

# BOARD OF ALDERMEN

ITEM NO. E(3)

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

**TITLE: Revolving Loan Request from the Fringe DBA/The Beehive**

<b>DEPARTMENT: Community and Economic Development</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS:</b> A. Resolution B. Application C. SBTDC Case Summary D. ESC Recommendation E. Summary of Revolving Loan Fund F. Expanded Shop Layout	<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 Diane Koistinen, owner operator, of the Beehive located at 102 E Weaver Street.

### INFORMATION

The Fringe, DBA/The Beehive, is a hair salon in downtown Carrboro. The company is owned and operated by Diane Koistinen. She has owned the business since mid-2006. She purchased the business from the previous owner who owned and operated it for five (5) years. The business itself has been in operation for ten years and has a good clientele. The current owner after purchasing and operating the business in 2006 earned \$51,216, in 2007 she grew the business to \$164.175 in eleven months in 2008. This increase was done in a very small space. The applicant plans to increase the size of the shop by 568 square feet.

She is seeking a loan in the amount of \$50,000.00 at a rate of 3% for eight (8) years. The applicant will retain the current three employees and create two new employees positions in the business. The money will be used to refurbish the new space and purchase additional shampoo stations, a color bar, and a new manicure and pedicure station.

The applicant's mother has pledged to secure the loan with her real-estate and the applicant will further secure the loan with her personal signature and the equipment purchased with the loan proceeds. There is sufficient equity and value in the home and the proposed purchases to secure the loan. The business currently has very little debt, around \$10,000. The real-estate being offered is valued at \$188,000 with a mortgage balance of \$130,000 which provides adequate collateral for the loan.

### RECOMMENDATION

The town staff supports the recommendation of the ESC that the loan application is complete and meets the RLF criteria set forth in the application process. It is further recommended that the Board approve the  
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loan in the amount of \$50,000 for a term of eight (8) years at an interest rate of 3% contingent upon the applicant receiving all necessary licenses and permits to operate the business in the Town of Carrboro.