



**City of Racine, Wisconsin**  
**AGENDA BRIEFING MEMORADUM**

<b>AGENDA DATE:</b>	May 3 , 2018 - Redevelopment Authority May 15, 2018 – Common Council
<b>SUBJECT:</b>	RDA Resolution 18-11 Small Business RLF Request- DPM Entertainment LLC, dba Kouzena220
<b>PREPARED BY:</b>	Laura Detert, Manager of Housing and Community Development
<b>SUMMARY:</b>	DPM Entertainment LLC, dba Kouzena200 has requested \$90,900 from the City of Racine Small Business Development Revolving Loan Fund (SBD-RLF) to fund furniture, fixtures and equipment purchases, and working capital for creation of three (3) full-time equivalent positions.
<b>PROJECT BACKGROUND &amp; ANALYSIS:</b>	<p>Kouzena220 is a new Mediterranean restaurant located at 220 6th Street, in historic Downtown Racine. Paul and Demetrious Maheras are partners in this new endeavor on the site of their family’s long shuttered Greek restaurant. Beyond rehabilitating an aging structure and activating a prominent intersection of 6<sup>th</sup> Street and Wisconsin Avenue, Kouzena200 aims to source specialty ingredients locally.</p> <p>WWBIC assisted Kouzena220 with the application and underwriting of a \$90,900 loan from the City of Racine Small Business Development Revolving Loan Fund (SBD-RLF) and recommends the loan with the given terms. The business plans to hire three (3) full-time employees within a year of closing the SBD-RLF loan as part of the Community Development Block Grant (CDBG) funding requirements.</p>
<b>FINANCING:</b>	<p>Kouzena220 is requesting a \$90,900 loan from the City of Racine Small Business Development Revolving Loan Fund (SBD-RLF) for purchase of furniture, equipment, fixtures, and working capital.</p> <p>Total project financing is estimated at \$243,400. WWBIC has approved an \$83,000 small-business loan earmarked for furniture, fixtures, construction, inventory, and working capital. Project partners are investing \$49,000 of private funds and an additional \$20,500 from the City of Racine Façade and Whitebox grant programs.</p> <p>The SBD-RLF loan term is proposed as 2% APR, principal deferred for 24 months, and a 10 year loan term for equipment and 5 year term for working capital. All equipment purchased with SBD-RLF funds will be collateralized and the entirety of the loan will be secured through agreements and guarantees.</p> <p>(See “Sources and Uses’ and ‘Loan Summary Sheet’.)</p>

**DPM Entertainment LLC, dba Kouzena 220**

**Source and Uses**

<b>USES</b>	<b>City of Racine RLF</b>	<b>City of Racine – Grants*-</b>	<b>Client</b>	<b>WWBIC</b>	<b>TOTALS</b>
Equipment	\$57,500			\$0.00	\$57,500
Buildout	\$0.00	\$20,500*	\$45,000	\$59,900	\$125,400
Furniture & Fixtures	\$19,950		\$4,000	\$3,550	\$27,500
Closing Costs	\$1,909			\$2,091	\$4,000
Working Capital	\$11,541			\$17,459	\$29,000
<b>Totals</b>	<b>\$90,900</b>	<b>\$20,500*</b>	<b>\$49,000</b>	<b>\$83,000</b>	<b>\$243,400</b>

\*Includes White Box Grant (Approved 04.2018) and Façade Grant (Approved 03.2018)\*

**PROGRAM BACKGROUND:**

The City of Racine requested that the Redevelopment Authority of the City of Racine (RDA) establish the Small Business Development Revolving Loan Fund (SBD RLF) in 2015. The goal of the SBD RLF is to create and retain jobs for the benefit of low-to-moderate income (LMI) households living within the City of Racine. Business loans aim to further City of Racine economic development goals, and are based upon the creation and retention of jobs with a goal of one job created or retained for every \$35,000 borrowed from the SBD RLF, and at least 51% of said jobs to be held by members of CDBG-qualifying LMI households. The SBD RLF is funded by Community Development Block Grant (CDBG) dollars. All loan recommendations by the RDA must also be approved by the Common Council.

**RECOMMENDED ACTION:**

Approve RDA Resolution 18-11 authorizing a loan to DPM Entertainment LLC dba Kouzena220 from the City of Racine Small Business Development Revolving Loan Fund not to exceed \$90,900.

**FISCAL NOTE:**

The CDBG Revolving Loan Fund currently has sufficient funds to finance this request. Funds will be secured through a Selective Business Security Agreement lien on all equipment purchased with SBD-RLF funds, Corporate Guarantees, and Personal Guarantees, where applicable.