

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	72957	Agenda Number	9.
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Meeting Date:	8/17/2017	Department:	Economic Development
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Subject

Authorize negotiation and execution of a Family Business Loan Program loan to Lonestar Service Company, LLC, to finance furnishings, tenant finish-out improvements, and related project soft costs associated with lease of a concession facility to be located at 14500 Gregg Manor Rd., a property located within the City's extraterritorial jurisdiction, in an amount not to exceed \$650,000, funded with proceeds of a U.S. Department of Housing and Urban Development Section 108 Loan to the City.

Amount and Source of Funding

Funding in the amount of \$650,000 is available in the FY 2016-2017 Economic Development Department, Family Business Loan Program Special Revenue Fund.

Fiscal Note

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

Purchasing Language:	
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Prior Council Action:	<p>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.</p> <p>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.</p> <p>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.</p>
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For More Information:	Kevin Johns, Economic Development Department Director, 512-974-7819
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Council Committee, Boards and Commission Action:	
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

Lonestar Soccer Club of Austin, Inc. (LSC) is an Austin headquartered non-profit soccer organization established in 2004 through the merger of three, smaller youth soccer leagues. LSC currently serves over 5,500 City of Austin families including 2,300 recreational youth players under the age of 7 years old. Program offerings range from recreational youth soccer to select and professional player development available in every district in the City of Austin.

LSC has demonstrated a strong commitment to financially limited and underserved residents of Austin, and seeks to provide Austin's youth with a safe place for kids to play and develop. Over the life of the organization LSC has offered more than \$1,250,000.00 in needs based financial assistance, as well as the development of the East Austin campus which offers reduced club fee options.

Lonestar Service Company, LLC (Borrower) is a to-be-formed for-profit entity solely controlled by LSC.

Borrower is requesting that the City provide a federally-financed loan totaling \$650,000.00 through the Family Business Loan Program (FBLP) to fund furnishings, tenant finish-out improvements and related project soft costs associated with the improvements of a for-profit concession facility. The total project cost is estimated at \$5,853,000.00.

The project will create twenty-one (21) full-time jobs within five years for City of Austin residents, equivalent to approximately one job for every \$30,952.00 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.

The FBLP Loan Review committee recommended approval of this loan to Borrower based on the Borrower's history of creating a successful business enterprise, financial strength of the transaction, and Borrower's commitment to job creation benefiting low-to-moderate income individuals as defined by HUD. This project is consistent with the Family Business Loan Program mission as approved by Council Resolution No. 0120524-015 to fund small business expansion that will create jobs, and comply with HUD Section 108 guidelines.