

City of Ramsey
Agenda
Economic Development Authority (EDA)
Thursday February 24, 2011
7:30 am
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Approve Agenda**
- 3. Approve Minutes**
- 4. EDA Business**
 - 1. Consideration of Final Approval of Ramsey RLF Loan to Wells Catering, Inc., and SAC/WAC Fee Assistance to Ramsey Retail Rental, LLC**
- 5. Member/Staff Input**
- 6. Adjournment**

Date: 02/24/2011

By: Aaron Backman
Administrative Services

Information

Title:

Consideration of Final Approval of Ramsey RLF Loan to Wells Catering, Inc., and SAC/WAC Fee Assistance to Ramsey Retail Rental, LLC

Background:

In July of 2010 the EDA preliminarily approved assistance for The Falls Cafe / Wells Catering project to be located in The Ramsey Office Plaza building. The EDA preliminarily approved a \$68,000 RLF loan for 10 years at 4.25% interest to George Wells; and to provide a zero interest, forgivable loan (currently estimated to be \$55,000) to the developer to offset projected SAC/WAC fees associated with the new restaurant. On 2/7/11 the Econ. Dev./Marketing Mgr received the executed copy of the lease agreement between George Wells, Wells Catering Service, Inc., and Matt Kuker, Ramsey Retail Rental, LLC (whose parent company is PSD Development) for the project. Mr. Kuker would undertake the extensive building modifications, estimated to be about \$850,000, that will be necessary for this new restaurant in The COR. Following plan review, it is estimated that construction would take approximately 2 and one half months to complete.

The Falls Cafe/ Wells Catering Project was presented to the City Council at the 2/15/11 Work Session, with Mr. Wells and Mr. Kuker present. The project has evolved from a coffee shop/deli to a full-service restaurant. The sit-down restaurant will now have 104 seats and a room for private events, and will now have 10 fulltime employees and 10 parttime employees. Mike Mulrooney, the EDA's consultant, has undertaken a credit write-up of the project that was based upon historical performance of the business. The borrower, Wells Catering, Inc., appears to generate sufficient cash flow to service current and proposed debt. While there would be additional overhead and management costs, the borrower would be reducing his lease costs. The credit write-up recommended approving the the \$68,000 RLF loan. The EDA will have a first position on the equipment and the owner will be injecting \$35,000 cash into the project. The credit write-up, correspondence from M & I Bank, and documentation related to Ramsey Retail Rental will be available at the EDA meeting.

Observations:

Funding Source:

EDA funding would be utilized for this project.

Staff Recommendation:

Staff recommends approving a \$68,000 RLF loan with a term of 10 years at one percent over prime (4.25%) to Wells Catering, the business, for The Falls Cafe project. The loan would be secured by a first position on \$165,000 of equipment.

Staff further recommends approving a zero interest, forgivable loans for SAC and WAC fees totaling \$55,000 to Ramsey Retail Rental, the developer, to offset fees associated with the new restaurant. The notes would be effective for seven years.

EDA Action:

The EDA approve a \$68,000 RLF loan with a term of 10 years at one percent over prime (4.25%) to Wells Catering for The Falls Cafe project, and secured by a first position on \$165,000 of equipment; and approve zero interest, forgivable loans totalling \$55,000 to Ramsey Retail Rental to offset SAC/WAC fees associate with a new full-service restaurant at The Ramsey Office Plaza building.

Form Review

Inbox

Aaron Backman (Originator)
Form Started By: Aaron Backman
Final Approval Date: 02/23/2011

Reviewed By

JoAnn Shaw

Date

02/23/2011 12:29 PM
Started On: 02/22/2011 11:00 AM