
M E M O R A N D U M

DATE: April 12, 2002
TO: Council Members
FROM: Gary Mumford
RE: **Request for Small Business Loan – Babinski’s, Inc.**

Babinski’s is a store located in Foothill Village since 1998 that specialize in retail products for new parents. Babinski’s is requesting a \$58,000 loan from the City’s Small Business Revolving Loan Fund to expand into adjacent space at Foothill Village. The loan will allow the store to expand from 2100 square feet to 4760 square feet. The loan proceeds will be used for build-out costs, for acquiring additional inventory, for a direct mail marketing campaign, and for improvements to the store’s web site. Internet sales currently account for about 30% of Babinski’s total sales. The store also has a gift registry program.

The loan will have a term of five years and an interest rate of 4.75%. It will be secured by a lien on the personal residence of the business owners and by the personal guarantee of the owners. The credit report of the owners doesn’t show any delinquencies or unpaid accounts. The Small Business Loan Committee favorably recommends the loan.

Update on criteria for the City’s small business revolving loan program

The recently appointed director of the Department of Community and Economic Development is reviewing the proposed loan criteria and point-system matrix for evaluating loan applications. At the recommendation of the City Attorney, the proposal will request that the Council adopt general criteria and authorize the Administration to issue loans without Council approval of individual loans. Council staff’s understanding is that the Administration will advance the proposed criteria to the Council within a couple of weeks.

cc: Rocky Fluhart, Jay Magure, Margaret Hunt, LuAnn Clark, Bob Gore