



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 1/14/2019
Item No.: 5.c

Department Approval

City Manager Approval

Item Description: Review Previous Business Loan Program and Discuss Possible Future Business Loan Program

BACKGROUND

Economic Development staff was approached by a business that would like to do a substantial facade improvement on the Jiffy Lube building located at County Road D and Fairview. The business would plan to use the building for office use. Currently, the costs for such facade improvements are more than a first mortgage can support.

The City previously offered a program that helped businesses fund such improvements (Attachment A). Staff has reviewed the terms and mechanics of the previous program and asks the Roseville Economic Development Authority (REDA) to discuss the possibility of reinstating the program. If the members of the REDA are interested in resuming the program, Staff will need to collaborate with the attorney for the REDA to update the terms of the program in order to meet all current State of Minnesota and Department of Employment and Economic Development (DEED) requirements. Details of typical underwriting for a credit worthy business in today's economic climate is provided below per North American Bank:

Interest Rates:	5.5%-6.5%
Fixed Rate:	5 years
Terms:	15-20 years
Loan to Value:	75-80% based upon ownership structure

Previously, the City provided eight such mortgages (by way of a second mortgage) to businesses in Roseville for such improvement purposes and all the loans were repaid in full (Attachment B). All the underwriting and servicing of the loans was provided by the originating bank. The funds used in the previous program were from an existing Tax Increment Financing (TIF) pool which is now depleted.

If the REDA is interested in starting a similar program, the existing fund balances from the former Roseville Housing Redevelopment Authority (RHRA) levy balances can be used (Attachment C).

25 A legal opinion from the attorney for the REDA (Attachment D) identifies the extent to which
26 funds previously levied under the RHRA may be used.

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28 **BUDGET IMPLICATIONS**

29 This report is for discussion only at this time.

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31 **STAFF RECOMMENDATION**

32 Discuss Previous Business Loan Program and Provide Direction to Staff.

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34 **REQUESTED COUNCIL ACTION**

35 Discuss Previous Business Loan Program and Provide Direction to Staff.

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Attachments: A: Roseville Business Loan Program
B: Business Loans Previously Provided by City of Roseville
C: Fund Balances as of December 31, 2018
D: Legal Opinion from Attorney Martha Ingram