

A RESOLUTION APPROVING A LOAN FROM THE CARRBORO REVOLVING
LOAN FUND FOR THE FRINGE DBA/THE BEEHIVE
Resolution No. 69/2008-09

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 \$356,468 available to be loaned to applicants with viable projects; and

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

WHEREAS, the Economic Sustainability Commission (ESC) and the SBTDC found the project to eligible for the fund and will create at least five (5) jobs over an eight year period; and

WHEREAS, the applicant has requested a loan in the amount of \$50,000 and provided collateral in beauty shop fixtures, second position lien on a person personal residence owned by her guarantor and her personal signature; and

WHEREAS, she has invested \$10,000 of her own money in the project in addition to the equipment and furniture that she already owned and contributed to the business; and

WHEREAS, the unexpended reserve expenditure budget is reduced by \$50,000 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 recommendation of the ESC the loan is approved in the amount of \$50,000 for eight (8) years at an interest rate of 3% contingent upon the applicant receiving all necessary licenses permits to operate the business in the Town of Carrboro.

**APPLICATION FOR
CARRBORO
REVOLVING LOAN
FUND (CRLF)**



TOWN of Carrboro
301 W. Main Street
Carrboro, North Carolina 27510
919-942-8541

INSTRUCTIONS: Please read the Revolving Loan Description and Criteria before completing this application. It is important that you fill out all sections of this application completely. Questions regarding this application or the application process should be directed to the Town's Community and Economic Development Officer.

NAME OF APPLICANT: The Fringe DBA - The Beehive DATE: 11/20/08
(Legal name of firm)

NUMBER OF YEARS IN OPERATION: 2.5 CORPORATION PARTNERSHIP SOLE PROPRIETORSHIP

EMPLOYER ID #: _____ PRIVILEGE LICENSE #: 12165

ADDRESS OF APPLICANT: 102 E. Weaver St. Carrboro NC 27510

LOCATION OF PROJECT (IF DIFFERENT FROM ABOVE): _____

PHONE NUMBER: (919) 932-4483 CONTACT PERSON: Diane Koistinen / President
Name and Position

AMOUNT OF LOAN REQUEST: 50,000 TERM REQUESTED: 8yrs @ 3%

BRIEFLY DESCRIBE THE FOLLOWING ASPECTS OF YOUR BUSINESS. (You may attach separate sheets or provide a written history and description of your business if you wish.)

WHAT TYPE OF BUSINESS DO YOU OWN OR ARE YOU PROPOSING? The Beehive is a hair Salon in downtown Carrboro. We are proposing to expand the hair salon to accommodate more hairstylists and add Nail technicians.

WHAT ARE YOUR MARKETS? We draw our clientele from all over the triangle area.

DESCRIBE SOME OF THE TRENDS AND THE DEVELOPMENT OF YOUR BUSINESS: The Beehive has been growing at a high rate. We feel that an expansion is crucial to the Salon. We have also noticed a real need for a nail service in our area and are ready to accommodate this need.

WHAT EFFECT WILL THE PROPOSED PROJECT HAVE ON THE COMPANY: The Beehive has recently acquired the lease for the entirety of the building we are in. This gives us the ability to expand from our current 300 sq feet to 868 sq feet. This affords us the ability to include the extra bankers + service areas.

WHAT SIZE FACILITY ARE YOU IN? WHERE IS IT LOCATED? DO YOU PLAN TO MOVE AS PART OF THE PROPOSED PROJECT?: (answer above)

IF YOU ARE LEASING, OR PLAN TO LEASE, DESCRIBE THE TERMS OF YOUR LEASE (RENT AND LENGTH OF LEASE)

The new lease is for 8 years at \$1200 a month for the first year and going up by \$100 a year to \$1550 a month by October of 2011.

THE PROPOSED PROJECT

BRIEFLY DESCRIBE THE SCOPE OF THE PROPOSED PROJECT: Our expansion calls for two new shampoo sinks, we currently have one + there is space to get another; an office, with a worker/manager to keep up with travel demand; a fourth hair cutting station; an upgraded color area; an expanded retail + reception area and two nail stations.

PROJECTS INVOLVING REAL ESTATE OWNED OR TO BE OWNED BY THE APPLICANT:

DOES THE PROJECT INVOLVE THE PURCHASE OF LAND AND/OR BUILDING? YES NO
PURCHASE PRICE: _____

DOES THE PROJECT INVOLVE THE CONSTRUCTION OF A NEW BUILDING? YES NO
CONSTRUCTION COST ESTIMATE: _____

DOES THE PROJECT INVOLVE THE EXPANSION, RENOVATION OF, OR ADDITION TO AN EXISTING BUILDING? YES NO
CONSTRUCTION COST ESTIMATE: _____

PROJECTS INVOLVING LEASEHOLD IMPROVEMENTS:

COST ESTIMATES FOR LEASEHOLD IMPROVEMENTS: _____

PROJECTS INVOLVING PURCHASE OF FURNITURE, FIXTURES AND EQUIPMENT:

ESTIMATED TOTAL COST OF PURCHASES: \$15,795

IMPACT AND CRLF OBJECTIVES:

HOW MANY PERMANENT JOBS WILL BE CREATED BY THIS PROJECT: 2
FULL TIME: 1 PART-TIME: 2 (150)
PROJECTED NUMBER OF THESE POSITIONS TO BE FILLED BY MINORITIES: 1
PROJECTED NUMBER OF THESE POSITIONS TO BE FILLED BY FEMALES: _____

WILL AT LEAST 51% OF THESE JOBS BE PROVIDED TO LOW AND MODERATE INCOME PERSONS? YES NO

HOW MANY PERMANENT JOBS WILL BE SAVED BY THIS PROJECT: FULL TIME: 3 PART-TIME: _____
NUMBER OF THESE POSITIONS FILLED BY MINORITIES: 2
NUMBER OF THESE POSITIONS FILLED BY FEMALES: 2

ARE AT LEAST 51% OF THESE JOBS PROVIDED TO LOW AND MODERATE INCOME PERSONS? YES NO

LOW AND MODERATE INCOME IS DEFINED AS GROSS INCOME FOR FAMILY NOT EXCEEDING 80% OF THE MEDIAN FOR THE RESPECTIVE FAMILY SIZE FOR THE RALEIGH-DURHAM MSA AS ESTABLISHED FROM TIME TO TIME BY HUD. PLEASE CONSULT THE TOWN TO OBTAIN THESE THRESHOLDS. HAVE YOU REVIEW THIS INFORMATION? YES NO

DO YOU AGREE TO COMPLY WITH TITLE I REQUIREMENTS (ENVIRONMENTAL AND DAVIS-BACON ACT) AND ALL CIVIL RIGHTS REQUIREMENTS? YES NO

EXPLAIN WHY YOU ARE SEEKING THESE FUNDS FROM CARRBORO AND WHY THEY ARE NOT AVAILABLE THROUGH OTHER SOURCES; EXPLAIN WHY THE PROJECT WOULD NOT BE POSSIBLE WITHOUT CRLF PARTICIPATION:

I do not have the personal assets to receive a traditional loan. Furthermore the economic climate presently is unhealthy for small business loans.

IS THE PROJECT WITHIN THE CITY LIMITS? YES NO

IS THE PROJECT WITHIN THE DOWNTOWN BUSINESS DISTRICT? YES NO

HOW IS THE SITE ZONED? Commercial

LOAN TERMS AND CONDITIONS

LIST OTHER SOURCES OF FINANCING TO BE INVOLVED, AND AMOUNT TO BE PROVIDED (INCLUDE EQUITY CONTRIBUTIONS FROM THE APPLICANT'S RESOURCES):

- 1) _____
- 2) _____
- 3) _____

DESCRIBE YOUR NEEDED TERMS OF THE REVOLVING LOAN FUND LOAN: *we would like to have a 3% clean for the security of my lease & space.*

DO YOU UNDERSTAND THAT THE CRLF LOAN WILL BE SECURED BY A NOTE AND DEED OF TRUST ON REAL ESTATE AND SECURITY AGREEMENT ON EQUIPMENT, AND THAT PERSONAL GUARANTEES WILL BE REQUIRED? YES NO

HAVE THE APPLICANT FIRM OR ANY OWNER OF MORE THAN 20% OF THE COMPANY, OR ANY GUARANTOR EVER BEEN ADJUDGED BANKRUPT, FILED FOR BANKRUPTCY, PROTECTION FROM CREDITORS, OR RE-ORGANIZED UNDER THE BANKRUPTCY LAWS? YES NO

AS President (TITLE) OF The Fringe DBA: The Beehive

I CERTIFY THAT THE INFORMATION PROVIDED IN THIS APPLICATION AND IN DOCUMENTS AND EXHIBITS PROVIDED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I FURTHER COMMIT TO THE FOLLOWING ACTIONS, AS DESCRIBED MORE FULLY IN THE PROJECT APPLICATION:

- A) UNDERTAKE AND CARRY OUT THE PROJECT AS DESCRIBED IN THE PROJECT APPLICATION, AND DOCUMENTS AND EXHIBITS PROVIDED,
- B) CREATED A MINIMUM OF 5 JOBS WITH 5 FOR LOW AND MODERATE INCOME PERSONS AND OBTAIN THE LEVEL OF JOBS INDICATED ABOVE BY: per 3010
- C) RETAIN A MINIMUM OF 5 JOBS WITH 5 FOR LOW AND MODERATE INCOME PERSONS,
- D) SUBMIT QUARTERLY EMPLOYMENT REPORTS TO THE TOWN SHOWING THE NUMBER OF JOBS CREATED OR RETAINED WHICH WOULD OTHERWISE HAVE BEEN LOST, AT LEAST 51% OF WHICH ARE LOW TO MODERATE INCOME POSITIONS,

- E) PROVIDE THE TOWN WITH NECESSARY INFORMATION FOR COMPLETING REQUIRED REPORTS,
- F) MAKE ALL RELEVANT RECORDS AVAILABLE TO THE TOWN AND STATE UPON REQUEST,
- G) BEGIN PROJECT ACTIVITIES ONLY FOLLOWING EXECUTION OF A LEGALLY BIDDING COMMITMENT BETWEEN THE TOWN AND THE APPLICANT AND THE RELEASE OF OTHER CONDITIONS, IF ANY, PLACED ON THE LOAN BY THE TOWN OF GARRBORO,
- H) COMPLETE PROJECT ACTIVITIES BY NO LATER THAN _____
- I) SECURE AND OBTAIN ADDITIONAL LOAN FUNDS IN THE AMOUNT OF \$ _____ AS DESCRIBED IN THIS APPLICATION, AND
- J) PROVIDE \$ _____ IN EQUITY FROM THE APPLICANT'S OWN RESOURCES FOR THE PROJECT AND COVER ANY COST OVERRUNS IN THE PROJECT FROM APPLICANTS OWN RESOURCES.

MY FIRM IS COMMITTED TO UNDERTAKE THIS PROJECT, AND BUT FOR THE PROVISION OF THE CDBG ASSISTANT, THIS PROJECT WILL NOT BE UNDERTAKEN:

<p>PARTNERSHIP AND SOLE PROPRIETORSHIPS</p> <p>SIGNED: _____</p> <p>TITLE: _____</p> <p>DATE: _____</p>	<p>CORPORATIONS</p> <p><u>The Fring DBA: The Beehive</u> Name</p> <p>BY: <u>Diane Kristin</u> President</p> <p>ATTEST: _____ Secretary</p> <p>(SEAL)</p> <p>DATE: <u>11/26/08</u></p>
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BELOW, PLEASE LIST ALL OF THE FOLLOWING: ANY OWNER OF 20% OR MORE OF A CORPORATION AND ALL OFFICERS OF THE CORPORATION; ALL PARTNERS; THE SOLE PROPRIETOR.

<u>Diane Kristin</u> President	<u>Diane Kristin</u>	100%
<small>Print Name & Title</small>	<small>Signature</small>	<small>% owned</small>
_____ <small>Print Name & Title</small>	_____ <small>Signature</small>	_____ <small>% owned</small>
_____ <small>Print Name & Title</small>	_____ <small>Signature</small>	_____ <small>% owned</small>
_____ <small>Print Name & Title</small>	_____ <small>Signature</small>	_____ <small>% owned</small>
_____ <small>Print Name & Title</small>	_____ <small>Signature</small>	_____ <small>% owned</small>
_____ <small>Print Name & Title</small>	_____ <small>Signature</small>	_____ <small>% owned</small>

UNC-SBTDC LOAN PREPARATION PKG.# 04-08CLIENT NAME: Diane KoistinenBUSINESS NAME: The BeehiveCOUNSELOR: Ron Ilinitch**CASE SUMMARY**


The Fringe, DBA/The Beehive, is a hair salon in downtown Carrboro. The company is owned and operated by Diane Koistinen. Ms. Koistinen has owned the business since mid-2006. At that time, she purchased the business from the prior owner after working in the business for five years. The Beehive has been in existence for 10 years in the same location.

Ms. Koistinen has successfully run the business for the past 2.5 years, building the business from \$51,116 (partial 2006) to \$145,807 in 2007 to \$164,175 in 11 months of 2008. She has been able to increase sales in a very small and limiting space.

The Beehive has acquired the lease to the entire space and will increase the size of the shop from 300 sq/ft to 868 sq/ft. At this time, Ms. Koistinen is seeking a loan in the amount of \$50,000. Most of this amount will be construction in the newly acquired space (\$39,595) and the purchase of additional shampoo stations, a color bar, and new manicure and pedicure stations.

The Loan Committee should look carefully at several items in the loan package. Firstly, there is no personal real estate collateral to use to secure the loan. Verna Dunn, Ms. Koistinen's mother, has pledged her real estate as collateral for the loan. The committee will need to approve the use of a third party to collateralize the loan. Secondly, the net worth of Ms. Koistinen is currently negative. A majority of her personal debt is student loans.

The committee should also consider the fact that Ms. Koistinen has been in business for 2.5 years and The Beehive has been a presence in Carrboro for 10 years. There is currently very little debt in the business (\$10,000 loan from Ms. Dunn) and she has been willing to work with the SBTDC and has submitted all needed documents for consideration.



SBTDC Counselor Signature

12-1-08

Date

CRLF-Attachment I of V

Memo

To: Mayor and Board of Aldermen
From: Peter Lee, Chair ESC
CC: James Harris, Director Economic and Community Development
Date: 2/5/2009
Re: ESC Recommendations for Loan Request from the RLF

On December 10th 2008 the ESC reviewed three Revolving Loan Fund applications. The action taken on the loan requests was as follows:

1. The Original Ornament, Inc. - Motion to recommend approval of the loan to the Board of Aldermen for the Original Ornament in the amount of \$70,000 for a term of six (6) years at 3% to expand the current business was made by Ellie Kinnaird and second by Alena Callimanis. Peter Lee, Jefferson Parker, Alena Callimanis, Ellie Kinnaird, voted yes, Nathan Milian, and Gary Kramling abstained, No -0-
2. Cycle 9, LLC- Motion to recommend approval of the loan to the Board of Aldermen was made by Nathan Milian, and seconded Alena Callimanis for a loan in the amount of \$68,540 for a term of seven (7) years at an interest rate of 3% to expand the current business. Ayes Ellie Kinnaird, Alena Callimanis, Peter Lee, Jefferson Parker, Nathan Milian, and Gary Kramling. Nays 0
3. The Fringe DBA/ The Beehive- Motion to recommend approval of the loan the Board of Aldermen was made by Ellie Kinnaird and seconded Nathan Milian for a loan in the amount of \$50,000 for a term of eight years at an interest rate of 3% to expand the business. Ayes Ellie Kinnaird, Alena Callimanis, Peter Lee, Jefferson Parker, Nathan Milian, Gary Kramling, Nays 0

Maturity Report for Loan Funds--ACTIVE ACCOUNTS

Loan ID	Borrower		Maturity Date	Loan Amount	Principal Balance
Revolving Loan Fund		Business Name			
Subfund R1					
113	Paul Finn	Acme Food & Beverage	6/1/2008	\$46,110.32	\$0.00
104	Sara Hammond	The Printery	2/1/2008	\$6,459.00	\$2,757.66
128	Arthur Ramsey	Blu Icon	1/10/2012	\$18,000.00	\$11,574.57
125	Gary Duncan	Science Technologies	3/1/2012	\$35,000.00	\$24,204.50
130	Laurin Stennis	Cycling Specifics	7/1/2012	\$45,000.00	\$13,338.89
127	Bryan Gibson	Bryan's Guitar & Music	8/1/2014	\$90,000.00	\$65,571.75
116	Ranova Pendegraft	Alphabet Soup	3/21/2021	\$48,000.00	\$31,412.55
Subtotal for 7 loans in Revolving Loan Fund				\$288,569.32	\$148,859.92



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Diane Koistinen
 Charlotte, NC
 919-259-9563

Scale: To fit page

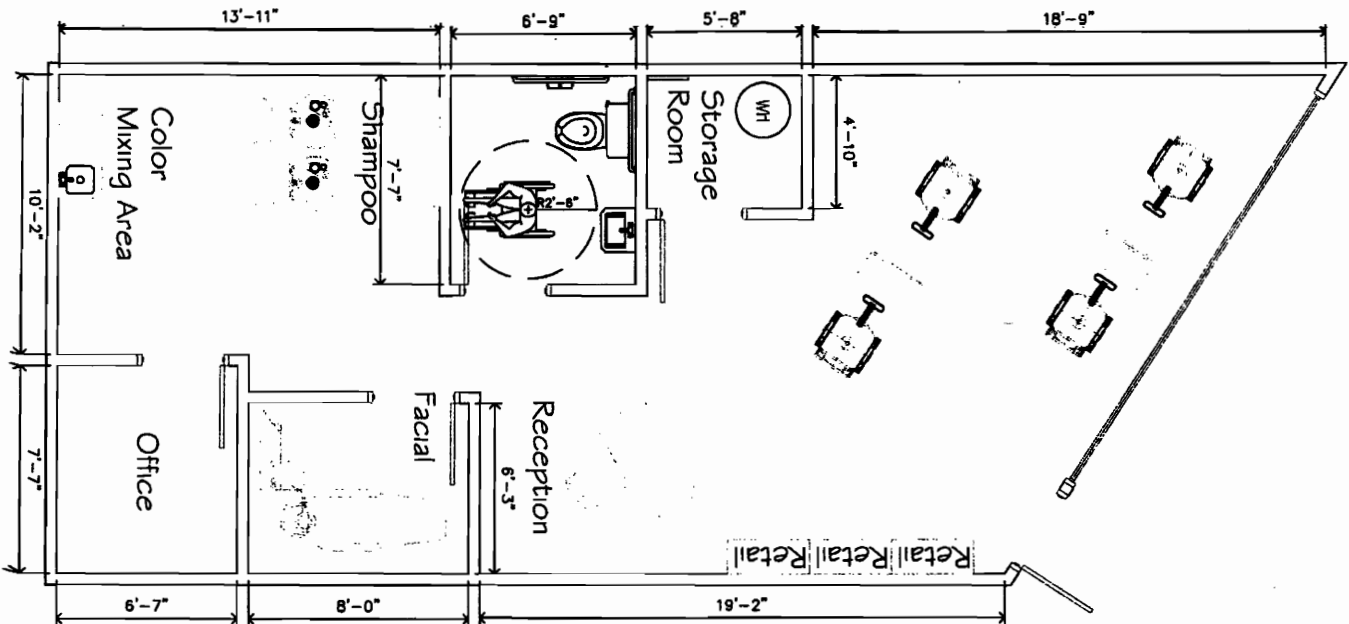
Columbia Beauty Supply, Inc.
 8026 Tower Point Drive, Charlotte, NC 28227
 Phone # 800-432-0960 Fax 704-847-0793

This drawing is submitted to you with the understanding that you or your contractor field verify and confirm all dimensions prior to construction. You must notify Columbia Beauty Supply of any changes or discrepancies that exist between field conditions and these drawings. These drawings are not prepared by an architectural firm, and no such representation is being made. Therefore, Columbia Beauty Supply is not responsible for the removal or placement of walls, plumbing pipes, HVAC and electrical work. These shall be checked by contractors and should conform to all state and local codes.

Designed By: Mac McAlister

Original Form: DSG
 10-13-06

NO	Revision	DATE
#1	Revised Title	00-00-00
#2		
#3		



Layout-A