

A RESOLUTION TO APPROVE A LOAN FROM THE CARRBORO REVOLVING
LOAN FUND FOR Carrboro Creative Co-Working
Resolution No. 176/2007-08

WHEREAS, The Town of Carrboro established A revolving loan fund in 1986 to provide incentives for individuals to start new businesses in the Town of Carrboro, create at least one job per \$10,000 borrowed from the fund and provide an incentive for people to do business in the Town of Carrboro ; and

WHEREAS, the fund now has \$405,886.07 available to be loaned to applicants with viable projects; and

WHEREAS, the applicant has completed the loan application and the loan application has been reviewed by the loan packager reviewer (SBTDC) and found this project to be a new business; and

WHEREAS, the Economic Sustainability Commission (ESC) and the SBTDC found the project to be eligible for the fund and will create at least 9 jobs over a six year period; and

WHEREAS, the applicant has requested a loan in the amount of \$90,000 and provided collateral in a lien on his personal residence and equipment purchased for the business with the loan proceeds and the personal signature of the applicant and his wife; and

WHEREAS, they have saved \$10,000 of their personal funds to put toward this venture; and

WHEREAS, the unexpended reserve expenditure budget is reduced by \$90,000 to consummate the loan.

NOW THEREFORE, THE CARRBORO MAYOR AND BOARD OF ALDERMEN
RESOLVES THAT:

Based upon the review of the application by the SBTDC (Loan Packager) and the review and recommendation of the ESC the loan is approved in the amount of \$90,000 for six years at an interest rate of 2% contingent upon the following conditions: 1. the applicant shall seek and get presales lease commitments at a value of \$5,000.00 per month for three months before the loan funds can be released. 2. The applicant shall get all required permits required from the Town prior to receiving any loan proceeds. 3. The applicant shall secure a lease with a term equal to the term of the loan which is six (6) years on the property at 311 East Main Street or a comparable property within the Town of Carrboro.

UNC-SBTDC LOAN PREPARATION PKG.# 01-08CLIENT NAME: Brian RussellBUSINESS NAME: Yesh Thirty Seven, LLC DBA-Carrboro CoworkingCOUNSELOR: Ron Elmitel

CASE SUMMARY

Yesh Thirty Seven, LLC (DBA Carrboro Coworking) is professional shared working space. It is designed to caterer micro-business owners such as freelance professionals, home-office workers, start-up entrepreneurs and graduate students. The lease is not yet signed, but the business is set to be located at 31 Main Street (Rigsbee Hinson Building) and will be associated with the Art Center.

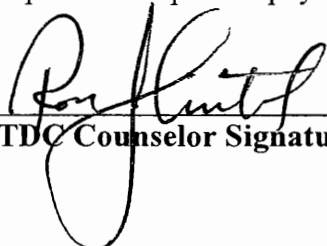
Brian Russell has envisioned this working environment for several years and has modeled his business on other co-working locations from around the country.

At this time, Mr. Russell is seeking a loan of \$90,000. Most of this amount (\$67,000) will be used for leasehold improvements and capital purchases. The leasehold improvements are needed to upfit the space to accommodate the café like setting. The equipment consists of office furniture, furniture, and computer equipment.

When considering this loan application, the lack of collateral, the amount of the personal investment (\$10,000) and lack of lease should be considered. Mr. Russell has pledged his home, but this will not cover the loan 100%. The lease is not currently signed, but he is in negotiations with the owner and The Art Center to occupy part of the building.

In spite of the above, this business seems to match Carrboro's desire to promote small business and community. Carrboro Coworking would allow numerous entrepreneurs and small businesses to start or grow within the community. The partnership with The Art Center is also an advantage for this business.

Mr. Russell has shown due diligence in planning for the opening of the business and completion of the loan application. They have provided all needed documents and have submitted a complete application for consideration. At this time, the proposed business appears to meet most of the criteria for consideration and the cash flow should allow for prompt and complete repayment of any loan.


SBTDC Counselor Signature

5/5/08

Date

CRLF-Attachment I of V

Revolving Loan Fund Summary

| <u>Business</u> | <u>Loan Amount</u> | <u>Interest Rate</u> | <u>Balance</u> |
|---|--------------------|----------------------|----------------------------|
| Neal's Deli | \$105,000 | 2% | \$105,000 |
| The Printery | \$30,000 | 8% | 4,872 |
| Cycling Specifics | \$45,000 | 5.5% | 15,979 |
| Blu Icon | \$18,000 | 8% | \$13,666 |
| ACME | \$50,000 | 7% | 1,739 |
| Science Technologies | \$35,000 | 2% | \$26,665 |
| Alphabet Soup | \$48,000 | 2% | 32,924.92 |
| Bryan's Guitar & Music | \$90,000 | 3% | \$68,267 |
| Principal Balance | | | \$269,112.00 |
| <u>Balance Available for Loans</u> | | | <u>\$408,180.00</u> |