

BOARD OF ALDERMEN

ITEM NO. D(4)

AGENDA ITEM ABSTRACT

MEETING DATE: February 21, 2012

TITLE: Request to Modify Terms of the Revolving Business Loan by the Owners of Second Wind Juice Bar

DEPARTMENT: Economic and Community Development	PUBLIC HEARING: NO
ATTACHMENTS: A. Request from loan recipients Jerry Glass and Sherry Pate to modify loan terms B. Recommendation from the ESC	FOR INFORMATION CONTACT: Annette D. Stone, AICP Economic and Community Development Director

PURPOSE:

The purpose of this agenda item is for the Board of Aldermen to consider a request to modify the loan terms for the Revolving Loan for Second Wind Juice Bar. The request was submitted by owners Jerry Glass and Sherry Pate.

INFORMATION:

The Board of Aldermen approved a Revolving Loan Fund loan for Second Wind Juice Bar at their August 23, 2011 meeting. The approved loan amount is \$45,000 with 3% interest for a period of five years and disbursement was contingent on the following conditions:

1. The applicant must secure an additional \$45,000 from another source and provide documentation of funding.
2. The applicant must submit a marketing plan, prepared by a professional marketing agency, with a letter stating that the marketing budget is adequate to generate the projected sales revenue.
3. The applicant must submit receipts/invoices to document that \$50,000 in personal cash is spent prior to disbursement of the Town loan funds.

The applicants have satisfied the conditions of the loan and funds were disbursed on February 3, 2012. The applicants are requesting a modification that would allow them to defer the initial payment, for a period between four to six months, of the opening of the business. The owners have estimated the business opening for April 1, 2012.

The Economic Sustainability Commission (ESC) considered this request at their February 8th regularly scheduled meeting and made the following recommendations:

1. That the loan terms be modified to allow interest only payments, for a period of four months, with the first full (interest and principal) payment being August 1, 2012.

FISCAL IMPACT:

Interest only payments, as recommended by the ESC, will result in a positive gain of interest payments to the Town over the life of the loan.

RECOMMENDATION:

Staff recommends that the Board of Aldermen consider the recommendation of the ESC.