

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: June 28, 2018

Item Number: 022

Economic Development Department

Authorize negotiation and execution of a Section 108 Family Business Loan Program loan to Performance Edge, Inc. (doing business as Great Harvest Bread Company), for acquisition of existing business, machinery and working capital for a leased space located at 3201 Bee Caves Rd. # 126, Austin, TX, 78746, in an amount not to exceed \$82,000.

District(s) Affected: District 8

Lead Department	Economic Development
Fiscal Note	There is no fiscal impact.
Prior Council Action	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. 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	Rebecca Giello, Interim Director, Economic Development Department, 512-974-7802

Additional Backup Information:

Performance Edge, Inc. is seeking an \$82,000 Family Business Loan Program loan to finance working capital, machinery and the purchase of Great Harvest Bread Company (GHBC) located at 3201 Bee Caves Rd. # 126, Austin, TX, 78746 (District 8). GHBC is a locally owned franchise business that offers Austin's residents fresh milled 100% whole grain bread, baked daily. The total project is estimated at \$207,000.

The borrower proposes creating 3 full-time jobs within five years, which equates to \$27,333 in loan funds per job created. This exceeds the Family Business Loan Program requirement 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 Performance Edge, Inc. based on the owner's history of creating a successful business enterprise, the financial strength of the transaction and the owner'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 20120524-015, to fund small business expansion that will create jobs, and with HUD Section 108 guidelines.