



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 19, 2021
Item No.: 5.c

Department Approval

Executive Director Approval

Item Description: Consider authorizing contract for Professional Services with Metropolitan Consortium of Community Developers for administration of the Roseville Business Assistance Loan Program

At the March 22, 2021 Roseville Economic Development Authority (REDA) meeting the board was provided information on a Business Assistance Loan Program that Metropolitan Consortium of Community Developers would provide through Open for Business. The REDA directed staff to proceed towards creation of the program, but first requested the Roseville Finance Commission review the program and provide feedback. Staff presented to the Finance Commission on May 11th, 2021. The Commission offered the support towards creation of the loan with no changes to the program. The program outline is as follows:

Business Assistance Loan Program

MCCD would be a 50/50 partnership with the REDA for businesses located or looking to locate in the City of Roseville. The maximum loan amount would be \$100,000 split by MCCD and REDA. The funds can be used for building improvements, start-up or equipment purchases. The applicant would have a minimum of 10% cash into the project costs. The proposed program would consist of a blended rate between the REDA and MCCD, with MCCD's interest rate being 7% and the REDA's being 2%, which equates to a 4.5% interest rate for the business to pay. MCCD would collect the interest and principle payments and keep the REDA's 2% interest as their administration fee for the program. The loan fees would be a 1% origination fee and a minimum \$100 due at closing by the borrower. The draft MCCD/REDA loan program would require collateral, such as the real estate of the business, business equipment, the business owner's personal home, or a personal guarantee that would be based on underwriting.

BUDGET IMPLICATIONS

In 2020, the REDA budgeted \$48,575 for creation of a business loan program. Then, in 2021, the REDA budgeted \$98,575, bringing the total to \$147,150 currently available to fund this proposed business assistance loan program.

STAFF RECOMMENDATION

Authorize the Contract for Professional Services with MCCD for a Roseville Business Assistance Program.

REQUESTED EDA ACTION

Authorize the Contract for Professional Services with MCCD for a Roseville Business Assistance Program.

Prepared by: Jeanne Kelsey, Housing & Economic Program Manager, 651-791-7086
Attachments A: Contract for Professional Services with MCCD

Standard Agreement for Professional Services

This Agreement (“Agreement”) is made on the 19th day of July 2021, between the Roseville Economic Development Authority, a public body corporate and politic and political subdivision of the state of Minnesota (hereinafter “REDA”), and Metropolitan Consortium of Community Developers, a Minnesota nonprofit corporation (hereinafter “Consultant”).

Preliminary Statement

REDA has adopted a policy regarding the selection and retention of consultants to provide a variety of professional services for REDA projects. That policy requires that persons, firms, or corporations providing such services enter into written agreements with REDA. The purpose of this Agreement is to set forth the terms and conditions for the performance of professional services by the Consultant.

REDA and Consultant agree as follows:

1. ***Scope of Work Proposal.*** The Consultant agrees to provide the professional services described in Exhibit A attached hereto (“Work”) in consideration for the compensation set forth in Provision 3 below. The terms of this Agreement shall take precedence over and supersede any provisions and/or conditions in any proposal submitted by the Consultant.
2. ***Term.*** The term of this Agreement shall be effective upon the approval of the REDA Board of Commissioners, the date of signature by the parties notwithstanding, and shall continue through the earlier of December 31, 2022, or the date of termination by either party upon 30-day written notice thereof as provided in Provision 7 hereof.
3. ***Compensation for Services.*** REDA agrees to pay the Consultant the compensation described in Exhibit A attached hereto for the Work, subject to the following:
 - A. Any changes in the Work which may result in an increase to the compensation due the Consultant shall require prior written approval of REDA. REDA will not pay additional compensation for Work that does not have such prior written approval.
 - B. Third-party independent contractors and/or subcontractors may be retained by the Consultant when required by the complex or specialized nature of the Work when authorized in writing by REDA. The Consultant shall be responsible for and shall pay all costs and expenses payable to such third-party contractors unless otherwise agreed to by the parties in writing.
4. ***REDA Representative and Special Requirements:***
 - A. Housing and Economic Development Program Manager shall act as REDA’s representative with respect to the Work to be performed under this Agreement. Such

47 representative shall have authority to transmit instructions, receive information and
48 interpret and define REDA's policies and decisions with respect to the Work to be
49 performed under this Agreement, but shall not have the right to enter into contracts or
50 make binding agreements on behalf of REDA with respect to the Work or this
51 Agreement. REDA may change REDA's representative at any time by notifying the
52 Consultant of such change in writing.

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54 B. In the event that REDA requires any special conditions or requirements relating to the
55 Work and/or this Agreement, such special conditions and requirements are stated in
56 Exhibit C attached hereto. The parties agree that such special conditions and
57 requirements are incorporated into and made a binding part of this Agreement. The
58 Consultant agrees to perform the Work in accordance with, and this Agreement shall
59 be subject to, the conditions and requirements set forth in Exhibit C.

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61 5. ***Method of Payment.***

62 The Consultant shall submit to REDA, within ten business days after the closing of any loan
63 made under this Agreement, an initial report detailing the principal amount of such loan and the
64 principal repayment schedule for such loan. The Consultant shall remit to REDA on a monthly
65 basis all principal received pursuant to each outstanding loan, along with an updated principal
66 repayment schedule for each outstanding loan, beginning on the first day of the first full month
67 in which any loan has been closed and is outstanding.

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70 6. ***Project Manager and Staffing.*** The Consultant has designated Ramsey County Open to
71 Business Advisor and Director of Small Business Development ("Project Contacts") to
72 perform and/or supervise the Work, and as the persons for REDA to contact and
73 communicate with regarding the performance of the Work. The Project Contacts shall be
74 assisted by other employees of the Consultant as necessary to facilitate the completion of
75 the Work in accordance with the terms and conditions of this Agreement. The Consultant
76 may not remove or replace the Project Contacts without the prior approval of REDA.

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78 7. ***Standard of Care.*** All Work performed by the Consultant under this Agreement shall be
79 in accordance with the normal standard of care in Ramsey County, Minnesota, for
80 professional services of like kind.

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82 8. ***Audit Disclosure.*** Any reports, information, data, and other written documents given to,
83 or prepared or assembled by the Consultant under this Agreement which REDA requests
84 to be kept confidential shall not be made available by the Consultant to any individual or
85 organization without REDA's prior written approval. The books, records, documents and
86 accounting procedures and practices of the Consultant or other parties relevant to this
87 Agreement are subject to examination by REDA and either the Legislative Auditor or the
88 State Auditor for a period of six (6) years after the effective date of this Agreement. The
89 Consultant shall at all times abide by Minn. Stat. § 13.01 et seq. and the Minnesota
90 Government Data Practices Act, to the extent the Act is applicable to data, documents,
91 and other information in the possession of the Consultant.

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- 93 9. **Termination.** This Agreement may be terminated at any time by either party, with or
94 without cause, by delivering to the other party at the address of such party set forth in
95 Provision 26 below, a written notice at least ten (10) days prior to the date of such
96 termination. The date of termination shall be stated in the notice. Upon termination the
97 Consultant shall be paid for services rendered (and reimbursable expenses incurred if
98 required to be paid by REDA under this Agreement) by the Consultant through and until
99 the date of termination so long as the Consultant is not in default under this Agreement.
100 If REDA terminates the Agreement because the Consultant is in default of its obligations
101 under this Agreement, no further payment shall be payable or due to the Consultant
102 following the delivery of the termination notice, and REDA may, in addition to any other
103 rights or remedies it may have at law or in equity, retain another consultant to undertake
104 or complete the Work to be performed hereunder.
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- 106 10. **Subcontractor.** The Consultant shall not enter into subcontracts for services provided
107 under this Agreement without the express written consent of REDA. If subcontracts are
108 approved and entered into, the Consultant shall promptly pay any subcontractor involved
109 in the performance of this Agreement as required by, and the Consultant shall otherwise
110 comply with, the State Prompt Payment Act.
111
- 112 11. **Independent Consultant.** At all times and for all purposes herein, the Consultant is an
113 independent contractor and not an employee of REDA. No statement herein shall be
114 construed so as to find the Consultant an employee of REDA.
115
- 116 12. **Non-Discrimination.** During the performance of this Agreement, the Consultant shall
117 not discriminate against any person, contractor, vendor, employee, or applicant for
118 employment because of race, color, creed, religion, national origin, sex, marital status,
119 status with regard to public assistance, disability, sexual orientation, or age. The
120 Consultant shall post in places available to employees and applicants for employment,
121 notices setting forth the provisions of this non-discrimination clause and stating that all
122 qualified applicants will receive consideration for employment. The Consultant shall
123 incorporate the foregoing requirements of this Provision 12 in all its subcontracts for
124 Work done under this Agreement and will require all its subcontractors performing such
125 Work to incorporate such requirements in all subcontracts for the performance of the
126 Work. The Consultant further agrees to comply with all aspects of the Minnesota Human
127 Rights Act, Minnesota Statutes, Sections 363.01, et. seq., Title VI of the Civil Rights Act
128 of 1964, and the Americans with Disabilities Act.
129
- 130 13. **Assignment.** The Consultant shall not assign this Agreement, nor its rights and/or
131 obligations hereunder, without the prior written consent of REDA.
132
- 133 14. **Services Not Provided For.** REDA shall not be required to pay for any claim for services
134 furnished by the Consultant not specifically provided for herein.
135
- 136 15. **Compliance with Laws and Regulations.** The Consultant shall abide with all federal,
137 state, and local laws, statutes, ordinances, rules, and regulations in the performance of the
138 Work. The Consultant and REDA, together with their respective agents and employees,

139 agree to abide by the provisions of the Minnesota Data Practices Act, Minnesota Statutes,
 140 Chapter 13, as amended, and Minnesota Rules promulgated pursuant to Chapter 13. Any
 141 violation by the Consultant of statutes, ordinances, rules, and regulations pertaining to the
 142 Work to be performed shall constitute a material breach of this Agreement and entitle
 143 REDA to immediately terminate this Agreement.
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145 16. **Waiver.** Any waiver by either party of a breach of any provisions of this Agreement shall
 146 not affect, in any respect, the validity of the remainder of this Agreement or either party's
 147 ability to enforce a subsequent breach.
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149 17. **Indemnification.** To the fullest extent permitted by law, the parties shall indemnify and
 150 hold harmless each other and their officials, agents, and employees from and against all
 151 liability, claims, damages, costs, judgments, losses and expenses, including but not
 152 limited to reasonable attorney's fees, arising out of or resulting from any negligent or
 153 wrongful act or omission of the respective parties in the performance or failure to
 154 perform the services under this Agreement.
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156 18. **Insurance.**
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158 A. General Liability. Prior to starting the Work and during the full term of this
 159 Agreement, the Consultant shall procure, maintain, and pay for such insurance as will
 160 protect against claims for bodily injury or death, and for damage to property,
 161 including loss of use, which may arise out of operations by the Consultant or by any
 162 subcontractor of the Consultant, or by anyone employed by any of them, or by anyone
 163 for whose acts any of them may be liable. Such insurance shall include, but not be
 164 limited to, minimum coverages and limits of liability specified in this Provision 18 or
 165 such greater coverages and amounts as are required by law. Except as otherwise
 166 stated below, the policies shall name REDA as an additional insured for the Work
 167 provided under this Agreement and shall provide that the Consultant's coverage shall
 168 be primary and noncontributory in the event of a loss.
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170 B. The Consultant shall procure and maintain the following minimum insurance
 171 coverages and limits of liability with respect to the Work:
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173 Worker's Compensation: Statutory Limits
 174

175 Commercial General Liability: \$1,000,000 per occurrence
 176 \$1,500,000 general aggregate
 177 \$1,000,000 products – completed operations
 178 aggregate
 179 \$5,000 medical expense
 180

181 Comprehensive Automobile
 182 Liability: \$1,000,000 combined single limit (shall include
 183 coverage for all owned, hired, and non-owned
 184 vehicles.

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- C. The Commercial General Liability policy(ies) shall be equivalent in coverage to ISO form CG 0001, and shall include the following:
- (i) Personal injury with Employment Exclusion (if any) deleted;
 - (ii) Broad Form Contractual Liability coverage; and
 - (iii) Broad Form Property Damage coverage, including Completed Operations.
- D. During the entire term of this Agreement, and for such period of time thereafter as is necessary to provide coverage until all relevant statutes of limitations pertaining to the Work have expired, the Consultant shall procure, maintain and pay for professional liability insurance, satisfactory to REDA, which insures the payment of damages for liability arising out of the performance of professional services for REDA, in the insured's capacity as the Consultant, if such liability is caused by an error, omission, or negligent act of the insured or any person or organization for whom the insured is liable. Said policy shall provide an aggregate limit of at least \$2,000,000.00. Said policy shall not name REDA as an insured.
- E. The Consultant shall maintain in effect all insurance coverages required under this Provision 18 at Consultant's sole expense and with insurance companies licensed to do business in the state in Minnesota and having a current A.M. Best rating of no less than A-, unless otherwise agreed to by REDA in writing. In addition to the requirements stated above, the following applies to the insurance policies required under this Provision:
- (i) All policies, except the Professional Liability Insurance Policy, shall be written on an "occurrence" form ("claims made" and "modified occurrence" forms are not acceptable);
 - (ii) All policies, except the Professional Liability Insurance Policy and the Worker's Compensation Policy, shall name "Roseville Economic Development Authority" as an additional insured;
 - (iii) All policies, except the Professional Liability Insurance and Worker's Compensation Policies, shall contain a waiver of subrogation naming "Roseville Economic Development Authority."
 - (iv) All policies, except the Professional Liability Insurance Policy and the Worker's Compensation Policy, shall insure the defense and indemnify obligations assumed by Consultant under this Agreement; and
 - (v) All policies shall contain a provision that coverages afforded thereunder shall not be canceled or non-renewed or restrictive modifications added, without thirty (30) days prior written notice to REDA.

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F. A copy of: (i) a certification of insurance satisfactory to REDA, and (ii) if requested, the Consultant's insurance declaration page, riders and/or endorsements, as applicable, which evidences the compliance with this Paragraph 18, must be filed with REDA prior to the start of Consultant's Work. Such documents evidencing insurance shall be in a form acceptable to REDA and shall provide satisfactory evidence that the Consultant has complied with all insurance requirements. Renewal certificates shall be provided to REDA at least 30 days prior to the expiration date of any of the required policies. REDA will not be obligated, however, to review such declaration page, riders, endorsements or certificates or other evidence of insurance, or to advise Consultant of any deficiencies in such documents, and receipt thereof shall not relieve the Consultant from, nor be deemed a waiver of, REDA's right to enforce the terms of the Consultant's obligations hereunder. REDA reserves the right to examine any policy provided for under this Provision 18.

19. **Ownership of Documents.** All plans, diagrams, analysis, reports, and information generated in connection with the performance of this Agreement ("Information") shall become the property of REDA, but the Consultant may retain copies of such documents as records of the services provided. REDA may use the Information for any reasons it deems appropriate without being liable to the Consultant for such use. The Consultant shall not use or disclose the Information for purposes other than performing the Work contemplated by this Agreement without the prior consent of REDA.
20. **Annual Review.** Prior to September 1 of each year of this Agreement, REDA shall have the right to conduct a review of the performance of the Work performed by the Consultant under this Agreement. The Consultant agrees to cooperate in such review and to provide such information as REDA may reasonably request. Following each performance review the parties shall, if requested by REDA, meet, and discuss the performance of the Consultant relative to the remaining Work to be performed by the Consultant under this Agreement.
21. **Conflicts.** No salaried officer or employee of REDA and no member of the Board of REDA shall have a financial interest, direct or indirect, in this Agreement. The violation of this provision shall render this Agreement void.
22. **Governing Law.** This Agreement shall be controlled by the laws of the State of Minnesota.
23. **Counterparts.** This Agreement may be executed manually or electronically in multiple counterparts, each of which shall be considered one and the same instrument.
24. **Severability.** The provisions of this Agreement are severable. If any portion hereof is, for any reason, held by a court of competent jurisdiction to be contrary to law, such decision shall not affect the remaining provisions of this Agreement.

277 25. **Notices.** Any notice to be given by either party upon the other under this Agreement
 278 shall be properly given: a) if delivered personally to the REDA Executive Director if such
 279 notice is to be given to REDA, or if delivered personally to an officer of the Consultant if
 280 such notice is to be given to the Consultant, b) if mailed to the other party by United
 281 States registered or certified mail, return receipt requested, postage prepaid, addressed in
 282 the manner set forth below, or c) if given to a nationally, recognized, reputable overnight
 283 courier for overnight delivery to the other party addressed as follows:
 284

285 If to REDA: Roseville Economic Development Authority
 286 Attn: Executive Director
 287 Roseville City Hall
 288 2660 Civic Center Drive
 289 Roseville, MN 55113
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291 If to Consultant: Metropolitan Consortium of Community Developers
 292 3137 Chicago Avenue,
 293 Minneapolis, MN 55407
 294

295 Notices shall be deemed effective on the date of receipt if given personally, on the date of
 296 deposit in the U.S. mails if mailed, or on the date of delivery to an overnight courier if so
 297 delivered; provided, however, if notice is given by deposit in the U.S. mails or delivery to
 298 an overnight courier, the time for response to any notice by the other party shall
 299 commence to run one business day after the date of mailing or delivery to the courier.
 300 Any party may change its address for the service of notice by giving written notice of
 301 such change to the other party, in any manner above specified, 10 days prior to the
 302 effective date of such change.
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304 26. **Entire Agreement.** Unless stated otherwise in this Provision 26, the entire agreement of
 305 the parties is contained in this Agreement. This Agreement supersedes all prior oral
 306 agreements and negotiations between the parties relating to the subject matter hereof as
 307 well as any previous agreements presently in effect between the parties relating to the
 308 subject matter hereof. Any alterations, amendments, deletions, or waivers of the
 309 provisions of this Agreement shall be valid only when expressed in writing and duly
 310 signed by the parties, unless otherwise provided herein. The following agreements
 311 supplement and are a part of this Agreement: none.
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313 IN WITNESS WHEREOF, the undersigned parties have entered into this Agreement as
314 of the date set forth above.

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ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY

President

Executive Director

METROPOLITAN CONSORTIUM OF
COMMUNITY DEVELOPERS

By: _____

Its: _____

338 **EXHIBIT A**

339 **WORK**

340 The Consultant shall perform the following Work at the following locations:

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342 **MCCD/Open to Business and City of Roseville Loan**

343 **Program**

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345 **2% Roseville Loan Fund**

346 The Roseville Economic Development Authority (REDA) 2% Loan fund is a program that is

347 intended for businesses who are located or looking to locate in the City of Roseville. The funds

348 can be used for building improvements, start-up, or equipment purchase. An applicant would

349 have to provide equity for a minimum of 10% of the overall project cost. MCCD may finance

350 50% of the overall loan amount, subject to organizational policies. The terms of the loan are set

351 by MCCD and fees may vary. The cost for REDA's portion is 1% origination fee (minimum of

352 \$100) due at closing, paid by the borrower.

353 MCCD, as servicer of the loan, may have additional limitations, including available loan amount

354 and target population. The REDA 2% Loan Program is intended to facilitate business loans to

355 entrepreneurs and other business owners for proposed uses that private lenders are not willing to

356 finance, or that would require further financing assistance beyond what the market will provide.

357 REDA loan principal is transferred by REDA to MCCD before closing.

358 REDA loan principal is repaid to REDA and interest is retained by MCCD.

359 Collateral: Shared position with REDA and MCCD

360 Blended interest approach,

361 A blend of MCCD's interest rate on its portion and 2% interest rate from REDA

362 on its portion. This would result in a blended lower rate.

363 Example: MCCD \$50,000 @ 7%. REDA \$50,000 @ 2%. This would equal a

364 total blended interest rate of

$$365 \quad \$50,000 \times .07 = \$3,500 \qquad \qquad \qquad \$50,000 \times .02 = \$1,000$$

$$366 \quad \$3,500 + \$1,000 = \$4,500, \text{ or } 4.5\% \text{ Interest rate}$$

367 REDA Interest rate of 2% is the approximate cost to service the loan.

368 Borrower equity will be required for projects as determined by MCCD. Typical

369 equity requirements are 10%-25% of total project cost.

370 Equity in borrower-owned building could have equity built into the project.

371 Additional cash equity may not be required based on current market value of

372 building.

373

374 Terms and Conditions:

- 375 - Borrower repayment of loan is required.
- 376 - Borrower must have acceptable credit score and financial profile to pass underwriting and
- 377 loan committee.

- 382 - Contractors or other payees from loan funds must be businesses that are licensed and/or
- 383 certified and in good standing with the State of Minnesota.
- 384 - Loan-financed project must conform to all applicable state and local building and
- 385 business codes.

386 Who is Eligible:

- 387 - All businesses located in the City of Roseville
- 388 - The applicant may be an individual business owner, limited liability company,
- 389 partnership, corporation, or contract for deed partner
- 390 - Businesses that benefit low-to-moderate income persons by creating jobs or improving
- 391 services
- 392 - New startups or existing businesses

393 Eligible Uses:

- 394 - Permanent improvement to a building or lot
 - 395 o Lighting
 - 396 o Windows
 - 397 o Walls, ceilings, floors
 - 398 o Roofs
 - 399 o Plumbing
 - 400 o Electrical
 - 401 o Mechanical systems or HVAC
 - 402 o Etc.
- 403 - Start-up Cost
- 404 - Equipment Purchase
- 405 - Building Purchase
- 406 - Business Purchase

407 Ineligible Uses:

- 408 - Non-profits (The City would have to find another partner to pursue these opportunities)
- 409 - Losses
- 410 - Salaries/payroll
- 411 - Businesses not located in the City of Roseville
- 412 - Permanent Working Capital

413 Total Roseville Allotment Amount: \$147,150 for 2021

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415 Loan Size: To be determined on a case-by-case basis

416

417 Loan term: Up to 60 months (5 Years). Loan must mature within five years; however,

418 amortization could be up to ten years on real estate projects. A balloon payment/refinancing

419 would be required at the end of five years.

420

421 Interest Rate: 2%, plus MCCD rate, resulting in a blended rate

422

423 Underwriting: MCCD Guidelines

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425 Approval: MCCD Economic Development Director and Loan Program Manager approval for
426 aggregate total loan amounts of up to \$25,000. Aggregate total loan amounts over
427 \$25,000 must be approved through MCCD's loan committees.
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429 Loans approved by MCCD will then be sent to REDA staff for approval. MCCD will
430 submit an invoice to the REDA for the loan amount. The REDA will then wire funds to
431 MCCD for disbursement. REDA loan funds will be transferred to MCCD and then
432 disbursed as approved.
433

434 Reporting: MCCD will provide initially upon loan closing a report to REDA as it relates to
435 borrower demographics, number of employees, use of funds, entity ownership type, industry
436 type, amount of loan, unpaid balance, and whether the loan is current. If at any time the loan
437 falls into default, MCCD will work with borrower to make payments current.