

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	56962	Agenda Number	5.
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Meeting Date:	5/5/2016	Department:	Economic Development
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Subject

Authorize negotiation and execution of a Family Business Loan Program loan, in an amount not to exceed \$154,200, funded with proceeds of a U.S. Department of Housing and Urban Development Section 108 loan to the City, to MORT SUBITE, LLC to finance working capital and soft costs associated with the lease of space located at 308 South Congress, Austin, Texas.

Amount and Source of Funding

Funding in the amount of \$154,200 is available in the Fiscal Year 2015-2016 Family Business Loan Program Special Revenue Fund of the Economic Development Department.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	<p>May 24, 2012 - Council approved Resolution No. 20120524-015 creating the Family Business Loan Program.</p> <p>August 29, 2013 - Council approved Resolution No. 20130829-027 authorizing the acceptance of \$8,000,000 in loan funds from the U.S. Department of Housing and Urban Development (HUD) under Section 108 for the Family Business Loan Program.</p> <p>February 25, 2016 - Council approved Resolution No. 20160225-013 authorizing issuance of a note and contract with HUD in an amount equal to \$3,000,000 to fund the program.</p>
For More Information:	Kevin Johns, Economic Development Department, Director, (512) 974-7802
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Mort Subite, LLC will acquire leased space to expand its existing operations to include a retail sales location at 308 South Congress, in order to better serve its customers, and local community.

Mort Subite, LLC is requesting that the City provide a federally-financed loan totaling \$154,200.00 through the Family Business Loan Program (FBLP) to fund working capital and non-construction related project soft costs. The total project cost is estimated at \$385,500.

The project will create 15 full-time jobs within five years, equivalent to one job for every \$10,280 in FBLP loan funds, exceeding HUD standards. In accordance with HUD requirements, FBLP borrowers are required to create at least one full-time job for every \$35,000 in loan funds borrowed.

Mort Subite, LLC's Belgium beverage import business is headquartered in Austin, Texas, founded in February 2011. The principals of Mort Subite offer over 40 years of import business experience and bring to Austin the exclusive rights to popular Belgium style beverages for sale throughout the United States. Mort Subite will launch in Austin and eventually export to other cities throughout the U.S., bringing Belgium Style beverages with an Austin feel.

The FBLP Loan Review committee recommended approval of this loan to Mort Subite, LLC based on the owner's history of creating a successful business enterprise, financial strength of the transaction and owner's commitment to job creation benefiting low-to-moderate individuals as defined by HUD. This project is consistent with the Family Business Loan Program mission as approved by Council Resolution 20120524-015, to fund small business expansion that will create jobs, and comply with HUD Section 108 guidelines.