

South Portland City Council
Position Paper of the City Manager

Subject:

ORDER #135-13/14 – Authorizing a Business Revolving Loan in the amount of \$10,000 to Heirloom Consignment, LLC. Passage requires majority vote.

Position:


In 2010, the City Council established a Business Revolving Loan Program. The purpose of the loan program was to assist in the development of new businesses, and the expansion and retention of existing businesses within the City.

The City received an application from Michelle and David Raymond for Community Development Revolving Loan funds for start-up financing for their new consignment business. They are the owners of Heirloom Consignment, LLC located at 161 Ocean Street. The total financing for the project is \$35,000, of which the owners' are providing \$25,000 and are requesting \$10,000 from the City. The start-up budget costs include \$9,000 for rehab expenses, \$8,000 for various equipment, furniture and fixtures and \$18,000 for working capital. The term of the loan is 5.25% fixed principal and interest payments of \$189.86 per month for five years.

The City contracted Vin DiCara, of DiCara Training and Consulting, LLC, of Brunswick, ME, to review the application and make a recommendation based on the company's assets, liabilities, risks etc. Mr. DiCara is recommending approval of this loan and to secure a first security interest in all business assets as well as personal guarantees from both David and Michelle Raymond. Attached is a copy of the report.

Requested Action:

Council passage of ORDER #135-13/14.


City Manager



CITY OF SOUTH PORTLAND

GERARD A. JALBERT
Mayor

JAMES H. GAILEY
City Manager

SALLY J. DAGGETT
Jensen Baird Gardner & Henry

SUSAN M. MOONEY
City Clerk

IN CITY COUNCIL

ORDER #135-13/14

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At Large
MAXINE R. BEECHER

At Large
THOMAS E. BLAKE

ORDERED, that the City Council hereby approves providing start up financing in the amount of ten thousand dollars (\$10,000) to Heirloom Consignment, LLC, of 161 Ocean Street for a five-year term.

\$10,000 shall be charged to the Community Development Revolving Loan Account # 2042-115000.

Fiscal Note: \$10,000

Dated: April 23, 2014