



## *HEDRA Memorandum*

**To:** HEDRA Commissioners  
**From:** Morgan Hill, Economic Development Coordinator  
**Date:** November 21, 2017  
**Item:** Resolution: Economic Development Revolving Loan Fund– Spiral Brewery, LLC

### **Request**

Spiral Brewery, LLC has submitted a request for a \$48,800 loan from the Economic Development Revolving Loan Fund to assist with the construction of stairs and a doghouse, as well as working capital for property located at 111 2<sup>nd</sup> St E.

### **Financing**

Total project cost, including remodeling/renovations, machinery & equipment, cost of goods and working capital is estimated at \$1,250,000. The remaining estimated project costs would be financed through bank financing, equity investments and Kickstarter funding.

### **Loan Terms**

HEDRA may provide a 15 year loan, on Real Estate improvements (\$23,800) at zero percent the first year, and 0.25% above the Prime Rate (currently 3.50%) for years 2-15 and a 3 year loan, on Working Capital (\$25,000) at zero percent the first year, and 0.25% above the Prime Rate (currently 3.50%) for years 2 & 3. The loan would be recalibrated to reflect changes in the Prime Rate every two years. Loan proceeds would be disbursed upon proof of qualified expenses. The loan would be secured with a mortgage document. The maximum loan is \$48,800, which constitutes maximum allowed financing for working capital of \$25,000.

### **Analysis**

- **Eligibility** – The business and project are consistent with eligibility requirements.
- **Improvements** – Proposed improvements (stairs and doghouse construction), as well as working capital are eligible improvement items.
- **Business Subsidy** – The loan does not exceed the \$150,000 limit for constituting a business subsidy under state law.

- **Purpose** – The loan assists in facilitating the following program purposes: to serve as a bridge between the amount a borrower can obtain on the private market through equity and the amount needed to start or grow a business.
- **Funding Availability** – Approximately \$200,000 is available for Economic Development funding through the Revolving Loan Fund. Upon funding the \$48,800 request, \$151,200 would remain for additional loans in 2017.
- **Demonstration of Need** – The building is in need of many updates. Spiral Brewery has long-term plans to offer a rooftop patio. The most cost effective and least disruptive option is to prepare for the rooftop patio now, while the main project is under construction. Failure to complete these improvements now will result in compounded expenses future expansion.

### **Recommendation**

Approval of the loan as presented is recommended.

**ACTION – Adopt Resolution 2017-07 – Approving a \$48,800 Economic Development Revolving Loan Fund for renovations and improvement made at 111 2<sup>nd</sup> St E for Spiral Brewery, LLC.**

*Please see the attached resolution for further information.*

**HASTINGS ECONOMIC DEVELOPMENT  
AND REDEVELOPMENT AUTHORITY**

**RESOLUTION NO. 2017-07**

**APPROVAL OF AN ECONOMIC DEVELOPMENT REVOLVING LOAN FOR  
SPIRAL BREWERY, LLC AT 111 2<sup>ND</sup> STREET E**

Commissioner \_\_\_\_\_ introduced the following resolution and moved its adoption:

**WHEREAS**, the Hastings Economic Development and Redevelopment Authority (HEDRA) has established an Economic Development Revolving Loan Fund and Guidelines pursuant to Minnesota State Statutes 469.01 on April 13, 2017; and

**WHEREAS**, Spiral Brewery, LLC, has applied for a \$48,800 loan to partially finance the rehabilitation and/or renovation of an existing building located at 111 2<sup>nd</sup> Street E, including construction of stairs and a doghouse, as well as working capital. The property is legally described as follows:

Part of Lot 6, Block 4, TOWN OF HASTINGS, Dakota County, Minnesota lying east of a parcel commencing at the southeast corner of said Lot 6; thence west on the south line of said lot a distance of 21.62 feet to the point of beginning of the land to be described; thence continuing west on the south line of said Lot 6 a distance of 22.09 feet; thence north 140.00 feet to the north line of said Lot 6; thence east on the north line of said Lot 6 a distance of 22.16 feet; thence south 140.00 feet to the point of beginning. Together with the western 11 feet of Lot 7, Block 4, TOWN OF HASTINGS.

**WHEREAS**, the total investment in the rehabilitation is estimated to be \$1,250,000 for work qualified under the Program Guidelines; and

**WHEREAS**, HEDRA finds that the loan is not a business subsidy under Minnesota State Statutes 116J.993; and

**WHEREAS**, HEDRA finds that the work and costs meet the Economic Development Revolving Loan Fund Program Guidelines.

**NOW THEREFORE BE IT RESOLVED** that HEDRA approves a loan in the amount of \$48,800 for rehabilitation subject to the following conditions:

1. Proof of financing and/or equity for the balance of the Total Investment amount not financed through the Revolving Loan Fund.

**BE IT FURTHER RESOLVED** that upon submittal of proof of financing, HEDRA directs staff to prepare and have executed the loan and security documents and disburse the funds with usual conditions of the program.

Commissioner \_\_\_\_\_ seconded the resolution and upon being put to a vote it was adopted:

Ayes:

Nays:

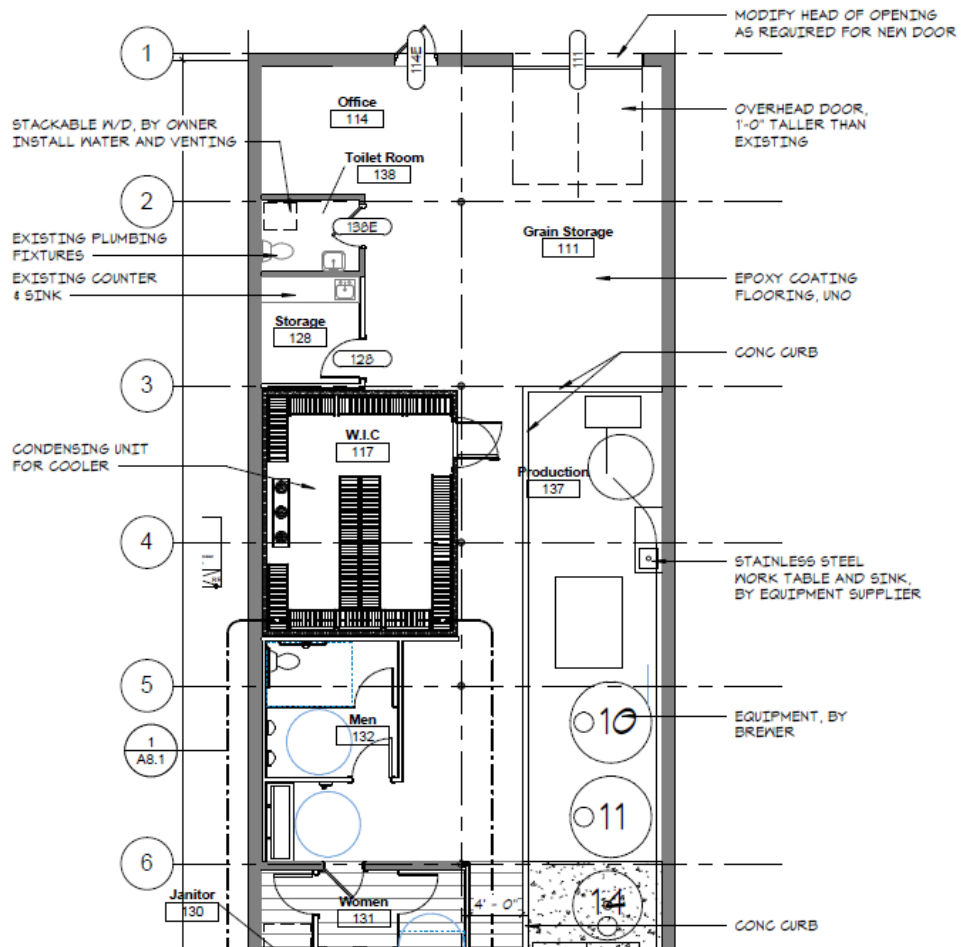
Absent:

The resolution was duly adopted this 21<sup>st</sup> day of November, 2017.

\_\_\_\_\_  
Dennis Peine, President

**ATTEST:**

\_\_\_\_\_  
Morgan Hill, Secretary





rachel marthaler  
PHOTOGRAPHY

HAIR DESIGN

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GIFTS  
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