



Legislation Text

File #: 07-0625, **Version:** 1

Recommendation to authorize City Manager to execute all related documents to implement a fully amortized loan in the amount of \$200,000, at a fixed interest rate of five percent per annum and a term of 20 years, to Johnny Rebs', Inc. (District 8)

Approval is recommended to provide a fully amortized loan in the amount of \$200,000, at a fixed interest rate of five percent per annum and a term of 20 years, to the Johnny Rebs', Inc. (Johnny Rebs). The purpose of the loan is to provide funds for the acquisition of the adjacent vacant lot. The loan is secured by a 1 st Deed of Trust on real estate.

Johnny Rebs is a successful restaurant in North Long Beach that has been operating at the same location for over twenty years. Parking for the restaurant has been accommodated all this time on an adjacent vacant and underutilized dirt lot owned by a local telephone company. The lot, which contains a small building with obsolete switching equipment, has been offered for sale to the owners of Johnny Rebs. The business loan under consideration will provide funds for acquisition of this lot by Johnny Rebs and ensure that parking is permanently available for this vital North Long Beach business.

This loan will be made through the Commercial and Industrial Revolving Loan Fund Program (Program), which is administered by the Economic Development Bureau. In 1987 the City Council authorized the establishment of the Program, which is capitalized by the U.S. Department of Commerce, Economic Development Administration, Community Development Block Grant and Redevelopment Agency tax increment funding. The purpose of the Program is to provide access to capital to retain, attract, expand and create businesses in Long Beach. Financing under the Program supplements, but does not replace, private lending. Since its inception, more than 300 loans have been funded, totaling more than \$22 million. Loans in the Program exceeding \$100,000 require authorization by the City Council.

On March 21, 2007, the loan was approved by the Business Assistance Committee of the Economic Development Commission, which serves as the Loan Committee for the Program.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on May 24, 2007, and Budget and Performance Management Bureau Manager David Wodynski on May 23, 2007.

City Council action is requested on June 5, 2007 to expedite implementation of the proposed project.

[Sufficient funds are currently appropriated in the Business Assistance Fund (SR 149) in the Department of Community Development (CD). There is no impact to the General Fund.
Fiscal Impact]

Approve recommendation.

NAME
TITLE

APPROVED:

GERALD R. MILLER
CITY MANAGER