



Recommendation for Action

File #: 22-2965, **Agenda Item #:** 6.

10/13/2022

Posting Language:

Authorize negotiation and execution of a U.S. Department of Housing and Urban Development Section 108 Family Business Loan with TES Inc. for commercial build out and operation of two commercial lease spaces at Loyola Lofts, located at 6400 Loyola Lane, Austin, Texas 78724 (Colony Park) in an amount not to exceed \$273,342.00.

Lead Department:

Economic Development Department.

Fiscal Note:

Funding in the amount of \$273,342.00 is available in the Fiscal Year 2022-2023 HUD Section 108 Family Business Loan Program Fund Operating Budget of the Economic Development Department.

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. 20160225-013 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:

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Additional Backup Information:

TES Inc. seeks Family Business Loan Program (FBLP) loan funding to finance the commercial build out and working capital for operation of 2200 sq. ft. of retail lease space at Loyola Lofts, a 200-unit affordable housing development. The developer NRP Group has selected TES Inc. to operate and manage two locally branded retail commercial spaces, one as a neighborhood grocery store and the other as a barbershop. TES Inc. will use the funding for machinery and equipment in addition to working capital for this project located at 6400 Loyola Lane, Austin, Texas 78724.

TES Inc. was founded in 1981 as a staffing and recruiting agency to consult companies large and small on how to meet organizational diversity hiring goals. TES Inc. states that its customer base is nationwide and that customers range from Fortune 500 companies to start-ups.

In 2018, the TES Inc. diversified into real estate development, emphasizing real estate opportunities which encouraged diversity in their tenant mix. Their first business venture in this regard was a partnership with the DC Garrett Group in which the group was selected as a partner with HOST International to manage 13 concession spaces in the Denver (DEN) and Austin (AUS) airports.

The project will result in the creation of not less than 11 full-time jobs within five years, of which 51% or more will be offered to Low-To-Moderate Income (LTMI) persons; equivalent to approximately one job for every \$24,849 in FBLP loan funds, exceeding HUD standards. Per 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 TES Inc. 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 HUD Section 108 guidelines and the Family Business Loan Program mission as approved by Council Resolution 20120524-015 to fund small business expansions that create jobs.

Strategic Outcome(s):

Economic Opportunity and Affordability.