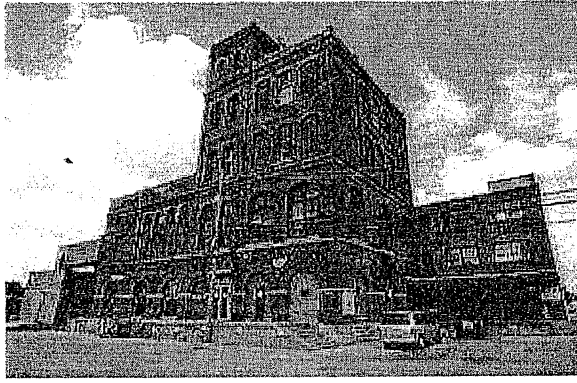


Illinois

Prairie Street Brew House restoration Project

City of Rockford, Illinois

Section 108 Guaranteed Loan - \$1,500,000



The city will use the Section 108 Guaranteed Loan to restore the historic brew house building as part of the City's revitalization of the east bank of the Rockford riverfront area. The building is located in the East River Redevelopment Project Area tax increment financing (TIF) district and is a New Markets Tax Credit (NMTC) project. The restoration includes a mixed-use development featuring restaurant/banquet facilities, commercial and retail space, as well as loft-style residential condominiums. The Section 108 Guaranteed Loan proceeds will be targeted to assist the commercial portion of the building restoration.

The City will re-lend the Section 108 Guaranteed Loan proceeds to a for-profit investment fund which in turn will combine the Section 108 Guaranteed Loan proceeds with equity from a NMTC investor to make a qualified equity investment into a community development entity (CDE), pursuant to NMTC program requirements. The CDE will in turn, provide a qualified low-income community investment loan to Prairie Street Brewhouse LLC as the developer. The Section 108 Guaranteed Loan will be used in conjunction with \$2,327,057 in NMTC equity, \$2,030,750 historic tax credit equity, a \$2,423,501 bank loan, 1,031,675 in revenue from presold condominiums, \$138,265 from a geothermal grant for a total project cost of \$10,451,248.

The Community Development Block Grant (CDBG) national objectives for the City's use of guaranteed loan funds are benefit to low- and moderate-income persons through job creation and activities to address slums or blight on a spot basis. The economic development activities stimulated by the project are expected to create 47 jobs, 60% of which will be held by or made available to low- and moderate-income persons.

The Section 108 Guaranteed Loan will be repaid by the City over a 20-year period, paying interest only in the first four years. The sources of funds for its repayment during the first seven years will primarily be the East River Redevelopment Project Area TIF revenues and secondarily the proceeds from the future sales of condominium units. In the remaining thirteen years, repayment will be made exclusively from the TIF revenues. The Section 108 Guaranteed Loan will be secured by the City's pledge of future CDBG funds and its interest in the third-party loan to the investment fund, which is secured by the Fund's partnership interest in the CDE.