



Roseville Economic Development Authority (REDA)

October 17, 2017

Meeting 6:00 p.m.

City Council Chambers

- 6:00 p.m. **1. Roll Call**
Voting & Seating Order: Willmus, Laliberte, Etten, McGehee
and Roe
- 2. Pledge of Allegiance**
- 3. Approve Agenda**
- 6:01 p.m. **4. Public Comment**
- 5. Business Items (Action Items)**
- 6:05 p.m. a. Consider Subsidy Request from McGough, LLC for
 new Headquarter located at 2785 Fairview Avenue
- 6:50 p.m. b. Review Economic Development Comp Plan
- 7:35 p.m. c. Review 2017 Economic Development Activities and
 consider reuse of HRA funds
- 8:20 p.m. **6. Board and Executive Director Communications, Reports,
 and Announcements**
- 8:22 p.m. **7. Adjourn**

All meetings at Roseville City Hall, 2660 Civic Center Drive, Roseville, MN unless otherwise noted.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 10/17/2017

Item No.: 5.a

Department Approval

Executive Director Approval

Item Description: Receive Introductory Presentation from McGough Construction Company, LLC, Proposing a New Headquarters Location at 2785 Fairview Ave. N

1 **BACKGROUND**

2 McGough Construction Company, Inc. (“McGough”), currently located at 2737 Fairview Ave. N, is
3 exploring a new headquarters at 2785 Fairview Ave. N. McGough and Economic Development staff
4 have teamed up to locate a site that will accommodate future space needs, and projected business
5 growth. If selected, the new location will provide an opportunity to reuse an existing
6 environmentally contaminated trucking site and redevelop the existing building to create a more
7 open and contemporary office space. McGough has provided a narrative (Attachment A) that
8 outlines their plan for the area and why the site was identified.

9 ***Business Retention***

10 McGough initially began conversations with City staff with several locations in mind. Although
11 staying in Roseville was desired by the company, McGough had identified sites in Arden Hills and
12 St. Paul that would meet their space needs at a functional price. At this time McGough has two site
13 options to consider including 2785 Fairview Ave. N and a lease option in St. Paul.

14 ***Business Expansion***

15 McGough plans to use the new site to consolidate 36 office staff from their White Bear Lake
16 location to Roseville. The Roseville office currently has 170 employees, bringing the total
17 employees immediately to 206. With the new Fairview location offering around 60,000 sq. ft.,
18 McGough projects future office staff to grow an additional 70-100 employees over the next ten
19 years.

20 ***Future Redevelopment***

21 Moving the headquarters to 2785 Fairview will allow for spin-off redevelopment at the two existing
22 sites to the south (2711 and 2737 Fairview Ave N). McGough has communicated a commitment
23 toward the redevelopment of these sites and continuing a communicative partnership with the City
24 when end users are identified. The Fairview corridor is an active and highly visible entry into
25 Roseville and redevelopment of these sites will act as a catalyst to wane the former trucking
26 appearance from the area.

27
28
29

30 **Subsidy Eligibility and Request**

31 The subsidy application and checklist are included as Attachment B in the materials for EDA review
 32 and consideration. A simplified table has been included below that outlines the extent of the subsidy
 33 request. The total estimated project costs are: **\$18,294,361**.

34

Sources of Financing	
Equity/FFE	4,532,865
Bank Financing	12,093,552
Other Governmental Loans/Grants	-
Deferred Developer Fees	167,944
Public Financing	1,500,000 (Not To Exceed)
Total Sources of Financing	\$18,294,361

35
 36 Based off the anticipated project costs, McGough has identified a need for public subsidy in the
 37 amount of \$1.5 million. Due to the condition of the existing building on site, 2785 Fairview is
 38 eligible for a new Redevelopment Tax Increment Financing (TIF) District per the blight
 39 requirements in state law. Stacie Kvilvang of Ehlers, Inc. has reviewed the subsidy request and has
 40 provided a financial analysis that can be found as Attachment C.

41 The \$1.5 million is a Not To Exceed (NTE) subsidy request that may be reduced depending on the
 42 successful application and award of clean-up funds. Other Governmental Loans/Grants in the table
 43 above does indicate a possible source of financing. The site is estimated to have over \$300,000 in
 44 environmental clean-up costs. City staff are aware of several grant sources that may offset these
 45 funds, however, these funds are competitive and the City should be committed to identifying an
 46 additional source for the total subsidy request in the event clean-up funds are not awarded. It should
 47 be noted that this site is not eligible for the existing Hazardous Substance Subdistrict (HSS) District
 48 17A. If grant funds for clean-up are not successful then the EDA could consider establishing new
 49 HSS to reduce the reliance on other subsidy sources.

50 An additional source of redevelopment assistance could be through a lump sum subsidy from the
 51 Multi-family and Housing Revolving Loan Program with an estimated account balance of \$1.6
 52 million. In response to the EDA’s greater focus and prioritization of economic
 53 development/redevelopment efforts, staff asked REDA attorney, Martha Ingram, to provide an
 54 opinion related to the extent of use of those funds that were previously levied under the HRA
 55 (Attachment D). It should be noted that funds used under this program to satisfy the subsidy request
 56 would not be a loan, but would be a one-time subsidy. As mentioned, Grants to assist in
 57 environmental clean-up would be solicited to reduce the dependence of those funds.

58 A table below identifies the Sources of Funds that the City may use to award the subsidy request:

59

Sources of Local Subsidy	
Redevelopment TIF (26 years)	\$1,100,000
Environmental Grants	\$0 - \$400,000
Sewer Access Charge (SAC) Credit	SAC Credit Amount Undetermined

Housing & Redevelopment Funds	\$0 - \$400,000 (Depending on Grants)
New HSS District	\$0 - \$400,000
Total Subsidy	\$1,500,000 (NTE)

60 **POLICY OBJECTIVE**

61 This request has been brought to the EDA per the criteria found within the Business Financing and
62 Subsidy Policy.

63 **BUDGET IMPLICATIONS**

64 This presentation is for discussion at this time. The EDA will consider a resolution to support the
65 subsidy request on Monday, October 23.

66

67 **STAFF RECOMMENDATION**

68 Receive Presentation from McGough Construction Co, LLC; provide feedback and level of interest
69 supporting redevelopment of the site.

70 **REQUESTED EDA ACTION**

71 Receive Presentation from McGough Construction Co, LLC, and provide feedback and level of
72 interest supporting redevelopment of the site.

Prepared by: Kari Collins, Community Development Director, 651-792-7071

- Attachments:
- A: Narrative, site plan and elevations
 - B: TIF Application and Checklist
 - C: Memo from Ehlers
 - D: Attorney Opinion on reuse of RHRA fund balance

2785 Fairview narrative

10/10/17

McGough has a rich history dating back to mid-19th century Ireland. The McGough family immigrated to America in the late 1800s, bringing with them a long-standing practice of quality and craftsmanship. The present firm, incorporated in 1956 by Peter McGough and his six sons, is built on the family legacy. Six successive generations of McGoughs have continued and enhanced our construction expertise. Today, McGough enjoys an unparalleled reputation for delivering complex projects, on-budget and on-time, while maintaining our tradition of quality and craftsmanship.

Over the years McGough has served noteworthy companies and organizations of all types and sizes. Whether the project involves affordable housing units or major downtown office towers, McGough develops and cultivates partnering relationships with every client.

McGough has called Roseville, Minnesota home since the late-1950s and built its properties at 2711 and 2737 Fairview Avenue. Today, McGough staffs 170 people in Roseville. The firm has an additional 40 office staff at a facility in White Bear Lake, office staff at regional offices in Rochester and St. Cloud, Minnesota; Cedar Rapids, Iowa; Phoenix, Arizona; and Fargo, North Dakota; as well as a fluctuating number of field staff located at projects across the country.

As a result of growth in its construction, development and facilities management businesses, McGough has outgrown its current Roseville facilities. In early 2017, the company attempted to acquire a 2-story office building at 2955 Centre Pointe Drive, offering more than the list price. Unfortunately, another bid was higher and McGough lost that opportunity. Though there is a strong desire to own its next headquarters, due to a limited supply of For Sale buildings that fit McGough's needs, the firm is pursuing lease opportunities as well. Locations from Arden Hills to the Midway (University and Highway 280) are under consideration.

In mid-2016, a group of investors purchased the 2785 Fairview Avenue property with the intention of redeveloping the site. They have since decided not to pursue redevelopment of the site and put the property up for sale earlier this year. They recently reduced the asking price. There were multiple offers for the property and McGough successfully put it under contract.

The 2785 Fairview Avenue property presents a unique opportunity. The renovation would enable McGough to consolidate its office staff in one building, relocating 36 office staff from White Bear Lake (average salary of \$92k/year). McGough would continue to headquarter in the City of Roseville where it enjoys the proximity to parks and nature (especially Langton Lake Park), numerous retail and restaurant options, its White Bear Lake warehouse, and its industry partners in Minneapolis and St. Paul. The intent is to reuse two portions of the building, including the architecturally significant curved steel bowstring trusses in the clear-span middle portion, while replacing the eastern 2-story portion, upgrading mechanical, electrical and plumbing systems to serve an office use, renovating the entire exterior façade, structurally reinforcing and replacing the roof, providing new finishes throughout, and replacing the majority of the site surfaces. The renovated facility will likely accommodate McGough's projected growth (including the addition of 70-100 employees over the next 10+ years) for the foreseeable future.

As it relates to the Roseville Business Subsidy Policy (October 17,2016), this project will meet several of the City's Desired Qualifications for Public Financing. First, with estimated project costs of \$18.3M, there will be a high ratio of private investment (\$16.8M) to public investment (\$1.5M). Second the Estimated Market Value upon completion as compared to the current 2017 EMV of

\$1,978,600 will significantly increase the tax capacity for the site. Additionally, the project will provide significant improvement to surrounding land uses, as it will allow McGough to relocate out of the 2711 and 2737 Fairview Avenue properties and pursue redevelopment of those sites. Not only will this project allow the City to retain the current 170 office staff and gain an additional 36 office staff from White Bear Lake but this project will allow McGough to accommodate its growth projection to add another 70-100 office staff in Roseville over the next 10 years. Finally, the project will allow for the redevelopment of a blighted, contaminated site. McGough will complete significant enhancements, creating an expanded, modern, efficient, attractive, code-compliant property, while retaining the architectural character of the existing curved steel bowstring trusses in the main portion of the building.

Specifically, the Public Financing will be used to address environmental investigation and remediation (\$285k), new barrel roof and structural reinforcement (\$1.1M), installation of a fire protection system (\$100k), and demo and replacement of eastern portion (\$1.7M).

As McGough considered the “but for” test for Public Financing, we completed two analyses. First, McGough’s alternative to this project is leasing a similar warehouse-conversion property in St. Paul. That alternative would require \$4M less in equity and has a Net Present Value After-Tax \$5M less than this project, after accounting for the potential City of Roseville Public Financing.

Second, the estimated market value upon completion of the project (between \$6.5M and \$9.0M) is significantly less than the \$16.8M it will cost McGough to redevelop the site, again after accounting for the potential City of Roseville Public Financing. In both these analyses, the Public Financing gets McGough closer to market-driven terms and will enable us to continue to pursue the project.

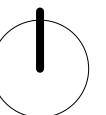
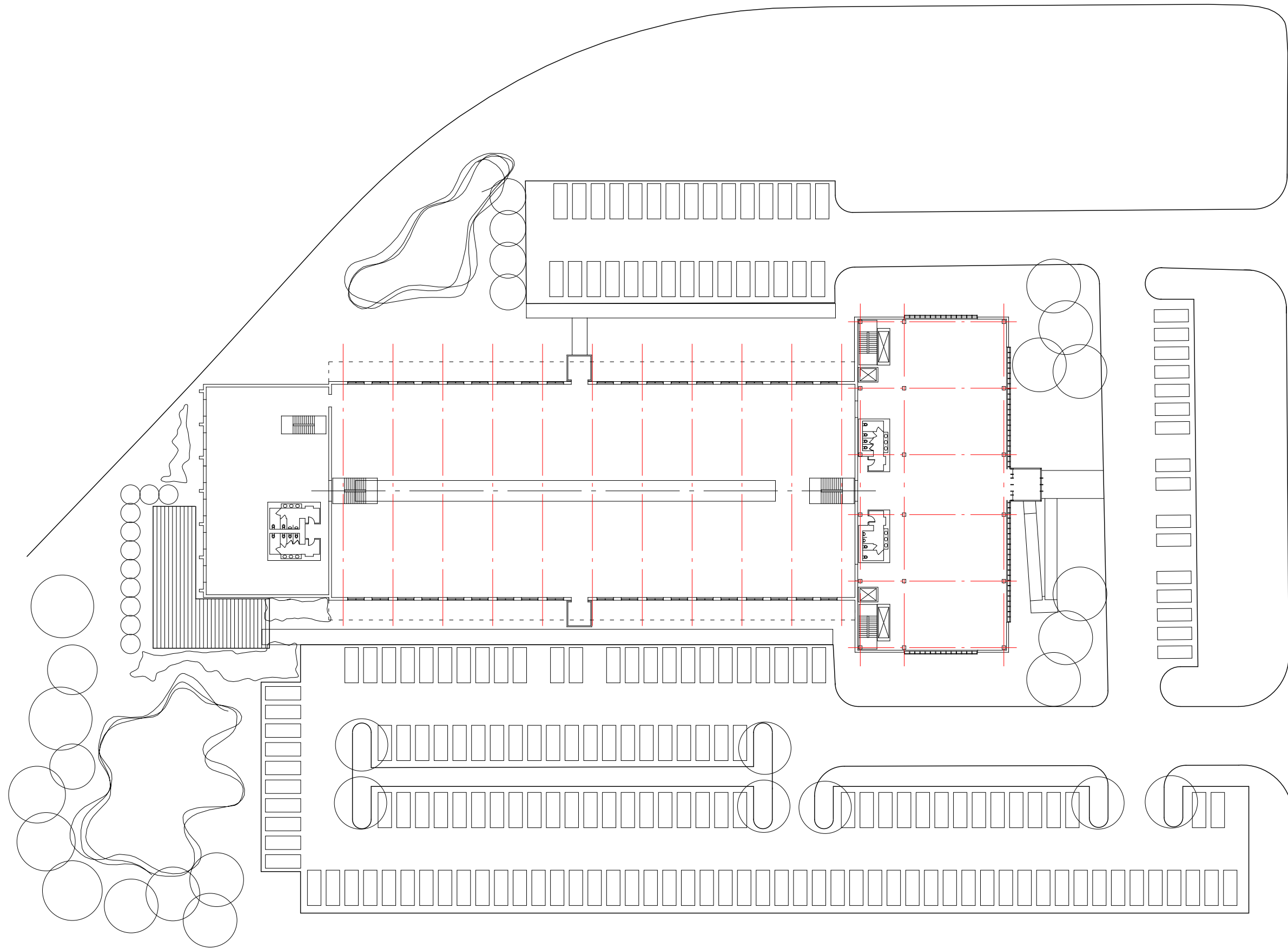
Thank you for your consideration of this request and McGough looks forward to partnering with the City of Roseville on the redevelopment of this stretch of Fairview Avenue.

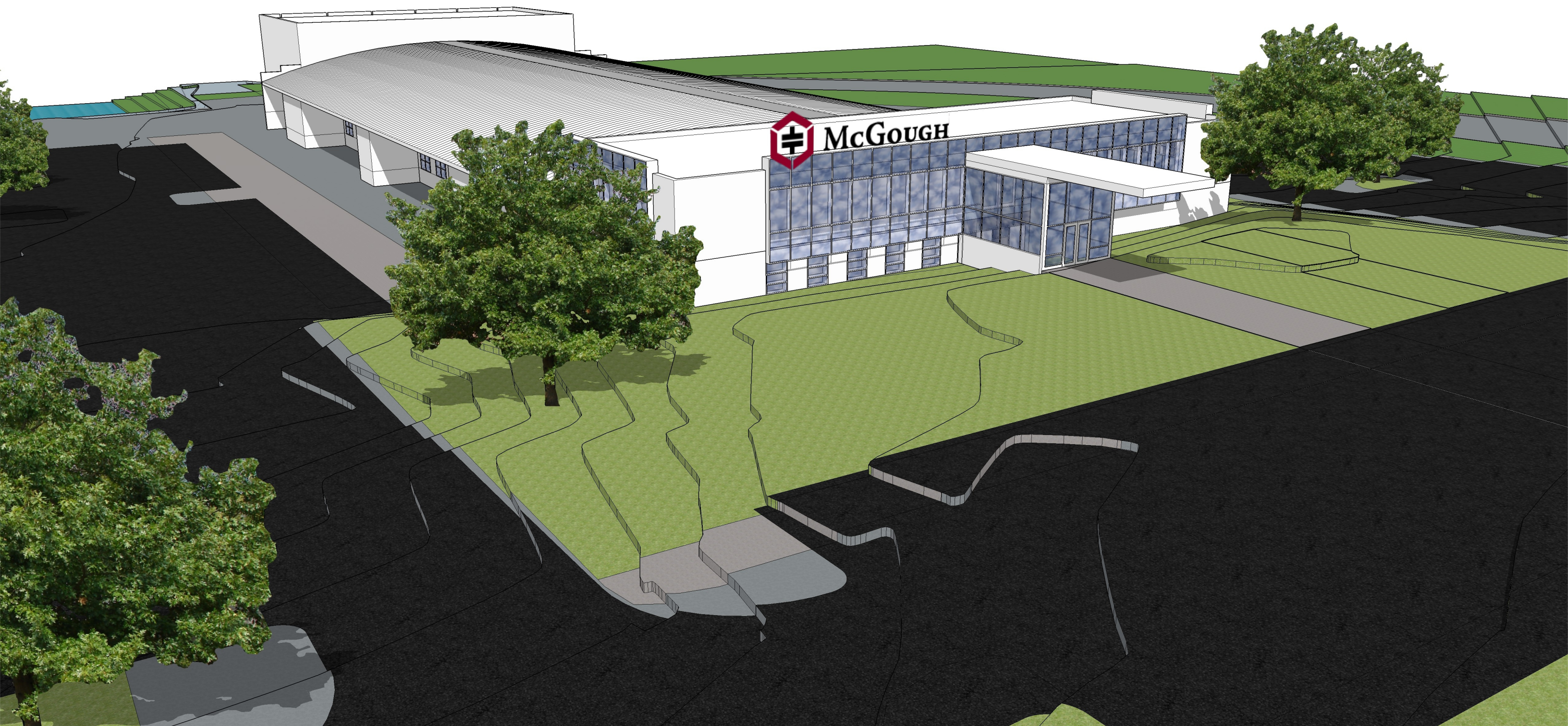


2785 Fairview Avenue North Proposal

19 Sept 2017

Aerial Photo





2785 Fairview Avenue North Proposal

19 Sept 2017

3D View





2660 Civic Center Drive • Roseville, MN 55113 • Phone (651) 792-7000 • www.cityofroseville.com

APPLICATION FOR PUBLIC FINANCING

Applicant Information

1. Applicant Name: _____
(Name should be the officially registered name of the business entity)

Address: _____

Telephone: _____ Email Address: _____

2. Name of Person Completing the application: _____

Address: _____

Telephone: _____ Email Address: _____

3. Names and Addresses of Attorney, Architect, Engineer, and General Contractor for this project:

Attorney Name: _____

Address: _____

Telephone: _____ Email Address: _____

Architect Name: _____

Address: _____

Telephone: _____ Email Address: _____

Engineer Name: _____

Address: _____

Telephone: _____ Email Address: _____

General Contractor Name: _____

Address: _____

Telephone: _____ Email Address: _____

4. If the applicant is a corporation, please name officers, directors, or stockholders holding more than 5% of the stock of the corporation. If the corporation is not formed, provide as much information as possible concerning potential officers, directors, or stockholders:

4a. If the applicant is a general partnership, name of the general partners and if a limited partnership, state the general partners and limited partners with more than 5% interest in the limited partnership. If the partnership is not formed, provide as much information as possible concerning potential officers, directors or stockholders:

4b. Has the applicant ever been in bankruptcy? If yes, please describe the circumstances.

Yes (please Explain): _____

No:

4c. Has the applicant ever been convicted of a felony? Is yes, please describe the circumstances.

Yes (please Explain): _____

No:

4d. Has the applicant ever defaulted on any bond or mortgage commitment?

Yes (please Explain): _____

No:

Project Information

1. PIDs, legal description, address, and size of project site:

PID#: _____

Address: _____

Legal Description: _____

Size of Project Size (Acres): _____

2. Current ownership of the site: _____

3. Do you have current control of the site?

Yes:

No:

4. Project description:

5. If property is to be subdivided or re-platted, please describe:

6. Estimated project costs: (Please enclose detailed sources and uses and 15-year operating Pro Forma).

- a. Land Acquisition: \$ _____
- b. Environmental/Soil Corrections: _____
- c. Surveys: _____
- d. Public Improvements: _____
- e. Site Development: _____
- f. Demolition: _____
- g. Building(s): _____
 - Shell (if applicable) _____
 - Tenant Improvements (if applicable) _____
- h. FF&E: _____
- i. Architectural & Engineering Fees: _____
- j. Legal Fees/Other Consulting Fees: _____
- k. Financing Costs: _____
- l. Construction Interest: _____

- m. Title Insurance: _____
 - n. Mortgage Registration: _____
 - o. Bank/Borrower Legal: _____
 - p. Recording/Closing: _____
 - q. Construction Loan Fees: _____
 - r. SAC/WAC: _____
 - s. Park Dedication: _____
 - t. Appraisal: _____
 - u. Taxes: _____
 - v. Contingencies (construction): _____
 - w. Contingencies (soft): _____
 - x. Other: _____
- TOTAL \$** _____

7. Source of Financing

- a. Equity: \$ _____
 - b. Bank Financing: _____
 - c. Public Financing:
(TIF or Tax Abatement) _____
 - d. Other governmental loans/grants: _____
 - e. Deferred Developer Fees: _____
 - f. Other: _____
- TOTAL \$** _____

Terms of Financing (years): _____

Rate of Financing: _____

Cap Rate: _____

8. Project Construction Schedule:

- a. Construction Start Date: _____
- b. Construction Completion Date: _____
- c. If Phased Project :

January 2, (year) _____ % Completed _____

January 2, (year) _____ % Completed _____

9. Total Estimated Market Value of Project upon completion \$ _____

10. Please indicate whether or not the project meets one or more of Roseville’s Desired Qualifications as identified in section 4.2 of the City’s Public Financing Criteria and Business Subsidy Policy (identify desired qualification and state reason):

11. Will any public official of the City, either directly or indirectly, benefit from the issuance of public financing within the meaning of Minnesota Statutes, Section 412.311 or 471.87? If yes, please explain the circumstances.

Yes (please Explain): _____

No:

Public Financing Request

1. Amount of public financing and term:

Amount: _____

Term (years): _____

2. Describe the purpose for which public financing (TIF, Tax Abatement, etc.) is required:

3. Please submit an itemized list of project costs for which public financing is being requested:

4. State specific reasons why, "but for" the use of public financing, this project would not be possible:

Application Process

1. The following documents must accompany the Application:

- A. A detailed sources & uses statement and 15-year project *Pro Forma*;
- B. Parcel Map depicting the proposed redevelopment area;
- C. Site plans and floors plans (as available);
- D. Significant information may be requested at any time by the City/EDA and in addition to the materials outlined in this application. The Applicant shall be required to submit any and all information as requested by the City/EDA.

2. Applicant acknowledges and agrees to pay the \$2,500 Public Financing Application Fee, which is **non-refundable**, at the time the application is submitted.

3. The application will be reviewed by the City's Municipal Advisor, and upon favorable review, City/EDA staff will prepare a preliminary development agreement for review and approval by the Applicant and the City/EDA. If the Applicant and the City/EDA approve the preliminary development agreement, the Applicant shall deposit \$15,000 with the City/EDA to cover administrative costs, defined as legal and consultants' costs incurred as part of conducting any required fiscal analysis, negotiating and drafting a development agreement, and establishing a tax increment financing district or granting an abatement. Upon written notice from the City/EDA, the Applicant shall be responsible for paying administrative costs incurred exceeding applicant's initial \$15,000 deposit, if any.

4. The Applicant shall hold the City/EDA, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the Project or Public

Financing Application, including but not limited to, any legal or actual violations of any State or Federal securities laws.

5. The Applicant agrees and acknowledges that the City/EDA reserves the right to deny any application for Public Financing at any stage prior to formal City/EDA action to approve the Public Financing, that the Applicant is not entitled to rely on any preliminary actions by the City/EDA prior to formal approval of a definitive development agreement, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the application are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City/EDA.

The undersigned, a duly authorized representative of the Applicant, hereby certifies that the foregoing information is true, correct, and complete as of the date hereof and agrees that the Applicant shall be bound by the terms and provisions herein.

APPLICANT'S NAME

DATE

CITY ACCEPTANCE OF APPLICATION

DATE

\$ _____
FEE AMOUNT REMITTED

DATE

City of Roseville and Roseville Economic Development Authority
Checklist for Public Financing Criteria



Project Name _____

Project Address _____

Applications for public financing should consider the following City Objectives and Qualifications from the Business Subsidy Policy adopted by the City Council on October 17, 2016. Please provide a written narrative that lets us know how your project meets the following objectives and qualifications.

I. City's Objective for the Use of Public Financing (#2 of Policy)

As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish **one or more** of the following objectives. **Please check all that apply and explain in your written narrative how your project accomplishes the objectives.**

- a) Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
- b) Expand and diversify the local economy and tax base.
- c) Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.
- d) Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
- e) Facilitate the development process and promote development on sites that could not be developed without this assistance.
- f) Retain local jobs and/or increase the number and diversity of quality jobs
- g) Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

2. Projects that May Qualify for Public Financing Assistance (#4 of Policy)

All new applications for assistance considered by the City must meet each of the following minimum Qualifications/Requirements. It should not be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance. **Please check all that apply and explain in your written narrative how you envision your project meeting the following Qualifications/Requirements.**

- a) In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section I.
- b) The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.
- c) The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.
- d) Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.

- e) The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to: assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract.
- f) Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.
- g) The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

3. Desired Qualifications (#4.2 of Policy)

Projects with these qualifications will receive priority consideration. **Please check all that apply and explain in your written narrative how your proposal will meet the qualifications.**

- a. Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer
- b. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration

Proposals that encourage the following will receive priority consideration:

- a) Proposals that implement the City's vision and values for a City-identified redevelopment area
- b) Proposals that provide significant improvement to surrounding land uses, the neighborhood, and/or the City
- c) Proposals that attract or retain a significant employer within the City.
- d) Proposals that promote multi-family housing investment and meet the following City goals:
 - i. Extensive rehabilitation of existing multi-family housing stock.
 - ii. Demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data. **Note:** *If you check this, please provide the **Name of the Document** in your written narrative.*
 - iii. Multi-family workforce housing proposals that include amenities similar to those found in market rate housing. **Note:** *If you check this, please describe the **Type of Amenities** in your written narrative.*
 - iv. Workforce housing proposals that consider innovative and alternative forms of development and do not include high-rise buildings. **Note:** *If you check this, please provide the **Type of Innovations** in your written narrative.*
- c. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
- d. Provides opportunities for corporate campus or medical office development
- e. Provides opportunity for hi-tech, med-tech, R&D facilities/office, or major manufacturer
- f. Provides opportunities for small businesses (under 50 employees) that are non-startup companies
- g. Provides opportunities for small businesses that may enhance the quality of life within neighborhoods
- h. Redevelops a blighted, contaminated, and/or challenged site
- i. Adds needed road, access, and multi-modal improvements
- j. Addition of specific project enhancements including, but not limited to: architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features. **Note:** *If you check this, please provide a **List of the Features** in your written narrative.*

4. Business subsidy public purpose, jobs and wage requirements. (#5 of Policy) Consideration for business subsidy requests will need to meet some of the following objectives. **Please check all that apply and explain in your written narrative how your project accomplishes the objectives.**

- All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- The creation of tax base shall not be the sole public purpose of a subsidy.
- Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least **3** Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.
- The wage floor for wages to be paid for the jobs created shall be not less than 300% of the State of Minnesota Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

Project Representative Contact Information

Date _____

Name _____ **Title** _____

Company _____

E-mail _____ **Phone** _____



Memo

To: Kari Collins - Community Development Director
From: Stacie Kvilvang - Ehlers
Date: October 17, 2017
Subject: Analysis of Request for Assistance – McGough: 2785 Fairview Avenue

The City received a proposal from McGough to redevelop the above referenced property into approximately 60,000 sq/ft of corporate headquarter space for themselves. The project includes demolition of some of the existing structure, rehabilitation of the majority of the structure, construction of new office space, environmental remediation and soil corrections. Overall total development costs (TDC), excluding FF & E, are approximately \$16.044 million and the project is expected to commence in the spring of 2018.

Because of the increased costs associated with redevelopment of the property, the developer is requesting \$1,500,000 in assistance from the City in the form of a pay-as-you-go (PAYGO) TIF Note, grants, fee waivers and other available City/HRA dollars. We prepared a TIF run for the project and based upon a 26-year redevelopment TIF district, the project would generate approximately \$1.1 million in PAYGO TIF (assumes financing rate of 5%, 1% annual inflation rate and providing 95% of the TIF generated). We used this amount as a basis for City assistance in review of the developer’s project budget and projections, generally known as a pro forma.

Ehlers conducted a thorough review of the developer’s budget and operating pro forma to ensure all development costs, anticipated revenues, and expenditures are represented appropriately. Overall, our conclusion is the development does require \$1.5 million in public assistance. The table below depicts the proposed sources for the project.

SOURCES		
	Amount	Pct.
Developer Financing - First Mortgage	11,043,883	68.83%
Developer Financing - TIF	1,100,000	6.86%
Developer Equity	3,332,534	20.77%
Subtotal	15,476,417	96.46%
Grants/Fee Waiver/HRA	400,000	2.49%
Deferred Developer Fee	167,944	1.05%
Subtotal	567,944	3.54%
TOTAL SOURCES	16,044,361	100.00%

As noted in the table on the previous page, the developer is proposing permanent financing for nearly 76% of the project costs (first mortgage of 69% and financing of the TIF of 6.86%) and will bring approximately 22% in equity, or approximately \$3.5 million (actual cash of approximately \$3.33 million and deferred developer fee of approximately \$168,000). It should be noted that the remaining equity of 2.49% (\$400,000) is coming from the City in the form of grants/fee waivers/City or HRA funds. This financing structure is in line with typical office projects in which a minimum of 25% equity is required and 75% can be financed. If we add the TIF mortgage amount and the grants/fee waiver/City or HRA funds (total of \$1.5 million), these equate to a total of 9.35% in public dollars being invested in the project, which is within what we typically see in other redevelopment projects (typically never exceeds 10% with range of 5% to 10%).

Total development costs (TDC) for the project are shown in the table below:

USES			
	Amount	% of Cost	Per Sq/Ft
Acquisition	1,800,000	11.22%	8.12
Construction	12,179,176	75.91%	202.99
Professional Services	1,245,228	7.76%	20.75
Financing	652,013	4.06%	10.87
Developer Fee	167,944	1.05%	2.80
TOTAL USES	16,044,361		267.41

As noted in the table above, TDC is approximately \$16.044 million or \$271 sq/ft. Land costs of \$8 sq/ft can be considered in line with typical costs for an office project within this market. The cost of the construction is what is higher than typical for the market of \$160 to \$180 sq/ft and is based upon the expense related to soil corrections, asbestos abatement, demolition, structural work for the “unique” domed roof and other considerations.

The developer fee of approximately \$168,000 is 1.05 percent of total development costs. For a project of this nature, we would expect to see a developer fee between 3% and 5%, so the fee is much lower than typical industry standards and is based upon their desire to keep costs lower for the overall project (plus they are deferring it up front and will be paid once the project is completed and occupied).

To determine if a project is “financially feasible”, there are typically two (2) measures of return on investment for office users. The first is a cash-on-cash (net cash divided by equity) and the second is a cash-on-cost (NOI divided by TDC). Most corporate owned projects like to achieve a cash-on-cash return of 9.5% to 10.5% and a cash-on-cost return of 8% to 9%. Based upon TDC and the market for specialized/corporate office (new construction), the rent range would need to be approximately \$19 to \$22 sq/ft for the project to be feasible. We utilized the lower rent range based upon the market for Roseville. As noted in the table on the following page, the cash-on-cash return **with TIF is 9.95%** and without is only 7.87%. In addition, the cash-on-cost return is **7.56% with TIF** and 7.12% without TIF.

Income	
Effective Gross income	1,123,105
Expenses	
Reserves	9,000
TOTAL EXPENSES	9,000
NET OPERATING INCOME	1,114,105
TIF PAYMENTS	69,362
ADJUSTED NET OPERATING INCOME	1,183,467
Debt Service - Series A	774,737
Debt Service - Series B	77,166
CASH FLOW AFTER FINANCING	331,564
NET CASH TO DEVELOPER	331,564
CASH ON CASH RETURN - With TIF	9.95%
CASH ON CASH RETURN - Without TIF	7.87%
CASH ON COST RETURN - With TIF	7.56%
CASH ON COST RETURN - Without TIF	7.12%

Recommendations

We reviewed the request in light of your newly adopted public assistance policy. Based upon that, the proposed development meets the following four (4) of the six (6) City objectives:

1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
2. Expand and diversify the local economy and tax base.
3. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
4. Retain local jobs and/or increase the number and diversity of quality jobs

The two (2) City objectives not met are to encourage other unsubsidized spin-off development (hard to state factually this will happen) and meet other uses of public policy, including but not limited to promotion of quality urban design (meets), quality architectural design (meets), energy conservation (unsure), sustainable building practices (unsure), and decreasing the capital and operating costs of local government (not applicable).

In addition to meeting four (4) of the City's objectives, it meets the following six (6) of the twelve (12) City's desired qualifications:

1. Implements the City's vision and values for a City-identified redevelopment area
2. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City

3. Attracts or retains a significant employer within the City
4. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
5. Provides opportunities for corporate campus or medical office development
6. Redevelops a blighted, contaminated and/or challenged site

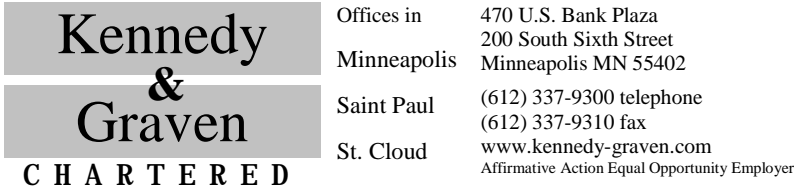
The six (6) goals it does not meet include:

1. Doesn't promote multi-family housing development
2. Not a hi-tech office or R & D facility
3. Not a small business (2 objectives for this)
4. Doesn't add needed road improvements (non required) or multi-modal transportation; and
5. Doesn't add project specific enhancements (at this time)

Overall, a developer could purchase the property and not require any public assistance if they chose to not renovate the property or do minor renovations and keep it a warehouse facility. If the City wants to see this property transformed into a corporate headquarters and a truly higher and better use, then based on review of the developer's pro forma and current market conditions, the proposed development is not reasonably expected to occur solely through private investment within the reasonably near future. Due to the costs associated with redeveloping the property, a market return on investment cannot be obtained without assistance, in part, from City contributions.

The developer has indicated that they are accepting of this proposal and are willing to move forward based upon the TIF assistance.

Please contact me at 651-697-8506 with any questions.



MEMORANDUM

TO: Jeanne Kelsey, Housing and Economic Development Program Manager
 FROM: Martha Ingram, Kennedy & Graven, Chartered
 DATE: September 20, 2017
 RE: HRA Tax Levies

You have requested an explanation of the authorized uses for levy dollars generated by the Roseville Housing and Redevelopment Authority (“HRA”) prior to the transfer of its powers to the Roseville Economic Development Authority (“EDA”). This type of levy is sometimes referred to as the “HRA levy” and is described as follows.

The law governing HRAs is codified at Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”). Under Section 469.033 of the HRA Act, an HRA may levy a tax on its area of operation for the purposes authorized under the HRA Act, subject to consent by the city council. The levy may not exceed .0185 percent of the taxable market value in the City. The “area of operation” of the authority is the boundaries of the City. The HRA historically exercised its authority to levy this tax, and allocated the levy dollars to the Roseville Multi-Family Rental Program, which was intended to assist the owners of multi-family rental properties with exterior and interior improvements and rehabilitation of those properties.

Under Minnesota Statutes, Section 469.091, an economic development authority has all the powers of a housing and redevelopment authority under the HRA Act, unless those powers are limited by the City’s enabling resolution that established the authority. The enabling resolution that established Roseville’s EDA contained no such limitations, and in fact transferred the powers of the City’s HRA to the EDA, including the HRA’s existing programs and funds. Therefore, the EDA may essentially act as a housing and redevelopment authority and exercise all powers under the HRA Act, as well as exercising its economic development powers under Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”).

Since the EDA has all the powers of a housing and redevelopment authority, the EDA may levy an HRA levy under Section 469.033 of the HRA Act, subject to the same limitations and procedures that would apply if it were levied by a housing and redevelopment authority. The EDA has not levied taxes under its HRA levy authority since this authority was transferred to the EDA (instead, it has levied under separate authority expressly granted to economic development authorities under the EDA Act). However, due to underutilization of the Roseville Multi-Family Rental Program, the HRA levy funds allocated to this program are mainly intact, and the program has accumulated a fund balance of around \$1.5 million. You have asked whether the funds allocated to this program may be used for other purposes.

The short answer is yes. HRA levy funds that have been allocated to a particular program, but which have not been contractually committed to a specific use under that program, may be used for any other use authorized under the HRA Act. The HRA levy has only one important limitation that bears directly on the question of authorized use. That is, Minnesota Statutes, Section 469.033, subd. 6 provides that the proceeds must be used only “for the purposes of [the HRA Act].” Those purposes, broadly, include redevelopment to correct or prevent blight, and development of or assistance to housing for low or moderate income persons. HRA levy dollars should not be used for economic development purposes such as assistance to a developer of a new business constructed on previously undeveloped land.

To a large extent, the prohibition against economic development uses of HRA levy dollars is academic in an established first-ring suburb such as Roseville. The city has been almost completely developed, and most (if not all) projects presented to the EDA involve redevelopment in one form or another. Therefore, although the EDA should be aware of the prohibition against “straight economic development” when considering uses for its HRA levy dollars, in practical application there will be very few instances where a proposed economic development use for these funds cannot be reasonably connected to a redevelopment-related purpose. Examples of authorized uses for the HRA levy include (and this is by no means an exclusive list) deposit into an EDA revolving loan fund, grants or loans to developers to assist with the cost of affordable housing, acquisition of blighted property for housing and/or redevelopment, construction or replacement of infrastructure related to housing or redevelopment projects, incentives to homeowners or commercial property owners for rehab, or staff and/or consultant time spent on housing and redevelopment matters.

If you have further questions on this matter or wish to discuss specific proposed uses of the HRA levy, please give me a call.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 10/17/2017

Item No.: 5.b

Department Approval

Executive Director Approval

Item Description: Review Draft of Economic Development for the 2040 Comprehensive Plan

1 **BACKGROUND**

2 Economic Development Consultant, Jim Gromberg and Comprehensive Plan Consultant Erin Perdu
3 from WSB, will review the draft Economic Development Chapter for review and feedback. The
4 Roseville Economic Development Authority (REDA) provided direction on July, 18th 2017 and the
5 feedback received has been incorporated into the draft. A draft of the Economic Development chapter
6 is included with this report as Attachment B.

7 **POLICY OBJECTIVE**

8 The Roseville Economic Development Authority is the advising body related to the Economic
9 Development section of the 2040 Comprehensive Plan.

10 **BUDGET IMPLICATIONS**

11 There is no budget implications.

12 **STAFF RECOMMENDATION**

13 Provide feedback and direction to staff regarding the draft of the Economic Development Chapter for
14 the 2040 Comprehensive Plan.

15 **REQUESTED EDA BOARD ACTION**

16 Provide feedback and direction to staff regarding the draft of the Economic Development Chapter for
17 the 2040 Comprehensive Plan.

18 Prepared by: Jeanne Kelsey, Housing Economic Development Program Manager, 651-792-7086
Attachments: A: Memo from Jim Gromberg
B: Draft Economic Development Chapter for the 2040 Comprehensive Plan



Memorandum

To: *City of Roseville Economic Development Authority*

CC: *Kari Collins, Community Development Director*
Erin Perdu, Planning Consultant

From: *Jim Gromberg, Economic Development Consultant*

Date: *October 9, 2017*

Re: *Comprehensive Plan Update – Economic Development*
WSB Project No. 1797-100

The Roseville City Staff and WSB have developed the attached draft chapter of the Roseville Comprehensive Plan for Economic Development. This draft chapter will be presented to the EDA at your October 17th meeting for review and comment. Based upon the outcome of that discussion the final chapter will be drafted for inclusion in the final comprehensive plan document.

The chapter includes a significant amount of data about the community and supports that policies that the EDA and city staff are currently implementing. In addition, the chapter includes the objectives and identification of redevelopment sites in the community. The EDA has already reviewed the objectives and the tasks that have been created for the chapter which will be used for the continued development of the action plan for the EDA in future years.

As part of the discussion on the direction of economic development and the objectives, one of the most important subjects that has been identified is the discussion of areas for redevelopment in Roseville. In working with the City Staff, WSB has identified 5 sites in the community that will be the primary focus for redevelopment. These sites have been ranked by the City staff in order of importance for the community. The EDA should review the ranking and determine if the EDA agrees with the ranking or if the ranking should change with the final ranking being how the sites will be included in the final version of the chapter. Included with the identification of the sites is information on how why the site is of importance and ways that the community will encourage their redevelopment.

The identification of the sites that will be targeted for redevelopment does not mean that should other sites in the community become available for or are proposed for redevelop that the city would encourage those projects to be completed.

CHAPTER 6: ECONOMIC DEVELOPMENT

INTRODUCTION

The City's current update of its comprehensive plan includes updating its economic development goals and how those goals will be measured. The community has made significant steps since the last time that the plan was updated in 2008. These steps include the creation of an Economic Development Authority, the completion of a priority setting process in early 2016, the identification of redevelopment of areas in the community that were underutilized, and continued growth during the economic downturn of 2008 – 2012.

Successful economic development in Roseville can also support the regional outcomes of prosperity, equity, and livability as described in the Metropolitan Council's Thrive MSP 2040 planning document. Equity is a facet that is often overlooked in economic development, as communities look to leverage limited resources in areas where the market is most ready to act. Areas with concentrations of lower income residents and/or minority populations are not always well positioned to take advantage of those resources, but are often in most need of them. Roseville is cognizant of the fact that economic development is also tied to successful provision of workforce housing, businesses and services that can support a population that can live, work, shop, and enjoy life here. Economic development in Roseville promotes prosperity and, in turn, livability and equity for all residents.

In general, economic development is the focus of federal, state, and local governments to improve the standard of living in a community through the creation of jobs, the support of innovation and new ideas, the creation of greater wealth, and an overall better quality of life. In very simple terms: economic development is the creation of a sense of community.

Many times, these objectives include building or improving infrastructure such as roads, bridges, etc.; improving our education system through new schools; enhancing our public safety through fire and police service; or incentivizing new businesses to open a location in a community.

Economic development can be categorized into the following three major areas:

1. Governments working on big economic objectives such as creating jobs or growing an economy. These initiatives can be accomplished through written laws, industry regulations, and tax incentives or collections.
2. Programs that provide infrastructure and services, such as bigger highways, community parks, new school programs and facilities, public libraries or swimming pools, new hospitals, and crime prevention initiatives.
3. Job creation and business retention through workforce development programs to help people get the needed skills and education they require, and the availability of workforce housing. This also includes small business development programs that are geared to help entrepreneurs get financing or network with other small businesses.

CONTEXT

Key Industries and Centers of Employment

One of the ways that communities drive economic development is by identifying what types of businesses should be targeted to enhance the employment opportunities and attraction of new residents. The City of Roseville currently has an estimated 36,337 employees with an estimated population of 35,875 resulting in the community being a net importer of workers. While many of these workers are in either the Retail Trades or Accommodations and Food services, which together account for 30.9% of the positions, the city also has a strong Healthcare and Social Assistance workforce with 12.5%, and Professional, Scientific & Tech Services making up an additional 6.4% of the available positions. The City also has a very healthy business community with more than 2,100 businesses located in Roseville. A complete breakdown of the types of businesses based on NAICS Codes can be found in Table XX below.

Table XX
Roseville Businesses and Employees By NAICS Codes

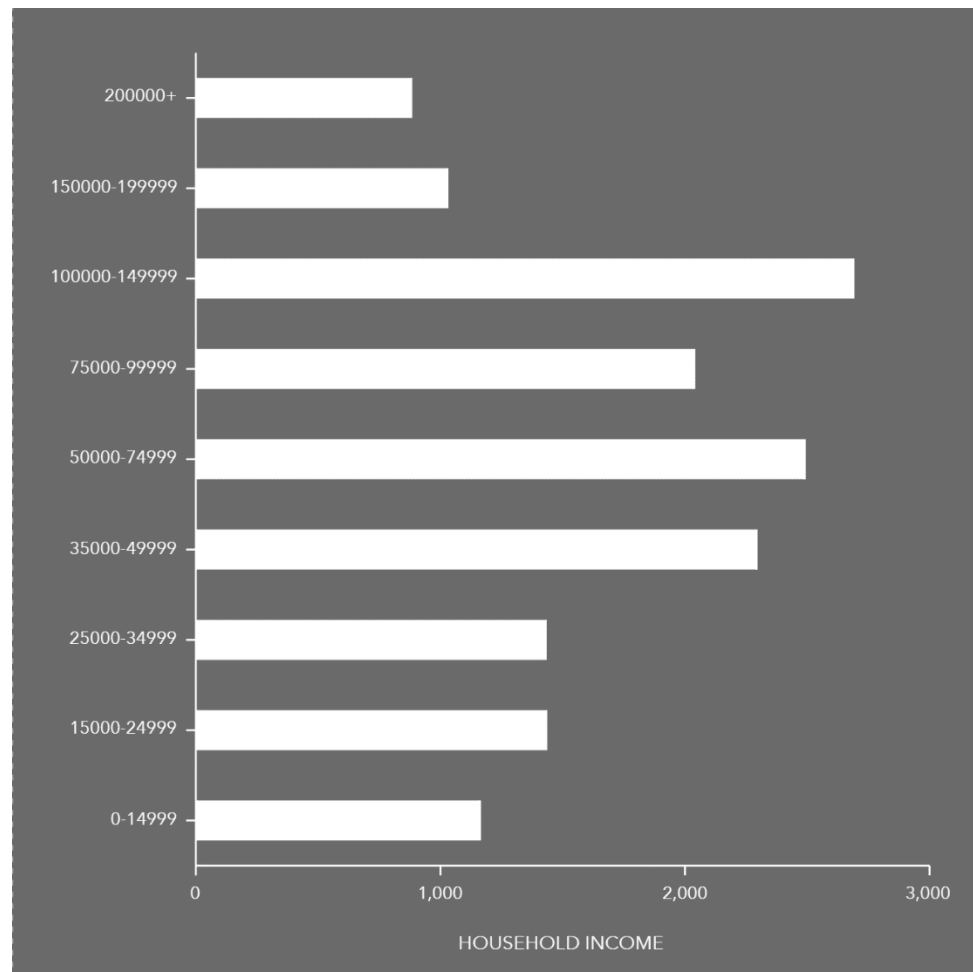
Business and Employees by NAICS Codes	Business		Employees	
	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing & Hunting	2	0.1%	4	0.0%
Mining	1	0.0%	4	0.0%
Utilities	1	0.0%	30	0.1%
Construction	100	4.7%	1,019	2.8%

Business and Employees by NAICS Codes	Business		Employees	
	Number	Percent	Number	Percent
Manufacturing	79	3.7%	2,070	5.7%
Wholesale Trade	95	4.5%	1,741	4.8%
Retail Trade	387	18.3%	7,367	20.3%
Motor Vehicle & Parts Dealers	25	1.2%	649	1.8%
Furniture & Home Furnishings Stores	22	1.0%	340	0.9%
Electronics & Appliance Stores	19	0.9%	300	0.8%
Bldg Material & Garden Equipment & Supplies Dealers	22	1.0%	276	0.8%
Food & Beverage Stores	34	1.6%	893	2.5%
Health & Personal Care Stores	43	2.0%	427	1.2%
Gasoline Stations	11	0.5%	72	0.2%
Clothing & Clothing Accessories Stores	109	5.2%	1,686	4.6%
Sport Goods, Hobby, Book, & Music Stores	35	1.7%	541	1.5%
General Merchandise Stores	21	1.0%	1,677	4.6%
Miscellaneous Store Retailers	39	1.8%	391	1.1%
Nonstore Retailers	7	0.3%	115	0.3%
Transportation & Warehousing	58	2.8%	1,925	5.3%
Information	66	3.1%	2,050	5.6%
Finance & Insurance	122	5.8%	847	2.3%
Central Bank/Credit Intermediation & Related Activities	29	1.4%	337	0.9%
Securities, Commodity Contracts & Other Financial Investments & Other Related Activities	27	1.3%	176	0.5%
Insurance Carriers & Related Activities; Funds, Trusts & Other Financial Vehicles	66	3.1%	334	0.9%
Real Estate, Rental & Leasing	128	6.1%	772	2.1%
Professional, Scientific & Tech Services	250	11.9%	2,332	6.4%
Legal Services	64	3.0%	482	1.3%
Management of Companies & Enterprises	3	0.1%	15	0.0%
Administrative & Support & Waste Management & Remediation Services	67	3.2%	1,049	2.9%
Educational Services	38	1.8%	1,968	5.4%
Health Care & Social Assistance	213	10.1%	4,531	12.5%
Arts, Entertainment & Recreation	30	1.4%	389	1.1%
Accommodation & Food Services	130	6.2%	3,855	10.6%
Accommodation	14	0.7%	318	0.9%
Food Services & Drinking Places	116	5.5%	3,537	9.7%
Other Services (except Public Administration)	206	9.8%	2,280	6.3%
Automotive Repair & Maintenance	29	1.4%	242	0.7%
Public Administration	31	1.5%	2,078	5.7%
Unclassified Establishments	102	4.8%	11	0.0%

Business and Employees by NAICS Codes	Business		Employees	
	Number	Percent	Number	Percent
Total	2,109	100%	36,337	100%

The City's average unemployment rate is significantly lower than Minnesota's (3.2% vs. 4.3%), which also reflects Roseville's strong economy. In addition to the strong number of jobs, the city currently has a median household income of \$61,842 which is close to the state average of \$63,470. However, the picture changes when income is viewed as a per capita number with Roseville at \$37,693 compared to the state at \$33,397. This higher per capita income reflects the community's success in attracting positions that have a higher annual wage than most jobs in the state. Roseville will continue to focus on the creation and retention of jobs that have a pay scale to allow for the employees to reside in the community.

Household Income Breakdown



The City currently has a median home value of \$245,095 compared to the state's median value of \$213,894. Based upon traditional financing requirements, a family will need an annual income of approximately \$70,000 to afford a home in Roseville. With the median household income of \$61,842, a portion of workers may not be able to afford to live in the community. It may be unrealistic to only focus on the creation of jobs that have an annual salary of \$70,000 or greater (hourly rate of \$33.65 excluding benefits). However, when the information is extrapolated out, we find that a family with two wage earners would need to average about \$16.83 per hour which fits in the general range of the per capita income for the community. Nevertheless, it is important for the community to provide housing opportunities for the entire spectrum of positions and salary levels that are currently available in the community.

The Economic Development Authority has recognized the need for high paying jobs by listing it as one of the objectives for a business subsidy policy: "Retain

local jobs and/or increase the number and diversity of quality jobs.” In the future, Roseville will continue to monitor the job balance to determine if the objective needs to be strengthened to continue to attract high quality jobs. The City will continue the development of lifecycle housing, including workforce housing, to allow for the development of a well-balanced community and to ensure that residents can live and work in the community. As Roseville, like the rest of the country, experiences a workforce shortage, it will become more important to allow for employees to have the opportunity to live nearby to where they work. As Roseville moves forward with working to attract new businesses, the readily available local workforce will aid these activities. Moreover, this ability to live and work in Roseville will allow for a strengthening of Roseville’s sense of community.

REDEVELOPMENT

Roseville has identified certain sites that will be the focus of redevelopment efforts over the next 10 years. While the city has identified five primary sites to focus on for redevelopment activities, should the opportunity arise to allow for the redevelopment of other sites, it will also work with owners and potential developers for those sites for redevelopment purposes. These sites have been identified through a community involvement process and input from elected officials. The ranking of the sites has also been a result of the community input process and reflect the direction the residents of the community want to see for Roseville.

The site locations in Roseville are shown on the attached Exhibit. The sites are listed below in the order of priority in a descending order.

Site 1 – Twin Lakes Site: This site is the continuation of the redevelopment of the area that has been progressing for a number of years and is seeing significant success as the properties are redeveloped and repositioned. The City will also consider the adjustment of the requirements for infrastructure to help the area redevelop in a pattern that supports current usage trends. Some of the possible assistance for this area would include tax increment financing, special taxing districts, and the Metropolitan Council Livable Communities Grant program. In addition, Roseville will assist with the application to the state and federal grant programs that may fit the type of projects that are proposed for

the area. The City may also assist in the assembly of properties for their redevelopment.

Site 2 – Southeast Roseville Redevelopment Area: This area located in the southeast corner of the city at the intersection of Larpenteur Avenue and Rice Street is currently being studied to determine how the area can best be redeveloped in conjunction with Maplewood, St. Paul and Ramsey County which are all present at the intersection. Roseville has identified this area as a priority redevelopment area because of its location, cultural diversity and economic anxiety that is encompassed in the area. This area is one of the most economically distressed areas in the community and has a significant need for workforce type housing and development that better fits the aspirations of its residents. The City will also consider the adjustment of the requirements for infrastructure to help the area redevelop in a pattern that supports current usage trends. In addition to flexible standards the city will consider the use of tax increment financing, tax abatement, special taxing districts, and special legislation, to assist with the redevelopment of the area. The City will also encourage the use of the Livable Communities Grant program to foster the redevelopment of the area. This area may also qualify for the Ramsey County Property Development Programs based upon the area's economic distress. Any redevelopment plans and funding programs will be coordinated with the other studies that are currently being completed for the area.

Site 3 – HarMar Mall: This site includes an enclosed mall that was constructed in the early 60's with traditionally associated parking area for retail interactions. The site is ideally situated to allow for significant access to both mass transit and the residential areas of the community. In the near-term, there are opportunities to intensify the uses; create better connections between neighborhoods, transit and the mall; and increase activity on the site. The long-term plan for the area will be its revitalization to fully exploit the infrastructure that is readily available to the area. This redevelopment will occur as the retail market continues to mature and consumer behaviors adjust and change. The City will also consider the adjustment of the requirements for infrastructure to help the area redevelop in a pattern that supports current usage trends. In addition to flexible standards the City will consider the use of tax increment financing, tax abatement, special taxing districts, and special legislation, to assist with the redevelopment of the area. The City will also encourage the use of the Livable Communities Grant program to foster the redevelopment of the area. This program will fit the needs of the area due to its proximity to the significant

transit infrastructure. Depending on their exact nature, future redevelopment projects this area may be eligible for the Ramsey County Property Development Programs.

Site 4 – Lexington and Larpenteur Redevelopment Area: This area is located along the southern boundary of the city at the intersection of two main transportation routes. The area was developed as a small-scale strip retail area and is currently not seeing its full potential in use and tax revenue generation. This redevelopment area will be focused on the creation of community amenities to help meet the needs of the surrounding single family housing. The City will also consider the adjustment of the requirements for infrastructure to help the area redevelop in a pattern that supports current usage trends. In addition to flexible standards the City will consider the use of tax increment financing, tax abatement, special taxing districts, to assist with the redevelopment of the area. The City will also encourage the use of the Livable Communities Grant program to foster the redevelopment of the area.

Site 5 – Pacal Facility: This area is located to the west of Highway 280 and consists of an older manufacturing facility that has been divided into different business operations. This area does have limited access, making the redevelopment more difficult than the other areas identified in Roseville. While the City is not currently actively seeking to redevelop the site, it is anticipated that in the future the site will redevelop. The City will work with the parties involved with any redevelopment if the goals for both the City and developer are in alignment for the area. The city would consider the use of assistance for the site, should business subsidy objectives be met by the proposed project.

Roseville will continue the development of relationships with all the partners involved with the redevelopment areas. The City understands that those relationships will allow for the projects, and the ultimately successful redevelopment of the areas, to be completed in the most efficient and timely manner. The City will also work with the community as a whole to continue the development of economic opportunities for the entire community.

BUSINESS DEVELOPMENT

Roseville continues to be active in the attraction of new businesses, which is exemplified by the development of the new “Grow Roseville” website. This

website allows for a significant amount of information to be made available to new businesses and site location professionals concerning the city being actively involved in business attraction. In a 2017 survey of site selectors and corporate executives conducted by Development Counsellors International, the respondents confirm that incentive information (57 percent) is ranked as the most-useful feature of an economic development organization's website, followed by demographic information (48 percent), a searchable database of available buildings and sites (44 percent) and workforce statistics (43 percent). The Grow Roseville site covers all the top areas listed. The City will continue to keep the information current to allow for the utilization of the new website by site selection professionals.

In addition to the attraction of new businesses, Roseville has developed an ongoing Business Retention and Expansion program with regularly scheduled visits to the businesses in the community. The information that has been developed from these visits has been incorporated in the implementation plan for the community. This program fits with the national economic development surveys that show more than 85% of all projects result from expansion of existing businesses. This information also allows for the continued development of relationships between the City and business community.

The City has identified sites on the future land use map that will function as gateways to the city which will be developed as they become available. These areas will be complemented by the development of areas that have a unique business mix, allowing for the creation of shopping districts to further attract consumers. An example of this type of development is an area in Twin Lakes that has been identified as the "design district" by a number of home design businesses located there.

ECONOMIC INFORMATION, MONITORING, AND STRATEGIC INITIATIVES

In early 2016 Roseville completed a strategic planning process to develop some priorities for the newly created Economic Development Authority. Those priorities were then ranked by the group into to create three rankings of High, Medium, and Low. When possible, a timeframe for the completion of the priority and any capacity needs were also listed. These priorities were then further condensed into five objectives that include a majority of the priorities that were still being completed or scheduled for completion in the future.

These objectives were then used as the basis to create tasks to allow for their completion. The objectives were not put in any specific order because they include items from all three priority categories. The objectives and the tasks associated with those objectives will become the implementation guide for the economic development strategy. In some cases, the tasks may be completed or the priority may change, which will allow for the implementation plan and objectives to be adjusted accordingly. A good example of this is the creation of the Grow Roseville website that allows for businesses that are interested in expanding or relocating to the community easy access to the information for those activities. While not listed as a task for Objective 2, "*Develop a comprehensive marketing and branding strategy that will continue to attract desirable business tenants to the City promoting the business-friendly nature of the City*" is a task that could easily fit into that objective and allow for the city to expand the objective.

*Draft Roseville Economic Development Authority
Strategic Plan Objectives*

Objective 1 – Identify sites in the community for possible redevelopment, and create a plan for the acquisition and development process for sites that is in conformance with the comprehensive plan.

Task 1 – Identify sites for redevelopment and level of City involvement for the different sites.

Task 2 – Develop and implement policy for financial assistance for projects.

Task 3 – Engage property owners in the process for the redevelopment of their sites.

Task 4 – Develop a program to assist with the completion of the following types of information: market analysis, clarifying stakeholder goals, and creating a revitalization vision.

Task 5 -

Objective 2 - Develop a comprehensive marketing and messaging strategy that will continue to attract desirable business tenants to the City by promoting the business-friendly nature of the City.

Task 1 – Identify and adjust policies that are not as efficient as possible and implement an online permitting application process.

Task 2 – Develop and continue to implement the Business Retention and Expansion Program.

Task 3 – Create a marketing plan to target specific industries and businesses to the city including the sites desired for redevelopment.

Task 4 - Create an environment that is a destination and that enhances the City's tax base by increasing the amount of time shoppers, visitors and employees spend in the City.

Task 5 -

Objective 3 – Utilize land use planning to enhance job growth and continued economic health throughout all areas of the city.

Task 1 – Engage business/property owners and residents to understand stakeholder goals and concerns.

Task 2 – Develop programs and assist with the acquisition of funding and technical assistance for the completion of the projects.

Task 3 - Identify the types of land uses and related building types that promote job generation and job retention to encourage economic growth in the city.

Task 4 - Inventory, research, and analyze land areas of the city that appear to be underutilized, underperforming or antiquated. Create effective land use strategies for economic sustainability of the City.

Task 5 -

Objective 4 - Identify workforce needs of City businesses and facilitate partnerships between the Chamber of Commerce, educational institutions, housing developers, and the business community to satisfy market demands.

Task 1 – Create a roundtable discussion with specific business clusters to understand/address workforce issues affecting business operations.

Task 2 – Promote art and cultural opportunities to attract, retain, and expand businesses that contribute to the City's creative economy.

Task 3 – Create an environment that is a destination and that enhances the City’s tax base by increasing the amount of time shoppers, visitors and employees spend in the City.

Task 4 - Create collaborations among local higher education institutions and business leaders to create educational programs aligned with the workforce development needs of area businesses.

Task 5 – Encourage and facilitate the development of a broad range of workforce housing choices including both multi-family and single family formats.

Task 6 –

Objective 5 - Create infrastructure necessary to retain and attract desirable businesses, and promote an innovative business environment through parking, technology, and multi modal opportunities.

Task 1 – Work with regional groups on the needs for specific types of businesses and industries to allow for the development of infrastructure.

Task 2 – Expand Metro Transit to employment centers and businesses and promote multi-modal opportunities.

Task 3 – Review the development standards to allow for more flexibility for development.

Task 4 -



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: Oct. 17, 2017
Item No.: 5.c

Department Approval

City Manager Approval

Item Description: Receive Update on 2017 Economic Development Activities and Provide Direction on Next Steps

BACKGROUND

Economic Development staff will provide an update on 2017 activities to date as well as development activity at various stages (inquiry/concept/pending). The presentation will be organized around topics such as Economic Development Marketing, Business Retention and Expansion, Business Recruitment, Housing, Program Development, and the Policy Priority Plan.

Additionally, On September 13, 2017 the City of Roseville launched its new economic development presence, GrowRoseville.com. Staff will walk through preliminary data received from Golden Shovel Agency after one month of activity (Attachment A). A more substantive and analytical report will be provided to the EDA at its first meeting in 2018.

Lastly, Staff is seeking direction from the EDA on the desire to expand local incentive offerings. A legal opinion from REDA Attorney Martha Ingram has been provided to identify the extent to which funds previously levied under the former Housing & Redevelopment Authority (HRA) may be used (Attachment B). EDA staff will discuss adjusting existing programs and fund balances to better serve the priorities identified by the EDA (Attachment C). Central Minnesota Development Company (CMDC) has provided staff a proposal (Attachment D) that would expand the existing Multi-Family Revolving Loan Fund to allow for business redevelopment, improvement and expansion loans.

BUDGET IMPLICATIONS

This report is for discussion at this time.

STAFF RECOMMENDATION

Receive Update on 2017 Economic Development Activities and Provide Direction on Next Steps.

REQUESTED COUNCIL ACTION

Receive Update on 2017 Economic Development Activities and Provide Direction on Next Steps.

28

Prepared by: Kari Collins, Community Development Director
Attachments: A: Golden Shovel Preliminary Data - 1 Month
B: Legal Opinion from REDA Attorney Martha Ingram
C: Fund balances as of August 14, 2017
D: CMDC Proposal

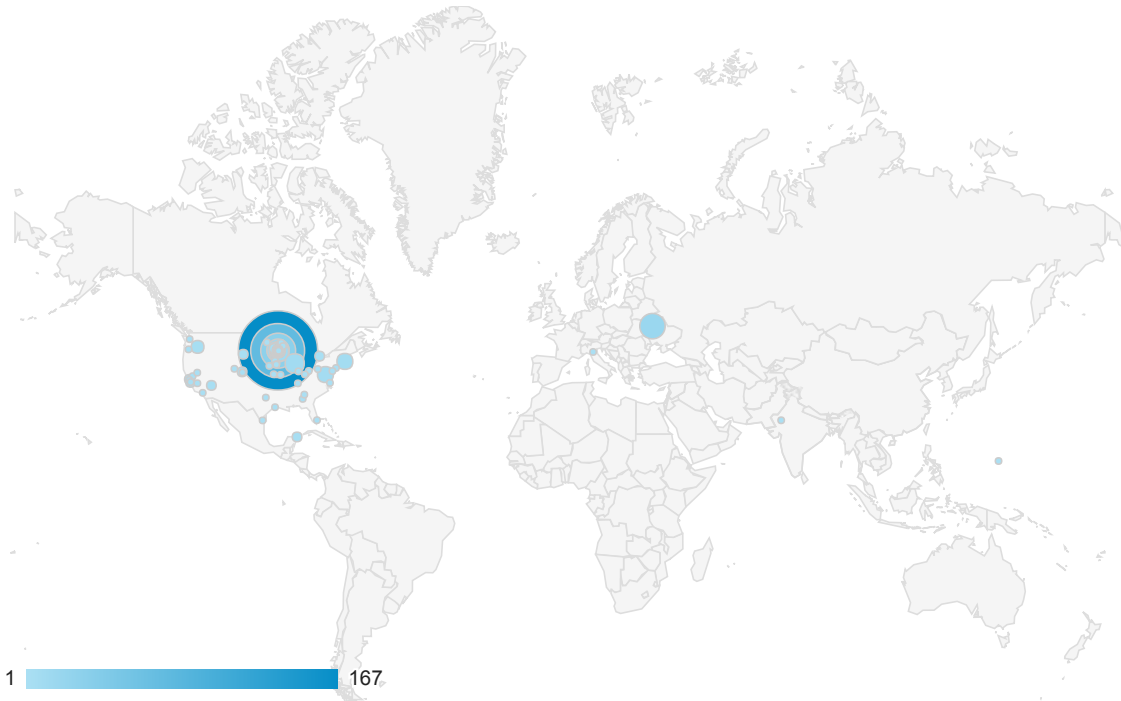
Sep 12, 2017 - Oct 6, 2017

Location

All Users
100.00% Sessions

Map Overlay

Summary



City	Acquisition			Behavior			Conversions Goal 1: Engaged Visitor		
	Sessions	% New Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration	Engaged Visitor (Goal 1 Conversion Rate)	Engaged Visitor (Goal 1 Completions)	Engaged Visitor (Goal 1 Value)
	474 % of Total: 100.00% (474)	75.95% Avg for View: 75.95% (0.00%)	360 % of Total: 100.00% (360)	47.89% Avg for View: 47.89% (0.00%)	3.61 Avg for View: 3.61 (0.00%)	00:03:10 Avg for View: 00:03:10 (0.00%)	24.68% Avg for View: 24.68% (0.00%)	117 % of Total: 100.00% (117)	\$117.00 % of Total: 100.00% (\$117.00)
1. Roseville	167 (35.23%)	59.88%	100 (27.78%)	36.53%	4.33	00:04:45	33.53%	56 (47.86%)	\$56.00 (47.86%)
2. Minneapolis	73 (15.40%)	86.30%	63 (17.50%)	47.95%	3.63	00:03:51	23.29%	17 (14.53%)	\$17.00 (14.53%)
3. Saint Paul	30 (6.33%)	86.67%	26 (7.22%)	36.67%	3.20	00:01:46	26.67%	8 (6.84%)	\$8.00 (6.84%)
4. Kiev	17 (3.59%)	100.00%	17 (4.72%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
5. West Saint Paul	14 (2.95%)	50.00%	7 (1.94%)	50.00%	4.71	00:06:47	28.57%	4 (3.42%)	\$4.00 (3.42%)
6. Shoreview	12 (2.53%)	91.67%	11 (3.06%)	33.33%	4.17	00:02:00	33.33%	4 (3.42%)	\$4.00 (3.42%)
7. Chicago	9 (1.90%)	88.89%	8 (2.22%)	77.78%	1.56	00:00:10	0.00%	0 (0.00%)	\$0.00 (0.00%)
8. Prescott	9 (1.90%)	77.78%	7 (1.94%)	33.33%	2.89	00:02:44	11.11%	1 (0.85%)	\$1.00 (0.85%)
9. Boston	8 (1.69%)	100.00%	8 (2.22%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
10. Ashburn	7 (1.48%)	100.00%	7 (1.94%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
11. Brooklyn Park	7 (1.48%)	71.43%	5 (1.39%)	42.86%	4.14	00:01:39	28.57%	2 (1.71%)	\$2.00 (1.71%)
12. Bloomington	5 (1.05%)	100.00%	5 (1.39%)	40.00%	5.20	00:05:49	40.00%	2 (1.71%)	\$2.00 (1.71%)

13.	New Brighton	5 <small>(1.05%)</small>	80.00%	4 <small>(1.11%)</small>	40.00%	10.80	00:01:21	20.00%	Attachment A2 <small>(1.71%)</small>	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>
14.	Oakdale	5 <small>(1.05%)</small>	0.00%	0 <small>(0.00%)</small>	20.00%	8.00	00:04:10	40.00%		0	\$2.00 <small>(1.71%)</small>
15.	(not set)	4 <small>(0.84%)</small>	100.00%	4 <small>(1.11%)</small>	75.00%	4.75	00:01:00	25.00%		1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>
16.	Boardman	4 <small>(0.84%)</small>	100.00%	4 <small>(1.11%)</small>	75.00%	1.25	00:00:00	0.00%		0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>
17.	Cancun	3 <small>(0.63%)</small>	33.33%	1 <small>(0.28%)</small>	66.67%	1.67	00:00:16	0.00%		0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>
18.	Chaska	3 <small>(0.63%)</small>	66.67%	2 <small>(0.56%)</small>	66.67%	3.67	00:01:09	33.33%		1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>
19.	Rice	3 <small>(0.63%)</small>	33.33%	1 <small>(0.28%)</small>	0.00%	9.67	00:13:54	33.33%		1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>
20.	Las Vegas	3 <small>(0.63%)</small>	33.33%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%		0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>
21.	White Bear Lake	3 <small>(0.63%)</small>	100.00%	3 <small>(0.83%)</small>	33.33%	3.00	00:01:49	66.67%		2 <small>(1.71%)</small>	\$2.00 <small>(1.71%)</small>
22.	Toronto	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	50.00%	2.00	00:00:25	0.00%		0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>
23.	San Francisco	2 <small>(0.42%)</small>	50.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
24.	Santa Cruz	2 <small>(0.42%)</small>	50.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
25.	Denver	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
26.	Burnsville	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	50.00%	4.50	00:02:02	50.00%	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>	
27.	Circle Pines	2 <small>(0.42%)</small>	50.00%	1 <small>(0.28%)</small>	50.00%	4.50	00:06:09	50.00%	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>	
28.	Cold Spring	2 <small>(0.42%)</small>	50.00%	1 <small>(0.28%)</small>	50.00%	2.00	00:00:22	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
29.	Upton	2 <small>(0.42%)</small>	50.00%	1 <small>(0.28%)</small>	50.00%	1.50	00:01:10	50.00%	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>	
30.	Blaine	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	0.00%	3.00	00:00:46	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
31.	Brooklyn Center	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
32.	Columbia Heights	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	0.00%	4.00	00:04:41	100.00%	2 <small>(1.71%)</small>	\$2.00 <small>(1.71%)</small>	
33.	Maplewood	2 <small>(0.42%)</small>	50.00%	1 <small>(0.28%)</small>	50.00%	2.00	00:00:16	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
34.	Plymouth	2 <small>(0.42%)</small>	100.00%	2 <small>(0.56%)</small>	0.00%	7.00	00:04:35	50.00%	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>	
35.	Modena	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	4.00	00:06:20	100.00%	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>	
36.	Antioch	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	3.00	00:01:10	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
37.	Carmichael	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	3.00	00:01:12	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
38.	Fresno	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
39.	Monrovia	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
40.	San Bruno	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	3.00	00:00:34	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
41.	Scotts Valley	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
42.	Craig	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	3.00	00:03:21	100.00%	1 <small>(0.85%)</small>	\$1.00 <small>(0.85%)</small>	
43.	Columbus	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
44.	Ames	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	2.00	00:00:48	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
45.	Fort Dodge	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	100.00%	1.00	00:00:00	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
46.	Urbandale	1 <small>(0.21%)</small>	100.00%	1 <small>(0.28%)</small>	0.00%	2.00	00:00:52	0.00%	0 <small>(0.00%)</small>	\$0.00 <small>(0.00%)</small>	
47.	West Des Moines	1	100.00%	1	0.00%	3.00	00:00:49	0.00%	0	\$0.00	

		(0.21%)		(0.28%)					(0.00%)	(0.00%)	
48.	Brownsburg	1 (0.21%)	100.00%	1 (0.28%)	0.00%	3.00	00:00:38	0.00%	Attachment A	0 (0.00%)	\$0.00 (0.00%)
49.	Franklin	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%		0 (0.00%)	\$0.00 (0.00%)
50.	Albertville	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%		0 (0.00%)	\$0.00 (0.00%)
51.	Andover	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%		0 (0.00%)	\$0.00 (0.00%)
52.	Cloquet	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%		0 (0.00%)	\$0.00 (0.00%)
53.	Duluth	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%		0 (0.00%)	\$0.00 (0.00%)
54.	Elk River	1 (0.21%)	100.00%	1 (0.28%)	0.00%	3.00	00:01:23	0.00%		0 (0.00%)	\$0.00 (0.00%)
55.	Inver Grove Heights	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%		0 (0.00%)	\$0.00 (0.00%)
56.	North Branch	1 (0.21%)	100.00%	1 (0.28%)	0.00%	9.00	00:02:29	100.00%		1 (0.85%)	\$1.00 (0.85%)
57.	Prior Lake	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
58.	Stillwater	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
59.	Wyoming	1 (0.21%)	100.00%	1 (0.28%)	0.00%	7.00	00:08:37	100.00%	1 (0.85%)	\$1.00 (0.85%)	
60.	Columbia	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
61.	Kansas City	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
62.	Fargo	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
63.	Omaha	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
64.	Reno	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
65.	New York	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
66.	Columbus	1 (0.21%)	100.00%	1 (0.28%)	0.00%	3.00	00:00:48	0.00%	0 (0.00%)	\$0.00 (0.00%)	
67.	Canby	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
68.	Philadelphia	1 (0.21%)	100.00%	1 (0.28%)	0.00%	2.00	00:01:45	0.00%	0 (0.00%)	\$0.00 (0.00%)	
69.	Pittsburgh	1 (0.21%)	100.00%	1 (0.28%)	0.00%	2.00	00:00:07	0.00%	0 (0.00%)	\$0.00 (0.00%)	
70.	Beaumont	1 (0.21%)	100.00%	1 (0.28%)	0.00%	2.00	00:00:04	0.00%	0 (0.00%)	\$0.00 (0.00%)	
71.	Hurst	1 (0.21%)	100.00%	1 (0.28%)	0.00%	2.00	00:01:16	0.00%	0 (0.00%)	\$0.00 (0.00%)	
72.	McAllen	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
73.	Virginia Beach	1 (0.21%)	100.00%	1 (0.28%)	0.00%	5.00	00:02:08	100.00%	1 (0.85%)	\$1.00 (0.85%)	
74.	Seattle	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
75.	Hayward	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
76.	Osceola	1 (0.21%)	100.00%	1 (0.28%)	0.00%	3.00	00:00:27	0.00%	0 (0.00%)	\$0.00 (0.00%)	
77.	Jodhpur	1 (0.21%)	100.00%	1 (0.28%)	0.00%	2.00	00:01:29	0.00%	0 (0.00%)	\$0.00 (0.00%)	
78.	Apple Valley	1 (0.21%)	100.00%	1 (0.28%)	0.00%	7.00	00:01:26	0.00%	0 (0.00%)	\$0.00 (0.00%)	
79.	Centennial	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
80.	College Park	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)	
81.	Coral Springs	1 (0.21%)	100.00%	1 (0.28%)	0.00%	4.00	00:00:50	0.00%	0 (0.00%)	\$0.00 (0.00%)	

82.	Eagan	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
83.	Edina	1 (0.21%)	100.00%	1 (0.28%)	0.00%	2.00	00:04:29	100.00%	Attachment A1	
84.	Golden Valley	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
85.	Maple Grove	1 (0.21%)	100.00%	1 (0.28%)	0.00%	14.00	00:11:55	100.00%	1 (0.85%)	\$1.00 (0.85%)
86.	Mendota Heights	1 (0.21%)	0.00%	0 (0.00%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
87.	North Saint Paul	1 (0.21%)	100.00%	1 (0.28%)	0.00%	4.00	00:02:01	100.00%	1 (0.85%)	\$1.00 (0.85%)
88.	Saint Louis Park	1 (0.21%)	100.00%	1 (0.28%)	0.00%	10.00	00:03:39	100.00%	1 (0.85%)	\$1.00 (0.85%)
89.	Withamsville	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
90.	Woodbury	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)
91.	Tamuning	1 (0.21%)	100.00%	1 (0.28%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%)

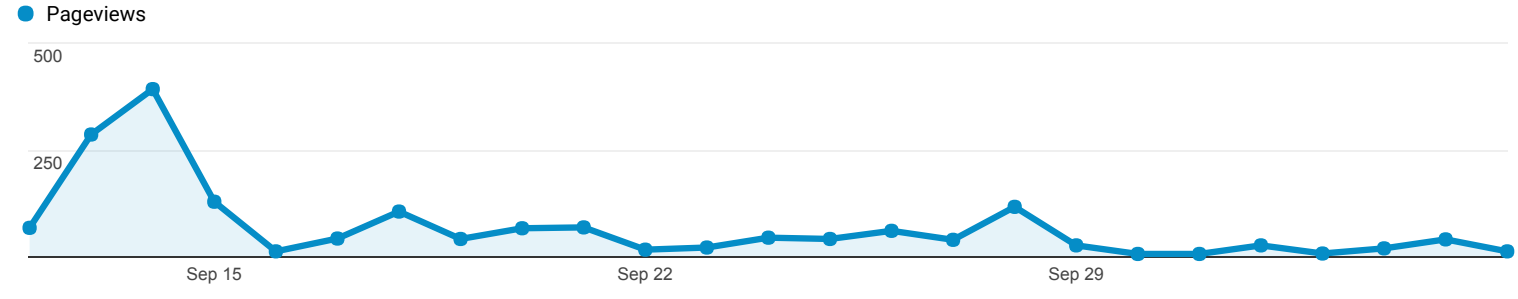
Rows 1 - 91 of 91

Sep 12, 2017 - Oct 6, 2017

Pages

All Users
100.00% Pageviews

Explorer

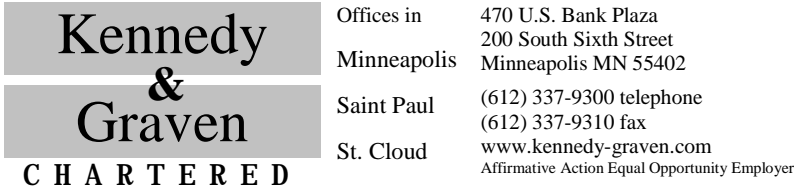


Page Title	Pageviews	Unique Pageviews	Avg. Time on Page	Entrances	Bounce Rate	% Exit	Page Value
	1,709 % of Total: 100.00% (1,709)	1,380 % of Total: 100.00% (1,380)	00:01:13 Avg for View: 00:01:13 (0.00%)	474 % of Total: 100.00% (474)	47.89% Avg for View: 47.89% (0.00%)	27.74% Avg for View: 27.74% (0.00%)	\$0.59 % of Total: 100.00% (\$0.59)
1. Roseville Economic Development Authority (REDA)	569 (33.29%)	411 (29.78%)	00:01:41	407 (85.86%)	42.75%	40.77%	\$0.67 (112.61%)
2. Business Incentives in Roseville	144 (8.43%)	113 (8.19%)	00:00:41	12 (2.53%)	83.33%	24.31%	\$0.61 (103.14%)
3. Events in Roseville	117 (6.85%)	91 (6.59%)	00:00:45	5 (1.05%)	40.00%	19.66%	\$0.67 (113.23%)
4. Roseville Success Stories	109 (6.38%)	89 (6.45%)	00:01:00	4 (0.84%)	75.00%	14.68%	\$0.33 (55.04%)
5. Roseville Economic Development Authority (REDA) - Imap	104 (6.09%)	96 (6.96%)	00:00:30	1 (0.21%)	0.00%	5.77%	\$0.28 (47.51%)
6. Roseville, MN Available Sites	89 (5.21%)	78 (5.65%)	00:02:14	2 (0.42%)	100.00%	35.96%	\$0.76 (127.77%)
7. Community Profile of Roseville	47 (2.75%)	42 (3.04%)	00:03:57	4 (0.84%)	75.00%	46.81%	\$0.43 (72.39%)
8. Our Partners	45 (2.63%)	36 (2.61%)	00:00:18	2 (0.42%)	50.00%	17.78%	\$0.75 (126.68%)
9. Staff of Roseville	36 (2.11%)	35 (2.54%)	00:00:36	1 (0.21%)	100.00%	16.67%	\$1.03 (173.74%)
10. Roseville's Prime Location	28 (1.64%)	26 (1.88%)	00:00:51	2 (0.42%)	50.00%	10.71%	\$0.73 (123.43%)
11. Quality of Life	27 (1.58%)	22 (1.59%)	00:02:06	2 (0.42%)	100.00%	22.22%	\$0.64 (107.49%)
12. Economic Development Authority	25 (1.46%)	23 (1.67%)	00:00:43	1 (0.21%)	100.00%	32.00%	\$0.65 (110.16%)
13. Education in Roseville	25 (1.46%)	25 (1.81%)	00:00:19	2 (0.42%)	100.00%	24.00%	\$0.60 (101.35%)
14. Roseville, MN Featured Properties	19 (1.11%)	19 (1.38%)	00:00:09	1 (0.21%)	0.00%	0.00%	\$0.74 (124.46%)
15. Roseville Demographics	18 (1.05%)	18 (1.30%)	00:00:48	1 (0.21%)	100.00%	38.89%	\$0.39 (65.69%)
16. Visit Roseville	17 (0.99%)	14 (1.01%)	00:01:40	1 (0.21%)	100.00%	23.53%	\$0.43 (72.39%)
17. Roseville Business Resources	15 (0.88%)	12 (0.87%)	00:00:43	1 (0.21%)	100.00%	20.00%	\$0.42 (70.38%)
18. Contact Roseville	14 (0.82%)	10 (0.72%)	00:01:55	1 (0.21%)	100.00%	28.57%	\$1.00 (168.91%)
19. Employment in Roseville MN	14 (0.82%)	14 (1.01%)	00:00:01	0 (0.00%)	0.00%	0.00%	\$0.64 (108.59%)
	14	13		2			\$0.77

20.	Section 8 Housing	13 (0.82%)	10 (0.94%)	00:02:00	8 (0.42%)	0.00%	14.29%	\$0.00 (129.93%)
21.	Roseville News & Media - Comcast Investing in Roseville	13 (0.76%)	10 (0.72%)	00:01:12	8 (1.09%)	100.00%	53.85%	\$0.10 (16.89%)
22.	Location Advantages	12 (0.70%)	12 (0.87%)	00:00:39	0 (0.00%)	0.00%	8.33%	\$0.25 (42.23%)
23.	Media Library	12 (0.70%)	12 (0.87%)	00:01:26	0 (0.00%)	0.00%	16.67%	\$0.25 (42.23%)
24.	Roseville Site Map	12 (0.70%)	2 (0.14%)	00:00:13	0 (0.00%)	0.00%	0.00%	\$1.00 (168.91%)
25.	Roseville News & Media	11 (0.64%)	10 (0.72%)	00:00:16	2 (0.42%)	100.00%	45.45%	\$0.50 (84.46%)
26.	About Roseville	10 (0.59%)	4 (0.29%)	00:00:44	1 (0.21%)	100.00%	10.00%	\$0.75 (126.68%)
27.	Business Events in Roseville	10 (0.59%)	8 (0.58%)	00:00:30	0 (0.00%)	0.00%	10.00%	\$0.75 (126.68%)
28.	Demographics of Roseville	10 (0.59%)	9 (0.65%)	00:01:01	0 (0.00%)	0.00%	10.00%	\$0.44 (75.07%)
29.	Housing in Roseville	10 (0.59%)	10 (0.72%)	00:00:26	0 (0.00%)	0.00%	20.00%	\$0.70 (118.24%)
30.	Roseville MN Workforce Programs and Resources	9 (0.53%)	9 (0.65%)	00:00:26	0 (0.00%)	0.00%	22.22%	\$0.33 (56.30%)
31.	Business in Roseville	8 (0.47%)	8 (0.58%)	00:00:18	0 (0.00%)	0.00%	12.50%	\$0.50 (84.46%)
32.	Higher Education	8 (0.47%)	7 (0.51%)	00:00:13	0 (0.00%)	0.00%	0.00%	\$0.29 (48.26%)
33.	Roseville News & Media - A Region-by-Region Look at Minnesota's Economy	8 (0.47%)	8 (0.58%)	00:03:56	0 (0.00%)	0.00%	37.50%	\$0.75 (126.68%)
34.	Why Roseville	8 (0.47%)	8 (0.58%)	00:00:08	1 (0.21%)	100.00%	37.50%	\$0.38 (63.34%)
35.	Remodeling Resources	6 (0.35%)	6 (0.43%)	00:00:03	0 (0.00%)	0.00%	50.00%	\$0.33 (56.30%)
36.	Roseville Economic Development Authority (REDA) - HTTP/1.1 404 Not Found	6 (0.35%)	6 (0.43%)	00:00:00	6 (1.27%)	100.00%	100.00%	\$0.00 (0.00%)
37.	Senior Housing in Roseville	6 (0.35%)	6 (0.43%)	00:01:15	0 (0.00%)	0.00%	0.00%	\$0.33 (56.30%)
38.	Site Sectors of Roseville	6 (0.35%)	5 (0.36%)	00:00:26	1 (0.21%)	100.00%	16.67%	\$1.40 (236.47%)
39.	Submit an Employment Opportunity	6 (0.35%)	6 (0.43%)	00:05:37	0 (0.00%)	0.00%	16.67%	\$1.17 (197.06%)
40.	Housing Studies	5 (0.29%)	5 (0.36%)	00:01:12	0 (0.00%)	0.00%	0.00%	\$0.60 (101.35%)
41.	Workforce	5 (0.29%)	4 (0.29%)	00:00:11	0 (0.00%)	0.00%	40.00%	\$0.00 (0.00%)
42.	Archive	4 (0.23%)	4 (0.29%)	00:00:18	2 (0.42%)	100.00%	75.00%	\$0.00 (0.00%)
43.	Foreclosure Prevention	4 (0.23%)	4 (0.29%)	00:03:29	0 (0.00%)	0.00%	0.00%	\$1.25 (211.14%)
44.	Green Remodeling Award	4 (0.23%)	4 (0.29%)	00:04:07	0 (0.00%)	0.00%	25.00%	\$0.25 (42.23%)
45.	Housing Programs & Energy Assistance	4 (0.23%)	4 (0.29%)	00:11:54	0 (0.00%)	0.00%	50.00%	\$0.50 (84.46%)
46.	Roseville News & Media - Digital Marketing Firm Growing in Roseville	4 (0.23%)	1 (0.07%)	00:01:11	0 (0.00%)	0.00%	0.00%	\$0.00 (0.00%)
47.	Roseville News & Media - Join Us for OVALumination	4 (0.23%)	1 (0.07%)	00:00:31	0 (0.00%)	0.00%	25.00%	\$0.00 (0.00%)
48.	Roseville Workforce Occupations	4 (0.23%)	4 (0.29%)	00:00:13	0 (0.00%)	0.00%	0.00%	\$1.00 (168.91%)
49.	Roseville, MN Available Buildings	4 (0.23%)	2 (0.14%)	00:00:33	0 (0.00%)	0.00%	0.00%	\$0.00 (0.00%)
50.	Housing Replacement Program	3 (0.18%)	2 (0.14%)	00:00:05	0 (0.00%)	0.00%	0.00%	\$0.50 (84.46%)
51.	Lending Center	3 (0.18%)	3 (0.22%)	00:00:03	0 (0.00%)	0.00%	0.00%	\$1.33 (225.21%)
52.	Roseville Economic Development Authority (REDA) - Why Roseville - Community Snapshot	3 (0.18%)	3 (0.22%)	00:00:09	1 (0.21%)	100.00%	66.67%	\$0.00 (0.00%)
53.	Roseville News & Media - Energy Solutions for Your Home or Business	3 (0.18%)	1 (0.07%)	00:01:47	0 (0.00%)	0.00%	0.00%	\$0.00 (0.00%)
		3	1		0			\$1.00

54.	Roseville News & Media - Tapped and Uncorked for Our Parks	2 (0.18%)	1 (0.07%)	00:03:45	0 (0.00%)	0.00%	0.00%	(168.91%)
55.	Roseville News & Media - Become an NFL Supplier	2 (0.12%)	1 (0.07%)	00:05:47	0 (0.00%)	0.00%	0.00%	\$0.00 (0.00%)
56.	2014 Green Award Winner	1 (0.06%)	1 (0.07%)	00:00:25	0 (0.00%)	0.00%	0.00%	\$0.00 (0.00%)
57.	2015 Green Award Winner	1 (0.06%)	1 (0.07%)	00:00:22	0 (0.00%)	0.00%	0.00%	\$0.00 (0.00%)
58.	Roseville Economic Development Authority (REDA) - Site Sectors of Roseville - Test	1 (0.06%)	1 (0.07%)	00:00:20	0 (0.00%)	0.00%	0.00%	\$2.00 (337.82%)

Attachment A



MEMORANDUM

TO: Jeanne Kelsey, Housing and Economic Development Program Manager
 FROM: Martha Ingram, Kennedy & Graven, Chartered
 DATE: September 20, 2017
 RE: HRA Tax Levies

You have requested an explanation of the authorized uses for levy dollars generated by the Roseville Housing and Redevelopment Authority (“HRA”) prior to the transfer of its powers to the Roseville Economic Development Authority (“EDA”). This type of levy is sometimes referred to as the “HRA levy” and is described as follows.

The law governing HRAs is codified at Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”). Under Section 469.033 of the HRA Act, an HRA may levy a tax on its area of operation for the purposes authorized under the HRA Act, subject to consent by the city council. The levy may not exceed .0185 percent of the taxable market value in the City. The “area of operation” of the authority is the boundaries of the City. The HRA historically exercised its authority to levy this tax, and allocated the levy dollars to the Roseville Multi-Family Rental Program, which was intended to assist the owners of multi-family rental properties with exterior and interior improvements and rehabilitation of those properties.

Under Minnesota Statutes, Section 469.091, an economic development authority has all the powers of a housing and redevelopment authority under the HRA Act, unless those powers are limited by the City’s enabling resolution that established the authority. The enabling resolution that established Roseville’s EDA contained no such limitations, and in fact transferred the powers of the City’s HRA to the EDA, including the HRA’s existing programs and funds. Therefore, the EDA may essentially act as a housing and redevelopment authority and exercise all powers under the HRA Act, as well as exercising its economic development powers under Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”).

Since the EDA has all the powers of a housing and redevelopment authority, the EDA may levy an HRA levy under Section 469.033 of the HRA Act, subject to the same limitations and procedures that would apply if it were levied by a housing and redevelopment authority. The EDA has not levied taxes under its HRA levy authority since this authority was transferred to the EDA (instead, it has levied under separate authority expressly granted to economic development authorities under the EDA Act). However, due to underutilization of the Roseville Multi-Family Rental Program, the HRA levy funds allocated to this program are mainly intact, and the program has accumulated a fund balance of around \$1.5 million. You have asked whether the funds allocated to this program may be used for other purposes.

The short answer is yes. HRA levy funds that have been allocated to a particular program, but which have not been contractually committed to a specific use under that program, may be used for any other use authorized under the HRA Act. The HRA levy has only one important limitation that bears directly on the question of authorized use. That is, Minnesota Statutes, Section 469.033, subd. 6 provides that the proceeds must be used only “for the purposes of [the HRA Act].” Those purposes, broadly, include redevelopment to correct or prevent blight, and development of or assistance to housing for low or moderate income persons. HRA levy dollars should not be used for economic development purposes such as assistance to a developer of a new business constructed on previously undeveloped land.

To a large extent, the prohibition against economic development uses of HRA levy dollars is academic in an established first-ring suburb such as Roseville. The city has been almost completely developed, and most (if not all) projects presented to the EDA involve redevelopment in one form or another. Therefore, although the EDA should be aware of the prohibition against “straight economic development” when considering uses for its HRA levy dollars, in practical application there will be very few instances where a proposed economic development use for these funds cannot be reasonably connected to a redevelopment-related purpose. Examples of authorized uses for the HRA levy include (and this is by no means an exclusive list) deposit into an EDA revolving loan fund, grants or loans to developers to assist with the cost of affordable housing, acquisition of blighted property for housing and/or redevelopment, construction or replacement of infrastructure related to housing or redevelopment projects, incentives to homeowners or commercial property owners for rehab, or staff and/or consultant time spent on housing and redevelopment matters.

If you have further questions on this matter or wish to discuss specific proposed uses of the HRA levy, please give me a call.



Memo

To: Kari Collins, Community Development Director
 Jeanne Kelsey, Housing & Economic Development Manager

From: Chris Miller, Finance Director

Date: August 14, 2017

Re: Summary of Available Funds for the Roseville EDA

Kari and Jeanne,

The information below contains a brief overview of the funds available to the Roseville Economic Development Authority for the period ending 7/31/17. For legal and management purposes, these monies are segregated into six separate funds that carry varying restrictions. They include:

- Community Development Block Grant (CDBG) Program (*Fund 721*)
- General Housing & Redevelopment Programs (*Fund 723*)
- Housing Replacement / Single Family Construction Program (*Fund 720*)
- Property Abatement Program (*Fund 722*)
- Multi-Family & Housing Program (*Fund 724*)
- General EDA Operating Program Fund (*Fund 725*)

The Community Development Block Grant (CDBG) Fund is governed by an agreement with Ramsey County in accordance with federally-established CDBG requirements.

The General Housing & Redevelopment, Housing Replacement, Property Abatement, and Multi-Family Programs were previously managed by the City's Housing & Redevelopment Authority (HRA). The Roseville EDA/HRA Attorney has opined that these monies can only be spent for activities permitted under the statutory HRA laws.

Finally, the General EDA Program fund can only be used for any activities permitted under the statutory EDA laws. Similar to the City's General Fund, this fund serves as the EDA's *primary* operating fund and includes on-going staffing & legal representation, studies & analyses, marketing efforts, and other costs.

Because the only on-going funding source for General EDA Programs is the property tax levy, this fund needs to maintain a 50% cash reserve level to provide for operational needs in between tax levy collection periods.

The available funds as of 7/31/17 is shown in the chart below:

	7/31/2017
	Funds
<u>Program</u>	<u>Available</u>
CDBG Program	\$ 343,378
SF Revolving Loans Held by 3rd Parties (partial pending)	679,462
Housing Replacement / SF Construction	424,079
Property Abatement	127,738
Multi-Family & Housing Program	1,645,299
General EDA Programs *	120,718
Total Available Funds	\$ 3,340,674
* \$165,000 is needed for cash-flow purposes to meet operational needs in between tax levy collection periods.	

In addition to these amounts, the EDA also has a number of outstanding loans and mortgages that will provide varying levels of income in future years. They are summarized in the table below.

	7/31/2017
	Loan/Mortgage
<u>Program</u>	<u>Value</u>
CDBG: 960 Lovell	\$ 13,217
CDBG: Sienna Green	361,844
CDBG: 1491 Applewood Court	59,000
CDBG: 1497 Applewood Court	59,000
General Housing Programs: GMHC/Other	272,248
Housing Replacement / SF Construction: 1481 Applewood Ct. (a)	55,000
Housing Replacement / SF Construction: 1491 Applewood Ct. (a)	36,000
Housing Replacement / SF Construction: 1497 Applewood Ct. (a)	28,000
Multi-Family & Housing Program: Sienna Green	18,210
Total Loan/Mortgage Value	\$ 902,519
(a) The City has a 2nd mortgage position on these loans	

Finally, I will note that the City also holds approximately \$781,000 in the newly-created SE Roseville Redevelopment Fund (*Fund 428*). You will recall that the source of these funds was the City's former TIF District #12: Arona Site.



BUSINESS FINANCING

SBA Loans | Financial Packaging | Federal, State and Local Financing | Incentive Financing | Revolving Loan Funds

September 22, 2017

Jeanne Kelsey
 Housing and Economic Development Program Manager
 City of Roseville
 2660 Civic Center Drive
 Roseville, MN 55113

Dear Jeanne:

It was a pleasure to meet with you to discuss the needs of the City of Roseville's Economic Development Program. Central Minnesota Development Company (CMDC) is a provider of Revolving Loan Fund Management Services for units of government. You requested that we provide you and the City of Roseville with a proposal for this type of service to help you professionally manage and effectively operate a Revolving Loan Fund to assist Roseville's business community. The following information outlines how we can work with you and the City to achieve your desired economic development objectives.

RLF Management Services

- Having experience on your team matters. *CMDC* is leader in providing *RLF Management Services* and economic development solutions as a locally based nonprofit SBA Certified Development Company. The U.S. Small Business Administration has designated *CMDC* as a "SBA Premier Certified Lender". We are one of only 25 CDC's in the nation with this designation.
- *CMDC* provides loan packaging and underwriting services and can assist you with related marketing activities for your Revolving Loan Fund. As part of the underwriting process *CMDC* will prepare all *credit memos* for distribution to the staff and/or EDA. The *credit memo* serves as the foundation for making sound credit decisions.
- The Revolving Loan Fund (RLF) would be governed by The Roseville EDA or its assigns. All credit decisions would be made by the EDA or City staff.
- *CMDC* would provide ongoing loan servicing of the loan portfolio including quarterly servicing reports to the City of Roseville.

Loan Servicing

Loan servicing involves more than collecting and depositing a payment from a borrower. *CMDC* services community based Revolving Loan Funds in accordance with "*prudent lending practices*". While *CMDC* monitors RLF loans to ensure that the borrower is making timely payment to the community, we also take appropriate action to follow-up with the borrower on past due accounts including telephone contact, letters, site visits, etc.

1885 Station Parkway NW Andover, MN 55304

763.784.3337 | f: 763.784.3338 | www.cmdcbusinessloans.com

September 22, 2017

Jeanne Kelsey

Page Two

When servicing loans CMDC performs the following tasks for the community:

1. CMDC obtains and reviews the borrower's financial statements at least annually.
2. CMDC documents that the borrower has made timely payment of taxes and insurance premiums.
3. CMDC creates a system for monitoring Uniform Commercial Code filing dates on collateral securing the RLF loan. We prepare and file re-recorded UCC financing statements before they lapse in order to insure continuity of "perfection" of the community's lien position.
4. CMDC monitors other financing with liens senior to the RLF loan to ensure that payments are current.
5. CMDC makes field visits as necessary to review business operations and the condition of collateral.
6. CMDC reports to the community or EDA any default or any other adverse trend, condition or information about the borrower that it is able to discover.
7. Upon borrower's default or the occurrence of an adverse condition CMDC outlines intensive/remedial servicing actions as ordinarily performed by a prudent lender.
8. CMDC staff refers borrowers to management assistance resources when appropriate.
9. CMDC ensures that all servicing actions proposed are in accordance with the terms and conditions of loan approval.

Loan Origination and Underwriting

When underwriting an RLF Loan CMDC staff looks at the Applicant (including the Operating Company). Each applicant must be creditworthy and loans must be so sound as to reasonably assure repayment.

CMDC staff evaluates the credit history of the applicant (and the Operating Company if applicable), its Associates, and guarantors, including historical performance as well as the potential for long term success. Items that are identified during this process include:

1. The financial strength of the business and;
2. The applicant's ability to repay the loan with earnings from the business.

For every loan request CMDC staff would complete an analysis of historical cash flow for potential borrowers that would determine whether there is complete debt service coverage for the Roseville RLF loan. This process involves a calculation of operating cash flow (OCF) defined as earnings before interest, taxes, depreciation and amortization (EBITDA), past earnings, as well as projected cash flow.

September 22, 2017

Jeanne Kelsey

Page Three

Experience Matters

The staff at CMDC has over 75 years of combined lending experience. When packing, processing and servicing loans, experience matters. The following staff members will be assigned to provide support for your economic development program.

Michael Mulrooney, President

Mike Mulrooney founded CMDC in 1978. He has over 40 years of finance and economic development experience. Mike previously served as Director for the Minnesota Department of Economic Development, the state's largest economic development agency. Following his years of service at the state, he established and grew several companies involved in providing business and economic development services. Mike has held many leadership positions including the position of President of the Minnesota Industrial Development Association, the predecessor to the Economic Development Association of Minnesota (EDAM) and; Chairman of the Minnesota Economic Development Foundation (MEDF). In recognition of his contributions to the State of Minnesota and the economic development profession, EDAM presented Mike with its prestigious "Presidents Award" at its 50th Anniversary Celebration. Mike currently serves on the Board of Directors of several technology and manufacturing companies in Minnesota. He is certified as an "Economic Development Finance Professional" (EDFP) and is a graduate of St. Cloud State University and the University of St. Thomas MBA Program.

Scott Schake, Senior Vice President, Chief Credit Officer.

Mr. Schake has served as Senior Vice President for CMDC since February of 2004. Prior to joining CMDC, Scott has worked for several banks in key management positions. He has previously been employed as a bank examiner for the FDIC and has served as the Chief Credit Officer for a major lender in Central Minnesota. His current responsibilities include serving as CMDC's Senior Vice President in charge of lending operations. Scott is a graduate of St. Cloud State University with degrees in Finance and Economics.

Kevin Weeres, Vice President

Mr. Weeres joined CMDC in 2007. He was previously employed for over 10 years as a Vice President with the First National Bank of Elk River. Kevin has significant commercial lending experience and a background in mortgage banking. He is a graduate of the Minnesota Bankers Association Commercial Lending School and St. Cloud State University with a Bachelor of Science Degree in Real Estate.

September 22, 2017

Jeanne Kelsey

Page Four

Mary Beth Watkins, Loan Servicing Officer

Ms. Watkins joined CMDC in January 2014. She has a Bachelors of Science degree in Business Management along with a Certificate in Accounting and Paralegal studies. In her current position she provides staff support for loan servicing and closing functions for the company. Mary Beth is a graduate of the University of Minnesota with a degree in Business Management.

Donna Spah, Loan Closing Officer.

Ms. Spah has served as CMDC's Loan Closing Officer since June 1995. In this capacity Donna is responsible for managing loan closing functions for the company.

Tom Spence, Loan Officer

Mr. Spence recently joined CMDC following an extensive career in the financial services industry. Tom has advised small to medium sized companies on their strategic direction, including identifying and securing private equity capital for the rollout and growth of their businesses. His expertise also includes advising clients on the buy/sell decision and raising private equity capital for emerging companies. Tom is a graduate of Bethel University.

Why should the City of Roseville add CMDC to its Economic Development Team?

- Sound business and investment practices are important when managing public funds. CMDC has the professional staff, sophisticated investment analysts and seasoned management to give it the unique capacity to manage revolving loan funds for local economic development programs. This is why CMDC is the only Certified Development Company that was selected by the Minnesota Department of Employment and Economic Development to manage, underwrite and service the state's Urban Initiative Fund and the Minnesota Emerging Entrepreneurs Loan Program.
- CMDC has over 40 years of experience as a small business lender and financial advisor to units of government in the Twin City Metro and Greater Minnesota market.
- Revolving loan funds are often managed by volunteers and/ or local government staff. Many lack experience in economic development lending. CMDC provides excellent support to local units of government by providing continuity and consistency along with professional experience.
- Through CMDC's network and expertise, additional funding programs can be made available to the City to be used in conjunction with the local Revolving Loan Fund. These funds can be used to supplement the Revolving Loan Funds of the City of Roseville in certain situations and can add significant value to the city's economic development program.

September 22, 2017

Jeanne Kelsey

Page Five

What are the Costs?

- CMDC assesses a 2.5% portfolio management fee to help defray costs incurred while providing program services, including loan servicing, meetings with potential borrowers and city staff and the governing body. It is paid monthly to CMDC on a pro rata basis. By way of example, if the outstanding loan portfolio balance is \$100,000.00, CMDC will be paid \$208.33 per month commencing on the first day of the month and thereafter during the term of the loan.
- CMDC will package, process and service all loans on behalf of the City of Roseville and its Revolving Loan Fund. A loan packaging/processing fee of 1.5% of the loan amount or \$2,500, whichever is greater, will be charged on all loans. These costs are typically passed on to borrowers as their loans are processed. This fee structure is consistent with the SBA 504 Loan program.
- The EDA and the Fund will retain all principal and interest earnings associated with the loan portfolio net of CMDC fees.
- CMDC services usually result in no cost to the City or EDA as the costs for services can be passed on to borrowers in the form of interest expense and/or packaging fees.
- In addition to fund management, underwriting and loan servicing, CMDC can assist the City with the design of effective underwriting policies and guidelines. This task is completed through a workshop with the city staff and/or EDA at a cost not to exceed \$6,000 based on an hourly rate of \$250 per hour.

Jeanne, we look forward to providing RLF Management Services to the City of Roseville and its EDA. Feel free to contact me at any time if you have questions regarding this proposal.

Best regards,

Michael J. Mulrooney

Michael J. Mulrooney
President