

BOARD OF ALDERMEN

ITEM NO. B(5)

AGENDA ITEM ABSTRACT

MEETING DATE: August 23, 2011

TITLE: Loan Modifications for Neal's Deli and Carrboro Creative Co-working

DEPARTMENT: Economic and Community Development	PUBLIC HEARING: NO
ATTACHMENTS: A. Resolution – Neal's Deli B. Resolution – Carrboro Co-Working C. Proposed Loan Modification Agreement – Neal's Deli D. Proposed Loan Modification Agreement – Carrboro Co-Working	FOR INFORMATION CONTACT: Annette D. Stone, AICP 918-7319

PURPOSE

The purpose of the agenda item is to seek board approval for revolving loan modifications for Neal's Deli and Carrboro Creative Co-working.

INFORMATION

In April 2011, staff reported to the Board of Aldermen that several Revolving Loan Fund accounts were past because of varying circumstances. Over the past few months, staff has been working with the account holders who are delinquent in order to develop a reasonable plan for bringing the accounts current. Letters were sent to all the past due account holders and they were given three options to clear up the account. The options were: 1) pay the past due amounts immediately; 2) re-amortize the past due amounts back into the loan and begin paying a new monthly payment; or 3) continue paying the current monthly payment with a balloon payment at the end of the term.

Two of the past due accounts are Neal's Deli and Carrboro Creative Co-working. The owners of Neal's Deli have opted to pay a balloon payment of the end of the term. As of May 20, 2011 they were \$7,644.09 past due, however, they have been current with their payments since that time.

Carrboro Creative Co-working has announced that the business will be closing. The owner has asked to keep the payments near the \$600 level currently being paid. In addition, the owner asked for a longer term in which to pay the loan back. The ESC has recommended the following proposal to assist Carrboro Creative Co-working as the business closes. (Note these figures were as of July 1 and will change slightly when finally approved.)

9/1/2011-6/31/2013 payments = \$526.79 (0% int 24 pmts \$79,545.36 balance)
9/1/2013-6/31/2015 payments = \$611.32 (2% int, 24 pmts \$66,902.40 balance)

9/1/2015-1/1/2024 payments = \$628.32 (4% int 103 pmts \$54,676.32 balance)

The Commission further recommends that all the assets as per the attached inventory list (provided by Mr. Russell) be dissolved within 60 days of the closing of Carrboro Creative Co-working (scheduled for September 30, 2011) with proceeds going directly to the principal amount of the loan.

FISCAL IMPACT

The loan modifications will correct financial records and clear “past due” amounts on these accounts. In addition, the modified terms for Carrboro Creative Co-working will net an additional \$6,821.93 in earned interest for the Revolving Loan Fund.

RECOMMENDATION

Staff concurs with the proposed loan modifications and the recommendation of the ESC.