



City of San Antonio

Legislation Details (With Text)

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In control:	Westside Development Corporation
On agenda:	6/24/2015
Title:	Discussion and possible action regarding a loan agreement with William Lambert, dba French and Michigan, in an amount up to \$50,000 for working capital and building improvements.
Sponsors:	
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Attachments:	

Date	Ver.	Action By	Action	Result
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ORGANIZATION: Westside Development Corporation (WDC) - Board of Directors

POSTING LANGUAGE:

Discussion and possible action regarding a loan agreement with William Lambert, dba French and Michigan, in an amount up to \$50,000 for working capital and building improvements.

SUMMARY:

Mr. William Lambert has submitted a \$50,000 loan request for working capital and leasehold improvements. The Board will consider the application.

BACKGROUND INFORMATION:

General

Mr. William Lambert has submitted a loan application to the Westside Development Corporation (WDC) for \$50,000 to be used for working capital and leasehold improvements for his business. The business is a multidisciplinary studio, workshop, and gallery devoted to strengthening collaboration between art and design through the development of visual and built environment. The business provides local artists gallery space for exhibitions, construction of furniture as artistic design, and residential and business design services.

WDC staff has made an initial review of the application which was received on March 19, 2015. WDC staff submitted the loan application to the WDC Project Committee for review on March 25, 2015.

The \$50,000 loan will be used to provide working capital to hire a new employee for the business who has skills in management, exhibit installation, retail, and customer/artist relations. This will enable the Director

of the business to move away from day to day management and back into ensuring projects are profitable. The leasehold improvements will consists of general updates to the building to provide working space for the new employee, better art and library storage, and expansion on printing services provided for artists.

The WDC Project Committee reviewed the loan with staff and asked staff to obtain a list of collateral to be utilized to secure the loan from Mr. Lambert. The Project Committee voted to approve the loan and refer it onto the WDC Finance committee and WDC Board of Directors for review and approval.

The WDC Finance Committee reviewed the loan request and voted to refer the loan request back for further review to the Project Committee. The Finance Committee requested that Mr. Lambert provide WDC staff with the lease agreement for the building where the leasehold improvements are being made to determine if the business owner or the landlord is responsible for the improvements to the building. WDC staff as of May 15, 2015, is waiting on Mr. Lambert to provide the lease agreement which he has told staff they will have prior to the meeting on the 20th. All ratios related to the risk of lending and ratios for the loan have been reviewed and meet WDC underwriting standards.

On May 20, 2015, the Project Committee reviewed Mr. Lambert's loan request and the recommendations from the Finance Committee. Mr. Lambert was in attendance to answer questions. The Project Committee has recommended that a loan of \$50,000 with release of \$30,000 initially and release of \$20,000 at a later date to be determined be approved with the following conditions:

- \$30,000 will be released to Mr. Lambert in two quarterly payments of \$15,000 each.
- The loan can only be used to meet payroll and related employee expenses.
- Mr. Lambert must participate in the Business Credit Building University (BCBU) program.
- Financial statements must be submitted to WDC on a monthly basis in a manner prescribed by the WDC.
- Default terms including using the loan proceeds for something other than payroll and related employee expenses and not participating in the BCBU will be written into the term of the loan.
- The 2nd quarterly payment will not be released unless financial statements have been received as indicated in the loan documents.
- At least 30 days prior to the release of the \$20,000 installment of the loan, WDC staff will prepare a report for the Project Committee and have them approve the release of the remaining funds.

FISCAL IMPACT:

Loan funds are derived from the Project Fund which receives an annual allocation from the City of San Antonio.

RECOMMENDATION:

Pending

MRH - 150624 - Executive - Item 4 Memo