



## *HEDRA Memorandum*

**To:** HEDRA Commissioners  
**From:** Morgan Hill, Economic Development Coordinator  
**Date:** December 21, 2017  
**Item:** Resolution: Economic Development Revolving Loan Fund– Sui Generis, LLC

### **Request**

Sui Generis, LLC has submitted a request for a \$25,000 loan from the Economic Development Revolving Loan Fund to assist with tenant improvements, including electrical updates and build-out, for property located at 105 2<sup>nd</sup> St E.

### **Financing**

Total project cost, including remodeling/renovations and electrical upgrades is estimated at \$62,110. The remaining estimated project costs would be financed through equity investments from Sui Generis, LLC.

### **Loan Terms**

HEDRA may provide a 15 year loan, on Real Estate improvements at zero percent the first year, and 0.25% above the Prime Rate (currently 3.50%) for years 2-15. 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.

### **Analysis**

- **Eligibility** – The business and project are consistent with eligibility requirements.
- **Improvements** – Proposed improvements (build-out and electrical upgrades) 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 \$151,200 is available for Economic Development funding through the Revolving Loan Fund. Upon funding the \$25,000 request, \$126,200 would remain for additional loans in 2017.
- **Demonstration of Need** – The building is in need of many updates. Sui Generis, LLC will be completing tenant improvements to make the space leasable for a new tenant. The utilization of this funding for tenant improvements will allow the tenant more flexibility and better use of the space, which will increase utilization and assist in increased sales and long-term success.

**Recommendation**

Approval of the loan as presented is recommended.

**ACTION – Adopt Resolution 2017-05 – Approving a \$25,000 Economic Development Revolving Loan Fund for renovations and improvements made at 105 2<sup>nd</sup> St E for Sui Generis, LLC.**

*Please see the attached resolution for further information.*

**HASTINGS ECONOMIC DEVELOPMENT  
AND REDEVELOPMENT AUTHORITY**

**RESOLUTION NO. 2017-08**

**APPROVAL OF AN ECONOMIC DEVELOPMENT REVOLVING LOAN FOR  
Sui Generis, LLC AT 105 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 December 21, 2017; and

**WHEREAS**, Sui Generis, LLC, property owners, have applied for a \$25,000 loan to partially finance the rehabilitation and/or renovation of an existing building located at 105 2<sup>nd</sup> Street E, including tenant build-out and electrical upgrades. The property is legally described as follows:

Town of Hastings Blocks 1 thru 99 & E 1.3 of Lot 5 Block 4, Dakota County, Minnesota.

**WHEREAS**, the total investment in the rehabilitation is estimated to be \$62,110 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 \$25,000 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 December, 2017.

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Dennis Peine, President

**ATTEST:**

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Morgan Hill, Secretary