

## AGENDA



Wednesday, June 18, 2008

**Economic Growth & Redevelopment Services  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 22**

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**Subject:** Authorize the negotiation and execution of an economic development loan agreement and related documents providing for a loan with APPLE ANNIES, INC. in an amount not to exceed \$250,000, for the redevelopment of property located at 319 Congress Avenue, under the City's Business Retention and Enhancement (BRE) Program.

**Amount and Source of Funding:** Funding in the amount of \$250,000 is included in the Business Retention and Enhancement Fund.

**Fiscal Note:** There is no unanticipated fiscal impact.

**For More Information:** Rodney Gonzales, Acting Director, EGRSO / 974-2313; Gregory Miller, Attorney Senior / 974-6032

**Prior Council Action:** Council created the BRE Program and program guidelines on February 15, 2007; Council approved an ordinance to fund the BRE Program on March 1, 2007.

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Apple Annies, Inc. has operated its cafe, bakery and catering business in downtown Austin since 1982. Apple Annies, Inc. was unable to renew its lease at its location of 221 W. 6th Street, where it had been in operation since 1984, and left that location April 15, 2008. Apple Annies, Inc. is relocating to the first floor of the Day Building at 319 Congress Avenue and will expand its current operations to include a dinner service, take-out operation, evening delivery, and a bar.

The expanding operations will result in the creation of new jobs. Apple Annies, Inc. will add a total of 21 permanent full-time jobs, or the equivalent of 19 full-time employees and 4 part-time employees. Apple Annies, Inc. will commit to retaining at least 15 full-time, permanent employees for the term of the loan.

Apple Annies, Inc. is requesting that the City of Austin provide a loan of \$250,000 for facade and interior finish-out through the Business Retention and Enhancement Program ("BRE Program"). The BRE Program loan will be for a maximum of \$250,000 with a fixed interest rate of 6.0% for a term of 15 years. The loan will be secured by a subordinated deed of trust lien and by a business guaranty. The terms of the proposed economic development loan agreement term letter, attached to this Request for Council Action as Exhibit A, meet the guidelines of the City's BRE Program.

Apple Annies, Inc. will submit all proposed facade improvements to the City for review. Apple Annies, Inc. will secure a City of Austin energy audit and make a good faith and commercially reasonable effort to comply with all recommendations included in the audit.

The BRE Program loan to Apple Annies, Inc. is recommended for approval based on the financial strength of the business, the business owner's commitment to the project, and the positive impact to the community. The loan will advance the City's public purposes of promoting economic development and stimulating commercial activity in the downtown area.

Approval of this loan is consistent with Chapter 380 of the Texas Local Government Code and the BRE Program guidelines. The BRE Program was created by the City Council's adoption of Ordinance No.

20070215-003. The program furthers the City's public purpose of promoting local economic development and stimulating commercial activity on Congress Avenue and East 6th Street. The BRE guidelines state specifically that the BRE program will provide loans to attract new businesses to Congress Avenue and East Sixth Street.