

**THE REDEVELOPMENT AGENCY OF MIDVALE CITY
RESOLUTION NO. 2021-15RDA**

**A RESOLUTION APPROVING THE MIDVALE CITY MAIN STREET REVOLVING
LOAN PROGRAM**

WHEREAS, the Redevelopment Agency of Midvale City ("Agency") was created to transact the business and exercise the powers provided for in the Utah Redevelopment Agencies Act; and

WHEREAS, on November 17, 2015 the Agency adopted Resolution 2015-13RDA approving the CDA Project Area Plan for the Midvale Main Street CDA Project Area; and

WHEREAS, the Agency and Midvale City ("City") seek to revitalize the Midvale Main Street CDA Project Area; and

WHEREAS, the Agency seeks to incentivize the right development and improvements through low interest loans to activate and revitalize Midvale's Main Street area; and

WHEREAS, funds available in the amount of 1.5 million dollars will be loaned from the Bingham Junction Project Area to the Main Street Project Area to be utilized as loans for eligible businesses and upon completion of the program, will be repaid to the Bingham Junction Project Area.

WHEREAS, the Agency desires to create a program for the purpose of facilitating the revitalization of Main Street.

NOW THEREFORE BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY, that the Board of Directors does hereby authorize the Chief Administrative Officer and Executive Director to implement the Main Street revolving loan program to promote and incentivize the redevelopment of Midvale City Main Street.

Passed and Adopted by the Board of Directors of the Redevelopment Agency of Midvale City, State of Utah, this 7th day of September, 2021.



Robert M. Hale,
Chief Administrative Officer



Matt Dahl
Executive Director

ATTEST:

Rori L. Andreason

Rori L. Andreason, MMC
Secretary



Voting by the Council:

"Aye" "Nay"

Quinn Sperry

☒ ☐

Paul Glover

☒ ☐

Heidi Robinson

☒ ☐

Bryant Brown

☒ ☐

Dustin Gettel

☒ ☐



Redevelopment Agency of Midvale City Main Street Project Area Business Loan Program

I. Purpose

The (RDA) Main Street Project Area Business Loan Program's purpose is to support and promote the growth and improvement of businesses within the Main Street Project Area. The objective is to stimulate business development and expansion by making loans available to businesses operating within Midvale's Main Street Project Area or are relocating or starting up a business within the Area. These businesses must be committed to creating a sense of place along Main Street project area by shaping redevelopment, enhancing arts and culture, preserving and celebrating history, and providing or supporting spaces for people to gather and recreate.

II. Eligibility

1. The business already exists within Midvale's Main Street Project Area, is relocating to the Area, or is a startup locating within the Area.
2. Property taxes and special assessments must be current, with no judgments or liens outstanding against the applicant(s).
3. The applicant must provide sufficient evidence of their capabilities to successfully complete the project.
4. The applicants' credit history must demonstrate prompt payment of past obligations.
5. Minimum Eligibility: To be considered for a loan the project must score a minimum score of 25/40 in meeting four key public benefit criteria of Economic Development, Public Amenity, Beautification, and Street Activation. These criteria are found in the chart below in Section V.
6. Public Benefit Incentive: A reduction to the standard interest rate is available for projects that receive more than the minimum score in meeting any combination of criteria in the Public Benefit Criteria Chart found in Section V. For every 5 points earned over the minimum score required, a project is eligible to receive a rate reduction of .25% from the standard interest rate, with a maximum reduction not to extend below a 1% interest rate. For each interest rate reduction received, compliance and reporting requirements will be triggered to ensure that public benefit criteria are being met.

III. Loan Types & Use of Funds

1. Startup business (0-3 years old): Can apply for loans up to \$25,000
2. Existing business (3+ years old): Can apply for loans up to \$250,000

- a. Loan Committee can waive the 3-year requirement if borrower(s) can demonstrate comparable experience within the industry.
- 1. Loans for start-up and businesses expansion.**
 - a. Inventory, marketing, materials, space, labor, supplies, and operating maintenance.
- 2. Loans for Physical Improvement and Real Estate Purchases Under \$25,000**
 - a. Land and building acquisition.
 - b. Building construction and renovation (with restrictions).
 - c. Façade improvements: signage, building, and landscaping (restrictions apply).
 - d. Energy and equipment upgrades and building retrofits.
 - e. To get building/business in compliance with all applicable Midvale City building codes and ordinances.
- 3. Loans for Physical Improvement and Real Estate Purchases Over \$25,000.**
 - a. Land and building acquisition.
 - b. Building construction and renovation (with restrictions).
 - c. Façade improvements: signage, building, and landscaping (restrictions apply).
 - d. Energy and equipment upgrades and building retrofits.
 - e. To get building/business in compliance with all applicable Midvale City building codes and ordinances.

*RDA funds cannot be used for the refinancing of existing debt.

IV. Terms

- 1. Loans for start-up costs and expansion expenses.**
 - a. Loan Amount: Loans will provide up to \$25,000.
 - b. Standard Loan Term: 6 months to 5 years. Loan may be prepaid, in part or whole, at any time without penalty but may not be transferred.
 - c. Background Check: Required.
 - d. Credit Score: No minimum. (Credit scores determine loan amount, interest rate, and collateral %).
 - e. Collateral: Must have 10% minimum of available collateral.
 - f. Defaulting on the loan will result in the loss of collateral.
 - g. Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.

- h. Base Interest Rate: US Prime Rate +1.5% (- Public Benefit Score Reduction, if applicable); base interest rate may not be lower than 1%.

2. Loans for Physical Improvement and Real Estate Purchases Under \$25,000

- a. Loan Amount: Loans will provide up to \$25,000.
- b. Loan Term: 6 months to 5 years. Loan may be prepaid, in part or whole, at any time without penalty but may not be transferred.
- c. Background Check: Required.
- d. Credit Score: No minimum. (Credit scores determine loan amount, interest rate, and collateral %).
- e. Collateral: Must have 10% minimum of available collateral.
- f. Default: Defaulting on the loan will result in the loss of collateral.
- g. Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- h. Base Interest Rate: US Prime Rate +1.5%(- Public Benefit Score Reduction, if applicable); base interest rate may not be lower than 1%.

3. Loans for Physical Improvement and Real Estate Purchases Over \$25,000

- a. Loan Amount: Loans will provide up to \$250,000.
- b. Loan Term: 6 months to 7 years. Loan may be prepaid, in part or whole, at any time without penalty but may not be transferred.
- c. Background Check: Required.
- d. Credit Score: Minimum Credit Score of 640 .
- e. Collateral: Must have 10% minimum of available collateral.
- f. Base Interest Rate: US Prime Rate + 1.5% (- Public Benefit Score Reduction, if applicable); base interest rate may not be lower than 1%.
- g. Loan to Value Ratio: 85% of the property value or project expense.
- h. Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- i. Must be approved by the Midvale Redevelopment Agency Board.
- j. Appraisal and Title report are required prior to loan authorization. Staff may waive this requirement if they find that the provided information is sufficient .

* Loan terms are standard; however, they can be negotiated with staff but will require approval by the Redevelopment Agency Board.

V. Public Benefit Criteria

Public Benefit	Description	Criteria	Score
Economic Impact	To foster redevelopment, neighborhood services, and locally-owned businesses.	<p>The project will catalyze economic impacts through one of the following:</p> <ul style="list-style-type: none"> • The project will remove blight through the rehabilitation/replacement of a vacant and distressed building, or construct a new building on vacant and underutilized land; • The project will provide complementary services and businesses that are currently lacking in the Main Street Project Area; • The project will provide a venue or useable space for events; or • The project will prioritize space for locally-owned businesses. • The project will provide new local restaurants or similar businesses. Additional points will be given for projects that provide outdoor/rooftop dining or unique dining experiences. 	___/10
Public Amenities	To promote community amenities that provide opportunity for social interaction, support cultural events, promote neighborhood identity, and reinforce neighborhood character.	<p>The project includes one of the following public amenities that reinforces neighborhood character and scale:</p> <ul style="list-style-type: none"> • The project includes a significant usable open space, public walkways, gathering spaces or other publicly accessible amenity; 	___/10

		<ul style="list-style-type: none"> • The project includes a significant public art amenity; or • The project will provide complementary services and businesses that are currently lacking in the Main Street Project Area. 	
Adaptive Reuse	To promote the revitalization of underutilized buildings that preserve the character of the Project Area while promoting new land uses.	The project will preserve or repurpose a building through the conversion of existing structures into new land uses via a form-based code (FBC) model.	___/10
Historic Preservation	To promote the historic character of the Project Area through preservation of existing and historic buildings.	The project will preserve and rehabilitate architecturally or historically significant buildings or landmarks. Structures must be deemed to be historically significant and rehabilitated as according to historic preservation or equivalent standards.	___/10
Beautification	To promote the beautification and character through strategic improvements that will continue the look and feel that is already established the Main Street Project Area.	The project will promote a sense of place and will help to maintain the desired look and feel of the Main Street Project Area. This will incorporate building improvements that are not historic, including building façade improvements, street or walkway improvements, and art installations or murals, to provide a cohesive, unique and historic feeling.	___/10
Educational or Arts-Based Business	To create social impact by providing residents and guests with educational opportunities and an increase in arts-based programming.	The project will preserve, create, or repurpose a building in order to offer arts-based programming and/or a space for educational opportunities.	___/10

Sustainability	To promote a built environment that assists with protecting resources and promoting greater resiliency.	The project demonstrates a commitment to an industry-recognized certification program including, but not limited to, Passive House, Energy Star, LEED, and Enterprise Green Communities programs.	___/10
Street Activation	To promote businesses that can attract active patronage to the area.	The project can demonstrate their ability to attract (#) number of patrons, visitors, and guests to the Main Street Project Area on a regular basis and has established hours that are patron- and visitor-friendly including weekends and evenings.	___/10
Permanent Job Creation and Retention	To promote the Main Street Project Area with a balanced economy that produces jobs that create a supportive environment for entrepreneurs and innovators.	The project will create or retain at least one job per \$50,000 received in program funding. These jobs need be centered on creating innovative hubs and include, retail, food and beverage, service providers, and cultural institutions.	___/10
Existing Business in Project Area	To improve or expand existing services to create vibrancy and attract additional foot traffic to the Main Street Project Area.	The business has been a part of Midvale's Main Street Project Area for at least 2 years and is looking to renovate or expand.	___/10
Affordable Housing: AMI Targets	To expand the stock of affordable housing to low-income households.	<p>The project meets one of the following standards:</p> <ul style="list-style-type: none"> • 20% of the units of a project occupied by tenants with annual income of 50% or less of the AMI; or • 40% of the units of a project must be occupied by tenants with annual income of 60% or less of AMI. 	___/10

V. Loan Process

1. Download Part A of the Application and submit the completed application to the Redevelopment Agency Manager at chill@midvale.com. The preliminary review generally takes 10 business days. A credit check will be conducted during this time.
2. If Part A Application is approved, please proceed to Part B of the Application and submit the completed application along with the non-refundable application fee of \$75.00 and the documents listed on page 10 of the Part B Application. *Acceptance of Part B Application does not constitute loan approval.*
3. Email the RDA's Executive Assistant at kandrus@midvale.com or call 801-567-7211 to set up a time to review the completed application.
4. Once reviewed by the RDA Staff, you will schedule a meeting where you will present about your business and answer any outstanding questions. RDA staff will evaluate the loan application based on Section VII and the following criteria:
 - ☐ Is the request for funds in accordance with RDA Loan Program Guidelines?
 - ☐ Is the project financially feasible to complete development?
 - ☐ Are there any undue financial benefits to the applicant, or is the owner's projected return on equity unreasonably high?
 - ☐ Are the capital sources for financing identified and reasonable?
 - ☐ Are RDA funds necessary and appropriate to the development?
 - ☐ Are the developer's capabilities and strength of collateral identified and reasonable?
5. The RDA will evaluate your loan, and in 5-7 business days you will be notified of the decision by email.

*** *The loan process can take several months depending on the completeness of the application and the Loan Committee's availability.* ***

VII. Loan Evaluation

Evaluation:

The loan evaluation will be based on an applicant's credit history, ability to repay the loan, management ability, business experience, public benefit, the description for use of funds, and factors in Subsection VI(4). Existing businesses may also be evaluated in terms of any crime issues relating to the business. Based on a Police Department report, a loan may be denied to any business that has crime issues which the RDA is not satisfied with the business's plan of resolution.

Lender Participation:

The RDA encourages participation of private lending institutions and looks favorably at providing funds to fill the gap between the owner's equity and conventional financing. The RDA may subordinate its security interest to the private lender.

Guarantors Required for Loans over \$25,000:

Loans must be guaranteed by the business and personally by the borrower and personal guarantors (all owners with 20% equity or more in the business are required to be a guarantor). Non-profit organizations are only required to provide corporate guarantees. RDA director may waive personal guarantees in cases of unique corporate structures. *Personal guarantors are liable to pay back the outstanding balance of the loan after the liquidation of collateral to the RDA even if the business fails.*

VIII. Required Documents

In addition to the Personal Financial Statement, the following financial documentation is required for loan consideration. Please submit copies electronically and keep the original documents.

1. **Business Taxes:** Provide corporate federal and state income tax returns for the previous three years or for the length of the entity's existence, whichever is less.
2. **Business Financials:** For existing or operating businesses, provide audited corporate financial statements comprised of a profit and loss statement, and balance sheet for the last three years or the number of years in operation (whichever is less), as well as the most recent month-end or quarterly financial statements. Please be advised that some applicants may be asked to provide financial statements for related businesses or businesses in which the guarantors also have substantial ownership of, particularly if the business applying for a loan has been in existence for less than three years.
3. **Personal Taxes/Other Information:** Three years of federal and state income tax returns including all schedules and W-2 forms are required for the member(s) of the legal structure of the business (sole proprietor, partners, and principal officers) who own more than 20% of the business and each guarantor. If real estate is pledged as collateral, the applicant must also provide recent mortgage statements, evidence of the collateral value, and certify that the property has no liens against it.
4. **Business Location Information:** Provide a copy of the existing or proposed lease agreement, a mortgage statement, deed, or evidence of site control.
5. **Business Confidentiality Request Form:** Complete and submit a business confidentiality request form.
6. **Articles of Incorporation:** Provide a copy of the existing Articles of Incorporation to legally document the existence of the business.
7. **Business Plan:** A business plan serves as a company's road map, defining a clear goal of what the company will become and how it is going to get there. The plan should convey a thorough understanding of the purpose of the business, who the target market is, the competitive environment, and how the company will adapt to fulfill its objectives. The business plan should also include a complete analysis of the funds needed to meet its objectives including a current financial snapshot and projections. A business plan is an extremely important and useful tool for a business owner to evaluate strengths and weaknesses, seek out areas of improvement, and find the best way to reach financial objectives. All loan requests over \$10,000 MUST provide a full business

plan. Microloans (loan requests under \$10,000) must provide at least an executive summary but may also be required to provide a full business plan at the discretion of the RDA Staff. Your business plan should include the following:

- ☐ Executive Summary
- ☐ Design Plan
- ☐ Description of Product/Services
- ☐ Target Market & Marketing Strategy
- ☐ Neighborhood/Human/Environmental Impact
- ☐ Management Team (bios or resumes)
- ☐ Financial Structure
- ☐ Future Plans