

HEDRA

HASTINGS ECONOMIC DEVELOPMENT and REDEVELOPMENT AUTHORITY

Hastings City Council Chambers

Minutes of January 11, 2018, 6:30 PM Regular Meeting

**HEDRA Commissioners Present: Peine, Sinclair, Toppin, Sullivan, Balsanek, and
Vaughan**

HEDRA Commissioners Absent: Denning

**Staff Present: Community Development Director John Hinzman,
Economic Development Coordinator Morgan Hill**

I. Quorum

A quorum was established and the meeting was called to order by President Peine at 6:30 PM with six members present.

A. Oath of Office – Commissioner Sullivan

Director Hinzman administered the Oath of Office to Commissioner Sullivan.

II. Minutes

Commissioner Sullivan motioned to approve the minutes from the regular meeting of December 21, 2017 as presented, seconded by Commissioner Vaughan. Motion approved 6-0.

III. Bills

Director Hinzman summarized the bills and pointed out the payment for the Vermillion Street corridor plan and the last electric bill for the Hudson property.

Commissioner Vaughan motioned to approve the bills as presented, seconded by Commissioner Balsanek. Motion approved 6-0.

IV. Business

A. Election and Appointment of Officers

Commissioner Toppin motioned to approve the following appointments, seconded by Commissioner Vaughan. Motion approved 6-0.:

- President – Denning

- Vice President – Sinclair
- Treasurer – Sullivan
- Secretary – Hill
- Assistant Treasurer – Finance Manager, Melanie Lammers
- Legal Counsel – Dan Fluegel and Andrea McDowell Poehler

Outgoing President Peine handed the gavel to Vice President Sinclair who presided over the remainder of the meeting.

B. Resolution: Authorization of Banking Signatories

Director Hinzman introduced the resolution designating the newly appointed Commissioners as Bank Signatories.

Commissioner Toppin motioned to approve the resolution, seconded by Commissioner Sullivan. Motion approved 6-0.

C. Authorize Signature – Open To Business

Director Hinzman summarized the program and the proposed JPA between Dakota County and its local government entities. Open to Business is a consulting service that is provided free and on a 1-on-1 basis. Its purpose is to help new and existing business people. The proposed contract would provide services until the end of 2020 (previous contracts only covered one year), HEDRA's share of that contract is \$5,513 (increase of \$342 from last contract).

Commissioner Vaughan reiterated that approximately 50 people in Hastings have been served by the program since 2013, are they using it for the consulting services or for the loan opportunities?

Director Hinzman confirmed the number and stated most visits were for consulting, with two or three loans issued.

Commissioner Vaughan asked if staff has connected with Open to Business on utilization of the program and if it is getting put to good use in our community. He wants to ensure if utilized for the money. City used to run its own sort of business consultant program similar to Open to Business.

Commissioner Toppin stated that when the City ran a similar program in the past, the cost was approximately \$50,000 - \$60,000 to hire a part time person to do this kind of work. We need to market the program more.

Vice President Sinclair asked how we market it as a service.

Commissioner Toppin stated that the chamber can assist with marketing and that staff can assist as well.

Vice President Sinclair asked if any loans that a person qualified for through the Open to Business program would disqualify them for any HEDRA programs.

Director Hinzman replied that is correct, one does not disqualify the other.

Commissioner Peine motioned to authorize signature for the Open to Business Joint Powers Agreement with Dakota County seconded by Commissioner Toppin. Motion approved 5-1 (Sinclair dissenting).

D. Resolution: Authorize Economic Development Loan – beLoved Boutique

Coordinator Hill presented the staff report. VZ Group, LLC dba beLoved Boutique has submitted a request for a \$25,000 working capital loan from the Economic Development Revolving Loan Fund to assist with buildout, signage and beginning inventory for a start-up retail boutique located at 113 2nd St E, #101. Total project cost, including buildout, signage, fixture, beginning inventory, as well as website design, ecommerce set-up, POS and inventory systems is estimated at \$60,000. VZ Group, LLC dba beLoved Boutique is seeking a \$25,000 working capital loan from Open to Business to assist with additional inventory and operating costs. The remaining estimated project costs would be financed through equity investments from VZ Group, LLC. HEDRA may provide a 3 year loan, on working capital, at zero percent the first year, and 0.25% above the Prime Rate (currently 4.50%) 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 and/or personal guaranty.

Commissioner Sullivan motioned to approve the loan, seconded by Commissioner Toppin. Motion approved 6-0.

E. Resolution: Reauthorize Economic Development Loan – 2nd Street Depot

Coordinator Hill presented the staff report. After loan approval, disbursements must happen within six months, the resolution before the Commission tonight contains updated dates and interest rates.

Commissioner Vaughan commented on working with open to business and that being the potential reason why loan approvals were not on track.

Commissioner Vaughan motioned to approve the reauthorization of the loan, seconded by Commissioner Sullivan. Motion approved 6-0.

Commissioner Sullivan was excused from the meeting at 6:51pm.

V. Reports and Information

A. Hudson Development

Director Hinzman updated the Commission on Council approval. Transfer scheduled for the end of January. Discussion on impact of denial of recent environmental grant applications and impact on HEDRA operations.

B. Vermillion Corridor

Coordinator Hill updated the Commission on the February 10th open house.

C. Business Retention and Expansion

Director Hinzman provided information on BR&E included in recent City Newsletter.

D. Commercial Vacancy

No new changes in vacancy.

E. Development

Discussion of downtown building renovations and new businesses.

VI. Adjourn

Commissioner Toppin motioned to adjourn the meeting at 7:20 pm, seconded by Commissioner Balsanek. Motion approved 5-0.

Next Meeting: February 8, 2018

Respectfully Submitted

Sarah Hodder, Recording Secretary.