

ATTACHMENT A

**A RESOLUTION APPROVING A REVOLVING LOAN
FOR KARLIN, INC.
Resolution No. 31/2002-03**

WHEREAS, Karlin Mills and Linda Bourne are the principles and Shareholders of Karlin, Inc., and on behalf of Karlin, Inc. have applied for a loan from the Town of Carrboro's Revolving Loan Fund in the amount of \$75,000.00 at 4% interest for 10 years to expand their restaurant located at 201-C East Main Street; and

WHEREAS, the applicants have met the criteria for the loan by being located in the Town of Carrboro, creating at least one (1) job per \$10,000 borrowed, having contributed more than a dollar-for-dollar match for the money requested from the Town, and documenting a clear ability to repay the loan based upon documents submitted; and

WHEREAS, the applicants will offer as collateral the ground lease from Norfolk Southern Railroad, all equipment, personal signatures, and three (3) train cars situated on the ground lease area in which they operate the business; and

WHEREAS, the applicants will negotiate for and have a letter of commitment in hand for the ground lease from the rail road, which ground lease shall authorize the conditional assignment of the ground lease to the Town of Carrboro as collateral for the loan contemplated and authorized by this resolution prior to the release of the loan proceeds; and

WHEREAS, the applicants have all applicable permits from the Carrboro Zoning Office

**NOW THEREFORE THE CARRBORO MAYOR AND BOARD OF ALDERMEN
RESOLVES:**

Section 1. The applicants have met the requirements for the loan under the RLF Program and have met all requirements to receive the necessary permits from the Zoning Division to operate the business in the Town of Carrboro.

Section 2. The Manager is authorized to have the Town Attorney's office prepare all necessary documents and issue a loan in the amount of \$75,000.00 at an interest of rate 4% for a term of 10 years. The collateral for the loan will be the conditional assignment of the ground lease for the applicant's business location in Carrboro, a first security interest in the three (3) train cars in which the applicant operates its business and all of the restaurant equipment, personal guarantees of the indebtedness by Karin Mills and Linda Bourne, and designation of the Town of Carrboro as a beneficiary, to the extent of the outstanding indebtedness on the loan authorized by this Resolution, on life insurance policies covering Karin Mills and Linda Bourne .

Section 4. This resolution shall become effective upon adoption.

Original

UNC - SBTDC LOAN PREPARATION PKG.# 4021

CLIENT NAME: Crazie Mae's

BUSINESS NAME: Karin Mills

COUNSELOR: Scott Rockafellow

CASE SUMMARY

Karlin's, Inc., dba Crazie Mae's is a restaurant and ice cream store located in the railroad cars in downtown Carrboro, North Carolina. The company is owned and operated by Karin Mills and Linda Bourne. Ms. Mills and Ms. Bourne also own and operate The Spotted Dog restaurant in Carrboro. Crazie Mae's specializes in homemade ice cream, shakes and a complete food menu modeled after an old-fashioned ice cream store.

Ms. Mills and Ms. Bourne have successfully run The Spotted Dog for many years and have been able to open Crazie Mae's by self-financing all leasehold improvements and performing all construction related to up fitting the railcars. The Spotted Dog revenues have been sufficient to allow the owners this financing option. At this time, the current owner of the railcars wishes to sell them to Crazie Mae's. A portion of the loan amount will be used as the down payment of the owner-financed sale.

The owners of Crazie Mae's have rejuvenated an empty spot in the heart of Carrboro and have proven to be more than capable of running a successful restaurant. At this time, Crazie Mae's has reached a breakeven point within one year of operation. Because of the self-financing of both The Spotted Dog and Crazie Mae's, the owners may have less collateral available to secure this loan than the Town may be accustomed to requiring. Also, the owners have not been taking salaries from either business and thereby reflecting in low personal income in the past few years. This has played a major role in the companies being denied loans from numerous lending institutions.

The continued successful operation of Crazie Mae's is of significant importance to the Town of Carrboro. Many prior business attempts have failed in the rail car locations. It appears that the Crazie Mae concept has the ability to turn this important feature of downtown Carrboro into a vibrant business and a success story for the Carrboro. While some of the required pieces of the loan package could not be documented or are incomplete, the owners have attempted to furnish all requested documents. In spite of the lack of some supporting documents and based on the review of the history of the owners, their dedication to the restaurant and work ethic, this loan package should receive serious consideration for town funds.


SBTDC Counselor Signature

2/14/02
Date

Memo

To: Mayor and Board of Aldermen
From: James Morgan and Mariana Fiorentino, Co-Chairs for DDC
CC: James Harris, Community and Economic Development Director
Date: 10/2/2002
Re: Crazie Mae's Loan Application Recommendation

The Downtown Development Commission met on September 12 and 19, 2002 to review the Crazie Mae's Restaurant loan application in the amount of \$75,000. The Commission found the application to be complete and that it does meet the loan program guidelines. The business is located in the Central Business District and is a positive addition to the downtown restaurant and entertainment theme.

The DDC recommends that the loan be approved in the amount of \$75,000 at a rate of 4 percent for a period of ten years (10) contingent upon the applicants successfully getting the ground lease in their names for a period of no less than nine (9) years (three-year lease with an option to renew for two additional three-year terms. Nine years is the maximum time that Norfolk-Southern Railroad will give initially, but it will renew the lease after the nine-year period.

Revolving Loan Fund Summary

| Business | Type of Business | Loan Amount | Interest Rate | Balance |
|-------------------------------------|---------------------|---------------------|---------------|---------------------|
| Triangle Comm. Inc. | Web Site Developer | \$9,500 | 7.0% | \$0.00 |
| The Printery | Printing Co. | \$30,000 | 8.0% | \$ 15,989.21 |
| Piedmont Health | Health Clinic | \$50,000 | 5.25% | \$ 6,887.77 |
| Carrurito's | Restaurant | \$50,000 | 10.0% | \$ 17,502.34 |
| Ashley's | Daycare | \$50,000 | 7.5% | \$0.00 |
| S&B | Beauty Supply | \$30,000 | 6.5% | \$ 11,777.72 |
| ACME | Restaurant | \$50,000 | 7.0% | \$ 33,646.99 |
| Uncommon Prop. | Printing Co. | \$50,000 | 7.0% | \$ 11,375.27 |
| Huntington's | Restaurant | \$50,000 | 7.0% | \$0.00 |
| Music Loft | Music Supply | \$55,000 | 6.0% | \$0.00 |
| Paper Pen & Ink | Stationary Store | \$35,000 | 6.0% | \$ 12,886.96 |
| Alphabet Soup | Daycare | \$48,000 | 2.0% | \$ 45,279.75 |
| Chicken Noodle Soup | Children's Clothing | \$15,000 | 3.0% | \$ 9,737.35 |
| El Chilango Corp. | Restaurant | \$50,000 | 6.0% | \$ 40,791.34 |
| Orange Co. Social Club | Bar | \$35,000 | 6.0% | \$ 17,677.70 |
| Places Magazine, Inc. | Magazine | \$50,000 | 6.0% | \$ 50,000.00 |
| Total Loan Amount | | \$657,500 | | |
| Total available to be loaned | | \$351,397.97 | | |
| Total Loan Balance | | | | \$273,552.40 |
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