

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: December 7, 2017

Item Number: 028

Economic Development Department

Authorize negotiation and execution of a Section 108 Family Business Loan Program loan to The Renaissance Project, LLC (doing business as Café Medici) to refinance existing debt and to fund non-construction costs associated with the development of a new headquarters and coffee roasting facility in leasehold space located at 1023 Springdale Road in an amount not to exceed \$800,000.

District(s) Affected: District 3

Lead Department	Economic Development Department
Fiscal Note	There is no fiscal impact.
Prior Council Action	On 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. On 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. 2016 0225-013 authorizing issuance of a note and contract with HUD in an amount not to exceed \$3,000,000 to fund the program. August 31, 2017- Council approved Resolution No. 20170831-010 authorizing issuance of a note and contract with HUD in an amount not to exceed \$5,000,000 to fund the program.
For More Information	Kevin Johns, Economic Development Department, Director, 512-974-7802

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Additional Backup Information:

Café Medici is an Austin headquartered coffee shop which opened its first location on West Lynn Street in 2006. Café Medici has grown to 5 locations (Districts 5 and 9) in Austin and plans to expand throughout the U.S. by adding locations and through the wholesale of roasted coffee products.

Café Medici is requesting that the City provide a federally-financed loan totaling \$800,000 through the Family Business Loan Program (FBLP) to refinance existing debt and to fund related non-construction project soft costs. The total project cost is estimated at \$2,164,000.

The project proposes to create 30 full-time jobs within five years for residents, which exceeds HUD requirements that, FBLP borrowers create at least one full-time job for every \$35,000 in loan funds.

The FBLP Loan Review committee recommended approval of this loan based on Cafe Medici's history of creating a successful business enterprise, financial strength of the transaction, and a commitment to job creation benefiting low-to-moderate income individuals, as defined by HUD. This project is consistent with the FBLP mission, as approved by Council Resolution No. 20120524-015, to fund small business expansion that will create jobs and complies with HUD Section 108 guidelines.