

# BOARD OF ALDERMEN

ITEM NO. E(4)

## AGENDA ITEM ABSTRACT

MEETING DATE: February 17, 2009

**TITLE: Revolving Loan Fund Request from The Original Ornament/Casey Schlatter**

<b>DEPARTMENT:</b> Community and Economic Development	<b>PUBLIC HEARING:</b> YES ____ NO <u><b>x</b></u>
<b>ATTACHMENTS:</b> A. Resolution B. Application C. SBTDC Case Summary D. ESC Recommendation E. Summary of Revolving Loan Fund	<b>FOR INFORMATION CONTACT:</b> James Harris 918-7319

### PURPOSE

The purpose of this item is to present to the Carrboro Board of Aldermen a loan application from Casey Schlatter, owner/ operator of the Original Ornament an existing business located in Carr Mill Mall.

### INFORMATION

The Original Ornament, Inc. is a retail custom-made jewelry and bead shop located within Carr Mill Mall in downtown Carrboro. This business was established in 1992 and has been run by Ms Schlatter for the past several years, building the business on bead sales and expanding into the custom-made jewelry trade in the past year. She has increased the size of the store to include more floor selling space and the addition of a class/party room which allows the applicant to work with individuals as well as groups learning the beading trade. Some of the students learn the craft so well that they make jewelry to be sold by retail establishments in Carrboro and in other towns. This business employs 9 people.

The markets for this business include middle aged women with average and higher income, brides, students, children, senior citizens, gift buyers, and hobbyists.

The applicant is seeking and being recommended for a loan in the amount of \$70,000.00. The loan proceeds will be used to purchase inventory and display cases for in the shop, trade show, and other promotional events. This inventory will consist of store inventory and inventory to support the participation and trade and bridal shows. New markets are expanding and will increase the number of customers shopping and spending money in Carrboro.

The ESC looked carefully at this loan noting that there is no real estate collateral to secure this loan. However the inventory in the store is owned out right by the applicant. She has been in business for 16 years and has an excellent history of paying her debts. She has worked with the SBTDC for the last two years as recommended by staff to review her proposal and come back with a proposal that will allow her business to grow as well as retain her current staff.

RECOMMENDATION

The town staff recommends approval of this loan in the amount of \$70,000.00 for six years at an interest rate of 3%. Collateral for the loan will be the current inventory and all inventory purchased with the loan proceeds. The applicant will guarantee the loan with her personal signature and purchase a life insurance policy naming the Town of Carrboro as the beneficiary for the amount of the loan.