

1675 Selby Ave Business Assistance Fund request

HRA 4.3.24



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Background

- **Project location:** 1675 Selby Ave W
- **Borrower:** Selby Property Investments LLC
- **Project scope:** renovation of commercial spaces and exterior façade in an existing mixed-use, previously vacant building
- Part of a larger project which includes limited renovation of a single second floor rental unit. Residential renovation is not an eligible use for BAF dollars. All work done on the residential unit will be funded through a private loan secured by the building owner





About the borrower

- Selby Property Investments LLC is a new business owned and operated by Spencer and Mike Henle. The LLC was created to purchase, renovate, and operate this property on Selby Avenue.
- Mike has experience owning and operating other commercial spaces through a different LLC
- The business has already secured two commercial tenants: a vintage clothing retailer and a tent and event rental company.



Business Assistance Fund loan request

- Request: \$30,000
- Use of funds: first floor commercial renovations
- Other sources of funds:
 - Private loan: \$50,000
 - Private equity: \$14,000
 - YR STAR grant: \$30,000**

** (pending final City Council approval—anticipated April 10th)

Uses		
Full building work		
Electrical	\$ 24,000.00	
Plumbing	\$ 6,000.00	
Permits	\$ 1,500.00	
Flooring	\$ 9,900.00	
		\$ 41,400.00
First Floor Work		
Front Door Refinish	\$ 1,500.00	
Sheetrock 1st Floor	\$ 6,500.00	
Framing Ceiling 1st Floor	\$ 2,500.00	
Awning	\$ 6,000.00	
Glass for Front	\$ 8,000.00	
Construction on Front	\$ 13,000.00	
		\$ 37,500.00
Storage Unit Work		
Storage Unit	\$ 20,000.00	
Storage Unit Construction	\$ 9,500.00	
Concrete	\$ 15,600.00	
		\$ 45,100.00
Total	\$ 124,000.00	
Sources		
Bank Line of Credit	\$ 50,000.00	
Selby Property Equity	\$ 14,000.00	11%
HRA BAF	\$ 30,000.00	
City YR STAR	\$ 30,000.00	
Total	\$ 124,000.00	



Proposed terms

- Term: 10 years, 2 years deferred (*BAF standard is 8 years, 1 year deferred*)
- Rate: 3% (*BAF standard rate*)
- First payment date: March 1, 2026
- Repayment: monthly repayment of ~\$351 until March 2034. No pre-payment penalty if paid in full early
- The deferral period gives the new business time to start cash flowing before they begin repaying on the loan to the HRA



Additional loan details

- Collateral: Mortgage in second position (behind acquisition loan), Promissory Note, Assignment of Leases and Rents, Security Agreement, and Personal Guarantees from Mike and Spencer
- Compliance requirements: Prevailing wage, two bid, VOP, and AAEO apply for BAF funds and YR STAR funds
- Fees: The project will be expected to pay the 1% closing fee for this loan which is \$300
- PED's Credit Committee reviewed the loan request on 3/26/24 and recommended approval of the proposed terms and a risk rating of acceptable for the project

Questions?

Thanks!

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