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MEMORANDUM

TO: EDA PRESIDENT AND BOARD MEMBERS
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: UTILIZING SMALL CITIES DEVELOPMENT PROGRAM (SCDP) PROGRAM
INCOME
DATE: DECEMBER 5, 2024

Staff received word a couple weeks ago that the MnDEED was auditing their books and noticed that the City has a SCDP program balance of more than \$580,918. US HUD has determined that since our balance is this high, the City must not be utilizing its funds and would like the New Prague EDA to either utilize the funds or to return them to MnDEED.

The options given to the New Prague EDA are to:

- Retain the funding for future eligible SCDP activities;
- Establish a revolving loan fund; or
- Return the funds to MnDEED.

Staff has been brainstorming ways to use the funding so that we don't have to return it to MnDEED. The City could certainly setup a revolving loan fund for commercial and residential rehab, as has been done in the past. Staff has neither the expertise, or the bandwidth, to administer such a fund so the EDA would need to look at contracting with a company to do that on our behalf. Staff reached out to a few known firms that do administration work like this and received word that Bolton & Menk may be interested. We have a meeting with them on Friday, December 13th to discuss this possibility further.

MnDEED did state that the City needs to respond to them ASAP as to what it plans to do with the funds. If the EDA were to use Bolton & Menk to administer the funds, a portion of the funds would likely go towards paying Bolton & Menk for their services. Even with this payment, it would still be utilizing funds that would have otherwise been returned to MnDEED for another community to use.

I would recommend you authorize President Quast and Executive Director Tetzlaff enter into an agreement for Bolton & Menk to administer SCDP funds on behalf of the New Prague EDA, if Bolton & Menk is determined to be a good fit for working with the New Prague EDA.

Recommendation

I would recommend you authorize President Quast and Executive Director Tetzlaff enter into an agreement for Bolton & Menk to administer SCDP funds on behalf of the New Prague EDA, if Bolton & Menk is determined to be a good fit for working with the New Prague EDA.