



## CITY OF SARATOGA SPRINGS

### PLANNING & ECONOMIC DEVELOPMENT

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#### MEMORANDUM

To: Mayor Yepsen  
Commissioners Franck, Madigan, Mathiesen and Scirocco  
From: Bradley S. Birge  
Date: 10 June 2014  
Re: Economic Development Revolving Loan Fund (EDRLF) Request by KTMS, Inc. d/b/a Scallions Restaurant, 44 Lake Ave

The City EDRLF was established with U.S. HUD CDBG funding to promote community revitalization and job creation for persons of low-moderate income. Program guidelines identify eligible businesses as manufacturing, warehousing and wholesaling enterprises, with service-oriented and retail businesses evaluated on a case-by-case basis. Applicants are required to create at least 1 full-time equivalent position (FTE) per \$25,000 loaned.

KTMS, Inc. d/b/a Scallions Restaurant (Michele Morris) has submitted a loan application requesting funding for leasehold improvements, equipment, and working capital:

Borrower:	KTMS, Inc. d/b/a Scallions Restaurant
Guarantor:	Michele Morris
Business:	Restaurant – bar – retail
Location:	44 Lake Avenue
Loan Offering:	\$50,000
Loan Terms:	3% fixed interest rate; 10-year amortization with 10-year term
Job creation:	2 new FTE positions within 2 years; retention of 14 existing FTE positions
Security:	2 <sup>nd</sup> Uniform Commercial Code filing on business assets of KTMS, Inc., subject to 1 <sup>st</sup> business assets filing of the 1 <sup>st</sup> Niagara Bank; Personal Guaranty of Michele Morris; assignment of Key Person Life Insurance of \$50,000 on the Life of Ms. Morris during the term of the proposed Credit Offering

For your information, the Economic Development Revolving Loan application and employment creation report to the City and an executive summary, prepared by Brian Hanrahan on Ms. Morris' behalf, are attached for your confidential review. The term (10 years) of this request is consistent with recent approved terms. Ms. Morris seeks a 3% fixed rate.

This is a request for a second loan to KTMS, Inc. In 2007, the City Council approved a \$50,000 loan (5% fixed; 10-yr term) for working capital to relocate from Broadway to the current location. The balance of that loan is \$ 20,205.22 with monthly payments of \$575.86. Ms. Morris is, and has kept current, on her prior loan payments.

The City's Economic Development Revolving Loan Program has approximately \$346,000 available for new loans. This loan of \$50,000 would leave approximately \$296,000 available for additional employment-creating loans.

I thank you for your attention and consideration of this matter. If you would like additional financial information, or if I can answer any questions, please contact me at your earliest convenience.