

AGENDA



Thursday, April 24, 2008

**Neighborhood Housing and Community Development
RECOMMENDATION FOR COUNCIL ACTION****Item No. 27**

Subject: Approve the negotiation and execution of a loan to Athenian Bar & Grill, LC, Austin, Texas, in an amount not to exceed \$225,000 under the Neighborhood Commercial Management Loan Program, in compliance with applicable federal requirements and performance goals, to purchase furniture, fixtures, and equipment for a restaurant located at 600 Congress, Austin, Texas.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007 – 2008 Neighborhood Housing and Community Development Department Special Revenue Fund. This loan is subject to completion of the federal environmental assessment and fund release process.

Fiscal Note: There is no unanticipated fiscal impact

For More Information: Margaret Shaw, Acting Director, Neighborhood Housing and Community Development, 974-3184

This authorizes the negotiation and execution of a subordinate loan to Athenian Bar & Grill, LC in an amount not to exceed \$225,000 under the Neighborhood Commercial Management Loan Program (NCMP). Athenian Bar & Grill, LC owns and operates the Athenian Bar & Grill located at 600 Congress, Suite C-150. The loan will enable Athenian Bar & Grill, LC to construct leasehold improvements and purchase furniture, fixtures, and equipment necessary to support its business operations.

The purpose of the NCMP is to assist in revitalizing commercial districts by providing financial assistance to eligible small businesses within the City of Austin's city limits in exchange for job creation or retention for low and moderate income individuals.

The NCMP loan approval process includes a review and analysis by NHCD staff and by a loan advisory committee consisting of bankers, real estate professionals, and community representatives. The NCMP Loan Advisory Committee and program staff approved a loan of \$225,000 for Athenian Bar & Grill, LC on February 19, 2008.

Athenian Bar & Grill is a full service restaurant and bar. It opened in 2004 at 705 Colorado Street as "Athenian Grill." It operated at that location until it lost its lease in June 2007.

Athenian Bar & Grill, LC entered into a ten year lease for a restaurant site located at 600 Congress, Suite C-150 on September 5, 2007. Athenian Bar & Grill, LC must construct leasehold improvements to the Congress property and acquire new furniture, fixtures, and equipment to support its operations before opening Athenian Bar & Grill for business. Athenian Bar & Grill, LC expects to complete the renovations and open Athenian Bar & Grill for business in or about August 2008.

Athenian Bar & Grill's business operations at the new location will be expanded from its previous operations at 705 Colorado Street. Athenian Bar & Grill's expansion includes the addition of the equivalent of 11 full-time employees or 22 part-time employees. The equivalent of 6 full-time or 12 part-time jobs of those added will be made available to low and moderate income persons. The amount of jobs created that will be made available to low and moderate income persons meets the minimum NCMP

job creation requirements. (One full-time equivalent position for every \$35,000.00 in NMCP funds and 51% or more of jobs created made available to low and moderate income persons.).

The terms of the proposed loan are as follows:

The project will cost approximately \$1,141,151.

The NCMP loan will be for a maximum of \$225,000 with a fixed interest rate of 6.5% for a term of 10 years. Athenian Bar & Grill, LC will use the loan to purchase furniture, fixtures, equipment, and signage. The NCMP loan will be secured by a first lien on the new furniture, fixtures, and equipment to be purchased and by a second lien on existing real property. NCMP funding represents 19.7% of the total project cost.

Athenian Bar & Grill, LC is providing \$768,070 in equity funds consisting of \$143,698 in furniture, fixtures, and equipment, \$303,545 in tenant allowance, \$148,651 in working capital to secure the lease, and \$172,176 for hard and soft construction cost.

Wachovia Bank is providing a loan of \$148,081 for leasehold improvements and construction contingency.

The staff of Neighborhood Housing and Community Development Office recommends approval of this transaction based on the financial strength of the borrower, the strength of the business, the management commitment to this project and the positive impact on the community.

Approval of this loan is consistent with NHCD's 2005-2009 Consolidated Plan. The Consolidated Plan states specifically that NHCD will provide direct financial assistance to for-profit organizations in exchange for job creation or retention for low and moderate income persons.

Approving this loan will also further the Department's Mission: "to provide housing, community, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency."