

# BOARD OF ALDERMEN

ITEM NO. E(2)

## AGENDA ITEM ABSTRACT MEETING DATE: February 17, 2009

**TITLE: Revolving Loan Request from Cycle 9**

<b>DEPARTMENT: Community and Economic Development</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS:</b> <b>A. Resolution</b> <b>B. Application</b> <b>C. SBTDC Case Summary</b> <b>D. ESC Recommendation</b> <b>E. Summary of Revolving Loan Fund</b>	<b>FOR INFORMATION CONTACT: James R. Harris, Dir Community and Economic Development,</b>

### PURPOSE

The purpose of this item is to present to the Board of Aldermen a loan request from Elise and Morgan Gidding, owner operators, of Cycle 9 located at 601 West Main Street.

### INFORMATION

Cycle 9 is an existing Orange County business that has relocated to downtown Carrboro. The Giddings started the business 10 months ago in White Cross. The Giddings have, in the first few months, seen sales in excess of \$70,000.00. The new location will allow for a larger selection of ready to ride bikes and service and repair operation.

The applicants are seeking a loan in the amount of \$68,540 at a rate of 3% for seven (7) years. The business will create or retain eight (8) jobs. All of the loan proceeds will be utilized to purchase inventory and equipment. The applicants have made improvements to the new location using their personal resources therefore no loan proceeds will be used for this purpose. The business will stock electric bikes for sale, assemble motors on clients' bikes, and repair existing electric bikes. The new location will provide the business with prime visibility and accessibility for their clients. This business will also help to fill a space that has been vacant quite some time.

The applicants are offering collateral in their home located at 212 Wild Turkey Trail which is valued at \$405,000 with a current mortgage of \$315,000. The equity, valued at \$90,000, is more than sufficient to secure this loan. The applicants have significant net worth and equity in their real-estate that is being offered as collateral.

### RECOMMENDATION

The town staff supports the recommendation of the ESC that the loan application is complete and meets the criteria set forth in the RLF application approval process. It is further recommended the loan request be approved by the Board of Aldermen in the amount of \$68,540 at an interest rate of 3% for a term of seven (7) years.

