

**HASTINGS ECONOMIC DEVELOPMENT & REDEVELOPMENT
AUTHORITY**

October 14, 2021 - 6:00 pm.

CITY COUNCIL CHAMBERS

I. Quorum

II. Minutes

Please see the attached HEDRA Meeting minutes from the September 9, 2021 regular meeting and closed door session for your review and approval.

III. Bills

September Bills

Levander Gillen Miller	\$803.00	Legal - General HEDRA
Economic Dev Assoc of MN	\$680.00	Conference - Hinzman and Maass
Schlomka Portable Toilets	\$498.00	COVID - Downtown Portable Toilet

Please see attached general ledger detail from the month of September for further information.

IV. Business

A. PUBLIC HEARING: Adopt Resolution 2021-17: Authorize Signature of Purchase and Development Agreement between HEDRA and Dream1 LLC for Lot 1 Block 2 Hastings Industrial Park No 7.

HEDRA was introduced to this project at their September 9th meeting. DREAM1, LLC is the real estate holding company for WSI Sportswear. HEDRA expressed general support for the project during that meeting and as a result Staff has continued to work with WSI Sportswear on a proposed 20,000sf development that would result in a new headquarters facility for WSI Sportswear being constructed within the Hastings Business Park. WSI Sportswear manufactures a variety of performance apparel for professional athletes and sports teams.

WSI Sportswear has proposed to acquire PID 19-32006-02-010 via HEDRA's Land Credit Program. The site is located at the southeast corner of Spiral and Enterprise and is 87,205sf in size resulting in an initial acquisition cost of \$134,295.70. Based on the anticipated building valuation Staff anticipates a building credit that would result in a total acquisition cost being reduced to \$1.00 per acre.

WSI Sportswear currently employs 10 people and estimates it would add another 10 employees within five years following construction.

ACTION

- 1) Hold a public hearing to consider sale of land.
- 2) Consider adoption of Resolution 2021-17 Authorizing Signature of purchase and development agreement between HEDRA and DREAM1, LLC for Lot 1 Block 2 Hastings Industrial Park No 7.

Please see the attached Resolution and Purchase and Development Agreement for further information.

B. Adopt Resolution 2021-18 Authorizing Signature of Purchase Agreement for 412 Vermillion Street (Country Nites)

The HEDRA Strategic Plan directed Staff to meet with property owners within Block 26 (west side of Vermillion between 4th and 5th Streets) to assess current and future plans for use of the property and if appropriate to discuss acquisition of properties for site assembly to support a future redevelopment project on the block. Staff has met with representatives of ST 76, LLC which owns the Country Nites and negotiated terms for acquisition. The holdings consist of two properties, the former Country Nites Bar located at 412 Vermillion Street and a parking lot located at the southwest corner of 5th and Eddy Street (across from the fire station). Proposed purchase price is below the combined 2021 assessed value of the property.

ACTION – Motion to adopt Resolution 2021-18 Authorizing Signature of Purchase Agreement for 412 Vermillion Street (PID 19-32150-28-085 and 19-32150-28-050).

Please see attached Resolution and Purchase Agreement for further information.

C. Assessment of Revolving Loan Program

The HEDRA Strategic Plan directed Staff to review existing incentive programs. Community Development and Accounting Staff have been reviewing the revolving loan program and outstanding loans. Based upon review and administration of existing loans, Staff is recommending that HEDRA revise the programs interest rate structure.

Currently the interest rate charged is Prime + 0.25% with the overall interest rate recalibrated every two years to adjust to the new prime rate + 0.25%. This bi-annual change in interest rate causes both administrative challenges as well as fluctuations in the amortization schedule and the likelihood for the loan payment schedule to have a remaining balance at the end of the loan resulting in a balloon payment.

Staff reviewed RLF programs with other communities and found one program that had a base interest rate and then provided reduced discounts if certain

conditions could be met. Conditions included:

- Applicant committing 15% or more in cash equity to a project receive a 0.50% discount on their interest rate.
- Applicants that are able to demonstrate that they have consulted with Open To Business program receive a 0.25% discount on their interest rate.
- A 0.50% discount on interest will be provided for any project that involves any one or more of the following:
 - o Installation of fixtures to improve energy efficiency.
 - o Installation of an elevator in a multi-story building.
 - o Installation of fire suppression systems.
 - o Installation of environmental infrastructure, such as vapor mitigation systems.
 - o Abatement of hazardous building materials, such as asbestos.
 - o Installation of solar, geothermal, or wind energy systems or technologies.
 - o Installation of commercial food preparation facilities and required ventilation systems.
 - o Vertical commercial/residential mixed-use development (i.e., commercial unit(s) at the street level with residential unit(s) on upper level(s)).

Currently the Federal Prime interest rate is 3.25%. Staff is recommending a HEDRA Revolving Loan base interest rate of 3.0% with Applicants able to reduce their interest rate to as low as 2.0% based on achieving identified performance standards.

ACTION – No formal action at this time. Staff is seeking feedback from HEDRA as it relates to interest rate and associated administration of the HEDRA RLF program.

Please see attached example Amortization Schedule based on current RLF policies.

V. Reports and Information

A. Shovel Ready Update

The State of Minnesota made City Staff aware that the City’s “Shovel Ready” development site in the Hastings Business Park has not yet been officially certified by the State. The Site has been certified by Xcel Energy. The site had not yet been certified by the State as the State previously did not have a consultant to review the necessary documentation. The State now has a consultant, Impact7g, to review documentation, so City Staff will be submitting the necessary documentation to the State for review and approval. Application and review will cost \$3,800.00. Once certified, the site will be

marketed on the States website and printed materials as well as by the State during site selector meetings.

B. BR&E Visit – Halal Foods

Community Development Staff along with Council/HEDRA member Mark Vaughn and Kristy Barse of the Hastings Chamber of Commerce visited Halal Foods on October 4th. Halal Foods is operated by Mohammed Rashid who started the retail portion of the business in Burnsville. Mr. Rashid is an engineer with TORO and began this business when he identified a need in the marketplace for better availability of Halal meats. Mr. Rashid has customers that travel from the Dakotas as well as Iowa and Wisconsin for Halal meats.

Mr. Rashid purchased the property at 671/703 31st Street E to begin the wholesale component of the business. It will have a small retail component as well. Mr. Rashid is currently working through permitting for the instillation of a large walk in cooler which Staff is addressing. Mr. Rashid continues to rent the eastern portion of the building to Ferguson HVAC Supply.

Please see the attached BR&E Report from the visit. This is the 7th BR&E visit that Staff has completed in 2021.

C. Downtown Architectural Assessment

Staff has reviewed the two proposals as well as researching Façade Improvement Programs offered by neighboring communities. At this time Staff is recommending that HEDRA forgo an Architectural Assessment in favor of establishing a façade improvement program with funds that would have been used to pay for the study. A Façade Improvement Program would have been one of the outcomes of the proposed study.

Staff is recommending forgoing of the study and establishment of the façade improvement program based upon the understanding that building owners are typically aware of ongoing issues and simply unable to finance the appropriate solution. Staff and appropriate Commissions (HEDRA, HPC, etc) can review applications to ensure the work proposed is the appropriate solution to an ongoing building issue prior to approving of funding. Funding would be dispersed as a reimbursement once proof of paid invoices of approved work was provided.

Staff also anticipates any Façade Improvement Program being applicable to commercial businesses along the Vermillion Street Corridor as well as the downtown.

ACTION – No formal action at this time. Staff is seeking feedback from HEDRA as to the choice to forgo the Architectural Assessment as well as any likes/dislikes of the Façade Improvement Program of neighboring communities of Rosemount and Farmington that are included in the packet.

Please see attached City of Farmington and Rosemount Façade Improvement Programs.

D. Development Update

Summergate Annexation - Redwing Blvd - On September 8th the Planning Committee of City Council reviewed a concept plan from Summergate Communities for annexation and development of a 160 lot single family subdivision to be located of Red Wing Blvd and Michael Avenue. Development could begin in spring 2022.

Luke Siewert Apartment Building – On October 4th the City Council approved land use actions to allow construction of the 32 unit apartment building at 3rd and Tyler

The Confluence – We are meeting with the Vapor Intrusion Mitigation System installer on October 18th to review HVAC integration. Encapsulation work is nearly complete.

Target – A private entity has entered into a contract to acquire the former Target building. Staff is not yet able to disclose the private entity. Staff will continue to meet with CBRE regarding the sale of the property.

Quality One Woodwork – Construction has commenced on the 52,000 sf building expansion. Staff conducted a ground breaking ceremony alongside the Hastings Chamber of Commerce.

Custom Sawdust Lease – On October 4th the City authorized signature to lease the entire Custom Sawdust Building currently under construction at 525 East 31st Street. Items within the UBC North Building (part of the Stencil Apartment Building) will be relocated to the site.

UBC North Building Sale – Staff will be putting the existing 10,000 s.f. steel framed building up for auction in the near future in order to clear the site for Stencil.

Heritage Ridge – At the September 7th meeting, the City Council approved the 3rd Addition of Heritage Ridge and authorize a grading only agreement for the area. Building permits for over 20 of the lots have been submitted to the City for review and approval. They will likely seek approval of the 4th and final phase of the 116 lot development before spring of 2022.

Vermillion Acres – City Council approved the Development Agreement for the 75 unit senior housing facility on September 7th. The Building Department has concluded review of the plans, which will include modular construction of some components offsite and moved onto the site for final construction.

The Quill - Schoolhouse Square Senior Housing – Developer Real Estate Equities has officially closed on the property with construction expected to begin soon on the 90 unit senior housing building.

Villas at Pleasant – The model home permit for the 32 unit villa housing development has been approved and construction should commence shortly.

315 Pine Street - Former Thorwood Inn - Cleanup work continues on the fire damaged former building. Partial demolition and renovation plans were approved by the Heritage Preservation Commission on July 27th.

VI. Closed Door Session - Review Potential Purchase of Property.

Staff seeks a motion to close the meeting pursuant to Minn. Stat. 13D.05, subd. 3(c) to determine the offer for the purchase of properties located on Block 28, Town of Hastings.

ATTACHMENTS

- Minutes – September 9, 2021 - Regular Meeting
- Minutes - September 9, 2021 - Closed Door Summary
- Bills - September, 2021
- Resolution 2021-17: Authorizing Signature of purchase and development agreement between HEDRA and DREAM1 LLC for Lot 1 Block 2 Hastings Industrial Park No 7
- Resolution 2021-18: Authorizing Signature of Purchase Agreement for 412 Vermillion Street (PID 19-32150-28-085 and 19-32150-28-050).
- Rosemount Façade Improvement Program Guidelines
- Farmington Façade Improvement Program Guidelines

*Next Meeting: *WEDNESDAY, November 10th. HEDRA will meet on a Wednesday due to the Veterans Day Holiday falling on the 2nd Thursday of the month.*