



**John F. Stibal**  
Director  
Department of Development  
414.302.8460  
jstibal@westalliswi.gov

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May 8, 2018

Mr. Craig L. Podlesnik and David Kovacic  
PodVacic Holdings, LLC  
11717 W Dearbourn Ave., Unit A .  
Wauwatosa, WI 53226

Dear Mr. Podlesnik and Mr. Kovacic:

Pursuant to your application and information provided by you, the Common Council of the City of West Allis ("City") hereby agrees to make a loan to you, in accordance with the federal Community Development Block Grant regulations and the following specific terms and conditions:

1. **Borrower.** The Borrower shall be PodVacic Holdings, LLC, a Wisconsin limited liability corporation, whose business office is at 11717 W Dearbourn Ave., Unit A, Wauwatosa, WI 53226.
2. **Guarantors.** Craig L. Podlesnik and David Kovacic, members of PodVacic Holdings, LLC.
3. **Project.** Loan proceeds are to be used for purchase of real estate by PodVacic Holdings LLC and establishment of MagraHearth Company at 6525 W. Burnham St., West Allis, WI.
4. **Loan Amount.** The loan amount shall not exceed One Hundred Fifty Thousand Dollars (\$150,000.00). Disbursement of the aggregate principal will be at loan closing per a closing statement. The loan will be evidenced by a note payable by the Borrower to the City.
5. **Interest Rate.** (To be computed on basis of 360-day year.) The interest rate shall be three and one-quarter percent (3.75%) per annum. In the event of default, all unpaid principal and interest shall bear interest at the rate of eighteen percent (18.0 %) per annum until paid.
6. **Term.** The term of this loan shall be seven (7) years/84 months with a 15-year amortization.
7. **Payments.** Payments are as follows:
  - A. Interest only payments for the first six months following closing.
  - B. Full principal and interest payments will commence on the seventh month following closing.
  - C. Payments are due on the first day of each month commencing with calendar month following that month in which the initial disbursement of loan proceeds is made.

8. Late Charge. A late charge not to exceed one percent (1%) on each dollar of each payment, which is more than ten (10) days in arrears may be collected provided that no such charge shall exceed the maximum amount which may be charged according to law.
9. Security. As security for the loan, the Borrower will deliver to the City:
  - A. A third mortgage on the real estate of 6525 W. Burnham St., West Allis, WI subordinated only to the security interest of Tri-City National Bank.
  - B. Subordinate position on the General Business Security Agreement subordinated to the interests of Tri-City National Bank.
  - C. Unlimited Personal Guarantee of payment and performance from Craig L. Podlesnik and spouse and David Kovacic and spouse.
10. Loan Processing Fee. A non-refundable fee of One Thousand Five Hundred Dollars (\$1,500.00) to be paid upon acceptance and delivery of this Commitment. (Borrower may elect to include this fee in the terms of the note). The fee is compensation to the City for making the loan and shall be fully and completely earned upon acceptance of this Commitment by the Borrower.
11. Maturity Date. This loan shall mature on May 2025.
12. Closing Date. The loan shall close on or before May 30, 2018.
13. Prepayment Privilege. The loan may be prepaid, in whole or in part, at any time without penalty or restriction.
14. Duns Number. Borrower must provide a Dun and Bradstreet number as proof of application by closing and provide a Federal Identification number to the City.
15. Job Creation/Retention. Borrower agrees to add ten (10) full-time equivalent positions over the next three years. At least fifty-one percent (51%) of these employees shall be low-to- moderate income persons.
16. General Conditions. All of the terms conditions contained in the attached "General Conditions" (Exhibit No. 1) for economic development loans and "Federal Requirements" (Attachment A) are incorporated into this Commitment.
17. Acceptance. Except as provided in the General Conditions, this Commitment shall be deemed binding upon the City if the City receives an unqualified acceptance by the Borrower of the terms and provisions contained herein, evidenced by the Borrower properly executing this document below and delivering it to the office of the undersigned on or before May 22, 2018, along with the non-refundable loan processing fee and the written guarantee of the loan by Craig L. Podlesnik and David Kovacic. If not so accepted, the City shall have no further obligation hereunder.

**CITY OF WEST ALLIS**

By: \_\_\_\_\_  
John F. Stibal, Director  
Department of Development

**ACCEPTANCE**

The foregoing Commitment, as well as the terms and conditions referred to therein, are hereby accepted.

**PodVacic Holdings, LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Craig L Podlesnik, Member

By: \_\_\_\_\_  
David Kovacic, Member

Received Acceptance and Loan Processing Fee:

By: \_\_\_\_\_  
Patrick Schloss, Manager  
Community Development

Date: \_\_\_\_\_

Attachments