

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	67439	Agenda Number	8.
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Meeting Date:	2/16/2017	Department:	Economic Development
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## Subject

Authorize negotiation and execution of a Family Business Loan Program Section 108 loan to Asazu limited liability company, dba Kome Sushi Kitchen, in an amount not to exceed \$200,000.00 for project inventory, equipment, working capital, and non-construction related soft costs necessary to relocate to a lease space at 5307 Airport Blvd., Austin, Texas. (District 4)

## Amount and Source of Funding

Funding in the amount of \$200,000 is available in the FY 2016-2017 Economic Development, Family Business Loan Program Special Revenue Fund.

## Fiscal Note

A fiscal note is not required.

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	May 24, 2012 - Council approved Resolution 20120524-015 creating the Family Business Loan Program and Ordinance 20120524-016 to authorize the Family Business Loan Program's fees. August 29, 2013 - Council approved Resolution 20130829-027 authorizing the acceptance of \$8,000,000 in grant funds from the U.S. Department of Housing and Urban Development (HUD) Section 108 Family Business Loan Program. February 25, 2016 - Council approved Resolution No. 20160225-013 authorizing issuance of a note and contract with HUD in an amount not to exceed \$3,000,000 to fund the program.
<b>For More Information:</b>	Kevin Johns, Director, Economic Development Department, 512-974-7819
<b>Council Committee, Boards and Commission Action:</b>	N/A
<b>MBE / WBE:</b>	N/A
<b>Related Items:</b>	

## Additional Backup Information

Asazu limited liability company, dba Kome Sushi Kitchen (Borrower), has outgrown its existing location and requires additional capacity to capitalize on current business demand. To meet this demand, Kome is relocating to a new, larger lease space at 5307 Airport Blvd.

The Borrower is requesting that the City provide a federally financed loan through the Family Business Loan Program (FBLP) to fund project inventory, equipment, working capital, and non-construction related soft costs. The FBLP loan amount will total no greater than \$200,000, and the total project cost is estimated at \$869,058.

The project will create eight full-time jobs within five years, equivalent to one job for every \$25,000 in FBLP loan funds, exceeding the U.S. Department of Housing and Urban Development (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.

Since 2009, the Borrower has provided its customers with authentic Japanese cuisine, made with quality ingredients and locally-sourced when possible, at an affordable price. This family owned business' commitment to its customers has contributed to increased demand, resulting in the need for more restaurant space, more staff and increased food serving capacity.

The FBLP Loan Review committee recommended approval of this loan to the Borrower, based on the owner's history of creating a successful business enterprise, financial strength of the transaction and the Borrower'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 to fund small business expansion that will create jobs, as approved by Council Resolution 20120524-015, and with HUD Section 108 guidelines.