



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

October 19, 2004

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach  
California

SUBJECT: Approval of Commercial and Industrial Rehabilitation Revolving Loan Fund  
Loan to Tenth House Enterprise, a California Corporation (District 1)

## DISCUSSION

In 1987, the City Council, by resolution, authorized the establishment of the Commercial and Industrial Revolving Loan Fund Program. Oversight responsibility for the program was given to the Economic Development Commission (EDC), which established guidelines for the program and delegated detailed loan review to its Business Assistance Committee (Committee). Based upon the Committee's recommendation, the EDC approves the loans and recommends them to the City Manager for approval and processing.

Community Development Block Grant (CDBG), Redevelopment Agency (Agency) tax increment funds, and more recently, Economic Development Agency (EDA) funds have been used for the program, depending on the location of the business, availability of funds, and the nature of the public benefit. The program has been expanded by the EDC to serve two kinds of borrowers: those that fit a specific category of CDBG regulations, considered a "Microenterprise," and other borrowers that meet the broader federal guidelines of the CDBG program. These City loans are made to supplement, but not to supplant, the role of the commercial lender. Loans fill financing gaps or serve as an incentive for the relocation and/or expansion of businesses in the City of Long Beach. The City Attorney has opined that funding or modifying loans exceeding \$100,000 should be authorized by the City Council.

Approval is recommended for a Revolving Loan Fund loan to Tenth House Enterprise, a California Corporation (Tenth House), in the amount of \$140,000 at 5.75 percent interest, to be fully amortized over six years. In July 2004, Tenth House, located at 1419 Santa Fe Avenue, bought Calligraphic, a commercial printer, which has been operating in Long Beach for 38 years. Tenth House operates the business as an Allegra Print & Imaging franchise.

Tenth House will use loan proceeds to finance the expansion of its business by purchasing certain business assets of an Allegra Print & Imaging shop now operating in Torrance. The loan will be secured by a UCC-1 Broadform filing on all of the business assets and personal guarantees of Michael W. Buchs and Connie J. Buchs. On August 25, 2004, the Business Assistance Committee of the EDC approved the proposed loan to Tenth House.

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This letter was reviewed by Deputy City Attorney J. Charles Parkin on October 14, 2004, and Budget Management Officer David Wodynski on September 29, 2004.

TIMING CONSIDERATION

City Council action is requested on October 19, 2004, to expedite implementation of the proposed project.

FISCAL IMPACT

Funding for this activity is budgeted in the Revolving Loan Fund Program in the Business Assistance Fund (SR 149) in the Department of Community Development (CD). The funding source for this activity will be \$140,000 from the West Industrial Redevelopment Project Area. There will be no impact on the General Fund.


IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute a six-year, fully amortized Revolving Loan Fund loan to Tenth House Enterprise, a California Corporation (including personal guarantees of Michael W. Buchs and Connie J. Buchs), in the amount of \$140,000 at 5.75 percent interest.

Respectfully submitted,

  
for MELANIE S. FALLON  
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:

  
GERALD R. MILLER  
CITY MANAGER

MSF:RLH:mjw