



7505 South Holden Street
Midvale, UT 84047
801- 567-7200
Midvale.Utah.gov

**REDEVELOPMENT AGENCY OF MIDVALE CITY
MEETING AGENDA
JANUARY 16, 2024**

PUBLIC NOTICE IS HEREBY GIVEN that the **Redevelopment Agency of Midvale City** will hold an electronic and in-person meeting on the **16th day of January 2024** as follows:

Electronic & In-Person City Council Meeting

This meeting will be held electronically and in-person. **Public comments may be submitted electronically to the Board consideration at www.Midvalecity.org/government/contact-us by 5:00pm on January 15th and will be included in the meeting record.**

The meeting will be broadcast on the following: **You Tube: Midvale.Utah.gov/YouTube**

6:30 PM OR IMMEDIATELY FOLLOWING THE CITY COUNCIL MEETING

I. GENERAL BUSINESS

- A. WELCOME AND ROLL CALL

II. PUBLIC COMMENTS

Any person wishing to comment on any item not otherwise scheduled for public hearing on the agenda may address the Redevelopment Agency of Midvale City Board at this point by stepping to the microphone and giving his or her name for the record. **Comments should be limited to not more than three (3) minutes unless additional time is authorized by the Redevelopment Agency of Midvale City Board.** Citizen groups will be asked to appoint a spokesperson. This is the time and place for any person who wishes to comment on non-hearing items. Items brought forward to the attention of the Redevelopment Agency of Midvale City will be turned over to staff to provide a response outside of the Redevelopment Agency meeting.

III. CONSENT AGENDA

- A. Consider Minutes of January 2, 2024 [*Rori Andreason, HR Director/City Recorder*]

IV. ACTION ITEMS

- A. Consider **Resolution No. 2024-01RDA** Approving Amendments to the Midvale Main Business Loan Program [*Kate Andrus, Redevelopment Agency Program Manager*]
- B. Consider **Resolution No. 2024-02RDA** Approving the Midvale Main Adaptive Reuse Loan Program [*Kate Andrus, Redevelopment Agency Program Manager*]

V. DISCUSSION ITEMS

- A. Discussion regarding the Cactus and Tropicals Midvale Main Business Loan [*Kate Andrus, Redevelopment Agency Program Manager*]

VI. ADJOURN

In accordance with the Americans with Disabilities Act, Midvale City will make reasonable accommodations for participation in the meeting. Request assistance by contacting the City Recorder at 801-567-7207, providing at least three working days' notice of the meeting. TTY 711

A copy of the foregoing agenda was provided to the news media by email and/or fax. The agenda was also posted at the following locations on the date and time as posted above: City Hall Lobby, on the City's website at Midvale.Utah.gov and the State Public Notice Website at <http://pmn.utah.gov>. Board Members may participate in the meeting via electronic communications. Board Members' participation via electronic communication will be broadcast and amplified so other Board Members and all other persons present in the Council Chambers will be able to hear or see the communication.

DATE POSTED: JANUARY 11, 2024

**RORI L. ANDREASON, MMC
City Recorder**



REDEVELOPMENT AGENCY MEETING

Minutes

Tuesday January 2, 2024

Council Chambers
7505 S Holden Street
Midvale, Utah 84047

CHAIR: Marcus Stevenson

BOARD MEMBERS: Board Member Paul Glover
Board Member Bonnie Billings
Board Member Dustin Gettel
Board Member Bryant Brown
Board Member Heidi Robinson

STAFF: Matt Dahl, City Manager; Nate Rockwood, Assistant City Manager; Rori Andreason, City Recorder; Garrett Wilcox, City Attorney; Mariah Hill, Administrative Services Director; Adam Olsen, Community Development Director; Laura Magness, Communications Director; Cody Hill, Economic Development Director; Glen Kennedy, Public Works Director; Erinn Summers, Project and Policy Manager; Wendelin Knobloch, Planning Director; Chief Randy Thomas, UPD; and Josh Short, Junior Network Administrator.

Chair Stevenson called the meeting to order at 7:57 p.m.

I. GENERAL BUSINESS

A. Roll Call - Board Members Dustin Gettel, Bonnie Billings, Bryant Brown, Heidi Robinson, and Paul Glover were present at roll call.

II. PUBLIC COMMENTS

There was no one who desired to speak.

III. CONSENT AGENDA

A. CONSIDER MINUTES OF DECEMBER 6, 2023

MOTION: Board Member Paul Glover **MOVED** to approve the consent agenda. The motion was **SECONDED** by Board Member Heidi Robinson. Chair Stevenson called for discussion on the motion. There being none he called for a roll call vote. The voting was as follows:

Board Member Bryant Brown **Aye**
Board Member Dustin Gettel **Aye**
Board Member Paul Glover **Aye**
Board Member Bonnie Billings **Aye**

Board Member Heidi Robinson Aye
The motion passed unanimously.

IV. DISCUSSION ITEM

A. DISCUSSION REGARDING AMENDMENTS TO THE MIDVALE MAIN BUSINESS LOAN PROGRAM

Nate Rockwood discussed the amendments to the Midvale Main Business Loan Program.

Purpose:

The Main Street Area Revolving Loan Program stands as a pivotal funding tool in the Main Street redevelopment toolkit, boasting a wide range of potential uses and remarkable flexibility in incentivizing the right developments or improvements to activate the street. The primary role of the Main Street Area Revolving Loan Program is to attract, support, and promote the growth and improvement of businesses within the Main Street Area. The program's overarching goal is to stimulate business development and expansion, thereby enhancing the area's economic vitality.

History:

Since its adoption in 2021, only one loan has been processed under this program. Unfortunately, due to higher interest rates implemented to mitigate inflation, the development and business industry has experienced a significant slowdown. Despite the program's offering of a rate reduction based on a set of public benefit criteria, the final reduction in the interest rate fell short of incentivizing the desired improvements and businesses along the street. Furthermore, upon closer inspection of the program, it became evident that it was not distinctly tailored for businesses or property owners. As a staff, we acknowledge the necessity for funding to facilitate tenant improvements in most of the buildings along Midvale Main. We also recognize the need for gap funding by property owners to address the substantial costs associated with the adaptive reuse of many historical 2 buildings, transforming them into usable shells for tenants. Its due to these identified issues staff is now bringing before the Board three significant changes to the existing program.

Proposed Amendments:

1. The first change involves the separation of the program into two distinct loan programs: Business Loans and Adaptive Reuse Loans. Each program has its own terms and conditions, but both share the revolving nature of the funds and utilize the same funding source. The terms and conditions for both programs are detailed below:

For Business Loans:

Eligibility:

- The business already exists within Midvale's Main Street Project area, is relocating to the area or is a startup locating within the area.
- Property taxes, business license and special assessments must be current, with no judgments or liens outstanding against the applicant(s).

- The applicant must provide sufficient evidence of their capabilities to successfully complete the project.
- The applicants' credit history must demonstrate prompt payment of past obligations.
- 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 Impact, Public Amenity, Permanent Job Creation, and Street Activation. These criteria are found in Section V of the attached program description.
- 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 3 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 minimum interest rate of 1%. For each interest rate reduction received, compliance and reporting requirements will be triggered to ensure that public benefit criteria are being met.

Terms:

- **Loans for start-up costs and expansion expenses.**
 - Loan Amount: Loans will provide up to \$25,000.
 - 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.
 - Background Check: Required.
 - Credit Score: No minimum. (Credit scores determine loan amount, interest rate, and collateral %).
 - Collateral: Must have 60%-80% minimum of available collateral.
 - Defaulting on the loan will result in the loss of collateral.
 - Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- **Loans for Physical Improvement and Real Estate Purchases Under \$25,000**
 - Loan Amount: Loans will provide up to \$25,000.
 - 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.
 - Background Check: Required.
 - Credit Score: No minimum. (Credit scores determine loan amount, interest rate, and collateral %).
 - Collateral: Must have 60%-80% minimum of available collateral.
 - Default: Defaulting on the loan will result in the loss of collateral.
 - Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- **Loans for Physical Improvement and Real Estate Purchases Over \$25,000**
 - Loan Amount: Loans will provide up to \$250,000.
 - 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.

- Background Check: Required.
- Credit Score: Minimum Credit Score of 640 .
- Collateral: Must have 60%-80% minimum of available collateral.
- Loan to Value Ratio: 85% of the property value or project expense.
- Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- Must be approved by the Midvale Redevelopment Agency Board.
- Appraisal and Title report are required prior to loan authorization. Staff may waive this requirement if they find that the provided information is sufficient

For Adaptive Reuse Loans:

Eligibility:

- Applicants must own property with a historic building within Midvale's Main Street Project Area,
- Property taxes, and special assessments must be current, with no judgments or liens outstanding against the applicant(s).
- The applicant must provide sufficient evidence of their capabilities to successfully complete the project.
- The applicants' credit history must demonstrate prompt payment of past obligations.
- Must demonstrate that the requested loan is necessary for the project to success and that the request is reasonable.
- 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 found in Section V.
- 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 3 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 minimum interest rate of 1%. For each interest rate reduction received, compliance and reporting requirements will be triggered to ensure that public benefit criteria are being met.

Terms:

- **Loans for Physical Improvement and Real Estate Purchases Under \$25,000**
 - Loan Amount: Loans will provide up to \$25,000.
 - 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.
 - Background Check: Required.
 - Credit Score: No minimum. (Credit scores determine loan amount, interest rate, and collateral %).
 - Collateral: Must have 100% minimum of available collateral.
 - Default: Defaulting on the loan will result in the loss of collateral.

- Easement: An easement will be placed on the property until the loan is paid repaid in full.
 - Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
 - **Loans for Physical Improvement and Real Estate Purchases Over \$25,000**
 - Loan Amount: Loans will provide up to \$250,000.
 - 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.
 - Background Check: Required.
 - Credit Score: Minimum Credit Score of 640 .
 - Collateral: Must have 100% available collateral.
 - Default: Defaulting on the loan will result in the loss of collateral.
 - Easement: An easement will be placed on the property until the loan is repaid in full.
 - Loan to Value Ratio: 85% of the property value or project expense.
 - Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
 - Must be approved by the Midvale Redevelopment Agency Board.
 - Appraisal and Title report are required prior to loan authorization. Staff may waive this requirement if they find that the provided information is sufficient
2. The second change sets the base interest rate to Prime Rate.
3. The third and final change offers the opportunity to qualify for an interest-free loan within both programs. This incentive is exclusively available to projects identified as Public Benefit Projects, meaning that the project has demonstrated that the funding provided will contribute to significant and positive impacts to Midvale Main.

For Business Loans, these projects must achieve the following:

- a. Loans under \$25,000 must meet the minimum eligibility requirement, attain a minimum score of 35 points under the public benefit criteria which must include full scores in the areas of 1) Economic Impact, 2) Street Activation, 3) Job Creation.
- b. Loans over \$25,000 must meet the minimum eligibility requirement, attain a minimum score of 60 points under the public benefit criteria which must include score in the areas of 1) Economic Impact, 2) Adaptive Reuse or Historical Preservation, 3) Permanent Job Creation, 4) Street Activation.

For Adaptive Reuse Loans, these projects must achieve:

- a. Loans under \$25,000 must meet the minimum eligibility requirement, attain a minimum score of 35 points under the public benefit criteria which must include score in the areas of 1) Economic Impact and 2) Street Activation.
- b. Loans over \$25,000 must meet the minimum eligibility requirement, attain a minimum score of 55 points under the public benefit criteria which must include

score in the areas of 1) Economic Impact, 2) Historical Preservation, 3) Beautification, and 4) Street Activation.

Approval Process:

For both programs, RDA staff will evaluate the loan application based on the public benefit criteria listed under the corresponding programs. The applicant must meet specific thresholds to be considered. Applicants exceeding these thresholds will be eligible for more favorable loan terms. If all terms and requirements are met, all loans under \$25,000 will be administratively processed by RDA Staff. All loans over \$25,000 will be brought before the RDA Board for approval. Any loan with terms negotiated outside standard loan parameters detailed in the program will be brought to the Board for approval.

Fiscal Impact:

Funding in the amount of \$1.5 million was loaned from the Bingham Junction Project Area to the Main Street Project Area. To date, only one loan has been processed for \$250,000. This loan has already started the repayment process. Both programs will utilize the same funding source and share the same revolving nature of the funds.

The Board asked staff to rework the historic preservation section.

MOTION: Board Member Paul Glover MOVED to adjourn the meeting. The motion was SECONDED by Board Member Dustin Gettel. Chair Stevenson called for discussion on the motion. There being none he called for a vote. The motion passed unanimously.

The meeting was adjourned at 8:23 p.m.

Rori L. Andreason, MMC
City Recorder

Approved this 16th day of January 2024.



REDEVELOPMENT AGENCY OF MIDVALE SUMMARY REPORT

January 16, 2024

ITEM TYPE: Action

SUBJECT: Consider Resolution 2024-01RDA approving Amendments to the Midvale Main Business Loan Program

SUBMITTED BY: Kate Andrus, RDA Program Manager

CITIZEN'S AGENDA SUMMARY: The Redevelopment Agency of Midvale City Board of Directors will consider the approval of the proposed amendments to the Midvale Main Business Loan Program.

SUBMITTED BY:

Kate Andrus, RDA Program Manager

SUMMARY:

History:

Since its adoption in 2021, only one loan has been processed under this program. Unfortunately, due to higher interest rates implemented to mitigate inflation, the development and business industry has experienced a significant slowdown. Despite the program's attempt to offer a rate reduction based on a set of public benefit criteria, the final reduction in the interest rate has proven insufficient to stimulate the desired improvements and businesses along the street. Therefore, recognizing the need to address the challenges posed by high-interest rates, as well as desiring to tailor the program more specifically to businesses, staff has proposed the following amendments, which can be found in the attached program guidelines. These amendments aim to create a more impactful and transformative framework that aligns with the vision for Midvale Main

Major Program Amendments:

Eligibility:

- **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 Impact , Public Amenity, ~~Beautification~~ Permanent Job Creation, and Street Activation. These criteria are found in the chart below in Section V.

- Public Benefit Incentive: Applicants will receive a rate reduction of 0.25% for every 3 points earned over the minimum required score, as outlined in the Public Benefit Criteria Chart found in Section V.
- The addition of Public Benefit Projects: Projects that provide a substantial public benefit to the street are eligible for 0% interest loans.
 - Loans under \$25,000 must meet the minimum eligibility requirement, have a minimum score of 35 points under the public benefit criteria which must receive a full score in the areas of 1) Economic Impact, 2) Street Activation, 3) Job Creation.
 - Loans over \$25,000 must meet the minimum eligibility requirement, have a minimum score of 60 points under the public benefit criteria and must receive a full score in the areas of 1) Economic Impact, 2) Adaptive Reuse, 3) Permanent Job Creation 4) Street Activation.

Terms:

- Collateral: Must have ~~40%~~ 60%-80% minimum of available collateral.
- Base Interest Rate: US Prime Rate ~~+1.5~~ (- Public Benefit Score Reduction, if applicable) .

Public Benefit Criteria:

- Defined desired businesses under the desired business categories list attached to the Program as exhibit A.
- Removed Historic Preservation and Affordable Housing: AMI targets as a public benefit criteria.

Fiscal Impact:

Funding in the amount of \$1.5 million was loaned from the Bingham Junction Project Area to the Main Street Project Area. To date, only one loan has been processed for \$250,000, and this loan has already started the repayment process.

Recommended Motion

I move that we adopt Resolution No. 2024-01RDA approving amendments to the Midvale Main Business Loan Program.

Attachments:

Resolution No. 2024-01RDA
Amended Midvale Main Business Loan Program (red lines)
Midvale Main Desired Business Categories

**THE REDEVELOPMENT AGENCY OF MIDVALE CITY
RESOLUTION NO. 2024-01RDA**

A RESOLUTION APPROVING THE MIDVALE MAIN BUSINESS 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, on October 6, 2020, the Agency adopted Resolution 2020-11RDA, adopting the Main Street Community Development Area Budget; and

WHEREAS, on September 7, 2021, the Agency adopted Resolution 2022-17RDA, approving the Main Street Revolving Business Loan Program (the “Program”); and

WHEREAS, the Program seeks to incentivize desired businesses and business improvements through low-interest loans to activate and revitalize Midvale’s Main Street area; and

WHEREAS, Agency staff crafted amendments to the Program to overcome the challenges of high-interest rates and tailor it more closely to the needs of businesses; and

WHEREAS, funds available in the amount of \$1.5 million were loaned from the Bingham Junction Project Area to the Main Street Project Area to be utilized as loans for eligible applicants, and upon completion of the program, will be repaid to the Bingham Junction Project Area; and

WHEREAS, the Agency believes that the Amended Midvale Main Business Loan program will help facilitate the revitalization of the Main Street Project Area.

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 amended Midvale Main Business Loan Program to promote and incentivize the redevelopment of Midvale City’s Main Street.

Passed and Adopted by the Board of Directors of the Redevelopment Agency of Midvale City, State of Utah, this _____ day of _____, 2024.

Marcus Stevenson,
Chief Administrative Officer

Matt Dahl
Executive Director

ATTEST:

Rori L. Andreason, MMC
Secretary

Voting by the Council:	"Aye"	"Nay"
Bonnie Billings	_____	_____
Paul Glover	_____	_____
Heidi Robinson	_____	_____
Bryant Brown	_____	_____
Dustin Gettel	_____	_____



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

I. Purpose

The (RDA) ~~Main Street Project Area~~Midvale Main 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~~ Midvale Main 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, ~~Business business License license~~ 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~~Impact, Public Amenity, ~~Beautification~~Permanent Job Creation, 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 ~~5-3~~ 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~~ a minimum interest rate of 1%. For each interest rate reduction received, compliance and reporting requirements will be triggered to ensure that public benefit criteria are being met.
7. Public Benefit Projects: Projects that provide a substantial public benefit to the street are eligible for 0% interest loans.

- a. Loans under \$25,000 must meet the minimum eligibility requirement, have a minimum score of 35 points under the public benefit criteria ~~and which~~ must receive a full score in the areas of 1) Economic Impact, 2) Street Activation, 3) Permanent Job Creation ~~Job Creation~~.
- b. Loans over \$25,000 must meet the minimum eligibility requirement, have a minimum score of 60 points under the public benefit criteria and must receive a full score in the areas of 1) Economic Impact, 2) Adaptive Reuse ~~or~~ Historical Preservation, 3) ~~Beautification~~ Permanent Job Creation 4) Street Activation.

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~~60%-80% 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 ~~+~~5% (- Public Benefit Score Reduction, if applicable)

h. _____

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~~60%-80% 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 ~~+~~5%(- Public Benefit Score Reduction, if applicable)

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~~60%-80% minimum of available collateral.

- f. Base Interest Rate: US Prime Rate ~~+.5%~~ (- Public Benefit Score Reduction, if applicable)
- 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.	The project will catalyze economic impacts through one of the following: • ~~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~~ <u>serves to provide a space for</u> ~~complementary services and or businesses~~ <u>business that falls under the desired business categories*</u> and ~~that~~ are currently lacking in the Main Street Project Area; • The project will <u>serve to</u> provide a venue or useable space for events; or • The project ~~will prioritize space for~~ <u>will provide a space for a</u> locally-owned	___/10

		businesses <u>that falls under the desired business categories*</u>. • The project will <u>provide a space for a</u> ~~provide~~ new local restaurants or similar businesses. Additional points will be given for projects that provide outdoor/rooftop dining or unique dining experiences. • <u>*The Midvale Main Desired Business Categories is attached as Exhibit A.</u>	
Public Amenities	To promote community amenities that provide opportunity for social interaction, support cultural events, promote neighborhood identity, and reinforce neighborhood character.	The project includes one of the following public amenities that reinforces neighborhood character and scale: • The project includes a significant usable open space, public walkways, gathering spaces or other publicly accessible amenity; • 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.~~	___/10
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.~~ <u>preserve or repurpose a historic building through the conversion of existing structures into new land uses as allowed within the zone.</u>	___/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 serve a business that~~ offers arts-based programming and/or a space for educational opportunities.	___/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 <u>those businesses that fall under the desired business categories*</u>, ~~retail, food and beverage, service providers, and cultural institutions.~~ <u>*The Midvale Main Desired Business Categories is attached as Exhibit A.</u>	___/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~~ and fits within the desired business categories*. <i>*The Midvale Main Desired Business Categories is attached as Exhibit A.</i>	___/10
<u>Sustainability</u>	<u>To promote a built environment that assists with protecting resources and promoting greater resiliency.</u>	<u>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.</u>	___/10

V. Loan Process

1. Download Part A of the Application and submit the completed application to the Redevelopment Agency Program Manager at kandrusehill@midvale.com. The preliminary review generally takes 10 business days. A credit check will be conducted during this time. A fee for processing the credit checks will be assessed at the time of submission.
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 rda@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 V(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.* Staff may request additional forms of guarantee depending on the application as deemed reasonable and necessary by RDA staff.

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
 - ☐ Revenue and Expenditure Forecast
 - ☐ Future Plans

Midvale Main Desired Business Categories

Below is a list of business categories which will play an important role in establishing an arts, food, and culture district. This list is not considered to be an exhaustive list of businesses but should be utilized as a guide when considering which businesses will further the revitalization of Midvale Main. These businesses should attract visitors to the Midvale main on a regular basis and maintain operating hours that are conducive to the public.

1. Art Galleries and Studios:

- Contemporary art galleries
- Studios for local artists
- Co-working spaces for artists

2. Theaters and Performing Arts Spaces:

- Live theaters
- Performance art spaces
- Dance studios and academies

3. Music Venues:

- Concert halls
- Live music venues
- Jazz clubs or lounges

4. Food and Beverage:

- Restaurants
- Breweries
- Supper Clubs
- Bars/Pubs
- Cafes/Luncheonettes
- Gourmet Food Stores
- Grocery/Bodega
- Specialty tea or coffee shop
- Arts inspired confectionery/bakery

5. Museums and Cultural Institutions:

- Art museums
- Cultural heritage centers

6. Artisan and Craft Shops:

- Handmade crafts stores
- Art supply shops
- Specialty boutiques
- Boutiques featuring handmade jewelry, pottery, textiles, soap, and other artisanal products.
- Farmers/Craft markets
- Pop up shops
- Monthly or seasonal art fairs
- Crafting workshops with associated retail spaces
- Rock and Insect Shops

7. Event Spaces:

- Multi-purpose event venues
- Community gathering spaces
- Outdoor event spaces

8. Educational Institutions:

- Art schools
- Cultural studies programs
- Culinary arts schools or workshops
- Workshops and classes

9. Media and Publishing:

Exhibit A

- Independent bookstores
- Literary magazines or publishers

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- Virtual reality (VR) or augmented reality (AR) studios
- Tech incubators for creative industries
- Digital art galleries
- Gaming Cafes'

11. Community Centers:

- Spaces for community events and meetings
- Workshops and classes for all age groups

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- Antique furniture and decor shops
- Collectibles and memorabilia stores

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- Boutiques showcasing local designers and fashion artists
- Concept stores with a unique blend of fashion and art
- Clothing stores promoting cultural attire and accessories
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14. Home Decor and Design Stores:

- Interior design shops featuring unique and artistic home decor items
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15. Music and Record Stores:

- Vinyl record shops
- Music merchandise stores

16. Lifestyle and Wellness Shops:

- Centers that promote health and wellness
- Spa and Beauty
- Yoga and Meditation Studios

17. Concept Stores:

- Stores with a unique concept that combines art, culture, and retail
- Collaborative spaces hosting various brands and creators

18. Kids and Family-Friendly Shops:

- Educational toy stores
- Family-friendly art and craft shops
- Hobby Shops

19. Tourism and Visitor Centers:

- Information centers promoting local culture
- Walking or biking tour services
- Cultural tourism initiatives



REDEVELOPMENT AGENCY OF MIDVALE SUMMARY REPORT

January 16, 2024

ITEM TYPE: Action

SUBJECT: Consider Resolution 2024-02RDA approving the Midvale Main Adaptive Reuse Loan Program

SUBMITTED BY: Kate Andrus, RDA Program Manager

CITIZEN'S AGENDA SUMMARY: The Redevelopment Agency of Midvale City Board of Directors will consider the approval of the proposed Midvale Main Adaptive Reuse Loan Program.

SUBMITTED BY:

Kate Andrus, RDA Program Manager

SUMMARY:

History:

In 2021, the Redevelopment Agency adopted the Main Street Revolving Business Loan, now known as the Midvale Main Business Loan. Since that time, it has become evident to staff that this program was not distinctly tailored for businesses or property owners. As a staff, we also recognize the need for gap funding by property owners to address the substantial costs associated with the adaptive reuse of many historical buildings, transforming them into usable shells for tenants.

Due to the desire to provide funding to businesses and property owners within the Main Street Project Area, staff has proposed the separation of the program into two distinct loan programs, thereby creating a new program that provides adaptive reuse loans.

Intent:

The Midvale Main Adaptive Reuse Loan Program is another funding tool in the Main Street redevelopment toolkit designed to incentivize the right development or improvements to activate the street. More specifically, the purpose of this program is to encourage and promote the reuse and revitalization of existing buildings within the Main Street Project Area. The objective is to facilitate transformative development that preserves the past while contributing to the economic vitality of the Main Street Project Area. This is achieved by making loans available to property owners within Midvale's Main Street Project Area.

Eligible property owners must demonstrate their commitment to creating a sense of place within the 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.

Program Guidelines:

Key Eligibility Requirements:

- Applicants must own or be purchasing property within Midvale's Main Street Project Area.
- Minimum Eligibility: To be considered for a loan, the project must score a minimum of 25/40, meeting four key public benefit criteria: Economic Impact, Public Amenity, Beautification, and Street Activation, as found in Section V.
- Public Benefit Incentive: A reduction to the standard interest rate is available for projects exceeding the minimum score in any combination of criteria in the Public Benefit Criteria Chart (Section V). For every 3 points earned over the minimum score required, a project is eligible for a rate reduction of 0.25% from the standard interest rate, with a minimum interest rate of 1%. Compliance and reporting requirements will be triggered for each interest rate reduction to ensure public benefit criteria are met.
- Public Benefit Projects: Projects providing a substantial public benefit to the street are eligible for 0% interest loans.
 - Loans under \$25,000 must meet the minimum eligibility requirement, score a minimum of 35 points under the public benefit criteria, and receive a full score in the areas of 1) Economic Impact and 2) Street Activation.
 - Loans over \$25,000 must meet the minimum eligibility requirement, score a minimum of 55 points under the public benefit criteria, and receive a full score in the areas of 1) Economic Impact, 2) Historic Character, 3) Beautification, and 4) Street Activation.

Key Terms:

- **Loans for Physical Improvement and Real Estate Purchases Under \$25,000**
 - Loan Amount: Loans will provide up to \$25,000.
 - Background Check: Required.
 - Credit Score: No minimum. (Credit scores determine loan amount, interest rate, and collateral %).
 - Collateral: Must have 100% available collateral.
 - Default: Defaulting on the loan will result in the loss of collateral.
 - Easement: An easement will be placed on the property until the loan is repaid in full.
- **Loans for Physical Improvement and Real Estate Purchases Over \$25,000**
 - Loan Amount: Loans will provide up to \$250,000.
 - Background Check: Required.
 - Credit Score: Minimum Credit Score of 640.
 - Collateral: Must have 100% available collateral.

- Default: Defaulting on the loan will result in the loss of collateral.
- Easement: An easement will be placed on the property until the loan is repaid in full.
- Loan to Value Ratio: 85% of the property value or project expense.

The full eligibility requirements, along with loan terms, can be found in the attached program guidelines.

Approval Process:

RDA staff will evaluate the loan application based on the public benefit criteria listed under Section V of the attached Program guidelines. The applicant must meet specific thresholds to be considered. Applicants exceeding these thresholds will be eligible for more favorable loan terms. If all terms and requirements are met, all loans under \$25,000 will be administratively processed by RDA Staff. All loans over \$25,000 will be brought before the RDA Board for approval. Any loan with terms negotiated outside standard loan parameters detailed in the program will be brought to the Board for approval.

Fiscal Impact:

Funding in the amount of \$1.5 million was loaned from the Bingham Junction Project Area to the Main Street Project Area. To date, only one loan has been processed for \$250,000. This loan has already started the repayment process. The business loan and the adaptive reuse loan will utilize the same funding source and share the same revolving nature of the funds.

Recommended Motion

I move that we adopt Resolution No. 2024-02RDA approving the Midvale Main Adaptive Reuse Loan Program.

Attachments:

Resolution No. 202402RDA
 Proposed Midvale Main Adaptive Reuse Loan Program
 Midvale Main Desired Business Categories

**THE REDEVELOPMENT AGENCY OF MIDVALE CITY
RESOLUTION NO. 2024-02RDA**

**A RESOLUTION APPROVING THE MIDVALE MAIN ADAPTIVE REUSE 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, on October 6, 2020, the Agency adopted Resolution 2020-11RDA adopting the Main Street Community Development Area Budget; and

WHEREAS, the on September 7, 2021, the Agency adopted Resolution 2022-17RDA approving the Main Street Revolving Business Loan Program (the “Program”); and

WHEREAS, The Program seeks to incentivize the desired development and improvements through low interest loans to activate and revitalize Midvale’s Main Street area; and

WHEREAS, The Agency acknowledges the need for gap funding by property owners to address the substantial costs associated with the adaptive reuse of many historical buildings, transforming them into usable shells for tenants.

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

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

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 Midvale Main Adaptive Reuse Loan Program to promote and incentivize the redevelopment of Midvale City’s Main Street.

Passed and Adopted by the Board of Directors of the Redevelopment Agency of Midvale City, State of Utah, this _____ day of _____, 2024.

Marcus Stevenson,
Chief Administrative Officer

Matt Dahl

Executive Director

ATTEST:

Rori L. Andreason, MMC
Secretary

Voting by the Council:	"Aye"	"Nay"
Bonnie Billings	_____	_____
Paul Glover	_____	_____
Heidi Robinson	_____	_____
Bryant Brown	_____	_____
Dustin Gettel	_____	_____



Redevelopment Agency of Midvale City Midvale Main Adaptive Reuse Loan Program

I. Purpose

The (RDA) Main Street Project Area Adaptive Reuse Loan Program's purpose is to encourage and promote the reuse and revitalization of existing buildings within the Main Street Project Area. The objective is to facilitate transformative development that preserves the past while contributing to the economic vitality of the Main Street Project Area. This is achieved by making loans available to property owners within Midvale's Main Street Project Area. Eligible property owners must demonstrate their commitment to creating a sense of place within the 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. Applicant must own or be purchasing property within Midvale's Main Street Project 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. Must demonstrate that the requested loan is necessary for the project to succeed and that the request is reasonable.
6. 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 Impact, Public Amenity, Beautification, and Street Activation. These criteria are found in the chart below in Section V.
7. 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 3 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 minimum interest rate of 1%. For each interest rate reduction received, compliance and reporting requirements will be triggered to ensure that public benefit criteria are being met.
8. Public Benefit Projects: Projects that provide a substantial public benefit to the street are eligible for 0% interest loans.

- a. Loans under \$25,000 must meet the minimum eligibility requirement, have a minimum score of 35 points under the public benefit criteria and must receive a full score in the areas of 1) Economic Impact and 2) Street Activation.
- b. Loans over \$25,000 must meet the minimum eligibility requirement, have a minimum score of 55 points under the public benefit criteria and must receive a full score in the areas of 1) Economic Impact, 2) Historic Character, 3) Beautification and 4) Street Activation.

III. Loan Types & Use of Funds

1. 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.

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

- a. Loan Amount: Loan 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 100% minimum of available collateral.
- f. Default: Defaulting on the loan will result in the loss of collateral.
- g. Easement: An easement will be placed on the property until the loan is paid in full.
- h. Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- i. Base Interest Rate: US Prime Rate (- Public Benefit Score Reduction, if applicable)

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

- a. Loan Amount: Loan 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 100% available collateral.
- f. Default: Defaulting on the loan will result in the loss of collateral.
- g. Easement: An easement will be placed on the property until the loan is paid in full.
- h. Base Interest Rate: US Prime Rate (- Public Benefit Score Reduction, if applicable)
- i. Loan to Value Ratio: 85% of the property value or project expense.
- j. Personal Guarantee: Must have a personal guarantee from all owners with over 20% equity in the property or project.
- k. Must be approved by the Midvale Redevelopment Agency Board.
- l. Appraisal and Title report are required prior to loan authorization. Staff may waive this requirement if they find that the provided information is sufficient.

All Loan terms in this section 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.	The project will catalyze economic impacts through one or more of the following: • The project will remove blight through the rehabilitation/replacement of a vacant and distressed building; • The project will provide a space that caters to complementary service and/or business that falls under the desired business categories* and 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 business that fits within the desired business categories*. • The project will provide space for new local restaurants or similar businesses. Additional points will be given for projects that provide outdoor/rooftop dining or unique dining experiences. <i>*The Midvale Main Desired Business Categories is attached as Exhibit A</i>	___/10

Public Amenities	To promote community amenities that provide opportunity for social interaction, support cultural events, promote neighborhood identity, and reinforce neighborhood character.	The project includes one or more of the following public amenities that reinforces neighborhood character and scale: • The project includes a significant usable open space, public walkways, gathering spaces or other publicly accessible amenity; • The project includes a significant public art amenity.	___/10
Historic Character	To promote the historic character of the Project Area or the individual building.	• The project will introduce significant architectural elements, signs, and styles that fit the historic look and feel of Midvale Main. • This project focuses on maintaining, rehabilitating and/or recreating both internal and external historical characteristics that currently exist or would have existed from the period in which the building was built.	___/10
Beautification	To promote the beautification and character through strategic improvements that will further the look and feel that is already established within 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 arts-based programming.	The project will preserve, create, or repurpose a building in order to offer arts-based	___/10

		programming and/or a space for educational opportunities.	
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
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
Architecture & Urban Design	To promote high quality and enduring architecture, developments, public spaces and neighborhoods.	The project will participate in a more thorough design review allowing the further refinement of design. Design review will promote developments that are constructed with high-quality materials, respond to the surrounding context, provide a significant architectural contribution, and enhance the public realm.	___/10
Affordable Housing: AMI Targets*	To expand the stock of affordable housing to low-income households.	The project meets one of the following standards: • 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. *This criterion cannot be applied if the applicant is participating in the Upper Floor Housing Program.	___/10

V. Loan Process

1. Download Part A of the Application and submit the completed application to the Redevelopment Agency Program Manager at kandrus@midvale.com. The preliminary review generally takes 10 business days.
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.*
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Evaluation:

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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). 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.* Staff may request additional forms of guarantee depending on the application as deemed reasonable and necessary by RDA staff.

VIII. Required Documents

The following financial documentation is required for loan consideration. Please submit copies electronically and keep the original documents.

Financial Attachments

- Sources and uses
- Detailed development budget based on qualified bids
- Operating pro forma, updated
- Signed credit report authorization form for each owner/loan guarantor
- Signed personal financial statements for each owner/loan guarantor
- Last three years of signed IRS filings for each owner and loan guarantor
- Verification of other financing sources (letter of commitment, etc.)
- Verification of mortgage or trust deed
- Credit Score Report
- Verification of deposits (if applicable)
- Credit Score Report

Business Attachments:

- Articles of incorporation
- Business License (if applicable)
- Current list of board of directors (if applicable)
- Resume for each owner and loan guarantor
- Letters of interest from prospective tenants (if applicable)

- List of business obligations

Collateral Attachments:

- Collateral Attachments:
- Appraisal report - for real estate proposed as collateral
- Preliminary title report - for real estate proposed as collateral
- Letter of credits proposed as collateral
- Authorized statement of account - for pledge accounts proposed as collateral

Construction Attachments:

- Construction and design documents (include architectural rendering of
- the building, site plan, building elevation, floor plans, and materials list)
- Status of permit/planning process, zoning approval, etc. (if applicable)

Midvale Main Desired Business Categories

Below is a list of business categories which will play an important role in establishing an arts, food, and culture district. This list is not considered to be an exhaustive list of businesses but should be utilized as a guide when considering which businesses will further the revitalization of Midvale Main. These businesses should attract visitors to the Midvale main on a regular basis and maintain operating hours that are conducive to the public.

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5. Museums and Cultural Institutions:

- Art museums
- Cultural heritage centers

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- Multi-purpose event venues
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- Cultural studies programs
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9. Media and Publishing:

Exhibit A

- Independent bookstores
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10. Creative Technology Hubs:

- Virtual reality (VR) or augmented reality (AR) studios
- Tech incubators for creative industries
- Digital art galleries
- Gaming Cafes'

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- Spaces for community events and meetings
- Workshops and classes for all age groups

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- Vintage clothing stores
- Antique furniture and decor shops
- Collectibles and memorabilia stores

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- Boutiques showcasing local designers and fashion artists
- Concept stores with a unique blend of fashion and art
- Clothing stores promoting cultural attire and accessories
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14. Home Decor and Design Stores:

- Interior design shops featuring unique and artistic home decor items
- Design studios offering custom pieces

15. Music and Record Stores:

- Vinyl record shops
- Music merchandise stores

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- Centers that promote health and wellness
- Spa and Beauty
- Yoga and Meditation Studios

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- Stores with a unique concept that combines art, culture, and retail
- Collaborative spaces hosting various brands and creators

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- Educational toy stores
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- Hobby Shops

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- Information centers promoting local culture
- Walking or biking tour services
- Cultural tourism initiatives



REDEVELOPMENT AGENCY OF MIDVALE SUMMARY REPORT

January 16, 2024

ITEM TYPE: Discussion

SUBJECT: Discussion Regarding the Cactus and Tropicals Midvale Main Business Loan

SUBMITTED BY: Kate Andrus, RDA Program Manager

CITIZEN'S REPORT: The Redevelopment Agency of Midvale City Board of Directors will have a discussion on a proposed \$250,000 loan for Cactus and Tropicals.

SUBMITTED BY:

Kate Andrus, RDA Program Manager

SUMMARY:

On June 15, 2022, the RDA Board approved the Midvale Main Street Revolving Loan Program. Currently, the RDA is in the process of amending this program. During this phase, Agency staff received a loan request from Cactus and Topicals for \$250,000. Staff has reviewed and evaluated the loan application based on the proposed program guidelines and criteria, finding that the applicant has met the required threshold for consideration. As the loan request exceeds \$25,000, the terms of the loan agreement are being presented to the RDA Board for discussion and eventual final approval.

With most of the building restoration being handled by the property owners, Cactus and Tropicals will require funding to implement the additional tenant improvements essential to creating a customized space that aligns with their mission. This mission involves establishing a beautiful space that offers distinctive products and services, setting them apart as an exceptional retailer of horticultural products, events and workshops along the Wasatch Front. The planned improvements encompass various aspects, including construction features such as skylights, floor coverings, paint, lighting, and plumbing. Additionally, the inventory will include display tables, racks, shelving, cash registers, computers, printers, plumbing fixtures, shopping carts, pallet jacks, tools, and other fixtures crucial to their operational needs.

As part of the staff review, it was concluded that the application exceeded the minimum required threshold. This demonstration indicates that the funds provided will contribute to attracting and promoting the growth of businesses within the Main Street Area.

Cactus and Tropicals loan proposal scored strongly under the Public Benefit Criteria, obtaining full points in the areas of 1) Economic Impact, 2) Adaptive Reuse, 3) Permanent Job Creation, and 4) Street Activation. Agency staff believes that Cactus and Tropicals will provide a substantial public benefit to the street. Specifically, Cactus and Tropicals will help rejuvenate the vacant Vincent building, once again making it an attraction on Midvale Main. Furthermore, given that Cactus and Tropicals is a local and popular retailer and event company along the Wasatch Front, staff believes that their presence will have a significant economic impact on the area, not just in terms of new employment opportunities but also in street activation. This impact will bring increased pedestrian activity that will likely spill over into other businesses, making the area more attractive to future businesses looking to relocate.

Therefore, Agency staff recommends providing a loan of \$250,000 to Cactus and Tropicals with the terms outlined in the attached Term Sheet. This recommendation is based on Agency staff's review of Cactus and Tropicals' proposal and supporting financial documents. Furthermore, if the Agency Board approves the adoption of the Public Benefit Project Incentive offering 0% interest business loans, Staff further recommends Cactus and Tropicals as a qualified applicant for the incentive.

Fiscal Impact:

The current program budget is \$1.25 million to be utilized for individual loans. If approved, the RDA will provide a \$250,000 loan to Cactus and Tropicals. This will bring the current overall budget for the revolving loan program to \$1 million to be loaned to additional projects.

Staff Recommendations:

N/A

Attachments:

Term Sheet
Amortization Schedule
Public Benefit Impact

Midvale City Redevelopment Agency
PROPOSED Term Sheet for Loan Agreement
(Cactus and Tropicals)

Borrower:	Cactus and Tropicals (Borrower)
Lender:	Redevelopment Agency of Midvale City (Lender)
Loan Amount:	\$250,000.00
Interest Rate:	0% Interest
Term:	7 Years
Payments:	1. Borrower shall pay to RDA equal monthly payments of principal and interest based on the outstanding Loan Amount.
First Payment	2. The first payment shall be the sooner of: a) The first day of the first full month following the opening of the business or b) October 1, 2024.
Security:	3. Borrower pledges the equity from property of current existing locations as collateral with a loan ratio of 80%. The lender will be in last position.
Late Fee:	4. Borrower agrees to pay a late payment fee equal to five percent (5%) of the late amount, if payment is received after the 15 th day of in which the payment is due. All sums in default will accrue interest at the rate of 18% per annum, compounded monthly, before and after judgment, until paid in full.
Prepayment:	5. Prepayment of the outstanding balance of the Loan, in whole or in part, may be made prior to the Maturity Date without a prepayment penalty.
Personal Guarantee	6. The loan must have a personal guarantee from all owners with over 20% equity in the property or project.
Use of Proceeds	7. Borrower shall use the proceeds of the Loan for the permitted uses which includes the tenant improvements , inventory, machinery and equipment. This will be in the form of skylights, floor coverings, additional painting, etc. Lighting, display tables, racks, shelving, cash registers, computer and printer, plumbing fixtures, shopping carts, pallet jack, tools, and other fixtures 8. Borrower agrees to submit receipts, invoices, or other reasonable evidence as requested the RDA to verify that the Loan is being used for the permitted use.

Default	9. Defaulting on the loan will result in the loss of collateral.
Miscellaneous	10. Borrower shall have executed and delivered to Lender the Loan Documents in a form satisfactory to Lender. Guarantor shall have executed and delivered to Lender the Guaranty in a form satisfactory to Lender. 11. 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. 12. Borrower shall comply with all other terms outlined in the Midvale Main Business Loan Program guidelines.

Proposed Loan

Debt Assumptions		
Loan Amount	250,000	
Interest Rate	0.00%	0.00%

Proposed Loan	Amount	Interest	Project Proceeds
Loan #1	\$250,000	\$ -	\$ (250,000)

Loan Amount Issued	\$ 250,000
Costs of Issuance	\$0
Total Amount	\$ 250,000
Total	\$ 250,000

Month	Principal	Interest Rate	Interest	Total P+I
1	\$2,976	0.00%	\$0	\$2,976
2	\$2,976	0.00%	\$0	\$2,976
3	\$2,976	0.00%	\$0	\$2,976
4	\$2,976	0.00%	\$0	\$2,976
5	\$2,976	0.00%	\$0	\$2,976
6	\$2,976	0.00%	\$0	\$2,976
7	\$2,976	0.00%	\$0	\$2,976
8	\$2,976	0.00%	\$0	\$2,976
9	\$2,976	0.00%	\$0	\$2,976
10	\$2,976	0.00%	\$0	\$2,976
11	\$2,976	0.00%	\$0	\$2,976
12	\$2,976	0.00%	\$0	\$2,976
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69	\$2,976	0.00%	\$0	\$2,976
70	\$2,976	0.00%	\$0	\$2,976
71	\$2,976	0.00%	\$0	\$2,976
72	\$2,976	0.00%	\$0	\$2,976
73	\$2,976	0.00%	\$0	\$2,976
74	\$2,976	0.00%	\$0	\$2,976
75	\$2,976	0.00%	\$0	\$2,976
76	\$2,976	0.00%	\$0	\$2,976
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78	\$2,976	0.00%	\$0	\$2,976
79	\$2,976	0.00%	\$0	\$2,976
80	\$2,976	0.00%	\$0	\$2,976
81	\$2,976	0.00%	\$0	\$2,976
82	\$2,976	0.00%	\$0	\$2,976

83	\$2,976	0.00%	\$0	\$2,976
84	\$2,976	0.00%	\$0	\$2,976
	\$ 250,000		\$ -	\$ 250,000

Cactus & Tropicals Economic & Community Impact

Cactus & Tropicals, (C&T) in its two existing locations, has had a significant positive impact on the surrounding business and residential communities.

Economic Impact – We anticipate that in year one, C&T Midvale will generate about \$600,000 in revenue from the sale of retail merchandise and through the hosting of events such as wedding receptions, corporate events, community gatherings and sponsored classes. The “spillover” effect has been positive for the community with the build up of several restaurants (SLC - Feldman’s Deli, Draper – Cliff and Cultivate) as well as several retail stores and residential complexes that did not exist before the establishment of our stores in those area. Over the span of 6-8 years we hope to grow revenues in our Midvale location to \$1.8 million.

Public Amenities – C&T has established as its competitive advantage over big box competitors such as Lowes and Home Depot, a positive customer experience. Fountains and blooming vines, as well as arbors and statuary are used to create an environment that suggests a garden lifestyle both in our stores and in our outdoor areas. C&T Midvale will have a greenhouse structure where tropical plants will be planted as well as offered for sale. Because of the garden like atmosphere that we create, our two existing locations began offering their spaces to customers for private events in 2006. In addition to paid events, each year, the spaces are provided to charitable organizations and other NFP’s at no charge as a location where they can hold fund raisers and gatherings.

Adaptive Reuse – C&T Midvale hopes to be able to open in the old Vincent Drug building. It will attempt to keep much of the charm of that building, while adding a greenhouse towards the rear of the property. In addition, the plan is to tentatively have a space up front that is reminiscent of the original soda fountain that was a gathering place at Vincents in days gone by. It will offer customers sodas and light refreshments as well as its wide array of plants and gifts.

Beautification – We are working closely with Jeff and Caitlin Beck to create a space that is both charming and that will attract customers from all over the valley. We have retained the services of a designer to help create a beautiful space within the building and will be calling on our own landscape designers to create an attractive outdoor nursery area that will enhance the street and neighborhood. The first line of our mission statement is that we create beautiful spaces – both for our retail stores and for our customers’ homes and businesses.

Education Based – C&T offers classes and lectures on a wide variety of topics. Some of these classes and demonstrations are free to the public and some are for a small charge. We advertise these classes on our website and through an extensive mailing email list of over 20,000 recipients. It is our intention to offer those same classes and demonstrations at our Midvale Location.

Street Activation – As noted above, we believe that our two locations have been a positive catalyst for activity in their respective geographies. In both our Salt Lake and Draper locations, multiple businesses established themselves after we opened. In both locations we are open Monday through Saturday from 10 am to 6 pm and Sundays from 11 am to 5pm for retail sales. In the evenings we make our space available for private events. In 2023 we hosted 48 private events at our Salt Lake City Store and 86

events in our Draper Store. It is our intent to do the same at C&T Midvale. These numbers do not include donating the space for events for charitable organizations and NFP's.

Permanent Job Creation and Retention - During year one, we are estimating that we will employ 5-6 individuals on a permanent basis. Because of seasonal demand, more employees are brought on during the peak months of May, June, November and December. C&T currently employs about 160 individuals in its 2 retail locations and in its large services division.

Sustainability -- Because of the green nature of our business, we attempt to use sustainable practices in all of our operations. We have purchased several electric vehicles for deliveries and service personnel. We recycle paper, glass, and green waste whenever possible. We have a sustainability committee that meets regularly to identify ways to reduce waste, conserve, reuse and recycle whenever possible. We attempt to focus our customers on natural solutions for their gardening needs.