

From: [Shelby S](#)
To: [City Clerk](#); [Trish Spencer](#); [Marilyn Ezzy Ashcraft](#); [John Knox White](#); [Malia Vella](#); [Tony Daysog](#)
Subject: [EXTERNAL] ITEM 5L on Agenda for tonight 9/20--take off consent calendar and vote against
Date: Tuesday, September 20, 2022 2:50:21 PM

Council Members and Mayor-

I have just read item 5L on the Consent Calendar and request it be removed and rejected.

My comments are as follows:

1. The use of Base Reuse Department funds for a risky loan is not an appropriate use of these funds. This business should apply to a regular lender for their purpose, or at least the City itself instead the Base Reuse coffers.

Base reuse funds should be properly spent on repair and maintenance of the substandard homes, not lending it out at an insignificant rate of return. The Base fund has already been cheated out of over \$200,000 in missed rent revenues over the last year and a half because of vacant homes. Giving \$300,000 away further reduces the Base's ability to repair and maintain the dilapidated residential homes.

2. \$300,000 is a ridiculous amount to lend, and does not appear to be based on the value of the company, the ability to repay, or to any benefit to the City. This enormous loan for a huge 1500 foot indoor "cafe" should not be approved. They should build something smaller they can afford and see if it is profitable before they get such a large amount of money from anyone.

3. There is not enough collateral to recoup the loan if the borrower defaults.

4. This loan is not comparable to the loan for the theater for obvious reasons, including: the source of the loan monies, the use of the loan, the improvement to the asset, and the return on the investment for the City.

5. The 2% interest rate is way too low. The average small business loan rate is 5-6%. This rate does not follow standard business practices. Very curious.

6. In summary, the Base Reuse fund should not be used to make an enormous and risky business loan at a below-market 2% interest for a large-scale cafe at Firebrand.

The Base Reuse funds should be spent rehabilitating the substandard residential homes, not having money stolen from their coffers with little-to-no benefit to the Base fund.

Firebrand should build something small that they can afford and test its profitability, or apply somewhere else for a regular, (likely much much smaller) business loan that they qualify for at a normal interest rate like other companies would have to do.

Please take this item off the consent calendar and vote NO on this item.

Thank you,

Shelby Sheehan