

# Forgivable Loan Committee Meeting

April 17, 2020 at 9:00 AM

# Background

- Downtown Business Continuity Forgivable Loan program approved by CCDC on March 31, 2020.
- \$200,000 loan pool established by CCDC
- Goal: Assist eligible businesses that are in serious jeopardy of closing due solely to the recent COVID-19 pandemic and associated economic impact.
- First Committee meeting held 4/13/2020



# Program Terms

- Maximum loan up to \$20,000 per business.
- Structured as a **forgivable loan** with low monthly payments and 0% interest.
- Forgivable Loan converts to a **grant** if the business continues to operate for at least 2 years.
- The money can be used for:
  - Operational expenses & rent
  - Restructuring debt
  - Leasehold improvements & equipment



# Maximum Forgivable Loan Amount

Average Yearly Gross Sales	Maximum Loan
Below \$250,000	\$5,000
Between \$250,001 - \$1,000,000	\$10,000
Between \$1,000,001 - \$5,000,000	\$20,000

Staff is recommending loan amounts below the maximum in most cases due to high demand for limited resources.

# Evaluation & Prioritization

Tenure Downtown			Business Type			Location			
<1 year 1 point	>1 year 2 points	>5 years 3 points	Service 1 point	F&B 2 points	Retail 3 points	CBID 1 point	Core 2 points	Retail Nodes 3 points	Main Street Mall 4 points

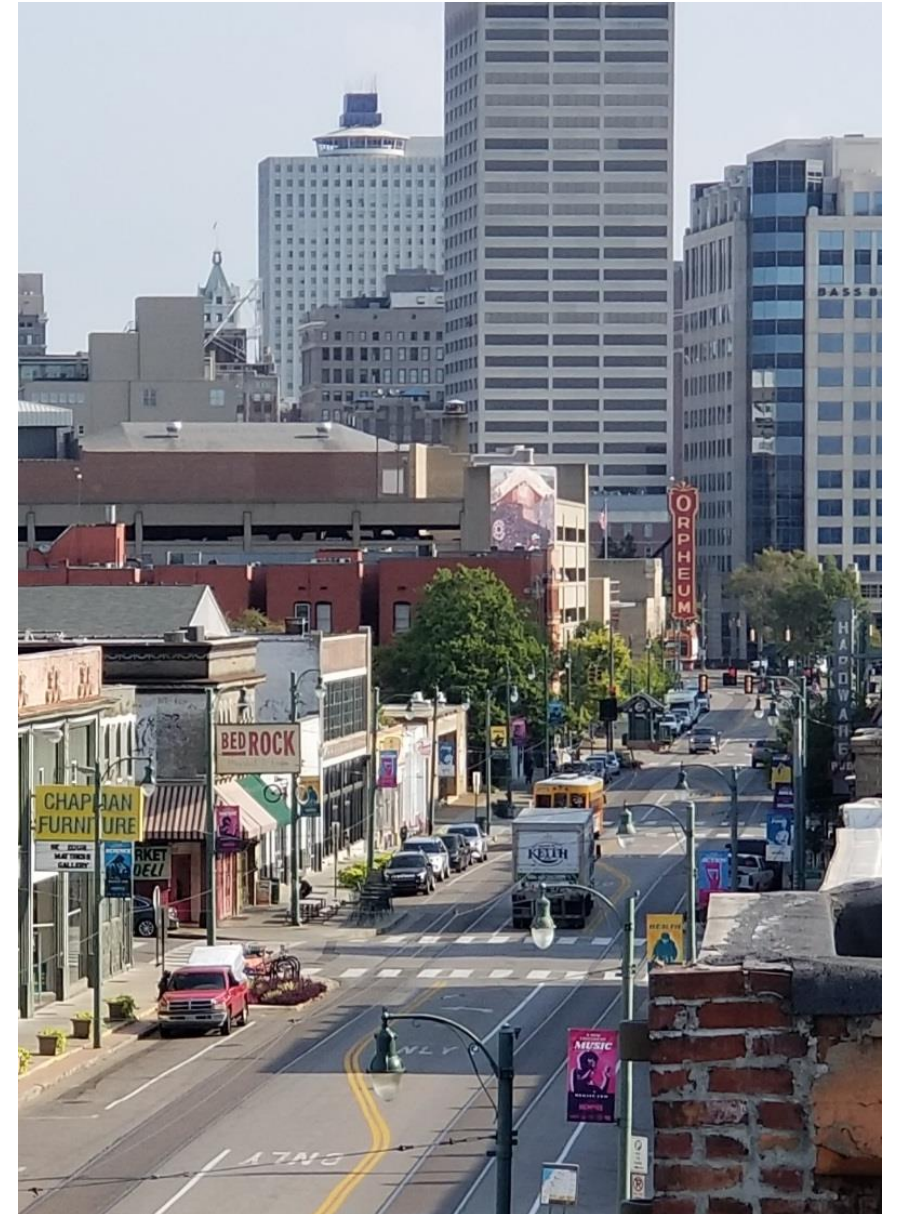
- Total possible scores range from 3 – 10 points.
- Most applications will score within the 6-8 point range.
- Numerical score is only one data point used to evaluate the requests.
- Staff is cognizant of Downtown’s Retail Strategy and the importance of diversity and inclusion as we build a Downtown for everyone.

# March 13, 2020

## Committee Approvals

- Alcenia's, 317 N. Main St.
- Premier Flowers, 10 N. Second St.
- South Main Book Juggler, 548 S. Main St.
- Fantom Events / The Broom Closet, 546 S. Main
- Rachel's Salon, 10 N. Main St.
- The Brass Door, 152 Madison Ave.
- Wrapzody, 99 N. Main St.
- McEwen's, 120 Monroe Ave.

**Total: \$55,100 (8 Businesses)**



# Staff Recommendations:

## Today's Request: \$79,900 (12 Businesses)

- The Peanut Shoppe, 24 S. Main
- Qahwa Coffee Bar, 109 N. Main
- Chef Tam's Underground Café, 668 Union
- Pontotoc, 314 S. Main St.
- Bluff City Coffee, 505 S. Main
- Havana Mix Cigar Emporium, 250 Peabody Place
- Max's, 115 GE Patterson
- WKND Hang Suite, 115 Vance
- A. Schwab, 163 Beale
- Sam's, 7 N. Main
- Stock and Belle, 387 S. Main
- Rizzo's Diner, 492 S. Main

# The Peanut Shoppe, 24 S. Main

The Peanut Shoppe has been a unique Downtown retail destination for many years. The cozy shop is much-loved by locals and tourist alike. Due to the COVID-19 crisis, The Peanut Shoppe has completely shut down resulting in a major loss of sales revenue.

What will the forgivable loan be used to help pay for?

- Rent & utilities
- Operational expenses & payroll
- Staff recommendation: \$2,400 Business Continuity Forgivable Loan



# Qahwa Coffee Bar, 109 N. Main

Qahwa Coffee Bar has become an important part of Downtown Memphis daily life over the past 8 years. During this current pandemic, it has shifted operations to serve in a take-out only capacity.

What will the forgivable loan be used to help pay for?

- Rent & utilities
- Payroll
  
- Staff recommendation: \$5,000 Business Continuity Forgivable Loan

# Chef Tam's Underground Café, 668 Union

The Downtown location has been in operation since January but due to COVID-19, the restaurant has been forced to close its doors until the safer at home order is lifted. The applicant will also apply for small business emergency grant assistance through the Memphis Medical District Collaborative (MMDC).

What will the forgivable loan be used to help pay for?

- Rent
- Restock key inventory
- Staff recommendation: \$5,000 Business Continuity Forgivable Loan

# Pontotoc, 314 S. Main

Pontotoc has become a popular South Main destination restaurant and bar in its 2 years of operation. It has developed a reputation for lively gathering and great food. The effects of COVID-19 have caused a drastic decline in sales and limited operation, forcing the owner to shut down.

What will the forgivable loan be used to help pay for?

- Rent
  - Debt payments
  - Operational expenses
- 
- Staff recommendation: \$7,500 Business Continuity Forgivable Loan

# Bluff City Coffee, 505 S. Main

Bluff City Coffee is a South Main anchor and has been in operation for thirteen years. This coffee shop is a gathering place for local residents and travelers alike, located near the National Civil Rights Museum and on the trolley line.

What will the forgivable loan be used to help pay for?

- Rent
  - Payroll
  - Refrigerator/freezer equipment to improve the business model as a result of CVOID-19
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- Staff recommendation: \$7,500 Business Continuity Forgivable Loan

# Havana Mix Cigar Emporium, 250 Peabody Place

Havana Mix has become a destination business located just north of Beale Street. It is a well-known lounge, bar and restaurant. Havana Mix has been in operation for 12 years. COVID-19 has caused a decrease in sales revenue of nearly 90%.

What will the forgivable loan be used to help pay for?

- Payroll & inventory
- Utilities, rent, & insurance
  
- Staff recommendation: \$10,000 Business Continuity Forgivable Loan

# Max's Sports Bar, 115 GE Patterson

Max's Sports Bar is a locally-owned restaurant and bar in South Main. Max's is part of an active commercial section of G.E. Patterson which contributes to the area's commercial vibrancy. This sports bar has been in operation for 13 years. COVID-19 has caused a substantial decrease in sales revenue.

What will the forgivable loan be used to help pay for?

- Rent & storage
- Payroll & staffing
- Fixed operational expenses
  
- Staff recommendation: \$7,500 Business Continuity Forgivable Loan

# WKND Hang Suite, 115 Vance

The restaurant & bar is located in South Main at 115 Vance Ave. In the past year, WKND Hang Suite has become a Downtown destination that draws Memphians from all parts of our city. Prior to the effects of the COVID-19 pandemic the WKND was thriving. Since the safer at home order, the business has come to a complete halt.

What will the forgivable loan be used to help pay for?

- Rent & payroll
- Replace perishable goods & repair equipment
  
- Staff recommendation: \$7,500 Business Continuity Forgivable Loan

# A. Schwab, 163 Beale

A. Schwab Trading Company is a 144-year-old specialty retail store that has survived the test of time. Since the COVID-19 crisis, the company has been forced to shut its doors, completely cutting off sales. It should be noted that unlike most City-owned property on Beale Street, 163 Beale Street is privately-owned property.

What will the forgivable loan be used to help pay for?

- Payroll & rent
- Utilities & insurance
  
- Staff recommendation: \$10,000 Business Continuity Forgivable Loan



# Sam's Main Street Eatery, 7 N. Main

Sam's Main Street Eatery has been a long-time tenant of Downtown Memphis. It has been in operation, at its current location, since October of 2018. This restaurant has been a go-to location for many residents and employees during the daily lunch hour rush. The COVID-19 pandemic has resulted in an overall sales decline of more than 80%.

What will the forgivable loan be used to help pay for?

- Rent, utilities, and internet
- Payroll
  
- Staff recommendation: \$5,000 Business Continuity Forgivable Loan

# Stock & Belle, 387 S. Main

Stock & Belle is a key Downtown retailer, specializing in art, apparel, and furniture. This company has been a vibrant fixture of South Main since 2015. COVID-19 has caused Stock & Belle to shut down completely since the retailer is considered non-essential at this time.

What will the forgivable loan be used to help pay for?

- Rent, payroll, and fixed operating expenses
- Staff recommendation: \$5,000 Business Continuity Forgivable Loan

# Rizzo's Diner, 492 S. Main

Rizzo's Diner originally opened Downtown in 2011 in the South Main neighborhood. The upscale diner offers a unique variety of offerings such as lobster pups and cajun and creole entrees. As a result of COVID-19, the business faces significant challenges and had to greatly reduce staff and focus only on carry-out orders.

What will the forgivable loan be used to help pay for?

- Rent
- Payroll
- Restock inventory
- Staff recommendation: \$7,500 Business Continuity Forgivable Loan

# Budget Update:

<b>Forgivable Loan Commitments</b>	<b>Amount</b>
April 13th Committee Meeting (8 businesses)	\$55,100
April 17th Committee Meeting (12 businesses)	\$79,900
Subtotal	\$135,000
<b>Remaining Budget</b>	<b>\$65,000</b>

Next Forgivable Loan Committee Meeting scheduled for April 22 at 9:00 AM

# III. Other Business

# IV. Adjournment

# Next Committee Meeting

Wednesday, April 22, 2020 at 9:00 AM