\_\_\_\_\_ with respect to principal, interest and other amounts outstanding pursuant to the Promissory Note.
2. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Promissory Note and, when added to the amount of any other drawings under the Letter of Credit, does not exceed the Available Amount (as defined in the Letter of Credit).
3. Payment by the Issuer pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.
4. Upon payment of the amount drawn hereunder, the Issuer is hereby directed to permanently reduce the Available Amount by U.S. \$[insert amount of reduction] and the Available Amount shall thereupon equal U.S. \$[insert new Available Amount].

(Signature Page Follows)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

KENOSHA COUNTY

\_\_\_\_\_  
By:  
[Title of Authorized Representative]