



Legislation Details (With Text)

File #: 11-1038 **Version:** 1 **Name:** CM - Loan Transfer - Legends Restaurant
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Title: Recommendation to authorize City Manager to transfer a City loan with Sports Legends, Inc., dba Legends Restaurant, to Shore Restaurant Group, LLC. (District 3)
Sponsors: City Manager
Indexes: Loan Agreement
Code sections:
Attachments: 1. 101811-R-12sr.pdf

Date	Ver.	Action By	Action	Result
10/18/2011	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager to transfer a City loan with Sports Legends, Inc., dba Legends Restaurant, to Shore Restaurant Group, LLC. (District 3)

On June 5, 2007, the City Council approved a fully amortized 7-year loan at a fixed interest rate of 7 percent in the amount of \$500,000 to Sports Legends, Inc., dba Legends Restaurant (Legends). Mr. and Mrs. Gene Rotondo and Mr. and Mrs. George Medak (Borrowers) are signatories on the loan and all business assets, including fixtures and inventory, are used as collateral for the loan as evidenced by the Note executed on July 15, 2007. As of this date, the Borrowers have performed all obligations required under the terms of the Note and other loan documents. The Note has an outstanding balance of \$274,471.

Any change of ownership of more than 25 percent of the Borrower's interest in the business constitutes an event of default under the Note and requires full repayment of the outstanding balance. At this time, the Borrower is requesting City Council approval for assignment and assumption of the loan at the close of escrow to the new owner, Shore Restaurant Group, LLC, of which Eric Johnson and David Copley are managing members. Mr. Johnson and Mr. Copley are both successful business owners in Long Beach, and each will personally guarantee the performance of the new Borrower.

The original loan was made from the Commercial and Industrial Revolving Loan Fund Program (Program). The purpose of the Program is to provide access to capital to retain, attract, expand and create businesses in Long Beach. Financing under this Program supplements, but does not replace, private lending. Since the inception of the Program, more than 300 loans have been funded, totaling more than \$22 million. Loans exceeding \$100,000 require approval by the City Council.

On September 28, 2011, the assignment and assumption of the loan was approved by the Program Loan Committee. All loan terms and documents remain the same with the exception of the Borrower and the guarantors.

This letter was reviewed by Deputy City Attorney Rich Anthony and Budget Management Officer Victoria Bell on October 6, 2011.

City Council action is requested on October 18, 2011 to expedite the assignment and assumption of the loan and facilitate the repayment of the loan.

There is no fiscal impact to the General Fund or the Business Assistance Fund (SR 149), and no local job impact associated with the recommended action.

Approve recommendation.

REGINALD HARRISON
DEPUTY CITY MANAGER

PATRICK H. WEST
CITY MANAGER