



## Legislation Text

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**File #:** 07-0624, **Version:** 1

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Recommendation to authorize City Manager to execute all related documents to implement a fully amortized loan in the amount of \$500,000, at a fixed interest rate of seven percent per annum and a term of seven years, to Sports Legends, Inc., dba Legends Restaurant. (District 3)

Approval is recommended to provide a fully amortized loan in the amount of \$500,000, at a fixed interest rate of seven percent per annum and a term of seven years, to the Sports Legends, Inc., dba Legends restaurant (Legends). The purpose of the loan is to provide funds for furniture/fixtures, kitchen equipment, working capital for marketing, and salaries for staff. The loan is secured by a security interest in the furniture, fixtures and equipment of the restaurant, and is additionally secured by the guarantees of the borrower's principal stockholders.

Legends was a successful restaurant in Belmont Shore that was destroyed by fire in June 2005. Legends had operated at the same location for 26 years. The building is being reconstructed by the property owner and business owner from insurance proceeds.

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 (CDBG) 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 May 16, 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.

Approve recommendation.

PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:

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GERALD R. MILLER  
CITY MANAGER