

# BOARD OF ALDERMEN

ITEM NO. C(2)

## AGENDA ITEM ABSTRACT

MEETING DATE: August 23, 2011

### TITLE: Revolving Loan Recommendation for Second Wind Juice Bar and Café

<b>DEPARTMENT: Economic and Community Development</b>	<b>PUBLIC HEARING: NO</b>
<b>ATTACHMENTS: A. Resolution B. Loan application and back up material</b>	<b>FOR INFORMATION CONTACT: Annette D. Stone, AICP</b>

#### PURPOSE

The purpose of the agenda item is for the Board to consider a request for funds from the Carrboro Revolving Loan Fund from Second Wind Juice Bar and Café.

#### INFORMATION

Loan applicants Sherry Pate and Jerry Glass are requesting a loan from the Town of Carrboro's Revolving Loan Fund. The proposed business is a juice bar and sandwich shop geared toward athletic individuals and teams. This concept is slightly modified from the original concept after feedback from the ESC. The business is proposed to be located at 118 East Main Street (next to Armadillo Grill). The applicants have signed a three year lease (with a two year option) for this location.

The applicants have requested \$90,000 in loan funds. The funds would be used for leasehold improvements, capital equipment purchase, and other start-up cost, deposits, fees, etc. The applicants have indicated they have \$50,000 in personal cash to use towards the start-up of the business.

The applicants did utilize the services of the Small Business Development and Technology Center (SBDTC) in developing a business plan and Performa. The SBDTC has provided a review of the elements within the loan package and a case summary of the application.

The applicants are using their personal home as collateral for this loan and have no other personal debt other than a mortgage.

The Economic Sustainability Commission considered this request at their August 10<sup>th</sup>, 2011 meeting and recommended the following terms and conditions in the granting of this loan:

A loan in the amount of \$45,000 at 3% interest for a period of 5 years is contingent on the following conditions;

1. The applicant secures an additional \$45,000 from another source and provides documentation of other funding sources.

2. Submit a marketing plan prepared by Splinter (or other professional marketing agency) with a letter stating the marketing budget is adequate to generate the projected sales revenue.
3. The applicant submits receipts/invoices to document \$50,000 in personal cash is spent prior to disbursement of Town loan funds.

**FISCAL IMPACT**

The Revolving Loan Fund currently has an available fund balance of \$ 243,641.13 which will adequately fund this loan.

**RECOMMENDATION:**

Staff recommends that the Board of Aldermen consider the Revolving Loan Fund application and ESC recommendations for Second Wind Juice Bar and Café.