

MUSIC VENUE ASSISTANCE

MICRO LOAN PROGRAM

APPLICATION PROCESS

Music Venue Assistance Loan Program

The Austin City Council created the Music Venue Assistance (MVA) Loan Program on February 2, 2012.

Where to Get Applications

Loan Applicants and Program Guidelines for the MVA Program are available at:

City of Austin Music Division

505 Barton Springs Rd. Suite 1070

Austin, Texas 78704

<http://www.austintexas.gov/music>

Who May Apply

The MVA Program is intended to provide low-interest loans for Eligible Sound Mitigation Costs to:

- . Venues that demonstrate a significant sound impact to residential areas.
- . Venues that demonstrate the physical need to implement sound mitigation technologies.
- . Venues that demonstrate the financial need to implement sound mitigation technologies.
- . Venues locating to the Eligible Area.

The MVA Program is available only for the following types of commercial uses:

- . Cocktail Lounge
- . Indoor Entertainment
- . Outdoor Entertainment
- . Restaurant General (General)
- . Restaurant General (Limited)
- . Theater

The Applicant must have a minimum of two (2) years of experience operating at Venue, or six (6) years of experience operating at a business in the type of commercial use for which you are requesting a loan.

“Eligible Area” means any area within the City limits of Austin, TX.

Submission

- . See the MVA Program Guidelines for more detailed information.
- . Completed Loan Applications must be submitted to the City of Austin Music Division at the above address between the hours of 9 a.m. to 4 p.m., Monday through Friday.
- . Please submit five (5) unbound copies of the complete Loan Application to the City of Austin Music Division.



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Loan Review Process

- . The Loan Review Committee will perform a financial review of Loan Applications.
- . The Loan Review Committee is under no obligation to consider any Loan Application that is not complete.
- . The Loan Review Committee reserves the right to determine the completeness of any Loan Application. The Loan Review Committee may request additional information, in which the Loan Applicant will have thirty (30) days to respond to requests for additional documentation.
- . Loan Applications will be presented to the Austin Music Commission, who will act in an advisory role.

Loan Approval Process

- . The Loan Review Committee operates in an advisory capacity, and will make recommendations to the City of Austin Music Division regarding all loan requests.
- . Final loan approval will be made by the City of Austin Music Division.
- . Approved loan Applicants will be required to sign a loan agreement and any other necessary documentation with the City of Austin.
- . Loan funds will be disbursed in accordance with the terms of the agreement and generally will be provided as reimbursement for eligible expenses.

Loan Availability

- . MVA Program loans are limited to the amount of available funds, as approved by City Council for the program.

FOR MORE INFORMATION CONTACT:

City of Austin Music Division

Austin Center for Events: 505 Barton Springs Rd., Suite 1070, Austin, Texas 78704

Telephone: 512-974-7817 Fax: 512-974-7825

Email: music@austintexas.gov



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MUSIC VENUE ASSISTANCE

MICRO LOAN PROGRAM



2012

PROGRAM GUIDELINES



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MUSIC VENUE ASSISTANCE

MICRO LOAN PROGRAM

PROGRAM GUIDELINES

Purpose:

The MVA Program Fund is a special revenue fund repurposed on February 2, 2012 by Austin City Council. The MVA Program is intended to assist qualifying Music Venues with implementation of sound mitigation technologies for improving the acoustic environment inside and outside of the venue, while reducing the sound levels that impact nearby residents. The MVA Program is intended to provide low-interest loans for Eligible Costs to:

- . Venues that demonstrate a significant sound impact to residential areas.
- . Venues that demonstrate the physical need to implement sound mitigation technologies.
- . Venues that demonstrate the financial need to implement sound mitigation technologies.
- . Venues locating to the Eligible Area.

Goals:

The goals of the MVA Program are to:

- . Accomplish a decibel level reduction within a 250' radius of the Venue.
- . Improve the acoustic environment inside and outside of the Venue.
- . Reduce the sound levels that impact nearby residential areas.
- . Reduce the number of loud music complaints.
- . Conserve Austin Police Department (APD) resources.

Financial Assistance:

- . The City of Austin Music Division may provide a loan to any one Applicant, in an amount not to exceed \$35,000.
- . The final loan amount is subject to the City of Austin Music Division assessment of sound mitigation requirements.

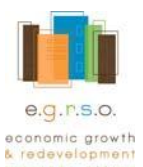
Loan Amount and Payback Duration:

- . Loans ranging from \$0 to \$5,000 will require payback duration of one (1) year.
- . Loans ranging from \$5,001 to \$15,000 will require payback duration of two (2) years.
- . Loans ranging from \$15,001 to \$35,000 will require payback duration of three (3) years.

City Council approval of MVA Program Guidelines will allow the City of Austin Music Division to execute all loan Agreements without further Council approval of the loan amount. The loan amount shall not exceed \$35,000.



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Background

1991-2013

In 1991 Austin was officially named the live music capital of the world. This reputation is well earned, as Austin is home to many talented and revered musicians and given that Austin has more live music venues per capita than any other city in the nation. This culture of creativity, collaboration and Austin's brand reputation worldwide has contributed greatly to the success of Austin musicians as well as our many music events and festivals. The local economic impact from our music industry is over 1.6 billion dollars annually.

With the combination of beautiful weather, the indoor smoking ban and increased residential density downtown, Austin is now faced with the challenge of meeting the competing interests of indoor and outdoor entertainment venues and residents alike.

Austin has two established Entertainment Districts, each with 2:00 a.m. cut off time allowances, seven days a week. Some music venues have been operating in these districts for decades. As high rise condo developments are being built in close proximity to these entertainment districts, sound complaints from residents are on the increase. In 2012 the City of Austin Music Division conducted two case studies for the Music Venue Assistance Loan Program.

The participating venues were the focus of numerous sound complaints, even as they were operating in compliance with the City's sound ordinance. The City of Austin Music Division participated in the installation of technological and architectural sound mitigation measures at the case study venues. Costs for these enhancements were supplemented through City of Austin case study grants and matching funds from the venues. A state of the art directional speaker system was installed in one venue, and a custom designed sound buffering band shell was installed in the other venue. This combination of these varied approaches provided the Music Office with the opportunity to test the effectiveness of each. The results were very positive, yielding improved containment of sound levels (reduction of 10-18 dBA), and a drastic reduction in sound complaints to 311 and 911. An important consideration is that a 10 dBA reduction in sound level is perceived to the listener as a *halving* of the sound level.

In response to a recent survey sent out to local music venues, the majority of respondents said that they would use sound mitigation loans to construct sound buffering walls/enclosures or would purchase directional, narrow pattern PA systems. Based on the positive results from our case studies, these sound mitigation measures have proven to be very effective.



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Eligibility

Eligible Applicant:

- . Locally-Owned Businesses

Eligible Business Uses:

The MVA Program is available only for the types of commercial uses listed below. The Applicant must have a minimum of two (2) years of experience operating at Venue, or six (6) years of experience operating at a business in the type of commercial use for which you are requesting a loan.

- . Cocktail Lounge
- . Indoor Entertainment
- . Outdoor Entertainment
- . Restaurant General (General)
- . Restaurant General (Limited)
- . Theater

[Note: All commercial uses are as defined in City Code Section 25-2-4.]

Eligible Project Costs:

The loan proceeds may be used to finance Project fixed-asset costs whose useful life is equal to or less than the terms of the loan.

Table 1: Represents the Eligible Project.

| Eligible Project Costs |
|---|
| 1. Sound buffering band shell enclosures |
| 2. Sound buffering walls and architectural features |
| 3. Sound buffering vestibule door systems |
| 4. Main speaker trussing systems (for ensuring optimum downward installation angle) |
| 5. Sound absorbing products/installation for treating walls and other hard surfaces |
| 6. Sound buffering curtains |
| 7. Narrow focus, directional (horizontal/vertical) pattern main speaker systems |
| 8. Cardioid pattern and rear cancelling subwoofer speakers |
| 9. Plexiglas drum and instrument amplifier enclosures |
| 10. Laminated glass soundproofing windows |



Ineligible Costs

The loan proceeds shall not be used for the following Project costs:

- . Costs encumbered prior to closing on a MVA Program loan
- . Speculative projects
- . Purchase or lease of vehicles
- . Incorporation and organization expenses
- . Finders fee for financing
- . Commitment fees on the first mortgage
- . Application fees
- . Working capital
- . Inventory
- . Intangible property (examples of intangible property include, but are not limited to, patents, franchises, goodwill, fees, trademarks or trade names.)
- . Refinancing (other than construction financing approved by the City)
- . Design services
- . Consultation fees

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Loan Conditions and Considerations

Financial:

- . The Applicant must demonstrate the physical and financial need for a loan and demonstrate that without the loan, the Venue will not be economically able to purchase and install the sound mitigation measures.
- . The Applicant must demonstrate that the projected Venue and TABC revenues are sufficient to repay the loan. The Applicant must submit TABC records and financial statements that include balance sheets and income statements for the last two (2) years. The Applicant shall agree to make its financial statements and TABC records available for inspection by City representatives during the term of the loan.

Zoning:

- . The Applicant must demonstrate compliance with all applicable zoning requirements for the Venue and remain in compliance for the duration of the loan.
- . The Applicant must adhere to all City building and technical codes and acquire all required building permits. Loan funds will not be dispersed until all necessary permits are obtained by the Applicant.

Loan Term, Interest Rate, Collateral, Early Repayment, and Default:

- . The loan term will be negotiated based on the loan amount, pledged collateral, and demonstrated financial need, with a one (1) year, two (2) year, or three (3) year-payback depending on the loan amount.
- . The loan interest rate will be 1.5%; with no application fee.
- . The Applicant must secure and maintain appropriate property insurance during the entire term of the loan for any property pledged as security. The City must be named as an additional insured party.
- . There is no penalty for early repayment of the loan.
- . Funds will be disbursed in accordance with the terms of the agreement and generally will be provided as reimbursement for eligible expenses.
- . Loan payments not received within 10 business days of the scheduled due date as agreed in the terms of the loan will be assessed a \$25 late fee in addition to the regular monthly payment due. Monthly loan payments not received within 90 days of the scheduled due date as agreed in the terms of the loan, will be in default.
- . A default shall consist of any use of loan funds for any purpose other than as authorized in the loan agreement, or any breach of any loan agreement covenant or provision. Non-compliance with City development or zoning regulations will be an event of default.
- . Any non-built-in equipment purchased with a loan will be collateralized against the loan.
- . Permanent/affixed sound walls will not be collateralized against the loan, and are considered lease hold improvements.
- . The Applicant must provide a personal signatory guarantee, if the loan is approved.

Other Requirements:

- . The Venue must be an establishment with a sound-related issue, and all loan funds are to be used solely for sound mitigation purposes.
- . The Applicant must be in good standing regarding all fees and taxes owed to the City.
- . The Applicant must have fee simple ownership or a lease that has a minimum of one (1) year remaining beyond the loan term.
- . The Applicant must have a minimum of two (2) years of experience operating at Venue, or six (6) years of experience operating at a business in the type of commercial use for which you are requesting a loan.
- . The Venue property owner must provide signature for any permanent, built-in improvements made to the Venue.
- . If the Applicant relocates the Project to a new location, the City is not responsible for moving any installations to the new location, and the Applicant must continue all loan payments until the loan is repaid in full during the lease term.
- . If the Applicant closes the Venue during the lease term, the Applicant must continue all loan payments until the remainder of the loan is paid in full during the lease term.
- . The Applicant must repay the balance of the loan in full upon sale or discontinuance of the Project.



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Application Submission Information Requirements

The Applicant must submit a loan application on a form to be provided by the City of Austin Music Division, with supporting documentation as required by the City.

Table 2: Represents the loan application information that Applicants are required to submit to the City of Austin Music Division, unless otherwise determined by the City.

| Loan Application Information | |
|------------------------------|--|
| 1. | The Applicant must submit a completed Business Information Sheet. |
| 2. | The Applicant must provide TABC records for the last two (2) years. |
| 3. | The Applicant must provide financial statements that include balance sheets and income statements for the last two (2) years. |
| 4. | The Applicant must submit a Sound Mitigation Plan that includes a description and purpose of the improvements to be made. <ul style="list-style-type: none">a. Architectural or structural/physical improvements to be made to the Venue, if applicable.b. Sound mitigation technologies to be acquired, if applicable. |
| 5. | The Applicant must provide a personal signatory guarantee. |

If a loan application is rejected for any reason, the Applicant is able to apply for a new loan the following fiscal year.



Administration

The City of Austin Music Division is responsible for the administration of the MVA Program and guidelines. In that capacity, the City of Austin Music Division shall perform the following duties:

- . Receive applications from interested Applicants;
- . Analyze Applicant information submitted for compliance with the MVA Program guidelines,
- . Select Applicants for MVA Program loans to be placed on the Austin Music Commission agenda for consideration; and
- . Make the final approval of Applicants for MVA Program loans.

Interpretation of terms, conditions and requirements in these guidelines is delegated to the City of Austin Music Division.

The adoption of the MVA Program and these guidelines does not:

- . Limit the discretion of the City Manager or the City of Austin Music Division to review loan applications, reject loan applications, or place particular loan applications on the Austin Music Commission agenda for consideration; or,
- . Limit the discretion of the City of Austin Music Division to decide whether to approve a specific loan; or,
- . Create any property, contract, or other legal right in any person or entity to have the City of Austin Music Division consider or approve a specific loan application.



Definitions

“**Applicant**” or “**Applicants**” means the owner or tenant of a Venue that has a minimum of two (2) years of business operating experience in the type of commercial use for which they are requesting a loan.

“**City of Austin Music Division**” means the division or working group of a City department designated by the City Manager with advisory and administrative functions related to permitting of outdoor live music.

“**Cocktail Lounge**” means the use of a site for retail sale of alcoholic beverages for consumption on the premises, including taverns, bars, and similar uses, other than a restaurant use as that term is described in this section.

“**Eligible Area**” means any area within in the City limits of Austin, TX, as indicated on the MVA Program map.

“**Eligible Costs**” means the cost which can be paid for with the MVA Program loan funds made available under the loan agreement.

“**Indoor Entertainment**” means the use is predominantly spectator use conducted within an enclosed building. This use includes meeting halls and dance halls.

“**Outdoor Entertainment**” means the use is a predominantly spectator use conducted in open, partially enclosed, or screened facilities. This use includes sports arenas, racing facilities, and amusement parks.

“**Project**” means a proposed commercial development, for which the Applicant is requesting a loan.

“**Restaurant (General)**” means the use of a site for the preparation and retail sale of food and beverages and includes the sale and on-premises consumption of alcoholic beverages as an accessory use.

“**Restaurant (Limited)**” means the use of a site for the preparation and retail sale of food and beverages and excludes the sale of alcoholic beverages for on-premises consumption.

“**Theater**” means the use of a site for presentation of plays, motion pictures, or other dramatic performances within a building.

“**Venue**” means the building or location that will be used for the Project.



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2012

LOAN APPLICATION

Date Received: _____

Borrower Legal Name: _____



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TEXAS PUBLIC INFORMATION ACT

The Loan Application is intended for internal City of Austin financial review as part of the MVA Program and efforts will be made to restrict circulation of the information included on the form to appropriate members of the City of Austin Economic Growth and Redevelopment Services Office (EGRSO). However, please note that the Texas Open Records Act provides that information collected, assembled, or maintained by the City under a law or ordinance or in connection with the transaction of official business is generally considered to be public information. The Texas Open Records Act does provide that information relating to economic development negotiations with a business prospect may be withheld from disclosure unless and until an agreement is reached. In addition, proprietary commercial or financial information provided to the City on this form may be withheld from disclosure if such disclosure would cause harm to the business that furnishes the information to the City. The law requires a submission to the Texas Attorney General in order to assert these exceptions from public disclosure. If you consider any information submitted to the City to be such proprietary commercial or financial information, please clearly and specifically identify that information, so the City will be able to request that the Texas Attorney General authorize the nondisclosure of the information, in the event that an Open Records Act request is received.



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CHECKLIST

Please use this checklist as a guide to complete the documentation necessary to process your Loan Application. Incomplete Loan Applications will not be considered.

* The City may request additional information if deemed useful in evaluating the Loan Application.

Applicant Information

- Applicant's Venue is located within the Eligible Area.
- Applicant's type of commercial use for the Venue is:
 - Cocktail Lounge
 - Indoor Entertainment
 - Outdoor Entertainment
 - Restaurant (General)
 - Restaurant (Limited)
 - Theater
- Applicant has a minimum of two (2) years of business operating experience in the above type of commercial use for which you are requesting a loan.

Financial Information

- TABC records for the last two (2) years
- Financial statements that include balance sheets and income statements for the last two (2) years

Business Information

- Use of Funds/Budget form
- Signed Certification and Disclosure
- Personal Signatory Guarantee
- Completed Sound Mitigation Plan using the sound mitigation outline plan



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BUSINESS INFORMATION

| | | |
|---|---|--|
| Loan Amount Requested: | | |
| Contact Name: | | |
| Title: | | |
| Telephone: | Fax: | |
| E-mail: | | |
| Borrower Legal Name: | | |
| Commercial Use: | <input type="checkbox"/> Cocktail Lounge <input type="checkbox"/> Indoor Entertainment <input type="checkbox"/> Outdoor Entertainment | <input type="checkbox"/> Restaurant (General) <input type="checkbox"/> Restaurant (Limited) <input type="checkbox"/> Theater |
| Business: | <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> LLC | <input type="checkbox"/> Corporation <input type="checkbox"/> Other |
| If Partnership, General Partner Legal Name: | | |
| General Partner Legal Structure: | <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> LLC | <input type="checkbox"/> Corporation <input type="checkbox"/> Other |
| Signatory Name: | | |
| Signatory Title: | | |
| Federal Tax ID No: | | |
| Locally-Owned Business | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Physical Address of Venue: | | |
| City: | State: | Postal Code: |
| Mailing Address (if different than above): | | |
| City: | State: | Postal Code: |
| List Any Parties Who Have or Will Have Ownership in the Business: | | |
| Names: | Title and Percent Ownership: | Phone Number: |
| 1. | | |
| 2. | | |
| List All Loan Guarantors: | | |
| Names: | Address: | Phone Number: |
| 1. | | |
| 2. | | |
| Declarations: | | |
| Do you, your business, any other owner in your business, or guarantor have delinquent federal, state, payroll, sales or other tax liability? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are there any outstanding tax liens or judgments filed against you, your business, any other owner in your business, or guarantor? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Have you, your business, any other owner in your business, or guarantor been involved in bankruptcy or insolvency proceedings within the last ten (10) years? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Have you, your business, any other owner in your business, or guarantor had property foreclosed upon or given title or deed in lieu? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are you, your business, any other owner in your business, or guarantor involved in any pending lawsuits? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| If renting or leasing, have you failed to pay rent on time during the last 12 months? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| If you answered "Yes" to any of the above questions, please provide details on a separate sheet attached to this Loan Application. | | |



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USE OF FUNDS/BUDGET

Applicants are required to complete a Use of Funds/Budget form that provides the purpose and description of the total costs of the project for which a MVA Program loan is requested to fund a portion. MVA loan proceeds may be used to finance Project fixed-asset costs whose useful life is equal to or less than the terms of the loan. A list of Eligible Costs can be found on Table 1 of the MVA Program Guidelines.

Purpose of the project:

- Architectural or structural/physical improvements to be made to the Venue
- Sound mitigation technologies to be acquired for the operation of the Venue

| Budget | Owner Equity | MVA Program Loan Request | Other Funding Sources | Total |
|----------------------|--------------|--------------------------|-----------------------|-------|
| Itemized Description | | | | |
| Total Costs | | | | |

Identify Other Funding Sources:

Name: _____

Address: _____

Contact: _____

Telephone: _____

Name: _____

Address: _____

Contact: _____

Telephone: _____



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CERTIFICATION AND DISCLOSURE

By submitting this Loan Application the Applicant hereby certifies to the City of Austin that the Loan Application and supporting documents are true, complete and accurate in all respects as of the stated date. The Applicant agrees that the acceptance of this Loan Application does not commit the City of Austin to enter into an agreement, to pay any costs incurred in its preparation, or to participate in subsequent negotiations. Further, the acceptance of this Loan Application does not constitute an agreement by the City that any loan will actually be approved. The City expressly reserves the right to reject any or all Loan Applications or to request more information from the Applicant.

Applicant is a sole proprietor or partnership:

Borrower Name: _____

By: _____

Signatory Name (print): _____

Signatory Title: _____

Date: _____

Acknowledgement for sole proprietor:

State of Texas, County of _____

This instrument was acknowledged before me on _____ by _____.

(Personalized Seal)

Notary Public's Signature

Acknowledgement for partnership:

State of Texas, County of _____

This instrument was acknowledged before me on _____ by _____
_____, general partner on behalf of _____, a partnership.

(Personalized Seal)

Notary Public's Signature

Applicant is a corporation:

Corporate Name: _____

By: _____

Signatory Name (print): _____

Signatory Title: _____

Corporate Secretary Signature: _____

Date: _____

Date: _____

Acknowledgement for corporation:

State of Texas, County of _____

This instrument was acknowledged before me on _____ by _____
_____ of _____, a _____ corporation, on behalf of said corporation.

(Personalized Seal)

Notary Public's Signature



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PERSONAL SIGNATORY GUARANTEE

Name (Print): _____
Social Security Number: _____
Signature of Signatory: _____
Date: _____

Guarantor Name (Print): _____
Social Security Number: _____
Signature of Guarantor: _____
Date: _____

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SOUND MITIGATION PLAN OUTLINE

The Sound Mitigation Plan is an important required component of your Loan Application. It will show how well your Project has been thought out. The Sound Mitigation Plan must accomplish a decibel level reduction within a 250' radius of the Venue. Please include these elements within your plan, as well as other elements you desire.

Provide the following information regarding building improvements, if applicable:

- . Detailed description of the work to be completed
- . Schematic design illustrating all proposed work
- . Photographs of Venue to be improved and of adjacent properties
- . Description of methods and materials to be used
- . Preliminary cost estimates
- . Estimated construction completion time
- . Estimated completion time for obtaining any necessary building permits

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