


ERIN MENDENHALL
MAYOR



LORENA RIFFO JENSON
DIRECTOR

DEPARTMENT of ECONOMIC DEVELOPMENT

CITY COUNCIL TRANSMITTAL


Rachel Otto, Chief of Staff

Date Received: 12/19/2023
Date sent to Council: 12/19/2023

TO: Salt Lake City Council
Darin Mano, Chair

DATE: December 19, 2023

FROM: Lorena Rizzo Jenson, Director, Department of Economic Development



SUBJECT: Economic Development Revolving Loan Fund (EDLF) – Eats LLC

STAFF CONTACTS:

Roberta Reichgelt, Business Development Director, Roberta.reichgelt@slcgov.com
Project Manager, Will Wright, William.wright@slcgov.com

DOCUMENT TYPE: Loan Approval

RECOMMENDATION: The EDLF Loan Committee **recommends approval** of a \$100,000 loan to Eats LLC.

BUDGET IMPACT: \$100,000 from the Economic Development Loan Fund

BACKGROUND/DISCUSSION: On December 7, 2023, a loan request from Eats LLC was presented to the EDLF Loan Committee for review and discussion. Eats LLC is a vegan bakery specializing in donuts, sweet rolls, and cookies.

Basic Loan request

Business Name: Eats LLC

Address: 159 West Broadway Suite #200

Loan Amount Requested: \$100,000

Loan Term: 7 years

Interest Rate: 7.75%

Use of Funds: Food Trailer, Equipment, Buildout, Contingency, Working Capital

Loan Type: Expansion

Council District: District 4

Reasoning behind staff recommendation

Applicants of The Economic Development Loan Fund (EDLF) go through a thorough application process consisting of a pre-screening, underwriting analysis and economic impact statement. Only after the loan applicant goes through these processes, then the loan is recommended to be reviewed by the Loan Committee members. Upon the thorough review of the Loan Committee members then a recommendation is made before the loan is transmitted to the Mayor for Council to receive the recommendation for final approval. Because the Loan Committee review process must adhere to the Open Meetings Act, DED's staff has worked closely with the City Attorney's Office to ensure that applicants' information is protected and at the same time the public process is followed.

In addition, the EDLF loans must meet the goals of the Economic Development Loan Fund as stated in the EDLF program guidelines. This loan meets the EDLF program guidelines in the following areas.

- Increase employment opportunities,
- Stimulate business development and expansion,
- Encourage private investment,
- Promote economic development,
- Enhance neighborhood vitality,
- Boost commercial enterprise.

This loan will assist in the creation of 3 new jobs in the next year and retention of 2 current jobs.

This loan was recommended by the EDLF Committee to the City Council for approval.

EDLF Loan Balances

1. As reported by The Finance Department on November 30, 2023, the available EDLF fund balance is: \$6.8 million.
2. As of December 8, 2023, the amount of outstanding loans total is:
\$3,864,980.12

EDLF Loan Committee

There is a total of nine (9) EDLF Committee members.

City Employees:

1. Community and Neighborhoods Finance
2. Mayor's Office

3. Employee at large
4. Housing Stability
5. Economic Development

Community Volunteers:

6. Business Advisory Board (BAB) member
7. Banker
8. Community lender
9. Business mentor

Attachments: Terms Sheet and Ordinance

LOAN TERM SHEET

Applicant: Eats LLC, d/b/a Eats Bakery

Address: 159 West Broadway Suite #200

Proposed Loan Terms

Loan Amount: \$100,000

Loan Terms: 7 Years

Interest Rate Calculation Prime Interest Rate: 7.75% (at the time of application on March 3, 2023)

EDLF Charge: 4%

Less 4% Discount: (1% for each)

- SEDI Business Owner
- E2 Business
- Low/Moderate Income Business Owner
- Priority Area

Final Interest Rate: 7.75%

Use of Funds: Food Trailer, Build Out, Equipment, Contingency, Working Capital

Business Type: Existing

Collateral and Guarantees: Food Trailer, Equipment, Personal Vehicle

Personal Guarantees: Kandi Tesen, Byron Tesen

Conditions for Closing

- Signed commissary agreement in priority area of Salt Lake City
- Enrollment in SLC Green's E2 Business Program
- Obtain all City approvals, execute all loan documents as deemed necessary by City legal counsel and DED staff, such other terms as recommended by City legal counsel and DED staff.

SALT LAKE CITY ORDINANCE

No. _____ of 2023

(Ordinance approving a \$100,000 loan for Eats LLC, d/b/a Eats Bakery, at 159 West Broadway Suite #200 from the Economic Development Loan Fund)

WHEREAS, Salt Lake City Corporation's ("City") Economic Development Loan Fund ("EDLF") is a program to stimulate local business development, encourage private investment, enhance neighborhood vitality, and boost commercial enterprise in Salt Lake City.

WHEREAS, the EDLF is administered by the Department of Economic Development ("DED") and loan applications are first prescreened by DED staff, and then reviewed by the EDLF Loan Committee.

WHEREAS, the EDLF Loan Committee and DED staff recommend the approval of the attached loan term sheet for a \$100,000 loan to Eats LLC, d/b/a Eats Bakery, a local business located at 159 West Broadway Street Suite #200.

NOW, THEREFORE, be it ordained by the City Council of Salt Lake City, Utah, that:

SECTION 1. Loan Approval. The City Council approves the loan outlined in the Term Sheet attached hereto, subject to revisions that do not materially affect the rights and obligations of the City hereunder. The City Council authorizes the Mayor to negotiate and execute the loan agreement and any other relevant documents consistent with the Term Sheet, and incorporating such other terms and agreements as recommended by the City Attorney's office.

SECTION 2. Effective Date. This ordinance shall become effective on the date of its first publication.

Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2023.

Darin Mano, Council Chair

ATTEST AND COUNTERSIGN:

CITY RECORDER

Transmitted to Mayor on _____.

Mayor's Action: _____ Approved. _____ Vetoed.

MAYOR

CITY RECORDER
(SEAL)

Bill No. _____ of 2023.

Published: _____.

APPROVED AS TO FORM
Salt Lake City Attorney's Office

Date: December 15, 2023

Sara Montoya

Sara Montoya, City Attorney