

MEMORANDUM

TO: William T. Lichter, Village Manager

FROM: David A. Hulseberg, AICP, Director of Community Development

DATE: January 11, 2007

SUBJECT: Downtown Restaurant Forgivable Loan Program; Praga Restaurant, 229 W. St. Charles Road

The Community Development Department has received an application for the Downtown Restaurant Forgivable Loan Program for Praga Restaurant at 229 W. St. Charles Road. Praga has operated in its current location since 2002 and now wishes to expand into the adjacent tenant space at 225 W. St. Charles Road (currently occupied by the Lombard Chamber of Commerce). This expansion will include additional seating, a larger bar, and a waiting area for customers. The owner may also wish to provide live entertainment, in which case he will need to make a separate application to the Plan Commission to obtain approval of a conditional use.

The requested forgivable loan would be structured slightly differently from previous loans. In this case, the Village would reimburse 100% of the first \$100,000 in eligible expenses and the owner would pay for 100% of all expenses beyond the initial \$100,000. The loan term would be 15 years, with 1/15th of the loan being forgiven each year. (Previous loans have been for 1/3 of eligible expenses with a maximum loan of \$100,000, forgiven over 10 years.)

Staff supports this application because the expansion would allow downtown Lombard's only fine dining establishment and a valued business to become more competitive in the growing local restaurant market. The Economic and Community Development Commission recommended supporting this request. Praga's lease is set to expire in 2007; but they will be required to extend the restaurant's lease through 2012 as part of this loan agreement.

ACTION REQUESTED

Staff requests that the Village Board approve a resolution authorizing the signatures of the Village President and Clerk on an Agreement Authorizing the Reimbursement of Funds for a Downtown Restaurant Forgivable Loan for Praga Restaurant in an amount not to exceed \$100,000.