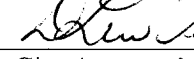


OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

2007 SEP 26 AM 10:17

Approved as to Form and Legality

  
City Attorney's Office

## OAKLAND CITY COUNCIL

RESOLUTION No. 8 1 0 2 9 C.M.S.

INTRODUCED BY COUNCILMEMBER PAT KERNIGHAN

---

**A City Council Resolution Approving the Issuance of a Loan Guaranty not to exceed Thirteen Thousand Five Hundred Dollars (\$13,500) for McKinney Griff, Inc., dba Merritt Bakery and Restaurant, As Required by One California Bank Under Its Conditions of Approval for a Two Hundred Seventy Thousand Dollars (\$270,000) Term Loan To Finance Business Expansion.**

**WHEREAS**, the Merritt Bakery and Restaurant (Merritt Bakery), with its location at 203 East 18<sup>th</sup> Street directly adjacent to Lake Merritt, has been in operation for fifty five years in the City of Oakland, is one of Oakland's largest retail employers, and has a special place in the minds and hearts of many Oakland residents and visitors; and

**WHEREAS**, the current owner, McKinney Griff, Inc., has invested in and guided the business through significant economic challenges, including a roof fire in 2006, over the past 27 month period of time; and

**WHEREAS**, Merritt Bakery is now ready to manage an expansion of the store, intended to increase both the profitability of the operation and the number of full and part time employees working there; and

**WHEREAS**, Merritt Bakery desires to borrow \$270,000 from OneCalifornia Bank, FSB, located at 1438 Webster St., Suite 100, Oakland, and currently has sufficient cash flow to pay the debt service on the loan, but lacks adequate collateral as a secondary repayment source; and

**WHEREAS**, approval of the private, 7-year term loan from OneCalifornia Bank is contingent upon the Bank's receipt of two loan guaranties covering 95% of the loan amount, including a 5% loan guaranty from the City of Oakland in an amount not to exceed \$13,500, and a 90% Nor-Cal State Loan Guaranty; and

**WHEREAS**, McKinney Griff, Inc. has requested that the City provide a loan guaranty of \$13,500 for seven years, plus extension periods, so that it may access the Bank loan; and

**WHEREAS**, approval of this guaranty provides the City the opportunity to retain and expand a long-standing, iconic Oakland restaurant and bakery business that currently employs 86 full-time and part-time people, 75% of who are Oakland residents, and generates \$4,000-\$5,000 annually in Oakland business license tax; and

**WHEREAS**, the loan guaranty will be secured by a UCC-1 filing on all business assets and the personal loan guaranties of Patricia Griffis and Charles Griffis, the principal owners of McKinney Griff, Inc.; and

**WHEREAS**, no other reasonable means of private or commercial financing of the loan guaranty, other than the City's Small Business loan fund, has been identified; and

**WHEREAS**, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore, be it

**RESOLVED:** That the City Administrator is authorized to negotiate and execute a Loan Guaranty with OneCalifornia Bank, FSB, in favor of McKinney Griff, Inc., in an amount not to exceed \$13,500; and be it

**FURTHER RESOLVED:** That the City Administrator or her designee is hereby authorized to approve any subsequent amendments to, or extensions of, said Loan Guaranty except those involving compensation or the allocation of additional funds; and be it

**FURTHER RESOLVED:** That City funds totaling \$13,500 will be encumbered for payment of said Loan Guaranty in the event of default of the loan extended by OneCalifornia Bank to McKinney Griff, Inc. as follows: HUD-CDBG (2108), One Stop Small Business (88579), Miscellaneous Contract Services (54919), OBDC Program Delivery Cost (G02200); and be it

**FURTHER RESOLVED:** That the City loan guaranty will be secured by a UCC-1 filing on all business assets and the personal loan guaranties of Patricia Griffis and Charles Griffis, the principal owners of McKinney Griff, Inc.;

**FURTHER RESOLVED:** City funds can only be drawn upon by OneCalifornia Bank in the event of default by their borrower, McKinney Griff, Inc. The City will share liability on a pro-rata basis with the Bank (5%) and Nor-Cal State Loan Guaranty (90%) for the entire indebtedness during the entire term of the loan, including all accrued unpaid interest on the indebtedness and all collection costs; however, at no time will the City's liability exceed \$13,500; and be it

**FURTHER RESOLVED:** That the City Council had independently reviewed and considered this environmental determination, and the City finds and determines, based upon the information provided in the staff report accompanying this Resolution, that this action complies with CEQA because the project is exempt from CEQA pursuant to Section 15301 (existing facilities) of the CEQA Guidelines; and be it

**FURTHER RESOLVED:** That the City Attorney shall review and approve as to form and legality, all agreements related to the Guaranty, and all such agreements shall be filed with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, JAN 15 2008, 2008

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID and  
~~RESIDENT DE LA FUENTE~~ - 7


NOES- 0

ABSENT- 0

ABSTENTION- 0

Excused - De La Fuente - 1

ATTEST:

  
LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California