

**REDEVELOPMENT AGENCY STAFF MEMO**

**DATE:** November 10, 2015      **ITEM #:** 7.C.      **PREPARED BY:** Edward Butterfield

**RE:** Loan and grant request from Mollie & Ollie Holding Company, LLC

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**REQUESTED ACTION:** Consideration and adoption of a resolution of the Board of Directors of the Redevelopment Agency of Salt Lake City approving a loan to Mollie & Ollie Holding Company, LLC.

**POLICY ITEM:** Block 70 CDA – Regent Street Priority Project

**BUDGET IMPACTS:** \$220,000 allocated from the Agency's CBD Loan Fund.

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**EXECUTIVE SUMMARY:** Mollie & Ollie Holding Company, LLC (the "Applicant") is applying to the Block 70 Building Renovation Loan & Grant Program created by the RDA in March 2015. The Applicant is requesting a \$200,000 loan and a \$20,000 grant to assist with tenant improvements as part of a new restaurant concept called Mollie & Ollie at 159 South Main Street. The Applicant would provide an entrance onto the new Regent Street Plaza as part of the improvements. The RDA's objective is to have active uses fronting the new Plaza and Regent Street.

The Applicant is requesting a waiver on two Block 70 Renovation Program policy items that will require Board approval. The items include:

1. *The Applicant must be title owner to the property.* The Applicant is leasing the space and is not title owner to the property.
2. *All loans must be secured by the property under construction.* The Applicant is providing real property as collateral in the form of a residential property.

**LOAN COMMITTEE RECOMMENDATIONS:** The RDA Loan Committee reviewed the Applicant's loan application on November 3, 2015. The Committee recommends approval of the loan with the following condition:

1. The RDA will file a Uniform Commercial Code on all restaurant furniture, fixtures, and equipment as an additional source of collateral.

**ANALYSIS & ISSUES:**

Financial Analysis:

The Applicant meets all of the RDA's required financial terms and ratios. The personal financial information provided by the Applicant indicates that he is in a good financial position and is credit worthy.

Restaurant Concept:

The Applicant will be bringing a new and exciting restaurant concept to Salt Lake City with the opening date schedule for February 2016. The Applicant is passionate about offering a healthy, fresh & delicious alternative to fast dining that follows a national trend of fresher, healthier dining choices that can be personalized to the customer's taste.

Background and Experience:

The Applicant, Neil Zussman, has extensive experience in starting, operating, and selling a number of successful businesses. These include the Sun Valley Bar, several clothing stores, and import businesses. The Applicant has also hired Suan Chow from Chow Truck to provide consulting and management assistance for the restaurant.

Policy Objectives:

The Applicant's proposed project of creating a restaurant entrance on to the Regent Street Plaza achieves the RDA goal of activating Regent Street and the surrounding area into a dynamic, urban destination for Salt Lake City visitors and residents alike.

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**ATTACHMENTS:**

- 1. Resolution**
- 2. Loan Term Sheet**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING THE TERM SHEET FOR A LOAN AND GRANT REQUEST FROM MOLLIE & OLLIE HOLDING COMPANY, LLC TO FUND RENOVATIONS AT 159 SOUTH MAIN STREET IN THE CENTRAL BUSINESS DISTRICT PROJECT AREA.**

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act; and

WHEREAS, the RDA adopted the “C.B.D. Neighborhood Development Plan” on May 1, 1982; and

WHEREAS, the RDA adopted the “Block 70 Project Area Plan” on February 12, 2013; and

WHEREAS, the RDA has established a revolving loan fund to provide loans in its project areas; and

WHEREAS, the RDA created the Block 70 Loan and Grant Program on March 17, 2015; and

WHEREAS, the RDA adopted the Block 70 Community Development Area Project Area 2014-2019 Strategic Plan; and

WHEREAS, Mollie & Ollie Holding Company, LLC has requested a loan and grant from the RDA to execute building renovations to property located at 159 South Main Street, Salt Lake City UT ("Property"); and

WHEREAS, the RDA Block 70 Loan and Grant Criteria states that the applicant must be title owner to the property and all loans must be secured by the property under construction.; and

WHEREAS, Mollie & Ollie Holding Company, LLC has requested a waiver of the RDA Block 70 Loan and Grant criteria that pertains to title owner of the property applying for financing and securing the property as collateral that will be renovated; and

WHEREAS, the RDA staff has negotiated the attached set of terms for a potential RDA Block 70 Loan and Grant to Mollie & Ollie Holding Company, LLC for the Project (“Term Sheet”); and

WHEREAS, the RDA is willing to provide a RDA Block 70 Loan and Grant to Mollie & Ollie Holding Company, LLC to facilitate redevelopment of the Property.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby approve the loan outlined in the Term Sheet attached hereto.

BE IT FURTHER RESOLVED THAT we do hereby authorize the Chief Administrative Officer and the Executive Director to negotiate and execute the legal documents attendant to

such loan between the Redevelopment Agency of Salt Lake City and Mollie & Ollie Holding Company, LLC, in accordance with the Term Sheet attached hereto. The documents shall also incorporate such other terms as recommended by RDA legal counsel.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 10<sup>th</sup> day of November, 2015.

\_\_\_\_\_  
Stan Penfold, Chairperson

ATTEST:

\_\_\_\_\_  
D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on \_\_\_\_\_.

The Chief Administrative Officer

\_\_\_ does not request reconsideration

\_\_\_ requests reconsideration at the next regular Agency meeting.

\_\_\_\_\_  
Ralph Becker, Chief Administrative Officer

ATTEST:

\_\_\_\_\_  
D.J. Baxter, Executive Director

Approved as to legal form: \_\_\_\_\_

**RDA LOAN TERM SHEET**

**November 10, 2015**

**BORROWER NAME:** Mollie & Ollie Holding Company, LLC

<b>LOAN AMOUNT:</b>	\$200,000	
<b>RATE:</b>	0%	
<b>TERM:</b>	5 years - 60 months (balloon payment due)	
<b>ESTIMATED PAYMENTS:</b>	\$833	Amortizing monthly payment of Principal over a 20 year period
<b>CONSTRUCTION INTEREST:</b>	The Block 70 Loan Program has a 0% interest rate based on providing an incentive to adjacent building owners to have businesses entrances on Regent Street. No construction interest will be charged.	
<b>PROPOSED DRAWDOWNS:</b>	Maximum of one per month	
<b>COMMITMENT FEE/ BORROWER'S DEPOSIT:</b>	None	
<b>RDA LEGAL:</b>	Hourly bill, payable at closing, may be paid from loan proceeds.	
<b>PREPAYMENT PENALTIES:</b>	None	
<b>ELIGIBLE USES OF FUNDS:</b>	Improvements to address aesthetics of the building facing the Regent Street Plaza such as the addition of windows, business entrances, tenant improvements, dining areas, signage, and lighting.	

<b>GRANT AMOUNT:</b>	\$20,000	
<b>RATE:</b>	N/A	
<b>TERM:</b>	N/A	N/A
<b>ESTIMATED PAYMENTS:</b>	N/A	
<b>CONSTRUCTION INTEREST:</b>	N/A	
<b>PROPOSED DRAWDOWNS:</b>	Maximum of one per month	
<b>COMMITMENT FEE/ BORROWER'S DEPOSIT:</b>	None	
<b>RDA LEGAL:</b>	Hourly bill, payable at closing, may be paid from loan proceeds.	
<b>PREPAYMENT PENALTIES:</b>	None	
<b>ELIGIBLE USES OF FUNDS:</b>	Improvements to address aesthetics of the building facing the Regent Street Plaza such as the addition of windows, business entrances, tenant improvements, dining areas, signage, and lighting.	

## **COLLATERAL AND GUARANTEES**

- (a) A second mortgage lien on residential property located at 100 Sorrel Lane, Ketchum, ID; and
- (b) Personal guarantee of Neil Zussman.

## **COVENANTS AND CONDITIONS**

- (a) Requirement to complete improvements by 11/1/16 (interest rate to increase to 5% if improvements are not completed by 11/1/16).
- (b) Requirement that the east entrance to the restaurant facing Regent Street remain open during all business owners.
- (c) The Applicant must use the central garbage compactor and facility that will be constructed adjacent to the access alleyway north of the restaurant entrance.
- (a) Requirement that Applicant fund 25% of the cost of improvements.
- (d) Agreement by the Applicant to participate in creation and funding of cohesive management plan for Block 70, addressing issues such as garbage and snow removal, maintenance, and security.
- (e) Requirement to complete improvements by 11/1/16 (unspent grant funds as of 11/1/16 returned to the RDA).
- (f) Requirement that Applicant fund 25% of the cost of improvements.

## **ADDITIONAL RECOMMENDATIONS:**

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If the loan is approved, Staff recommends the following conditions be addressed prior to closing:

- (a) Staff will have determined that the loan meets all lending criteria established by the RDA and the RDA's Loan Committee.
- (b) Review and final approval of final construction plans and verification of permits.
- (c) Final construction budget.
- (d) Signed construction contract.
- (e) The execution of loan documents (e.g. promissory notes, loan agreements, security documents, and guarantees) as deemed necessary by the RDA and its legal counsel.
- (f) Applicant shall provide evidence of insurance in such amounts and with such coverage as deemed necessary by the RDA for the Property.
- (g) The RDA and its legal counsel's review and approval of all matters pertaining to title, legality of the loan, and the legality, sufficiency, and the form and substance of all documents that are deemed reasonably necessary for the loan transaction.
- (h) The Applicant must provide the Contractor Agreement for RDA approval.
- (i) The Applicant must receive all necessary approvals from the City, as further defined in the loan agreement.
- (j) Such other terms as recommended by the Agency's legal counsel.

If the Loan Committee approves the Applicant's loan request, the Applicant will have 120 days following the date of approval to meet the above conditions or the Agency's approval shall expire. Any funds not disbursed 24 months after closing will be used to pay all outstanding principal from the Agency's loan.