

BOARD OF ALDERMEN

ITEM NO. D(3)

AGENDA ITEM ABSTRACT MEETING DATE: November 20, 2007

TITLE: Art in a Pickle, LLC (DBA as Neal's Deli) Revolving Loan Application

DEPARTMENT: Economic and Community Development	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS A. Resolution B. Recommendation from loan packager C. RLF Fund Summary D. Recommendation from the Economic Sustainability Commission	FOR INFORMATION CONTACT: James R. Harris, Director, Economic and Community Development (918-7319)

PURPOSE

The purpose of this item is to present to the Board of Aldermen a loan request from Matthew and Sheila Neal of 109 Shelton Street to open Neal's Deli. The town staff recommends adoption of the attached resolution.

INFORMATION

Neal's Deli is an Italian delicatessen with a focus on made-to-order sandwiches. The company will be owned by Matthew and Sheila Neal. The business location will be the old Open Eye Coffee Shop location on south Greensboro Street, next to the new Open Eye Coffee Shop and across the street from Wendy's. The business will be open Monday through Saturday from 10:30am until 9:30 pm. In addition to serving primarily sandwiches and offering catering services, the deli will sell food items, particularly deli meats and cheeses.

Sheila and Matt are both highly experienced in the food service and catering industries. Both are currently employed in this sector and would like to bring their collective 35 years of experience into their own restaurant. This collective experience includes all aspects of running a restaurant.

The Neals are seeking a loan in the amount of \$105,000 from the Carrboro Revolving Loan Pool. Most of the money will be used for lease hold improvements and capital purchases. The capital purchases will outfit the kitchen, prep, and seating areas. The collateral for this loan will be equity in the applicant's home at 109 Shelton Street, equipment and furnishings purchased for the deli, and the personal guarantee from the two applicants. The applicants currently have \$82,000 equity in their home and have also saved \$50,000 to use toward the business.

The applicants plan to hire at least 10.5 full-time equivalent positions to work in the business. The term of the lease for the location of the business will match the 6 year loan term requested by the applicants. The interest rate requested is 2%. The applicant will pay interest only for the first 6 months and on the 7th month will begin to repay both interest and principal. This will allow the applicant to build up some cash equity in the business.

STAFF RECOMMENDATION

The staff recommends approval of the loan for the Art in a Pickle Delicatessen as it meets the requirements set forth in the RLF lending criteria. This project would add to the current restaurant mix in the downtown. The town staff recommends approval of a \$105,000 loan at 2% interest for a period of 6 years with payment of interest and principal to begin six months after the date of loan approval. The applicant shall pay interest only for the first six months.